

## Chapter 41.

### Estates

#### Article 1.

##### Survivorship Rights and Future Interests.

#### **§ 41-1. Fee tail converted into fee simple.**

Every person seized of an estate in tail shall be deemed to be seized of the same in fee simple. (1784, c. 204, s. 5; R.C., c. 43, s. 1; Code, s. 1325; Rev., s. 1578; C.S., s. 1734; 1995, c. 190, s. 1; c. 525, s. 1.)

**§ 41-2:** Repealed by Session Laws 2020-50, s. 2(d), effective June 30, 2020.

#### **§ 41-2.1. Right of survivorship in bank deposits created by written agreement.**

(a) A deposit account may be established with a banking institution in the names of two or more persons, payable to either or the survivor or survivors, with incidents as provided by subsection (b) of this section, when both or all parties have signed a written agreement, either on the signature card or by separate instrument, expressly providing for the right of survivorship.

(b) A deposit account established under subsection (a) of this section shall have the following incidents:

- (1) Either party to the agreement may add to or draw upon any part or all of the deposit account, and any withdrawal by or upon the order of either party shall be a complete discharge of the banking institution with respect to the sum withdrawn.
- (2) During the lifetime of both or all the parties, the deposit account shall be subject to their respective debts to the extent that each has contributed to the unwithdrawn account. In the event their respective contributions are not determined, the unwithdrawn fund shall be deemed owned by both or all equally.
- (3) Upon the death of either or any party to the agreement, the survivor, or survivors, become the sole owner, or owners, of the entire unwithdrawn deposit, subject to the following claims listed below in subdivisions a. through e. upon that portion of the unwithdrawn deposit which would belong to the deceased had the unwithdrawn deposit been divided equally between both or among all the joint tenants at the time of the death of the deceased:
  - a. The allowance of the year's allowance to the surviving spouse of the deceased;
  - b. The funeral expenses of the deceased;
  - c. The cost of administering the estate of the deceased;
  - d. The claims of the creditors of the deceased; and
  - e. Governmental rights.
- (4) Upon the death of one of the joint tenants provided herein the banking institution in which said joint deposit is held shall pay to the legal representative of the deceased, or to the clerk of the superior court if the amount is less than two thousand dollars (\$2,000), the portion of the unwithdrawn deposit made subject to the claims and expenses as provided in subdivision (3) above, and may pay the remainder to the surviving joint tenant or joint tenants. Said legal

representative shall hold the portion of said unwithdrawn deposit paid to him and not use the same for the payment of the claims and expenses as provided in subdivision (3) above unless and until all other personal assets of the estate have been exhausted, and shall then use so much thereof as may be necessary to pay said claims and expenses. Any part of said unwithdrawn deposit not used for the payment of said claims and expenses shall, upon the settlement of the estate, be paid to the surviving joint tenant or tenants.

(c) This section shall be subject to the provisions of law applicable to transfers in fraud of creditors.

(d) This section shall not be deemed exclusive; deposit accounts not conforming to this section, and other property jointly owned, shall be governed by other applicable provisions of the law.

(e) As used in this section:

(1) "Banking institution" includes commercial banks, industrial banks, building and loan associations, savings and loan associations, and credit unions.

(2) "Deposit account" includes both time and demand deposits in commercial banks and industrial banks, installment shares, optional shares and fully paid share certificates in building and loan associations and savings and loan associations, and deposits and shares in credit unions.

(3) "Unwithdrawn deposit" shall be the amount in the deposit account held by the banking institution at the time of the death of the joint tenant; provided, however, that the banking institution shall not be held responsible for any amount properly paid out of said account prior to notice of such death.

(f) This section does not repeal or modify any provisions of the law relating to estate or inheritance taxes.

(g) A deposit account under subsection (a) of this section may be established by a written agreement in substantially the following form:

"We, the undersigned, hereby agree that all sums deposited at any time, including sums deposited prior to this date, in the \_\_\_\_\_ (name of institution) in the joint account of the undersigned, shall be held by us as co-owners with the right of survivorship, regardless of whose funds are deposited in said account and regardless of who deposits the funds in said account. Either or any of us shall have the right to draw upon said account, without limit, and in case of the death of either or any of us the survivor or survivors shall be the sole owner or owners of the entire account. This agreement is governed by the provisions of § 41-2.1 of the General Statutes of North Carolina.

Witness our hands and seals, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Seal)"

(1959, c. 404; 1963, c. 779; 1969, c. 863; 1973, c. 840; 1975, c. 19, s. 14; 1977, c. 671, ss. 1, 2; 1998-69, s. 11; 1999-337, s. 9; 1999-456, s. 59.)

### § 41-2.2. Joint ownership of securities.

(a) In addition to other forms of ownership, securities may be owned by any parties as joint tenants with rights of survivorship, and not as tenants in common, in the manner provided in this section.

- (b) (1) A joint tenancy in securities as provided by this section shall exist when such securities indicate that they are owned with the right of survivorship, or otherwise clearly indicate an intention that upon the death of either party the interest of the decedent shall pass to the surviving party.
- (2) Such a joint tenancy may also exist when a broker or custodian holds the securities for the joint tenants and by book entry or otherwise indicates (i) that the securities are owned with the right of survivorship, or (ii) otherwise clearly indicates that upon the death of either party, the interest of the decedent shall pass to the surviving party. Money in the hands of such broker or custodian derived from the sale of, or held for the purpose of, such securities shall be treated in the same manner as such securities.

(c) Upon the death of a joint tenant his interest shall pass to the surviving joint tenant. The interest of the deceased joint tenant, even though it has passed to the surviving joint tenant, remains liable for the debts of the decedent in the same manner as the personal property included in his estate, and recovery thereof shall be made from the surviving joint tenant when the decedent's estate is insufficient to satisfy such debts.

(d) This section does not repeal or modify any provisions of the law relating to estate or inheritance taxes.

(e) As used in this section, "securities" has the same meaning as in G.S. 41-40(9) and includes "security account" as that term is defined in G.S. 41-40(10). (1967, c. 864, s. 1; 1969, c. 1115, s. 2; 1989 (Reg. Sess., 1990), c. 891, s. 2; 1998-69, s. 12; 1999-337, s. 10; 2005-411, s. 3.)

**§§ 41-2.3 through 41-2.4. Reserved for future codification purposes.**

§ 41-2.5: Recodified as G.S. 41-56(d) by Session Laws 2020-50, s. 1(b), effective June 30, 2020.

**§ 41-3. Survivorship among trustees.**

In all cases where only a naked trust not coupled with a beneficial interest has been created or exists, or shall be created, and the conveyance is to two or more trustees, the right to perform the trust and make estates under the same shall be exercised by any one of such trustees, in the event of the death of his cotrustee or cotrustees or the refusal or inability of the cotrustee or cotrustees to perform the trust; and in cases of trusts herein named the trustees shall hold as joint tenants, and in all respects as joint tenants held before the year 1784. (1885, c. 327, s. 1; Rev., s. 1580; C.S., s. 1736.)

**§ 41-4. Limitations on failure of issue.**

Every contingent limitation in any deed or will, made to depend upon the dying of any person without heir or heirs of the body, or without issue or issues of the body, or without children, or offspring, or descendant, or other relative, shall be held and interpreted a limitation to take effect when such person dies not having such heir, or issue, or child, or offspring, or descendant, or other relative (as the case may be) living at the time of his death, or born to him within 10 lunar months thereafter, unless the intention of such limitation be otherwise, and expressly and plainly declared in the face of the deed or will creating it: Provided, that the rule of construction contained in this section shall not extend to any deed or will made and executed before the fifteenth of January, 1828. (1827, c. 7; R.C., c. 43, s. 3; Code, s. 1327; Rev., s. 1581; C.S., s. 1737.)

**§ 41-5. Unborn infant may take by deed or writing.**

An infant unborn, but in esse, shall be deemed a person capable of taking by deed or other writing any estate whatever in the same manner as if he were born. (R.C., c. 43, s. 4; Code, s. 1328; Rev., s. 1582; C.S., s. 1738.)

**§ 41-6. "Heirs" construed to be "children" in certain limitations.**

A limitation by deed, will, or other writing, to the heirs of a living person, shall be construed to be to the children of such person, unless a contrary intention appear by the deed or will. (R.C., c. 43, s. 5; Code, s. 1329; Rev., s. 1583; C.S., s. 1739.)

**§ 41-6.1. Meaning of "next of kin."**

A limitation by deed, will, or other writing, to the "next of kin" of any person shall be construed to be to those persons who would take under the law of intestate succession, unless a contrary intention appears by the instrument. (1967, c. 948.)

**§ 41-6.2. Doctrine of worthier title abolished.**

(a) The law of this State does not include: (i) the common-law rule of worthier title that a grantor or testator cannot convey or devise an interest to the grantor's or testator's own heirs, or (ii) a presumption or rule of interpretation that a grantor or testator does not intend, by a grant or devise to the grantor's or testator's own heirs or next of kin, to transfer an interest to them. The meaning of a grant or devise of a legal or equitable interest to a grantor's or testator's own heirs or next of kin, however designated, shall be determined by the general rules applicable to the interpretation of grants or wills.

