



HOUSE BILL 535: Title Fraud Prevention Act.

2025-2026 General Assembly

Committee:	House Judiciary 2. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 6, 2025
Introduced by:	Reps. N. Jackson, Stevens, Balkcom, Biggs	Prepared by:	Debbie Griffiths
Analysis of:	PCS to First Edition H535-CSCI-26		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 535 would do the following:*

- *Section 1.1 would add presentation of a deed or other transfer of real property for recording or filing knowing or having reason to know the conveyance is false or contains a materially false, fictitious, or fraudulent statement as a Class H felony.*
- *Section 1.2 would allow an unfair and deceptive trade practice claim under G.S. 75-1.1 to be brought against an individual for renting, leasing, listing, or advertising residential real property to which the person has no lawful ownership or leasehold interest in addition to criminal penalties for those actions.*
- *Section 1.3 would add knowingly and intentionally making a false statement under oath or affirmation in an instrument as defined in G.S. 161-32 and presenting the instrument to a register of deeds for registration as perjury which is a Class F felony.*
- *Section 2.1 would do the following:*
 - *Define instrument, suspicious instrument, and trusted submitter.*
 - *Require an individual who is not a trusted submitter to provide government-issued photographic identification prior to registering documents they present for registration.*
 - *Prohibit the register of deeds from accepting an instrument for registration if the register deems the instrument to be a suspicious instrument or the individual presenting the instrument for registration is not a trusted submitter and is not a grantor reflected on the instrument presented for registration.*
 - *Allow the register of deeds to present a suspicious instrument to law enforcement.*
 - *Prohibit any cause of action against a register of deeds or the county related to the requirement of a government-issued photographic identification or refusal to register an instrument as allowed under G.S. 161-32(b) and (c).*
- *Section 3.1 and 3.2 would require the Legislative Research Commission (LRC) to study the feasibility of creating a fraud detection alert system where all individuals submitting instruments for registration are automatically enrolled in the system without paying a fee and report its findings.*

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- *Section 4.1 would establish a fraudulent instrument civil procedure to allow an actual real property owner to file a civil action, pro se, when a fraudulent, false, or fictitious instrument has been filed.*
- *Sections 5.1 and 5.2 would require the Administrative Office of the Courts (AOC) to develop forms for the fraudulent instrument procedure and for filing a lis pendens as required by Section 4.1 of the act.*
- *Section 6.1 would prohibit an instrument as defined in G.S. 161-32 from having a presumption of priority, providing constructive notice, or color of title if it does not meet certain statutory requirements or have a signature and acknowledgement as required for recording by at least one record owner when the conveyance is made.*
- *Section 6.2 would require all deeds or other conveyances of title (other than a court order) presented for registration to include the grantor's source of title. If any individual other than a trusted submitter presents a deed or other conveyance of title for registration, the register of deeds would be prohibited from registering the document unless certain criteria are met.*
- *Section 7.1 would prohibit all registers of deeds from accepting any deed transferring real property for registration unless the county tax collector certifies the name of all owners of the parcel listed in the tax records and that there are no delinquent ad valorem or other taxes for the property.*
 - *Exception-A register of deeds would be required to accept a deed without the required certification if submitted by a trusted submitter and the deed contains a statement that a North Carolina licensed attorney prepared the deed and will pay all taxes owed from closing proceeds.*

BILL ANALYSIS: The PCS for House Bill 535 would do the following:

- **Section 1.1** would amend G.S. 14-122 (Forgery of deeds, wills and certain other instruments) to include presentation of a deed or other transfer of real property for recording or filing knowing or having reason to know the conveyance is false or contains a materially false, fictitious, or fraudulent statement as a Class H felony.
- **Section 1.2** would amend G.S. 14-117.8 (Fraudulently renting, leasing, or advertising for sale of residential real property) to allow an unfair and deceptive trade practice claim under G.S. 75-1.1 against an individual for renting, leasing, listing, or advertising residential real property to which the person has no lawful ownership or leasehold interest in addition to criminal penalties for those actions. The presiding judge would be allowed to award attorney's fees in accordance with G.S. 75-16.1 to the person bringing the suit without finding that there was an unwarranted refusal by the party charged with the violation to fully resolve the matter which constitutes the basis of the suit.
- **Section 1.3** would amend G.S. 14-209 (Punishment for perjury) to include knowingly and intentionally making a false statement under oath or affirmation in an instrument as defined in G.S. 161-32 and presenting the instrument to a register of deeds for registration as perjury as a Class F felony.
- **Section 1.4.** Sections 1.1, 1.2, and 1.3 would become effective December 1, 2025, and apply to offenses committed on or after that date.
- **Section 2.1** would do the following:

