

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 394
Agriculture, Energy, and Environment Committee Substitute Adopted 4/8/25
Judiciary Committee Substitute Adopted 4/29/25
House Committee Substitute Favorable 5/12/26
PROPOSED HOUSE COMMITTEE SUBSTITUTE S394-PCS45579-CJ-24

Short Title: Prohibit Foreign Ownership of NC Land. (Public)

Sponsors:

Referred to:

March 25, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO PROHIBIT THE ACQUISITION OF AGRICULTURAL LANDS OR LANDS
3 ADJACENT TO MILITARY INSTALLATIONS BY CERTAIN ADVERSARIAL
4 ENTITIES; TO PROVIDE FOR THE DIVESTMENT OF THOSE LANDS; AND TO
5 PROVIDE FOR DOCUMENTATION AND REGISTRATION OF LAND OWNERSHIP
6 BY CERTAIN ADVERSARIAL ENTITIES.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** Chapter 64 of the General Statutes is amended by adding a new Article
9 to read:

10 "Article 4.

11 "Prohibit Adversarial Foreign Party Acquisition of Certain Lands.

12 **"§ 64-60. Title.**

13 This act shall be known and be cited as the North Carolina Farmland and Military Protection
14 Act.

15 **"§ 64-61. Purpose.**

16 The General Assembly finds that it is in the public interest for the State to exercise its
17 governmental police power to guard its agricultural land and military installations from the
18 potential of adversarial foreign government control in order to ensure that the State's farmers are
19 able to produce a safe, abundant, and affordable supply of food and fiber and to protect our
20 national security for the benefit of the people of this State and the United States.

21 **"§ 64-62. Definitions.**

22 As used in this Article, the following definitions apply:

- 23 (1) Adversarial foreign government. – A state-controlled enterprise or the
24 government of a country or group listed in International Traffic in Arms
25 Regulations in 22 C.F.R. § 126.1(d).
26 (2) Agricultural land. – Any land situated in this State that is used for agricultural
27 production purposes as defined in G.S. 106-581.1(1) through (4). The term
28 does not include land situated in this State that is leased for agricultural
29 research and development purposes or other activities for the purpose of
30 producing inputs or products for farmers or other end-users, provided that the
31 acreage leased by the lessee does not exceed 250 acres in the aggregate.
32 (3) De minimis direct interest. – Any ownership of land resulting from:



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- 1 a. Ownership of registered equities in a publicly traded company owning
2 the land and if the ownership interest in the company is either of the
3 following:
- 4 1. Less than ten percent (10%) of any class of registered equities.
5 Ownership of registered equities is determined by processes
6 established under federal law.
- 7 2. A noncontrolling interest in an entity controlled by a company
8 that is both registered with the United States Securities and
9 Exchange Commission as an investment adviser under the
10 Investment Advisers Act of 1940, as amended, and is not a
11 foreign entity.
- 12 b. Any passive ownership interest of a prohibited foreign party in an
13 entity, provided that the prohibited foreign party does not possess, by
14 virtue of that ownership interest or otherwise, the power to direct or
15 cause the direction of the management or policies of the entity with
16 respect to the interest in real property.
- 17 (4) Foreign government. – Any government other than: (i) the federal
18 government, (ii) the government of a state, (iii) a political subdivision of a
19 state, or (iv) federally or state recognized tribal governments.
- 20 (5) Interest. – Any estate, remainder, or reversion, or any portion of the estate,
21 remainder, or reversion, or an option pursuant to which one party has a right
22 to cause the transfer of legal or equitable title to land described in
23 G.S. 64-63(a), including, without limitation, a lease of land described in
24 G.S. 64-63(a): (i) for a term of one year or longer or (ii) renewable by option
25 for terms which, if the options were all exercised, would total one year.
- 26 (6) Military installation. – Fort Bragg, Pope Army Airfield, Marine Corps Base
27 Camp Lejeune, New River Marine Corps Air Station, Cherry Point Marine
28 Corps Air Station, Military Ocean Terminal at Sunny Point, the United States
29 Coast Guard Air Station at Elizabeth City, Naval Support Activity Northwest,
30 Air Route Surveillance Radar (ARSR-4) at Fort Fisher, North Carolina
31 National Guard facilities, and Seymour Johnson Air Force Base, in its own
32 right and as the responsible entity for the Dare County Bombing Range, and
33 any military training facility located within the State that is subject to the
34 installations' oversight and control. Military installation does not include
35 churches, schools, offices, or residential facilities outside the defined
36 boundaries of the above named facilities, and does not include temporary
37 military operations areas. The North Carolina Real Estate Commission, in
38 coordination with the Department of Military and Veterans Affairs, will
39 develop, publish, and maintain a map with the bases and lines drawn for the
40 applicable mileage from the military boundaries for public use.
- 41 (7) Party. – Any corporation, company, association, firm, partnership, society,
42 joint-stock company, trust, estate, or any other legal entity.
- 43 (8) Prohibited foreign party. – Any of the following:
- 44 a. An adversarial foreign government or a foreign government formed
45 within an adversarial foreign government.
- 46 b. An entity or trust, other than a government, that is created or organized
47 under the laws of a foreign government within an adversarial foreign
48 government.
- 49 c. An entity or trust, other than a government, that meets all of the
50 following criteria:

1. Is created or organized under the laws of any state, or any foreign government.
 2. A significant interest or substantial control is directly or indirectly held or is capable of being exercised by one or more of the following:
 - I. A foreign government referred to in sub-subdivision a. of this subdivision.
 - II. A party referred to in sub-subdivision b. of this subdivision.
 - III. A combination of the parties or governments referred to in this sub-sub-subdivision.
 - d. An agent, trustee, or other fiduciary of an entity enumerated in this subdivision.
 - e. This definition does not apply to an entity that meets any of the following criteria:
 1. The entity has received a determination from the Committee of Foreign Investment in the United States (CFIUS) that there are no unresolved national security concerns with respect to the entity in connection to a matter submitted to CFIUS and which CFIUS concluded all action pursuant to section 721 of the Defense Production Act of 1950, as amended.
 2. The entity has a national security agreement with CFIUS and maintains the validity of such national security agreement.
 3. A United States domiciled subsidiary of an entity that meets the criteria of sub-sub-subdivision 1. or 2. of this sub-subdivision.
- (9) Significant interest or substantial control. – One of the following:
- a. An interest of thirty-three percent (33%) or more held by one or more of the following:
 1. A single government referred to in sub-subdivision a. of subdivision (8) of this section.
 2. A party referred to in sub-subdivision b. of subdivision (8) of this section.
 3. A party referred to in sub-subdivision c. of subdivision (8) of this section.
 - b. An interest of thirty-three percent (33%) or more held whenever the parties or governments referred to in subdivision (8) of this section are acting in concert with respect to the interest even though no single party or government holds an interest of thirty-three percent (33%) or more.
 - c. An interest of fifty percent (50%) or more, in the aggregate, held by parties or governments referred to in subdivision (8) of this section even though the parties or governments may not be acting in concert.

"§ 64-63. Prohibited foreign party acquisition of certain lands prohibited.

(a) Notwithstanding any provision of law to the contrary, no prohibited foreign party shall purchase, acquire, lease, or hold any direct interest in the following:

- (1) Agricultural land.
- (2) Property situated within a 50-mile radius of a military installation.

(b) A prohibited foreign party shall not acquire by grant, purchase, devise, descent, or otherwise, any interest, other than a de minimis direct interest, in land described in subsection (a) of this section in this State regardless of how the prohibited foreign party intends to use the

1 land. A party may not knowingly hold land as an agent, trustee, or other fiduciary for a prohibited
2 foreign party in violation of this section. A prohibited foreign party that acquires land in violation
3 of this section remains in violation as long as the prohibited foreign party holds an interest in the
4 land.

5 (c) A prohibited foreign party that has acquired any direct interest in land described in
6 subsection (a) of this section in this State prior to the effective date of this section, or prior to the
7 country of residence being added to 22 C.F.R. § 126.1(d), may continue to own or hold that
8 interest, but may not acquire by grant, purchase, devise, descent, or otherwise, any additional
9 interest in land described in subsection (a) of this section in this State and must register with the
10 Secretary of State. The Secretary of State shall maintain a report, updated monthly, of those
11 prohibited foreign parties that have registered, and the report shall be a public record and be
12 accessible on the Secretary of State's website. The Secretary of State shall establish a registration
13 form for the purposes of this subsection and the form shall include at least the following:

14 (1) The name of the owner of the land or the owner of the interest in the land.