(b) Subdivision (a)(i) of this section shall apply to all revocable trusts in existence as of February 26, 1979 and to all instruments, including revocable trusts, becoming effective after February 26, 1979, and subdivision (a)(ii) of this section shall apply to all instruments in existence as of February 26, 1979 and to all instruments becoming effective after February 26, 1979. If the application of this section to any instrument is held invalid, its application to other instruments to which it may validly be applied shall not be affected thereby. (1979, c. 88, s. 1; 2011-284, s. 49.)

**§ 41-6.3. Rule in Shelley's case abolished.**

(a) The rule of property known as the rule in Shelley's case is abolished.

(b) This section shall become effective October 1, 1987, and applies to transfers of property that take effect on or after that date. (1987, c. 706, s. 1.)

**§ 41-6.4. Rule in Dumpor's Case abolished.**

(a) The rule of property known as the Rule in Dumpor's Case is abolished.

(b) This section shall become effective October 1, 2012, and applies to transfers of property that take effect on or after that date. (2012-163, s. 1.)

**§ 41-6.5. Common-law rule against perpetuities abolished.**

(a) The rule of the common law known as the rule against perpetuities is abolished.

(b) Article 2 of this Chapter sets out the Uniform Statutory Rule Against Perpetuities.

(c) This section applies to a property interest or a power of appointment created on or after October 1, 1995. This section clarifies the intent of the General Assembly to abolish the

common-law rule against perpetuities when it enacted Chapter 190 of the 1995 Session Laws, which enacted the Uniform Statutory Rule Against Perpetuities. (2022-64, s. 3(a).)

**§ 41-7. Possession transferred to use in certain conveyances.**

By deed of bargain and sale, or by deeds of lease and release, or by covenant to stand seized to use, or deed operating by way of covenant to stand seized to use, or otherwise, by any manner or means whatsoever it be, the possession of the bargainor, releasor, or covenantor shall be deemed to be transferred to the bargainee, releasee, or person entitled to the use, for the estate or interest which such person shall have in the use, as perfectly as if the bargainee, releasee or person entitled to the use had been enfeoffed at common law with livery of seizin of the land intended to be conveyed by such deed or covenant. (27 Hen. VIII, c. 10; R.C., c. 43, s. 6; Code, s. 1330; Rev., s. 1584; C.S., s. 1740.)

**§ 41-8. Collateral warranties abolished; warranties by life tenants deemed covenants.**

All collateral warranties are abolished; and all warranties made by any tenant for life of lands, tenements or hereditaments, the same descending or coming to any person in reversion or remainder, shall be void; and all such warranties, as aforesaid, shall be deemed covenants only, and bind the covenantor in like manner as other obligations. (4 Anne, c. 16, s. 21; 1852, c. 16; R.C., c. 43, s. 10; Code, s. 1334; Rev., s. 1587; C.S., s. 1741.)

**§ 41-9: Repealed by Session Laws 1979, c. 180, s. 2.**

**§ 41-10. Titles quieted.**

An action may be brought by any person against another who claims an estate or interest in real property adverse to him for the purpose of determining such adverse claims; and by any man or woman against his or her wife or husband or alleged wife or husband who have not lived together as man and wife within the two years preceding, and who at the death of such plaintiff might have or claim to have an interest in his or her estate, and a decree for the plaintiff shall debar all claims of the defendant in the property of the plaintiff then owned or afterwards acquired: Provided, that no such relief shall be granted against such husband or wife or alleged wife or husband, except in case the summons in said action is personally served on such defendant.

If the defendant in such action disclaim in his answer any interest or estate in the property, or suffer judgment to be taken against him without answer, the plaintiff cannot recover costs. In any case in which judgment has been or shall be docketed, whether such judgment is in favor of or against the person bringing such action, or is claimed by him, or affects real estate claimed by him, or whether such judgment is in favor of or against the person against whom such action may be brought, or is claimed by him, or affects real estate claimed by him, the lien of said judgment shall be such claim of an estate or interest in real estate as is contemplated by this section. (1893, c. 6; 1903, c. 763; Rev., s. 1589; 1907, c. 888; C.S., s. 1743.)

**§ 41-10.1. Trying title to land where State claims interest.**

Whenever the State of North Carolina or any agency or department thereof asserts a claim of title to land which has not been taken by condemnation and any individual, firm or corporation likewise asserts a claim of title to the said land, such individual, firm or corporation may bring an action in the superior court of the county in which the land lies against the State or such agency or department thereof for the purpose of determining such adverse claims. Provided, however, that

this section shall not apply to lands which have been condemned or taken for use as roads or for public buildings. (1957, c. 514.)

**§ 41-11. Sale, lease or mortgage in case of remainders.**

In all cases where there is a vested interest in real estate, and a contingent remainder over to persons who are not in being, or when the contingency has not yet happened which will determine who the remaindermen are, there may be a sale, lease or mortgage of the property by a special proceeding in the superior court, which proceeding shall be conducted in the manner pointed out in this section. Said proceeding may be commenced by summons by any person having a vested interest in the land, and all persons in esse who are interested in said land shall be made parties defendant and served with summons in the way and manner now provided by law for the service of summons in other special proceedings, as provided by Rule 4 of the Rules of Civil Procedure, and service of summons upon nonresidents, or persons whose names and residences are unknown, shall be by publication as now required by law or such service in lieu of publication as now provided by law. In cases where the remainder will or may go to minors, or persons under other disabilities, or to persons not in being, or whose names and residences are not known, or who may in any contingency become interested in said land, but because of such contingency cannot be ascertained, the clerk of the superior court shall, after due inquiry of persons who are in no way interested in or connected with such proceeding, designate and appoint some discreet person as guardian ad litem, to represent such remainderman, upon whom summons shall be served as provided by law for other guardians ad litem, and it shall be the duty of such guardian ad litem to defend such actions, and when counsel is needed to represent him, to make this known to the clerk, who shall by an order give instructions as to the employment of counsel and the payment of fees.

The court shall, if the interest of all parties require or would be materially enhanced by it, order a sale of such property or any part thereof for reinvestment, either in purchasing or in improving real estate, less expense allowed by the court for the proceeding and sale, and such newly acquired or improved real estate shall be held upon the same contingencies and in like manner as was the property ordered to be sold. The court may authorize the loaning of such money subject to its approval until such time when it can be reinvested in real estate. And after the sale of such property in all proceedings hereunder, where there is a life estate, in lieu of said interest or investment of proceeds to which the life tenant would be entitled to, or to the use of, the court may in its discretion order the value of said life tenant's share during the probable life of such life tenant, to be ascertained as now provided by law, and paid out of the proceeds of such sale absolutely, and the remainder of such proceeds be reinvested as herein provided. Any person or persons owning a life estate in lands which are unproductive and from which the income is insufficient to pay the taxes on and reasonable upkeep of said lands shall be entitled to maintain an action, without the joinder of any of the remaindermen or reversioners as parties plaintiff, for the sale of said property for the purpose of obtaining funds for improving other nonproductive and unimproved real estate so as to make the same profit-bearing, all to be done under order of the court, or reinvestment of the funds under the provisions of this section, but in every such action when the rights of minors or other persons not sui juris are involved, a competent and disinterested attorney shall be appointed by the court to file answer and represent their interests. The provisions of the preceding sentence, being remedial, shall apply to cases where any title in such lands shall have been acquired before, as well as after, its passage – March 7, 1927.

The clerk of the superior court is authorized to make all orders for the sale, lease or mortgage of property under this section, and for the reinvestment or securing and handling of the proceeds of

such sales, but no sale under this section shall be held or mortgage given until the same has been approved by the resident judge of the district, or the judge holding the courts of the district at the time said order of sale is made. The approval by the resident judge of the district may be made by him either during a session of court or at chambers. All orders of approval under said statute by judges resident in the district heretofore made either during a session of court or at chambers are hereby ratified and validated.

The court may authorize the temporary reinvestment, pending final investment in real estate, of funds derived from such sale in any direct obligation of the United States of America or any indirect obligation guaranteed both as to principal and interest or bonds of the State of North Carolina issued since the year 1972; but in the event of such reinvestment, the commissioners, trustees or other officers appointed by the court to hold such funds shall hold the bonds in their possession and shall pay to the life tenant and owner of the vested interest in the lands sold only the interest accruing on the bonds, and the principal of the bonds shall be held subject to final reinvestment and to such expense only as is provided in this section. Temporary reinvestments, as aforesaid, in any direct obligation of the United States of America or any indirect obligation guaranteed both as to principal and interest or State bonds heretofore made with the approval of the court of all or a part of the funds derived from such sales are ratified and declared valid.

