



HOUSE BILL 535: Title Fraud Prevention Act.

2025-2026 General Assembly

Committee:	House Housing and Development. If favorable, re-refer to Judiciary 2. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 9, 2025
Introduced by:	Reps. N. Jackson, Stevens, Balkcom, Biggs	Prepared by:	Ike McRee*
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: House Bill 535 would:

- *Provide that it is unlawful for any person to present for filing or recording a deed or transfer of real property knowing or having reason to know that the deed or conveyance is false or contains a materially false, fictitious, or fraudulent statement or representation.*
- *Require the register of deeds to require a person who is not a title insurance company, licensed attorney, or financial institution, (a "trusted submitter"), to produce a government-issued identification when the person presents an instrument for registration and to refuse to register an instrument if (i) the register of deeds deems the instrument a suspicious instrument, (ii) the individual presenting the instrument is not a trusted submitter and fails to produce the required identification, or (iii) the individual submitting the instrument is not a trusted submitter and the information on the required identification does not match the name of the grantor or conveying party in the instrument presented for registration.*
- *Require the register of deeds to ensure that registration for a fraud detection alert system is possible through an electronic registration portal.*
- *Authorize an owner of real property subject to a recorded false, fictitious, or fraudulent instrument to seek expedited relief by filing an action in district court.*
- *Provide that a conveyance of real property does not have a presumption of priority based upon the time of registration if (i) the deed or conveyance does not comply with statutory requirements governing probate and registration or (ii) the deed or conveyance does not contain a signature and acknowledgment of at least one record owner at the time of conveyance.*

CURRENT LAW: A register of deeds is generally required to accept for registration all instruments presented for registration. If a register of deeds has a reasonable suspicion that an instrument purporting to be a lien or encumbrance is materially false, fictitious, or fraudulent, the register of deeds can refuse to register the instrument. (G.S. 14-118.6)

A register of deeds is required to reject a deed if its execution has not been acknowledged before a notary or other person authorized to take acknowledgments. However, a register of deeds is not required to verify (i) the legal sufficiency of any proof or acknowledgment, (ii) the authority of any officer who took a proof or acknowledgment, or (iii) the legal sufficiency of any document presented for registration. (G.S. 47-14)

Presenting an instrument for registration as a purported lien or encumbrance that is determined to be materially false, fictitious, or fraudulent constitutes an unfair or deceptive trade practice in or affecting commerce under G.S. 75-1.1. A person who knowingly files a false lien or other encumbrance against real property is guilty of a Class I felony.

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BILL ANALYSIS:

Section 1 of the bill would make it unlawful for a person to present for filing a deed or transfer of real property knowing or having reason to know that the deed or conveyance is false or contains a materially false, fictitious, or fraudulent statement or representation. If the value of the property is \$100,000 or more a violation would be a Class C felony. If the value of the property is less than \$100,000 a violation would be a Class G felony.

Section 2 of the bill would:

- Define a "trusted submitter" as a title insurance company, licensed attorney, or financial institution.
- Provide that the register of deeds must not register an instrument presented by a person who is not a trusted submitter unless the person produces a government-issued photographic identification card.
- Require the register of deeds to record the name and address shown on the photographic identification card and cross-reference the book and page number of the instrument registered using the photographic identification card.
- Provide that the register of deeds must not register an instrument presented in the form of an electronic document by a person who is not a trusted submitter unless the person submits a photocopy of a government-issued photographic identification card.
- Require the register of deeds to note on the photocopy of the identification card the official record book and page number of the instrument registered using the photocopy of the identification card.
- Require that the register of deeds refuse to register an instrument if:
 - The register of deeds deems the instrument to be suspicious.
 - The person presenting the instrument for registration is not a trusted submitter and does not provide a government-issued photographic identification card.
 - The person presenting the instrument is not a trusted submitter and the name on the government-issued photographic identification card does not match the name of the grantor or conveying party in the instrument presented for registration.
- Require the register of deeds to provide notice of the identity verification requirement on the register of deeds' website.
- Provide that an injured person has a cause of action against a register of deeds for refusal to record an instrument based on an erroneous finding that the instrument is a suspicious instrument.
- Provide that the register of deeds is immune from civil liability for requiring an identification card or refusing to register an instrument under the act.

Section 3 of the bill would:

- Require the register of deeds to ensure that registration for a fraud detection alert system is possible through an electronic registration portal. A fraud detection alert system would send automated notification to a registrant that a land record associated with the registrant's monitored identity has been recorded in the office of the register of deeds.
- Require that the fraud detection alert system portal include the following features:
 - Be accessible through a direct link on the register of deeds' official website.
 - Allow a registrant to subscribe to receive recording notifications for at least five identities for each valid electronic mail address provided.
 - Include a method to unsubscribe from the system.
 - List a phone number at which the register of deeds office may be contacted during normal business hours.

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- Send an automated electronic mail message to a registrant confirming successful registration or action to unsubscribe from the system.
- Require that when a land record is recorded for a monitored identity, a notification must be sent within five business days to each registrant after the recording has been completed. The notification must contain the following:
 - Information identifying the monitored identity for which the land record was filed, the land record's recording date, and the official record book and page number or instrument number assigned to the land record by the register of deeds.
 - Instructions for electronically searching for and reviewing the land record.
 - A phone number at which the register of deeds office may be contacted during normal business hours.
- Provide immunity to the register of deeds and the county from civil liability for the creation, maintenance, or operation of a fraud detection alert system.
- Authorize the register of deeds to charge a reasonable fee to a registrant in an amount that does not exceed the actual cost of allowing access to the fraud detection alert system.

Section 4 of the bill would:

- Authorize an owner of real property to file an action in district court seeking expedited relief from a recorded false, fictitious, or fraudulent instrument, with the court to hold a hearing after all interested parties have received at least five days' notice of the hearing.
- If the court finds that there is no legal justification for the instrument, require the court to declare the instrument to be false and void and order the cloud removed from the title. In addition, the court would be authorized to do any of the following in its order:
 - Grant possession of the real property and ejectment of any person on the premises.
 - Award costs and attorneys' fees to the prevailing party.
 - Stay any proceedings involving the real property to which the property owner is not a party.
 - Impose a civil penalty of up to \$10,000 upon a finding that the action filed pursuant to this section was frivolous or malicious.
 - Enjoin any person from presenting an instrument for recording who has more than once presented for recording a false, fictitious, or fraudulent instrument.
- Provide that a register of deeds or clerk of court, upon being presented with an order declaring a recorded instrument to be false and void:
 - Must record and cross-index the order.
 - Can place a statement on the first page of the recorded instrument that the claim asserted in the document is false.
- Make it a violation of G.S. 75-1.1 to present an instrument for recording that is determined to be materially false, fictitious, or fraudulent.
- Require the Administrative Office of the Courts to develop a form for the expedited relief filing.

Section 5 of the bill would provide that a conveyance of real property does not have a presumption of priority based upon the time of registration if (i) the deed or conveyance does not comply with statutory requirements governing probate and registration or (ii) the deed or conveyance does not contain a signature and acknowledgment of at least one record owner at the time of conveyance.

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EFFECTIVE DATE: Section 1 of the act would become effective December 1, 2025, and would apply to offenses committed on or after that date. Sections 2, 3, and 5 of the act would become effective October 1, 2025, and would apply to instruments and documents presented for registration on or after that date. Section 4 of the act would become effective October 1, 2025, and apply to causes of action arising on or after that date. The remainder of the act would become effective when it becomes law.

Bill Patterson, staff attorney with the Legislative Analysis Division, substantially contributed to this summary.