- Define:
 - Instrument as a transfer of real property by deed, devise, or other instrument transferring title to real property; a deed of trust or various other documents that establishes a security interest in the property; any other type of document that purports to establish an interest, option, encumbrance, or right to or interest in the real property.
 - Suspicious instrument as an instrument submitted for registration and (i) which purports to not be subject to the laws of the United States or the laws of this State; (ii) does not meet the State's registration requirements; or (iii) is presented by an individual who is not a trusted submitter and identification verification requirements are not met.
 - Trusted submitter as a title insurance company, an attorney licensed by the State, a financial institution as defined in G.S. 53B-2, or an authorized agent.
- Require an individual who is not a trusted submitter to provide government-issued photographic identification prior to registering documents they present for registration and require the register of deeds to maintain records of the identification provided.
- Prohibit the register of deeds from accepting an instrument for registration if the register deems the instrument to be a suspicious instrument or the individual presenting the instrument for registration is not a trusted submitter and is not a grantor reflected on the instrument presented for registration.
- Allow the register of deeds to present a suspicious instrument to law enforcement.
- Prohibit any cause of action against a register of deeds or the county related to the requirement of a government-issued photographic identification or refusal to register an instrument as allowed under G.S. 161-32(b) and (c).
- **Section 2.2.** Section 2.1 of this act would become effective October 1, 2025, and apply to instruments presented for registration on or after that date.
- **Sections 3.1 and 3.2** would require the Legislative Research Commission (LRC) to study the feasibility of creating a fraud detection alert system where all individuals submitting instruments for registration are automatically enrolled in the system without paying a fee and report its findings.
- **Section 3.3.** Sections 3.1 and 3.2 would become effective when the act becomes law.
- **Section 4.1** would establish a fraudulent instrument procedure to allow an actual real property owner to file a civil action, *pro se*, when a fraudulent, false, or fictitious instrument has been filed. Service of process or notice would be allowed to be made at the address on the face of the recorded document, the address reflected on the county tax records, or an address reflected on a summons or other court filings. In addition to filing the civil action, the plaintiff would be required to file a *lis pendens* at the time the civil action is filed. An *ex parte* hearing could be requested in the civil action, and if an *ex parte* order is entered, a return hearing would be required within 10 days of the entry of the order or within 7 days of service of process whichever occurs later. The return hearing would have priority on the court's calendar. In addition to finding the recorded instrument void as a matter of law, the court could order additional remedies including imposing a civil penalty, sanctions, and entry of an order pursuant to Rule 70 of the Rules of Civil Procedure. An appeal of the order entered would be to superior court and the notice of appeal must contain a verified, factual explanation of why the order as entered is incorrect. In addition to criminal

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penalties and other civil remedies, an action for unfair and deceptive trade practices under G.S. 75-1.1 could be filed. Filing an action under this section knowing that the deed or other instrument is not false, fictitious, or fraudulent would be a Class G felony.

- **Section 4.2.** Section 4.1 of this act becomes effective October 1, 2025, and applies to causes of action filed on or after that date.
- **Sections 5.1 and 5.2** would require the Administrative Office of the Courts (AOC) to develop forms for the fraudulent instrument procedure and for filing a lis pendens as required by Section 4.1 of the act.
- **Section 5.3.** Sections 5.1 and 5.2 of this act would become effective when they become law.
- **Section 6.1** would prohibit an instrument as defined in G.S. 161-32 (Section 2.1 above) from having a presumption of priority, providing constructive notice, or color of title if it does not meet certain statutory requirements or have a signature and acknowledgement as required for recording by at least one record owner when the conveyance is made.
- **Section 6.2** would require all deeds or other conveyances of title (other than a court order) presented for registration to include the grantor's source of title. If any individual other than a trusted submitter presents a deed or other conveyance of title for registration, the register of deeds would be prohibited from registering the document unless one of the following applies:
 - The submitter provides a certified copy of the latest county tax listing or bill reflecting the owner shown on the tax records matches the grantor on the document presented for registration.
 - The county officer who manages tax listings certifies that the grantor on the document to be registered is consistent with the owner reflected in the tax records.
 - If there is a material inconsistency in the identity of the property owner reflected in the tax records and the grantor reflected on the document presented for registration, the document shall not be registered until the county officer who manages the tax listings determines that the grantor on the document presented for registration should be included in the owners reflected in the tax listings or a North Carolina licensed attorney provides a title certification that the grantor on the document presented for registration is the owner.
- **Section 6.3.** Sections 6.1 and 6.2 would become effective October 1, 2025, and apply to deeds or other conveyances of title presented for registration on or after that date.
- **Section 7.1** would prohibit all registers of deeds from accepting any deed transferring real property for registration unless the county tax collector certifies the name of all owners of the parcel listed in the tax records and that there are no delinquent ad valorem or other taxes for the property.
 - Exception-A register of deeds would be required to accept a deed without the required certification if submitted by a trusted submitter and the deed contains a statement that a North Carolina licensed attorney prepared the deed and will pay all taxes owed from closing proceeds.
- **Section 7.2.** Section 7.1 would become effective October 1, 2025.

EFFECTIVE DATE: Except as otherwise provided, this act would become effective when it becomes law.