The court shall, if the interest of the parties require it and would be materially enhanced by it, order such property mortgaged for such term and on such condition as to the court seems proper and to the best interest of the interested parties. The proceeds derived from the mortgage shall be used for the purpose of adding improvements to the property or to remove existing liens on the property as the court may direct, but for no other purpose. The mortgagees shall not be held responsible for determining the validity of the liens, debts and expenses where the court directs such liens, debts and expenses to be paid. In all cases of mortgages under this section the court shall authorize and direct the guardian representing the interest of minors and the guardian ad litem representing the interest of those persons unknown or not in being to join in the mortgage for the purpose of conveying the interest of such person or persons. In all cases of mortgages under this section the owner of the vested interest or his or her legal representative shall within six months from the date of the mortgage file with the court an itemized statement showing how the money derived from the said mortgage has been expended, and shall exhibit to the court receipts for said money. Said report shall be audited in the same manner as provided for the auditing of guardian's accounts. The owner of the vested interest or his or her legal representative shall collect the rents and income from the property mortgaged and apply the proceeds first to taxes and discharge of interest on the mortgage and the annual curtailment as provided thereby, or if said person uses or occupies said premises he or she shall pay the said taxes, interest and curtailments and said party shall enter into a bond to be approved by the court for the faithful performance of the duties hereby imposed, and such person shall annually file with the court a report and receipts showing that taxes, interest and the curtailment as provided by the mortgage have been paid.

The mortgagee shall not be held responsible for the application of the funds secured or derived from the mortgage. The word "mortgage" whenever used herein shall be construed to include deeds in trust. (1903, c. 99; 1905, c. 548; Rev., s. 1590; 1907, cc. 956, 980; 1919, c. 17; C.S., s. 1744; Ex. Sess. 1921, c. 88; 1923, c. 69; 1925, c. 281; 1927, cc. 124, 186; 1933, c. 123; 1935, c. 299; 1941, c. 328; 1943, cc. 198, 729; 1947, c. 377; 1951, c. 96; 1967, c. 954, s. 3; 1971, c. 528, s. 39.)

**§ 41-11.1. Sale, lease or mortgage of property held by a "class," where membership may be increased by persons not in esse.**

(a) Wherever there is a gift, devise, transfer or conveyance of a vested estate or interest in real or personal property, or both, to persons described as a class, and at the effective date thereof, one or more members of the class are in esse, and there is a possibility in law that the membership of the class may later be increased by one or more members not then in esse, a special proceeding may be instituted in the superior court for the sale, lease or mortgage of such real or personal property, or both, as provided in this section.

(b) All petitions filed under this section wherein an order is sought for the sale, lease or mortgage of real property, or of both real and personal property, shall be filed in the office of the clerk of the superior court of the county in which all or any part of the real property is situated. If the order sought is for sale, lease or mortgage of personal property, the petition may be filed in the office of the clerk of the superior court of the county in which any or all of such personal estate is situated.

(c) All members of the class in esse shall be parties to the proceeding, and where any of such members are under legal disability, their duly appointed general guardians or their guardians ad litem shall be made parties. The clerk of the superior court shall appoint a guardian ad litem to represent the interests of the possible members of the class not in esse, and such guardian ad litem shall be a party to the proceeding.

(d) Upon a finding by the clerk of the superior court that the interests of all members of the class, both those in esse and those not in esse, would be materially promoted by a sale, lease or mortgage of any such property, he shall enter an order that the sale, lease or mortgage be made, and shall appoint a trustee to make such sale, lease or mortgage, in such manner and on such terms as the clerk may find to be most advantageous to the interests of the members of the class, both those in esse and those not in esse; but no sale, lease or mortgage shall be made, or shall be valid, until approved and confirmed by the resident judge of the district, or the judge holding the courts of the district. As a condition precedent to receiving the proceeds of the sale, lease or mortgage, the trustee shall be bonded in the same manner as a guardian for minors.

(e) In the event of a sale of any such property, the proceeds of sale shall be owned in the identical manner as the property was owned immediately prior to the sale; provided,

(1) The trustee appointed by the clerk as provided above may hold, manage, invest and reinvest said proceeds for the benefit of all members of the class, both those in esse and those not in esse, until the occurrence of the event which will finally determine the identity of all members of the class; all such investments and reinvestments shall be made in accordance with the laws of North Carolina relating to the investment of funds held by guardians or minors; and all the provisions of G.S. 36-4, relating to the reduction in bonds of guardians or trustees upon investment in certain registered securities and the deposit of the securities with the clerk of the superior court, shall be applicable to the trustee appointed hereunder;

(2) The clerk by appropriate order, in lieu of holding, managing, investing and reinvesting the proceeds of sale, may pay or authorize the trustee to pay the entire amount of such proceeds to the living members of the class as they may be then constituted or to their duly appointed guardians, or to pay the ratable portion or portions of such proceeds to one or more of such living members or to their guardians; provided that, where the class would be closed by the death of the mother or mothers of the members of the class, said mother or mothers are living and have attained the age of 55, and upon the further condition that there



be first filed with the clerk a bond conditioned upon the payment of the lawful share of any member of the class not then in esse, but who may thereafter come into being or otherwise become a member of the class, to such member or his guardian whenever he becomes a living member of the class. Such bond shall be payable to the State to the use of the additional members of the class and shall be either a cash bond or a premium bond executed by a surety company authorized to transact business in North Carolina. The penalty of such bond shall not be less than one and one fourth the amount of the proceeds of sale. Any bond filed hereunder shall be acknowledged before and approved by the clerk of the superior court.

(f) In the event the proceeds of sale shall be paid over to a trustee and invested by him as authorized above, the entire income actually received by the trustee from such investment shall be paid by said trustee periodically, and not less often than annually, in equal shares to the living members of the class as they shall be constituted at the time of each such payment, or to the duly appointed guardians of any such living members under legal disability.

(g) In the event the court orders a lease of the property, the proceeds from the lease shall be first used to defray the expenses, if any, of the upkeep and maintenance of the property, and the discharge of taxes, liens, charges and encumbrances thereon, and any remaining proceeds shall be paid over by the trustee in their entirety, not less often than annually, in equal shares to the living members of the class as they shall be constituted at the time of each such payment or to the duly appointed guardians of any such members under legal disability.

(h) Payments of income to the living members of the class as aforesaid shall constitute a full and final acquittance and disposition of the income so paid, it being the intent of this section that only the living members of the class (as they may be constituted at the time of each respective income payment) shall be entitled to the income which is the subject of the respective payment, and that possible members of the class not in esse shall not share in, or become entitled to the benefit of any income payment made prior to the time that such members are born and become living members of the class.

(i) In the event that there has been a sale of any of the property, and the proceeds of sale are being held, managed, invested and reinvested by a trustee as provided above, any member of the class who is of legal age and who is not otherwise under legal disability may sell, assign and transfer his entire right, title and interest (both as to principal and income) in the funds or investments so held by the trustee. Upon receiving written notice of such sale, assignment or transfer, the trustee shall recognize the purchaser, assignee and transferee as the lawful successor in all respects whatsoever to the right, title and interest (both as to principal and income) of the seller, assignor and transferor; but no such sale, transfer or assignment shall divest the trustee of his legal title in, or possession of, said funds or investments or (except as provided above) affect his administration of the trusts for which he was appointed.

(j) The court shall order a mortgage of the property only for one or more of the following purposes:

- (1) To provide funds for the costs and expenses of court incurred in carrying out any of the provisions of this section;
- (2) To provide funds for the necessary upkeep and maintenance of the property;
- (3) To make reasonable improvements to the property;
- (4) To pay off taxes, other existing liens, charges and encumbrances on the property.

(k) The mortgagee shall not be held responsible for the application of the funds secured or derived from the mortgage. As used in this section, references to mortgages shall also apply to deeds of trust executed for loan security purposes.

(l) Every trustee appointed pursuant to the provisions of this section shall file with the clerk of the superior court an inventory and annual accounts in the same manner as is now provided by law with respect to guardians.

(m) The superior court shall allow commissions to the trustee for his time and trouble in the effectuation of a sale, lease or mortgage, and in the investment and management of the proceeds, in the same manner and under the same rules and restrictions as allowances are made to executors, administrators, and collectors.

(n) Provided, however, this section shall not be applicable where the instrument creating the gift, devise, transfer or conveyance specifically directs, by means of the creation of a trust or otherwise, the manner in which the property shall be used or disposed of, or contains specific limitations, conditions or restrictions as to the use, form, investment, leasing, mortgage, or other disposition of the property.

(o) And provided further, this section shall not alter or affect in any way laws or legal principles heretofore, now, or hereafter existing relating to the determination of the nature, extent or vesting of estates or property interests, and of the persons entitled thereto. But where, under the laws and legal principles existing without regard to this section, a gift, devise, transfer or conveyance has the legal effect of being made to all members of a class, some of whom are in esse and some of whom are in posse, the procedures authorized hereby may be utilized for the purpose of promoting the best interests of all members of the class, and this section shall be liberally construed to effectuate this intent. The remedies and procedures herein specified shall not be exclusive, but shall be cumulative, in addition to, and without prejudice to, all other remedies and procedures, if any, which now exist or hereafter may exist either by virtue of statute, or by virtue of the inherent powers of any court of competent jurisdiction, or otherwise.