15 (2) The address of the land and the parcel identification number.

16 (3) The number of acres of the land.

17 (4) The mailing address of the owner of the land.

18 (5) The country or state of incorporation of the owner of the property or the owner
19 of the interest in the property.

20 (d) The Secretary of State will provide the registry to the Attorney General's office one
21 year from the effective date of this act and every six months thereafter, and the Attorney General
22 shall enforce the payment of the civil fine as provided by this subsection. A prohibited foreign
23 party that fails to timely file a registration with the Secretary of State is subject to a civil penalty
24 of not less than one thousand dollars (\$1,000) for each day that the registration is late, the clear
25 proceeds of which shall be remitted to the Civil Penalty and Forfeiture Fund, in accordance with
26 G.S. 115C-457.2. The unpaid balance of any penalties assessed under this subsection shall
27 constitute a lien against the land if a Notice of Foreign Ownership Violation Lien has been
28 recorded by the Attorney General in the office of the register of deeds in the county where the
29 property is located, and the lien shall have priority from the date and time of recordation and
30 shall be enforced by the Attorney General.

31 (e) A prohibited foreign party that acquires land described in subsection (a) of this section
32 on or after the effective date of this section, by devise or descent, through the enforcement of
33 security interests, or through the collection of debts, other than a de minimis direct interest, shall
34 sell, transfer, or otherwise divest itself of the land within one year after acquiring the land.

35 (f) At a time no later than the time of closing, a buyer of any direct interest in land
36 described in subsection (a) of this section shall provide an affidavit signed under penalty of
37 perjury attesting that the buyer is (i) not a prohibited foreign party and (ii) in compliance with
38 the requirements of this section. The affidavit is not required to be notarized and shall be attached
39 as an exhibit to the deed or other document that conveys an ownership interest in the land. No
40 affidavit is required to be attached to a deed of trust, mortgage, assignment of rents, security
41 interest, or other lien securing payment or performance of an obligation under this section by (i)
42 a federally or state chartered bank, savings institution, or credit union, (ii) a licensed mortgage
43 lender or servicer, (iii) a governmental or quasi-governmental lending agency, or (iv) an entity
44 subject to federal anti-money laundering and suspicious activity reporting requirements under
45 the Bank Secrecy Act. The failure to obtain or maintain the affidavit shall not affect the title or
46 insurability of the title for the land. The North Carolina Real Estate Commission shall establish
47 the form for the affidavit required under this subsection.

48 (g) Upon receipt of information that leads the Attorney General to believe that a
49 prohibited foreign party has not divested itself of the land described in subsection (a) of this
50 section as required under subsection (e) of this section, the Attorney General shall enforce a
51 violation of this section by commencing a receivership proceeding in the county where the

1 property is situated under Article 38A of Chapter 1 of the General Statutes seeking the
2 appointment of a general receiver pursuant to G.S. 1-507.24(e1). Any interest in real property
3 acquired or held in violation of this section shall be subject to divestiture pursuant to G.S. 64-64.

4 (h) A violation of this section by a prohibited foreign party may, at the discretion of the
5 noteholder, be deemed a default under a loan, mortgage, or deed of trust and shall provide the
6 lender the automatic right to trigger default on the loan, mortgage, or deed of trust.

7 (i) The responsibility for determining whether any entity is subject to this Article,
8 pursuant to either civil or criminal law, rests solely with the prohibited foreign party and the State
9 of North Carolina and no other individual or entity.

10 (j) Title to land described in subsection (a) of this section is not invalid or subject to
11 divestiture due to a violation of this section by any former owner or any other person holding or
12 owning a former interest in the land described in subsection (a) of this section.

13 (k) Except as provided in subsection (l) of this section, no individual, real estate broker,
14 or any other entity, other than a prohibited foreign party, shall bear any civil or criminal liability
15 for any of the following:

16 (1) Failing to determine or make inquiry of whether any entity is a prohibited
17 foreign party.

