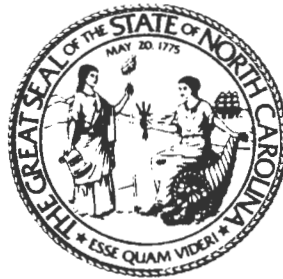


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# LEGISLATIVE RESEARCH COMMISSION

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## ALIEN LANDHOLDING



## REPORT TO THE 1981 GENERAL ASSEMBLY OF NORTH CAROLINA

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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



January 14, 1981

TO THE MEMBERS OF THE 1981 GENERAL ASSEMBLY:

The Legislative Research Commission herewith reports to the 1981 General Assembly on the matter of the ownership of land in North Carolina by aliens or foreign (alien) corporations. The report is made pursuant to Resolution 61 of the 1979 General Assembly.

This report was prepared by the Legislative Research Commission's Alien Landholding Study Committee and is transmitted by the Legislative Research Commission for your consideration.

Respectfully submitted,

Handwritten signature of Carl J. Stewart, Jr. in cursive script, written over a horizontal line.

Carl J. Stewart, Jr.

Handwritten signature of W. Craig Lawing in cursive script, written over a horizontal line.

W. Craig Lawing

Cochairmen  
Legislative Research Commission

EX-42



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## INTRODUCTION

The Legislative Research Commission, created by Article 6B of General Statutes Chapter 120, is authorized pursuant to the direction of the General Assembly "to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" and "to report to the General Assembly the results of the studies made," which reports "may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations." G.S. 120-30.17. The Commission is chaired by the Speaker of the House and the President Pro Tempore of the Senate, and consists of five Representatives and five Senators, who are appointed respectively by the Cochairmen. G.S. 120-30.10(a).

At the direction of the 1979 General Assembly, the Legislative Research Commission has undertaken studies of twenty-five matters, which were arranged into ten groups according to related subject matter. See Appendix A for a list of the Commission members. Pursuant to G.S. 120-30.10(b) and (c), the Commission Cochairmen appointed study committees consisting of legislators and public members to conduct the studies. Each member of the Legislative Research Commission was delegated the responsibility of overseeing one group of studies and causing the findings and recommendations of the various committees to be reported to the Commission. In addition, one Senator and one Representative from each study committee were designated Cochairmen. See Appendix B for a list of the Study Committee members.

The 1979 General Assembly authorized the Legislative Research Commission to study the ownership of land in North Carolina by aliens or foreign corporations. Resolution 61 (Senate Joint Resolution 897) authorized the Commission to include in its study "a review of the amount of land presently owned in North Carolina by aliens or foreign corporations, the short and long-term effects of such ownership on citizens of North Carolina, and any other pertinent matter the Legislative Research Commission deems relevant to this area." See Appendix C.

This study was authorized in order to determine the nature and extent of alien investment in agricultural land in North Carolina. During the 1979 General Assembly's First Session, a bill that upon enactment would have restricted alien ownership of agricultural land (HB 875) was introduced and referred to the House Committee on Agriculture. Because of the lack of information about alien ownership of and investments in agricultural land in North Carolina and the other states, the 1979 General Assembly decided to initiate this study rather than act on the bill. It was known at the time that such information would be soon available as a result of Public Law 95-460, the Agricultural Foreign Investment Disclosure Act of 1978.

#### COMMITTEE PROCEEDINGS

The Alien Landholding Study Committee held meetings on January 28, March 25, September 16, and November 10, 1980.

At the January 28 meeting, the Committee received data on the extent of holdings of agricultural land in North Carolina by alien individuals and corporations; discussed the possible reasons for and effects of the nationwide phenomenon of foreign investment in



real estate, especially agricultural land; and was informed by the Committee Counsel about the efforts of other states and the federal government to deal with such foreign investment.

At the March 25 meeting, the Committee received updated information on foreign investments in North Carolina agricultural land and was briefed by the Counsel on the legal aspects of state restrictions on ownership of land by aliens.