(p) The provisions of this section shall apply to gifts, devises, transfers, and conveyances made both before and after April 5, 1949. (1949, c. 811, s. 1; 1971, c. 641, s. 1; 1997-456, s. 27; 2011-284, s. 50(a)-(d).)

#### **§ 41-11.2. Sale of standing timber; life estate.**

If real property with standing timber is subject to a life estate, the life tenant or owner of the remainder or reversionary interest may initiate a proceeding under Chapter 46A of the General Statutes to sell the timber, separate from the real property, pursuant to G.S. 46A-80. (2020-23, s. 14.)

#### **§ 41-12. Sales or mortgages of contingent remainders validated.**

In all cases where property has been conveyed by deed, or devised by will, upon contingent remainder, executory devise, or other limitations, where a judgment of a superior court has been rendered authorizing the sale or mortgaging, including execution of deeds of trust, of such property discharged of such contingent remainder, executory devise, or other limitations in actions or special proceedings where all persons in being who would have taken such property if the contingency had then happened were parties, such judgment shall be valid and binding upon the parties thereto and upon all other persons not then in being or whose estates had not been vested: Provided, that nothing herein contained shall be construed to impair or destroy any vested right or estate. (1905, c. 93; Rev., s. 1591; C.S., s. 1745; 1923, c. 64; 1935, c. 36.)

**§ 41-13. Freeholders in petition for special taxes defined.**

In all cases where a petition by a specific number of freeholders is required as a condition precedent to ordering an election to provide for the assessment or levy of taxes upon realty, all residents of legal age owning realty for life or longer term, irrespective of sex, shall be deemed freeholders within the meaning of such requirement. (1915, c. 22; C.S., s. 1746.)

**§ 41-14. Reserved for future codification purposes.**

Article 2.

Uniform Statutory Rule Against Perpetuities.

**§ 41-15. Statutory rule against perpetuities.**

- (a) A nonvested property interest is invalid unless:
  - (1) When the interest is created, it is certain to vest or terminate no later than 21 years after the death of an individual then alive; or
  - (2) The interest either vests or terminates within 90 years after its creation.
- (b) A general power of appointment not presently exercisable because of a condition precedent is invalid unless:
  - (1) When the power is created, the condition precedent is certain to be satisfied or become impossible to satisfy no later than 21 years after the death of an individual then alive; or
  - (2) The condition precedent either is satisfied or becomes impossible to satisfy within 90 years after its creation.
- (c) A nongeneral power of appointment or a general testamentary power of appointment is invalid unless:
  - (1) When the power is created, it is certain to be irrevocably exercised or otherwise to terminate no later than 21 years after the death of an individual then alive; or
  - (2) The power is irrevocably exercised or otherwise terminates within 90 years after its creation.
- (d) In determining whether a nonvested property interest or a power of appointment is valid under subdivision (a)(1), (b)(1), or (c)(1) of this section, the possibility that a child will be born to an individual after the individual's death is disregarded.
- (e) If, in measuring a period from the creation of a property arrangement, language in a governing instrument:
  - (1) Seeks to disallow the vesting or termination of any interest beyond,
  - (2) Seeks to postpone the vesting or termination of any interest until, or
  - (3) Seeks to operate in effect in any similar fashion upon, the later of (i) the expiration of a period of time not exceeding 21 years after the death of the survivor of specified lives in being at the creation of the property arrangement or (ii) the expiration of a period of time that exceeds or might exceed 21 years after the death of the survivor of lives in being at the creation of the property arrangement, that language is inoperative to the

extent it produces a period of time that exceeds 21 years after the death of the survivor of the specified lives. (1995, c. 190, s. 1; 2007-390, s. 2; 2021-85, s. 3(a).)

**§ 41-16. When nonvested property interest or power of appointment created.**

(a) Except as provided in subsections (b) and (c) of this section and in G.S. 41-19(a), the time for creation of a nonvested property interest or a power of appointment is determined under general principles of property law.

(b) For purposes of this Article, if there is a person who alone can exercise a power created by a governing instrument to become the unqualified beneficial owner of (i) a nonvested property interest or (ii) a property interest subject to a power of appointment described in G.S. 41-15(b) or (c), the nonvested property interest or power of appointment is created when the power to become the unqualified beneficial owner terminates.

(c) For purposes of this Article, a nonvested property interest or a power of appointment arising from a transfer of property to a previously funded trust or other existing property arrangement is created when the nonvested property interest or power of appointment in the original contribution was created. (1995, c. 190, s. 1.)

**§ 41-17. Reformation.**

Upon the petition of an interested person, a court shall reform a disposition in the manner that most closely approximates the transferor's manifested plan of distribution and is within the 90 years allowed by G.S. 41-15(a)(2), 41-15(b)(2), or 41-15(c)(2) if:

- (1) A nonvested property interest or a power of appointment becomes invalid under G.S. 41-15;
- (2) A class gift is not invalid under G.S. 41-15, but might become invalid under G.S. 41-15, and the time has arrived when the share of any class is to take effect in possession or enjoyment; or
- (3) A nonvested property interest that is not validated by G.S. 41-15(a)(1) can vest but not within 90 years after its creation. (1995, c. 190, s. 1.)

**§ 41-18. Exclusions from statutory rule against perpetuities.**

G.S. 41-15 does not apply to any of the following:

- (1) A nonvested property interest or a power of appointment arising out of a nondonative transfer, except a nonvested property interest or a power of appointment arising out of any of the following:
  - a. A premarital or postmarital agreement.
  - b. A separation or divorce settlement.
  - c. A spouse's election.
  - d. A similar arrangement arising out of a prospective, existing, or previous marital relationship between the parties.
  - e. A contract to make or not to revoke a will or trust.
  - f. A contract to exercise or not to exercise a power of appointment.
  - g. A transfer in satisfaction of a duty of support.

- h. A reciprocal transfer.
- (2) A fiduciary's power relating to the administration or management of assets, including the power of a fiduciary to sell, lease, or mortgage property, and the power of a fiduciary to determine principal and income.
  - (3) A power to appoint a fiduciary.
  - (4) A discretionary power of a trustee to distribute principal before termination of a trust to a beneficiary having an indefeasibly vested interest in the income and principal.
  - (5) A nonvested property interest held by a charity, government, or governmental agency or subdivision, if the nonvested property interest is preceded by an interest held by another charity, government, or governmental agency or subdivision.
  - (6) A nonvested property interest in or a power of appointment with respect to a trust or other property arrangement forming part of a pension, profit-sharing, stock bonus, health, disability, death benefit, income deferral, or other current or deferred benefit plan for one or more employees, independent contractors, or their beneficiaries or spouses, to which contributions are made for the purpose of distributing to or for the benefit of the participants or their beneficiaries or spouses the property, income, or principal in the trust or other property arrangement, except a nonvested property interest or a power of appointment that is created by an election of a participant or a beneficiary or spouse.
  - (7) A property interest, power of appointment, or arrangement that was not subject to the common-law rule against perpetuities or is excluded by another statute of this State.
  - (8) A property interest or arrangement subjected to a time limit under G.S. 36C-4-408 or G.S. 36C-4-409.
  - (9) A property interest or arrangement subjected to a time limit under Article 3 of this Chapter, "Time Limits on Options in Gross and Certain Other Interests in Land."
  - (10) A nonvested property interest in or a power of appointment over property or property interests of a trust to which G.S. 41-23 applies. (1995, c. 190, ss. 1-3; 2021-85, s. 3(b).)

**§ 41-19. Prospective application.**

(a) Except as extended by subsection (b) of this section, this Article applies to a nonvested property interest or a power of appointment that is created on or after October 1, 1995. For purposes of this section, a nonvested property interest or a power of appointment created by the exercise of a power of appointment is created when the power is irrevocably exercised or when a revocable exercise becomes irrevocable.

(b) If a nonvested property interest or a power of appointment was created prior to October 1, 1995, and is determined in a judicial proceeding, commenced on or after October 1, 1995, to violate this State's rule against perpetuities as that rule existed before

October 1, 1995, a court upon the petition of an interested person may reform the disposition in the manner that most closely approximates the transferor's manifested plan of distribution and is within the limits of the rule against perpetuities applicable when the nonvested property interest or power of appointment was created. (1995, c. 190, s. 1; 1997, c. 456, s. 8.)

**§ 41-20. Short title.**

This Article may be cited as the Uniform Statutory Rule Against Perpetuities. (1995, c. 190, s. 1.)

**§ 41-21. Uniformity of application and construction.**

This Article shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this Article among states enacting it. (1995, c. 190, s. 1.)

**§ 41-22. (Repealed) Supersession.** (1995, c. 190, s. 1; repealed by 2022-64, s. 3(b), effective July 8, 2022.)

**§ 41-23. Perpetuities and suspension of power of alienation for trusts.**

(a) A trust is void if it suspends the power of alienation of trust property, as that term is defined in G.S. 36C-1-103, for longer than the permissible period. The permissible period is no later than 21 years after the death of an individual then alive or lives then in being plus a period of 21 years.

(b) If the settlor of a revocable trust, as those terms are defined in G.S. 36C-1-103, has an unlimited power to revoke or amend the trust, the permissible period under subsection (a) of this section is computed from the termination of that power.