18 (2) Failing to obtain, maintain, or otherwise comply with the affidavit
19 requirements provided by subsection (f) of this section.

20 (l) A party who knowingly sells an interest in land described in subsection (a) of this
21 section in violation of this section or who has actual knowledge that the transaction will result in
22 a violation of subsection (a) of this section but aids and abets a party in knowingly selling an
23 interest in land described in subsection (a) of this section, shall be guilty of a Class 2
24 misdemeanor.

25 (m) This Article does not create or authorize a private right of action to enforce the
26 provisions of this Article.

27 **"§ 64-64. Divestiture procedure.**

28 (a) Upon receipt of information that leads the Attorney General to believe that a violation
29 of G.S. 64-63 may have occurred, the Attorney General shall investigate the alleged violation
30 and may issue subpoenas requiring any of the following:

31 (1) Appearances of witnesses.

32 (2) Production of relevant records.

33 (3) Giving of relevant testimony.

34 (b) The Attorney General shall enforce a violation of G.S. 64-63 by commencing a
35 receivership proceeding under Article 38A of Chapter 1 of the General Statutes seeking the
36 appointment of a general receiver pursuant to G.S. 1-507.24(e1). The following apply to a
37 receivership proceeding initiated pursuant to this section:

38 (1) Proceeds of the sale shall be paid as follows:

39 a. The costs of the receivership and sale.

40 b. To secured parties, in their order of priority, except for liens which
41 under the terms of the sale are to remain on the property.

42 c. No proceeds shall be distributed from the receivership sale to the
43 prohibited foreign party. Any excess proceeds are forfeited and shall
44 be remitted to the Civil Penalty and Forfeiture Fund in accordance with
45 G.S. 115C-457.2.

46 (2) At the receivership sale, any secured party shall be able to place a bid in an
47 amount that is not more than the amount owed plus any costs incurred to the
48 secured party as of the date of the sale, as established in the court order for the
49 sale of the property.

50 (3) Upon commencement of an action under this section, the Attorney General
51 shall file a notice of lis pendens as soon as practicable with the register of

1 deeds of the county or counties in which the real property is situated. Upon
2 the entry of an order for the sale of the property under this section, the
3 Attorney General shall record a copy of the order as soon as practicable in the
4 office of the register of deeds of the county or counties where the real property
5 is situated.

6 (4) The receiver shall honor and give priority to any default that has been
7 triggered on a loan, mortgage, or deed of trust prior to the commencement of
8 a receivership under this section."

9 **SECTION 2.** Article 2 of Chapter 161 of the General Statutes is amended by adding
10 a new section to read:

11 **"§ 161-14.04. Affidavit of parties to a deed or conveyance.**

12 When recording a deed or other document that conveys an ownership interest in land
13 described by G.S. 64-63(a), the register of deeds shall attach the affidavit as an exhibit to the
14 deed or other document that conveys an ownership interest in land as required by G.S. 64-63(f)
15 according to the requirements of G.S. 161-22. The register of deeds shall not be liable for failure
16 of the document to include the affidavit. Failure to attach the affidavit does not impair
17 constructive notice, lien priority, validity, or insurability."

18 **SECTION 3.** G.S. 1-507.24 is amended by adding a new subsection to read:

19 "(e1) Receiver for Sale of Real Property Owned by Prohibited Foreign Party. – A general
20 receiver may be appointed for the purpose of conducting a sale of real property in accordance
21 with G.S. 64-64 upon a finding by the court that an interest in the real property is held by a
22 prohibited foreign party in violation of G.S. 64-63(a)."

23 **SECTION 4.** The North Carolina Real Estate Commission, in coordination with the
24 Department of Military and Veterans Affairs, will develop and publish the map described in
25 G.S. 64-62(6) by December 1, 2026, and shall maintain the map by publishing an updated version
26 annually each December 1 thereafter.

27 **SECTION 5.** If any section or provision of this act is declared unconstitutional or
28 invalid by the courts, it does not affect the validity of this act as a whole or any part other than
29 the part so declared to be unconstitutional or invalid.

30 **SECTION 6.** Sections 1, 2, and 3 of this act become effective December 1, 2026,
31 and Section 1 of this act applies to offenses committed on or after that date. The remainder of
32 this act is effective when it becomes law.