(c) If a trust is created by exercise of a power of appointment, the permissible period under subsection (a) of this section is computed from the time the power is exercised if the power is a general power even if the power is only exercisable as a testamentary power. In the case of other powers, the permissible period is computed from the time the power is created, but facts at the time the power is exercised shall be considered in determining whether the power of alienation is suspended beyond a life or lives in being at the time of the creation of the power plus 21 years.

(d) The power of alienation is suspended only when there are no persons in being who, alone or in combination with others, can convey an absolute fee in possession of land, or full ownership of personal property.

(e) Notwithstanding subsection (a) of this section, there is no suspension of the power of alienability by a trust or by equitable interests under a trust if the trustee has the power to sell, either expressed or implied, or if there exists an unlimited power to terminate the trust in one or more persons in being.

(f) This section does not apply to a transfer in trust (i) for charitable purposes, as defined in G.S. 36C-4-405; (ii) to a literary or charitable organization; (iii) to a veterans' memorial organization; (iv) to a cemetery corporation, society, or association; or (v) as part

of a pension, retirement, insurance, savings, stock bonus, profit sharing, death, disability, or similar plan established by an employer for the benefit of some or all of its employees for the purpose of accumulating and distributing to such employees the earnings or the principal, or both earnings and principal, of the trust.

(g) This section does not apply to a future interest other than a future interest in trust and, other than as set forth in this section, this section does not modify the common law of the State regarding the power of alienation in this State.

(h) The provisions of G.S. 41-15, the common law rule against perpetuities, and the common law rule against accumulations do not apply to trusts created or administered in this State. (2007-390, s. 1; 2014-107, s. 5.1; 2017-102, s. 32(a).)

**§ 41-24. Reserved for future codification purposes.**

**§ 41-25. Reserved for future codification purposes.**

**§ 41-26. Reserved for future codification purposes.**

**§ 41-27. Reserved for future codification purposes.**

### Article 3.

#### Time Limits on Options in Gross and Certain Other Interests in Land.

**§ 41-28. Definitions.**

As used in this Article:

- (1) "Nonvested easement in gross" means a nonvested easement which is not created to benefit or which does not benefit the possessor of any tract of land in his or her use of it as the possessor.
- (2) "Option in gross with respect to an interest in land" means an option in which the holder of the option does not own any leasehold or other interest in the land which is the subject of the option.
- (3) "Preemptive right in the nature of a right of first refusal in gross with respect to an interest in land" means a preemptive right in which the holder of the preemptive right does not own any leasehold or other interest in the land which is the subject of the preemptive right. (1995, c. 525, s. 1.)

**§ 41-29. Options in gross, etc.**

An option in gross with respect to an interest in land or a preemptive right in the nature of a right of first refusal in gross with respect to an interest in land becomes invalid if it is not actually exercised within 30 years after its creation. For purposes of this section, the term "interest in land" does not include arrangements relating solely to an interest in oil, gas, or minerals. (1995, c. 525, s. 1.)

**§ 41-30. Leases to commence in the future.**

A lease to commence at a time certain or upon the occurrence or nonoccurrence of a future event becomes invalid if its term does not actually commence in possession within 30 years after its

execution. For purposes of this section, the term "lease" does not include an oil, gas, or mineral lease. (1995, c. 525, s. 1.)

**§ 41-31. Nonvested easements.**

A nonvested easement in gross becomes invalid if it does not actually vest within 30 years after its creation. (1995, c. 525, s. 1.)

**§ 41-32. Possibilities of reverter, etc.**

(a) Except as otherwise provided in this section:

- (1) A possibility of reverter preceded by a fee simple determinable;
- (2) A right of entry preceded by a fee simple subject to a condition subsequent; or
- (3) An executory interest preceded by either a fee simple determinable or a fee simple subject to an executory limitation;

becomes invalid, and the preceding fee simple becomes a fee simple absolute, if the right to vest in possession of the possibility of reverter, right of entry, or executory interest depends on an event or events affecting the use of land and if the possibility of reverter, right of entry, or executory interest does not actually vest in possession within 60 years after its creation.

(b) This section does not apply to a possibility of reverter, right of entry, or executory interest held by a charity, a government or governmental agency or subdivision excluded from the Uniform Statutory Rule Against Perpetuities by G.S. 41-18(5) or to an arrangement relating solely to an interest in oil, gas, or minerals. (1995, c. 525, s. 1.)

**§ 41-33. Prospective application.**

This Article applies only to a property interest or arrangement that is created on or after October 1, 1995. (1995, c. 525, s. 1.)

**§ 41-34.** Reserved for future codification purposes.

**§ 41-35.** Reserved for future codification purposes.

**§ 41-36.** Reserved for future codification purposes.

**§ 41-37.** Reserved for future codification purposes.

**§ 41-38.** Reserved for future codification purposes.

**§ 41-39.** Reserved for future codification purposes.

Article 4.

The Uniform Transfer on Death (TOD) Security Registration Act.

**§ 41-40. Definitions.**

In this Article, unless the context otherwise requires:

- (1) "Beneficiary form" means a registration of a security that indicates the present owner of the security and the intention of the owner regarding the person who will become the owner of the security upon the death of the owner.



- (2) "Devisee" means any person designated in a will to receive a disposition of real or personal property.
- (3) "Heirs" means those persons, including the surviving spouse, who are entitled under Chapter 29 of the General Statutes or the statutes of intestate succession of other states to take the property of a decedent by intestate succession.
- (4) "Person" means an individual, a corporation, an organization, or other legal entity.
- (5) "Personal representative" includes executor, administrator, collector, successor personal representative, special administrator, and persons who perform substantially the same function under the law governing their status.
- (6) "Property" includes both real and personal property or any interest in real or personal property and means anything that may be the subject of ownership.
- (7) "Register", including its derivatives, means to issue a certificate showing the ownership of a certificated security or, in the case of an uncertificated security, to initiate or transfer an account showing ownership of securities.
- (8) "Registering entity" means a person who originates or transfers a security title by registration and includes a broker maintaining security accounts for customers and a transfer agent or other person acting for or as an issuer of securities.
- (9) "Security" means a share, participation, or other interest in property, a business, or an obligation of an enterprise or other issuer, and includes a certificated security, an uncertificated security, a security account, and a security entitlement as defined in G.S. 25-8-102.
- (10) "Security account" means (i) a reinvestment account associated with a security, a securities account with a broker, a cash balance in a brokerage account, cash, interest, earnings, or dividends earned or declared on a security in an account, a reinvestment account, or a brokerage account, whether or not credited to the account before the owner's death, or (ii) a cash balance or other property held for or due to the owner of a security as a replacement for or product of an account security, whether or not credited to the account before the owner's death.
- (11) "State" includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession subject to the legislative authority of the United States. (2005-411, s. 1.)

**§ 41-41. Registration in beneficiary form; sole or joint tenancy ownership.**

Only individuals whose registration of a security shows sole ownership by one individual or multiple ownership by two or more individuals with right of survivorship, rather than as tenants in common, may obtain registration in beneficiary form. Multiple owners of a security registered in beneficiary form hold as joint tenants with right of survivorship, as tenants by the entireties, or as owners of community property held in survivorship form, and not as tenants in common. (2005-411, s. 1.)

**§ 41-42. Registration in beneficiary form; applicable law.**

A security may be registered in beneficiary form if the form is authorized by this or a similar statute of the state of organization of the issuer or registering entity, the location of the registering

entity's principal office, the office of its transfer agent or its office making the registration, or by this or a similar statute of the law of the state listed as the owner's address at the time of registration. A registration governed by the law of a jurisdiction in which this or similar legislation is not in force or was not in force when a registration in beneficiary form was made is nevertheless presumed to be valid and authorized as a matter of contract law. (2005-411, s. 1.)

**§ 41-43. Origination of registration in beneficiary form.**

A security, whether evidenced by certificate or account, is registered in beneficiary form when the registration includes a designation of a beneficiary to take the ownership at the death of the owner or the deaths of all multiple owners. (2005-411, s. 1.)

**§ 41-44. Form of registration in beneficiary form.**

Registration in beneficiary form may be shown by the words "transfer on death" or the abbreviation "TOD", or by the words "pay on death" or the abbreviation "POD", after the name of the registered owner or owners and before the name of a beneficiary. (2005-411, s. 1.)

**§ 41-45. Effect of registration in beneficiary form.**

The designation of a TOD beneficiary on a registration in beneficiary form has no effect on ownership of the security until the owner's death. A registration of a security in beneficiary form may be cancelled or changed at any time by the sole owner or all then-surviving owners, without the consent of the beneficiary. (2005-411, s. 1.)

**§ 41-46. Ownership on death of owner.**

On death of a sole owner or the last to die of all multiple owners, ownership of securities registered in beneficiary form passes to the beneficiary or beneficiaries who survive all owners. On proof of death of all owners and compliance with any applicable requirements of the registering entity, a security registered in beneficiary form may be reregistered in the name of the beneficiary or beneficiaries who survive the death of all owners. Until division of the security after the death of all owners, multiple beneficiaries surviving the death of all owners hold their interests as tenants in common. If no beneficiary survives the death of all owners, the security belongs to the estate of the deceased sole owner or the estate of the last to die of all multiple owners. (2005-411, s. 1.)

**§ 41-47. Protection of registering entity.**

(a) A registering entity is not required to offer or to accept a request for security registration in beneficiary form. If a registration in beneficiary form is offered by a registering entity, the owner requesting registration in beneficiary form assents to the protections given to the registering entity by this Article.

(b) By accepting a request for registration of a security in beneficiary form, the registering entity agrees that the registration will be implemented on death of the deceased owner as provided in this Article.

(c) A registering entity is discharged from all claims to a security by the estate, creditors, heirs, or devisees of a deceased owner if it registers a transfer of a security in accordance with G.S. 41-46 and does so in good faith reliance (i) on the registration, (ii) on this Article, and (iii) on information provided to it by affidavit of the personal representative of the deceased owner, or by the surviving beneficiary or by the surviving beneficiary's representatives, or other information available to the registering entity. The protections of this Article do not extend to a reregistration or

payment made after a registering entity has received written notice, addressed to the registering entity, from any claimant to any interest in the security objecting to implementation of a registration in beneficiary form. No other notice or other information available to the registering entity affects its right to protection under this Article.

(d) The protection provided by this Article to the registering entity of a security does not affect the rights of beneficiaries in disputes between themselves and other claimants to ownership of the security transferred or its value or proceeds. (2005-411, s. 1; 2006-226, s. 11.)

#### **§ 41-48. Nontestamentary transfer on death.**

(a) A transfer on death resulting from a registration in beneficiary form is effective by reason of the contract regarding the registration between the owner and the registering entity and this Article and is not testamentary.

(b) The interest of a deceased owner when there are one or more surviving owners remains liable for the debts of the decedent in the same manner as the personal property included in the decedent's estate, and recovery of that interest shall be made from the surviving owner or owners when the decedent's estate is insufficient to satisfy the debts. The interest of a deceased sole owner, or the last to die of several owners, remains liable for the debts of the decedent in the same manner as the personal property included in the decedent's estate, and recovery of that interest shall be made from the TOD beneficiary when the decedent's estate is insufficient to satisfy the debts.

(c) This Article does not repeal or modify any provision of law relating to estate taxes. (2005-411, s. 1.)

#### **§ 41-49. Terms, conditions, and forms for registration.**

(a) A registering entity offering to accept registrations in beneficiary form may establish the terms and conditions under which it will receive requests (i) for registrations in beneficiary form, and (ii) for implementation of registrations in beneficiary form, including requests for cancellation of previously registered TOD beneficiary designations and requests for reregistration to effect a change of beneficiary. The terms and conditions established may provide for proving death, avoiding or resolving any problems concerning fractional shares, and designating primary or contingent beneficiaries. Forms of identifying beneficiaries who are to take on one or more contingencies, and rules for providing proofs and assurances needed to satisfy reasonable concerns by registering entities regarding conditions and identities relevant to accurate implementation of registrations in beneficiary form, may be contained in a registering entity's terms and conditions.

(b) The following are illustrations of registrations in beneficiary form that a registering entity may authorize:

- (1) Sole owner-sole beneficiary: "John S. Brown TOD (or POD) John S. Brown, Jr."
- (2) Multiple owners-sole beneficiary: "John S. Brown, Mary B. Brown JT TEN WROS TOD John S. Brown, Jr."
- (3) Multiple owners-primary and secondary (substituted) beneficiaries: "John S. Brown, Mary B. Brown JT TEN WROS TOD John S. Brown, Jr. SUB BENE Peter O. Brown". (2005-411, s. 1.)

#### **§ 41-50. Short title; rules of construction.**

(a) This Article shall be known as and may be cited as the "Uniform TOD Security Registration Act".

(b) This Article shall be applied and construed to effectuate its general purposes and to make uniform the laws with respect to the subject of this Article among states enacting it.

(c) This Article does not repeal G.S. 41-2.2. G.S. 41-2.2 applies in determining whether a right of survivorship exists among multiple owners of a security. (2005-411, s. 1.)

**§ 41-51. Application of Article.**

This Article applies to registrations of securities in beneficiary form made before, on, or after October 1, 2005, by decedents dying on or after October 1, 2005. (2005-411, s. 1.)

**§ 41-52:** Reserved for future codification purposes.

**§ 41-53:** Reserved for future codification purposes.

**§ 41-54:** Reserved for future codification purposes.

Article 5.

Tenancy by the Entirety.

**§ 41-55. Definitions.**

For the purposes of this Article, the following definitions apply:

- (1) Conveyance. – A transfer of title to real property by deed or devise or other instrument transferring title to real property.
- (2) Income. – Rents and profits from property held as tenants by the entirety.
- (3) Spouses. – Two individuals then legally married to each other. (2020-50, s. 1(a), (c).)

**§ 41-56. Creation of tenancy by the entirety.**

(a) Unless a contrary intention is expressed in the conveyance, a conveyance of real property, or any interest in real property, to spouses vests title in them as tenants by the entirety when the conveyance is to one of the following:

- (1) A named man "and wife."
- (2) A named woman "and husband."
- (3) A named individual "and wife."
- (4) A named individual "and husband."
- (5) A named individual "and spouse."
- (6) Two named individuals, married to each other at the time of conveyance, whether or not identified in the conveyance as being (i) husband and wife, (ii) spouses, or (iii) married to each other.

(b) A conveyance by a grantor of real property, or any interest in real property, to the grantor and his or her spouse vests the property in them as tenants by the entirety, unless a contrary intention is expressed in the conveyance. The joinder of a spouse in a conveyance made by the grantor under this subsection is not necessary, but the conveyance is subject to the provisions of G.S. 52-10 or G.S. 52-10.1, except acknowledgement of the spouse of the grantor is not necessary.

(c) When an individual owns an undivided interest in real property as a tenant in common with some individual or individuals other than his or her spouse and there occurs an actual partition of the property, a tenancy by the entirety may be created in the individual who owned the undivided interest and his or her spouse as follows:

- (1) In a division by crossdeed or deeds between or among the tenants in common, if the instrument contains both of the following:
  - a. The intent of the tenant in common to create a tenancy by the entirety with his or her spouse in this exchange of deeds is clearly stated in the granting clause of the deed or deeds to the tenant in common and his or her spouse.
  - b. The deed or deeds to the tenant in common and his or her spouse is signed by the tenant in common and is acknowledged before a certifying officer in accordance with G.S. 52-10.
- (2) In a judicial proceeding for actual partition where both spouses have the right to become parties to the proceeding and to have their pleadings state that the intent of the tenant in common is to create a tenancy by the entirety with his or her spouse. The order of partition must provide that the real property apportioned to the tenant in common and his or her spouse shall be owned by them as tenants by the entirety.

(d) When spouses become co-owners of a mobile home, in the absence of a contrary intention appearing in the instrument of title, the spouses become tenants by the entirety with all the incidents of an estate by the entirety in real property, including the right of survivorship in the case of death of either spouse. For the purposes of this subsection, it is immaterial whether the property at any particular time is classified for any purpose as either real or personal. Nothing in this subsection is deemed to limit or prohibit any other type of ownership otherwise authorized by law. For the purposes of this subsection, the term "mobile home" means a portable manufactured housing unit designed for transportation on its own chassis and placement on a temporary or semipermanent foundation having a measurement of over 32 feet in length and over eight feet in width. As used in this subsection, the term "mobile home" also means a double-wide mobile home consisting of two or more portable manufactured housing units that are designed for transportation on their own chassis and are connected on site for placement on a temporary or semipermanent foundation having a measurement of over 32 feet in length and over eight feet in width. (1957, c. 598, s. 1; 1965, c. 878, s. 3; 1969, c. 748, s. 1; 1977, c. 375, ss. 9, 11; 1981, c. 507, s. 1; 1981 (Reg. Sess., 1982), c. 1245, s. 1; 1983, c. 449, ss. 1, 2; 1999-337, s. 11; 2020-23, s. 13; 2020-50, ss. 1(a)-(c), 3.1; 2021-91, s. 8.)

#### **§ 41-57. Presumption of gift by spouse furnishing consideration.**

Except for purposes of equitable distribution as provided under G.S. 50-20 and G.S. 50-21, when an individual furnishing the consideration for real property causes title to be placed in the name of the individual and the individual's spouse, there is a presumption of a gift to the individual's spouse of an entirety interest, which is rebuttable by clear, cogent, and convincing evidence. (2020-50, s. 1(a), (c).)

**§ 41-58. Possession and control of entireties property.**

(a) Spouses shall have an equal right to the control, use, possession, and income from property held by them as tenants by the entirety.

(b) Neither spouse may bargain, sell, lease, mortgage, transfer, convey, sign, pay out, or in any manner encumber any property held by them as tenants by the entirety without the written joinder of the other spouse. This section shall not be construed to require the spouse's joinder where a different provision is made under G.S. 41-56(b), G.S. 41-63(4), G.S. 39-13, G.S. 39-13.3, G.S. 39-13.4, or G.S. 52-10.

(c) The mortgage or sale of an interest in real property held by spouses as tenants by the entirety where one or both spouses is incompetent is governed by the provisions of Article 15 of Chapter 35A of the General Statutes. (1981 (Reg. Sess., 1982), c. 1245, s. 1; 1983, c. 449, ss. 1, 2; 2020-50, s. 1(a)-(c).)

**§ 41-59. Income derived from entireties property.**

(a) Income derived from property held by spouses as tenants by the entirety becomes personal property held by the spouses as tenants in common in equal shares.

(b) For income tax purposes, each spouse is considered to have received one-half the income or loss from property held by the spouses as tenants by the entirety. (1981 (Reg. Sess., 1982), c. 1245, s. 1; 1983, c. 449, ss. 1, 2; 2020-50, s. 1(a)-(c).)

**§ 41-60. Liability of entireties property for debts of spouses.**

(a) With respect to property held by spouses as tenants by the entirety prior to its termination, all of the following shall apply:

- (1) The property may not be held liable for individual debts of either spouse and a judgment lien against one spouse alone does not attach to the property. The property may be conveyed by joint deed of both spouses to anyone of their choice free and clear of a judgment lien against either spouse.
- (2) The property is liable for obligations of both spouses and a judgment lien against both spouses upon a joint obligation attaches to the property which may be sold under execution to satisfy the judgment.

(b) Upon termination of the tenancy by the entirety and the conversion of the real property held by the entirety to another form of estate, a judgment lien against one spouse during tenancy by the entirety, if still active and unsatisfied, shall attach at that time to that spouse's interest in the new estate. Conversions of tenancy by the entirety property to another form of an estate occur, without limitation, under either of the following circumstances:

- (1) Upon divorce of the spouses, in which event the property is converted to a tenancy in common as provided in G.S. 41-63(5) and the judgment lien against the spouse will attach at that time to the undivided interest of the spouse.

- (2) Upon death of a spouse, in which event the surviving spouse acquires the entire legal title as provided in G.S. 41-64 and the judgment lien against the surviving spouse will attach at that time to the property. (2020-50, s. 1(a), (c).)

**§ 41-61. Reimbursement for expenditures made on entireties property.**

(a) In the case of property held as tenants by the entirety, neither spouse is entitled to reimbursement from the other for expenditures made with respect to the property during the existence of the tenancy by the entirety, including payments made for recurring expenses, improvements, and payments made on indebtedness secured by a lien on the property.

(b) When the tenancy by the entirety is converted to a tenancy in common by absolute divorce or otherwise, responsibility for expenditures made with respect to the property held as tenants in common is allocated as provided by the law governing tenants in common.

(c) When the tenancy by the entirety is terminated by death, neither the surviving spouse nor the personal representative of the deceased spouse is entitled to reimbursement from the other for expenditures made with respect to the property during the existence of the tenancy by the entirety, including payments made for recurring expenses, improvements, and payments made on indebtedness secured by a lien on the property.

(d) Nothing in subsection (a), (b), or (c) of this section does any of the following:

- (1) Applies in any proceeding for equitable distribution or constitutes any limitation on the power of the court in any equitable distribution proceeding.
- (2) Renders unenforceable the terms of any otherwise valid and enforceable provisions in a premarital agreement, postmarital agreement, or promissory note given by one spouse to the other.
- (3) Affects any otherwise valid and enforceable lien or judgment. (2020-50, s. 1(a), (c); 2022-12, s. 1.)

**§ 41-62. Insurance coverage and character of proceeds.**

Where property held as tenants by the entirety is insured, unless the parties by contract have provided what disposition should be made of the insurance proceeds, the policy and insurance proceeds inure to the benefit of the entire estate even though the policy was issued in the name of only one spouse and paid for by that spouse, and the insurance proceeds become divisible personal property held by the spouses as tenants in common. (2020-50, s. 1(a), (c).)

**§ 41-63. Termination of tenancy by the entirety other than upon death of a spouse; effects of termination.**

Events terminating a tenancy by the entirety other than the death of a spouse and the effects of termination include the following:

- (1) The voluntary sale and conveyance of property held as tenants by the entirety to a third party, including a foreclosure sale pursuant to a power

- of sale in a deed of trust. Proceeds of the sale, including surplus funds generated from a foreclosure sale, are personal property held by the spouses as tenants in common.
- (2) The voluntary partition between the spouses executing a joint instrument conveying the property held as tenants by the entirety to themselves as tenants in common or in severalty.
  - (3) The involuntary transfer of title of property held by spouses as tenants by the entirety. The proceeds resulting from the transfer are held by the spouses as tenants by the entirety. An involuntary transfer of title includes:
    - a. A sale pursuant to Article 15 of Chapter 35A of the General Statutes as to an incompetent spouse.
    - b. An appropriation in a condemnation proceeding by the North Carolina State Highway Commission.
  - (4) The conveyance from one spouse to the other spouse of his or her interest in property held as tenants by the entirety. The conveyance vests the property or interest formerly held as tenants by the entirety in the other spouse. The joinder of a spouse in a conveyance made by the grantor pursuant to this subdivision is not necessary, but the conveyance is subject to the provisions of G.S. 52-10 or G.S. 52-10.1, except that an acknowledgment by the spouse of the grantor is not necessary.
  - (5) An absolute divorce of the spouses. An absolute divorce converts property held as tenants by the entirety to a tenancy in common.
  - (6) A judgment of forfeiture ordering divestment of an interest in tenancy by the entirety pursuant to Chapter 75D of the General Statutes. The effect of a judgment when one spouse is an innocent person as defined in G.S. 75D-5(i) is governed by G.S. 75D-8(a). (1957, c. 598, s. 1; 1965, c. 878, s. 3; 1977, c. 375, s. 9; 2020-50, s. 1(a)-(c).)

**§ 41-64. Termination of tenancy by the entirety upon death of a spouse.**

(a) Except as provided in subsection (b) of this section, upon the death of a spouse, property held as tenants by the entirety belongs to the surviving spouse by right of purchase under the original grant or devise and by virtue of survivorship. The deceased spouse has no estate which is descendable or divisible.

(b) Where a slayer, as defined in G.S. 31A-3(3), and decedent hold property as tenants by the entirety, one-half of the property shall pass upon the death of the decedent to the decedent's estate, and one-half shall be held by the slayer during the slayer's life, subject to pass upon the slayer's death to the slain decedent's heirs or devisees as defined in G.S. 28A-1-1. (1961, c. 210, s. 1; 1979, c. 572; 2020-50, s. 1(a)-(c).)

**§ 41-65. Entireties property conveyed to trusts.**

(a) Any real property held by spouses as tenants by the entirety and conveyed (i) to a joint trust or (ii) in equal shares to two separate trusts shall no longer be held by the spouses



as tenants by the entirety and shall be disposed of by the terms of the trust or trusts. However, subject to subsection (b) of this section, the provisions of G.S. 41-60(a)(1) shall apply to the property held in trust as if the spouses had continued to hold the property as tenants by the entireties.

(b) The provisions of G.S. 41-60(a)(1) shall apply to the property held in trust as long as all of the following apply:

- (1) The spouses remain married.
- (2) The property continues to be held in the trust or trusts as provided in subsection (a) of this section.
- (3) Both spouses are current beneficiaries of the joint trust if the real property is conveyed to that trust or of each separate trust if the property is conveyed in equal shares to their separate trusts.

(c) If immediately preceding the death of the first spouse to die, the provisions of G.S. 41-60(a)(1) apply to the real property held in trust upon the death of a spouse, the provisions of G.S. 41-60(b)(2) shall apply to the property.

(d) The trustee acting under the express provisions of a trust instrument or with the written consent of both spouses may waive the application of G.S. 41-60(a)(1) as to any specific creditor or any specifically described property including all separate creditors of a spouse or all former tenancy by the entirety property conveyed to the trustee.

(e) For purposes of this section, all of the following apply:

- (1) The reference to the real property conveyed to or held in the trust shall be deemed to include the proceeds arising from the involuntary transfer of title of the real property.
- (2) The term "joint trust" means a revocable or irrevocable trust of which both the husband and wife are the settlors.
- (3) The term "separate trusts" means revocable or irrevocable trusts of which one spouse is the settlor of one trust and the other spouse is the settlor of the other trust.
- (4) The spouses are "beneficiaries" of a trust if they are distributees or permissible distributees of the income or principal of the trust whether or not other individuals are also current or future beneficiaries of the trust.

(f) Notice may be given in a statement in the conveyance of the tenancy by the entireties real property to the trust that the real property is held under this section and that, as of the date of the conveyance, the requirements are met providing for the application of G.S. 41-60(a)(1) protecting the real property from liability for the individual debts of either spouse.

(g) A person entering into a transaction involving real property held in trust under this section may request confirmation from the trustee whether the provisions of G.S. 41-60(a)(1) are met at the time of the transaction. (2014-115, s. 33(a); 2015-205, s. 5; 2019-178, s. 4(a)-(c); 2020-50, s. 1(a)-(c).)

#### **§ 41-66. Common law of tenancy by the entirety; equitable principles.**

The common law of tenancy by the entirety and principles of equity supplement this Article except to the extent it conflicts or is inconsistent with a provision of this Article or the laws of this State. (2020-50, s. 1(a), (c).)

§ 41-67: Reserved for future codification purposes.

§ 41-68: Reserved for future codification purposes.

§ 41-69: Reserved for future codification purposes.

## Article 6.

### Joint Tenancy.

#### § 41-70. Definitions.

For the purposes of this Article, the following definitions apply:

- (1) Conveyance. – A transfer of title to real or personal property by deed, devise, assignment, or other means of transferring title.
- (2) Termination. – A severance of the right of survivorship resulting in the creation of a tenancy in common as provided in this Article. The term is used in the context of an estate with a joint tenancy with a right of survivorship. (2020-50, s. 2(a), (c).)

#### § 41-71. Creation of a joint tenancy with right of survivorship.

(a) A conveyance to two or more persons creates a tenancy in common unless a joint tenancy with right of survivorship is created as provided in subsection (b) of this section or a tenancy by the entirety is created as provided by the law governing tenancy by the entireties.

(b) A conveyance to two or more persons creates a joint tenancy with right of survivorship if the instrument expresses an intent to create a joint tenancy with right of survivorship. The following words in the instrument shall be deemed to express an intent to create a joint tenancy with right of survivorship unless the instrument otherwise provides: "joint tenants with right of survivorship," "joint tenants," "joint tenancy," "tenants in common with right of survivorship," "joint with right of survivorship," "with right of survivorship."

(c) Nothing in this Article prohibits joint tenants from entering into any agreement with regard to the property held in joint tenancy, including, without limitation, an agreement that notice must be given to other joint tenants before any joint tenant terminates the joint tenancy as provided in G.S. 41-73(b). (2020-50, s. 2(a), (c).)

#### § 41-72. Determination of the interests of joint tenants in a joint tenancy with right of survivorship.

(a) The interests of joint tenants in a joint tenancy with right of survivorship shall be deemed to be equal unless otherwise provided in the instrument of conveyance.

(b) This section shall apply to any conveyance of an interest in property created at any time that explicitly seeks to create unequal ownership interest in a joint tenancy with right of survivorship.

(c) Distributions made prior to October 10, 2009, that were made in equal amounts from a joint tenancy with right of survivorship that sought to create unequal ownership shares shall remain valid and shall not be subject to modification on the basis of this section.

(d) Any joint tenancy interest conveyed to individuals married to each other and to one or more other joint tenants in the same instrument of conveyance shall be held by the married individuals in a tenancy by the entirety, and the married individuals shall be treated as a single joint tenant, unless otherwise provided in the instrument. (1784, c. 204, s. 6; R.C., c. 43, s. 2; Code, s. 1326; Rev., s. 1579; C.S., s. 1735; 1945, c. 635; 1989 (Reg. Sess., 1990), c. 891, s. 1; 1991, c. 606, s. 1; 2009-268, s. 1; 2010-96, s. 9; 2012-69, s. 2; 2013-204, s. 1.11; 2020-50, s. 2(a)-(c).)

### **§ 41-73. Termination of a joint tenancy with right of survivorship.**

(a) Events terminating a joint tenancy with right of survivorship due to the collective action of all joint tenants include the following:

- (1) The conveyance to a third party by all of the joint tenants of all of their interests in the property held in the joint tenancy, including a foreclosure sale pursuant to a power of sale in a deed of trust.
- (2) The execution of an instrument with a third party by all of the joint tenants that does not convey all of their interests in the property held in the joint tenancy to the third party, including a lease, executory contract of sale, option to purchase, or deed of trust, and an intention to terminate expressly appears in the instrument.
- (3) The execution of an instrument by all joint tenants for the purpose of expressing an intent to terminate the joint tenancy.

(b) Events terminating a joint tenancy with right of survivorship due to the unilateral action of a joint tenant include the following:

- (1) The conveyance to a third party by a joint tenant of all of that joint tenant's interest in the property held in the joint tenancy, including a foreclosure sale pursuant to a power of sale in a deed of trust.
- (2) The execution of an instrument with a third party by a joint tenant that does not convey all of that joint tenant's interest to the third party, including a lease, executory contract of sale, option to purchase, or deed of trust, and an intention to terminate expressly appears in the instrument.
- (3) The execution of an instrument by a joint tenant where the joint tenant is both the grantor and the grantee if the intention to terminate expressly appears in the instrument. A termination under this subdivision is effective only upon the recording, prior to the death of the joint tenant, of an instrument expressing an intent to terminate in the office of the register of deeds in the county or counties where the real property is situated.
- (4) The filing by a joint tenant of a petition to partition.

- (c) When a termination occurs, a tenancy in common is created as follows:
- (1) If a termination occurs under subdivision (1) of subsection (a) of this section because of the conveyance of all of the joint tenants' interests to a third party, a tenancy in common is created among the tenants as to any proceeds of sale or surplus funds generated from a foreclosure sale.
  - (2) If a termination occurs because of the execution by all of the joint tenants of an instrument described in subdivision (2) or (3) of subsection (a) of this section, a tenancy in common is created among the tenants.
  - (3) If a termination occurs under subdivision (1) of subsection (b) of this section because one of the joint tenants conveys all of that joint tenant's interest to a third party and there are only two joint tenants, a tenancy in common is created between the third party and the other joint tenant. If there are more than two joint tenants and one of the joint tenants conveys all of that joint tenant's interests to a third party, a tenancy in common is created among the third party and the remaining joint tenants, who continue as joint tenants with right of survivorship as between or among themselves.
  - (4) If a termination occurs because of the execution by a joint tenant of an instrument described in subdivision (2) or (3) of subsection (b) of this section or because of the filing of a petition by a joint tenant as provided in subdivision (4) of subsection (b) of this section, and there are two joint tenants, a tenancy in common is created between the joint tenant causing the termination and the other joint tenant. If there are more than two joint tenants, a tenancy in common is created among the joint tenant causing the termination and the remaining joint tenants, who continue as joint tenants with right of survivorship as between or among themselves.
- (d) The following events do not result in a termination of joint tenancy with right of survivorship:
- (1) The filing of a judgment against one joint tenant.
  - (2) The filing of a bankruptcy petition by one joint tenant.
  - (3) When married individuals holding an interest as tenants by the entirety in a joint tenancy with one or more other joint tenants divorce. Unless the divorced individuals agree otherwise, the divorced individuals are deemed to hold their existing interest equally as tenants in common as to each other, but as joint tenants with right of survivorship as to remaining joint tenancy holders.
- (e) Nothing in this section limits the manner or effect of a termination ordered by a court of competent jurisdiction. (1784, c. 204, s. 6; R.C., c. 43, s. 2; Code, s. 1326; Rev., s. 1579; C.S., s. 1735; 1945, c. 635; 1989 (Reg. Sess., 1990), c. 891, s. 1; 1991, c. 606, s. 1; 2009-268, s. 1; 2010-96, s. 9; 2012-69, s. 2; 2013-204, s. 1.11; 2020-50, s. 2(a)-(c); 2023-46, s. 8.)

**§ 41-74. Application of 120-hour survival requirement to joint tenancy with right of survivorship.**

The provisions of G.S. 28A-24-3 apply to joint tenancy interests among two or more joint tenants holding property in joint tenancy with right of survivorship upon the death of one or more of the joint tenants. (1784, c. 204, s. 6; R.C., c. 43, s. 2; Code, s. 1326; Rev., s. 1579; C.S., s. 1735; 1945, c. 635; 1989 (Reg. Sess., 1990), c. 891, s. 1; 1991, c. 606, s. 1; 2009-268, s. 1; 2010-96, s. 9; 2012-69, s. 2; 2013-204, s. 1.11; 2020-50, s. 2(a)-(c).)

**§ 41-75. Inapplicability of Article.**

This Article does not apply to any of the following:

- (1) Executors or trustees in their representative capacity.
- (2) Partnerships governed by Chapter 59 of the General Statutes.
- (3) Business entities.
- (4) Accounts established under G.S. 41-2.1 or G.S. 41-2.2 to the extent inconsistent with the provisions of this Article.
- (5) Life estates. (2020-50, s. 2(a), (c); 2021-91, s. 9.)

**§ 41-76. Common law of joint tenancy; equitable principles.**

The common law of joint tenancy with right of survivorship and principles of equity supplement this Article except to the extent it conflicts or is inconsistent with a provision of this Article or the laws of this State. (2020-50, s. 2(a), (c).)

**§ 41-77. Citation to prior statutes.**

A citation to a former statute recodified in Article 5 of Chapter 41 of the General Statutes, whether made before or after adoption of Article 5, shall be deemed to be a citation to the recodified statute, unless application of this rule of construction would substantially impair the rights of a party. (2020-50, s. 2(a), (c).)

**§ 41-78:** Reserved for future codification purposes.

**§ 41-79:** Reserved for future codification purposes.