At the September 16 meeting, the Committee reviewed (1) another update on North Carolina agricultural land owned by non-resident aliens and (2) a rough draft of a bill that would restrict such ownership. The purpose of the review of the bill draft was to give the Committee members an idea of how restrictive legislation would appear. There was also discussion among the Committee members about the possibility of legislation that would require nonresident aliens to apply for and obtain a permit from the State in order to acquire an interest in agricultural land. In order to see this concept in bill form, the Counsel was directed to prepare such a draft for review prior to and discussion at the next meeting.

At the November 10 meeting, the Committee reviewed updated information on North Carolina agricultural land holdings by non-resident aliens and discussed the merits of the restrictive and purchase permit bill drafts.

The subjects reviewed and discussed by the Committee during its meetings are described in more detail in this report under FINDINGS and RECOMMENDATIONS. Procedural details of the meetings can be found in the minutes of the Committee, which are on file in the Legislative Library.

FINDINGS

1. What are the factors that might account for the recent investments in real property in the United States by foreign businesses and individuals? Two simultaneous economic phenomena that occurred in the early to mid-1970's apparently provided a number of foreign nations with a plentiful supply of cheaper U.S. dollars. First, the decision by OPEC to raise the price of crude oil sent to the United States (following the OPEC embargo), coupled with the historical American dependency on that import, caused in the United States an acceleration in the rate of inflation, a deceleration in the rate of economic growth, and large deficits of payments in the balance of trade. Second, when the United States permitted its dollar to float against other world currencies by ceasing the practice of pegging its currency exchange rates, the first result was a devaluation of the dollar against currencies such as the Dutch guilder, the Swiss franc, the German mark, and the Japanese yen.

Foreign holdings of U.S. dollars increased dramatically, but these were inflated and devalued dollars. The next logical and economically sound step for foreigners holding these dollars was to convert them into assets that would not depreciate in value. The devaluation of the U.S. dollar against other world currencies meant that U.S. land was comparatively cheaper than foreign real estate. These foreign holders of U.S. dollars had little incentive to purchase goods or services from the United States because the balance of trade was in their favor.

2. Are there other incentives for foreign investment in United States real property? Land, especially in the United States, has historically been purchased as a hedge against inflation. Land values have and are predicted to keep up with or surpass other kinds of investments because of the scarcity and diverse uses of land in the United States. The recent inflationary trend has resulted in an abnormal division between productive fixed asset values and current cash flows of individual U.S. businesses: The former appreciate while the latter are diminished. Investment in a fixed asset, especially land, is therefore more attractive to the potential foreign investor holding cheap U.S. dollars.

Foreign investors whose nations have signed reciprocal tax treaties with the United States are naturally attracted to U.S. land. Such treaties were entered into at times when United States concerns were large investors in properties and businesses around the world. The tax advantages accruing to foreign investors under these treaties as well as federal tax laws provide potential investors with many incentives: Preferential capital gains and income tax treatment in the United States coupled with very high rates of taxation in their own nations mean that investments in U.S. land will yield the highest possible rate of return. It is possible to some extent that foreign business entities may be backed by U.S. citizens seeking more favorable tax treatment than they would receive by forming and capitalizing business entities under the laws of the United States.

The relative stability of the American political, social, and economic systems coupled with the historical reverence for property rights of landowners provide additional incentives for investment in American soil. These factors apparently guarantee more economic stability for land investments in America than in many other countries.

3. What are the incentives for investing in United State agricultural land? One might wonder why foreign nationals and businesses would want to invest in agriculture with its relatively low rate of return and complicated production processes. The scarcity and resultant appreciation of value of agricultural land are evidently sufficient incentives for such investment; the income from farming is relegated to secondary importance. The fact that there is a finite amount of arable land in the United States has led to an uninterrupted trend of increasing farmland values regardless of the profitability of agricultural enterprises; profitability, however, did improve substantially during the 1970's.
4. What has been North Carolina's experience with foreign investment in its agricultural land? Prior to the enactment by Congress of the Agricultural Foreign Investment Disclosure Act of 1978 (P.L. 95-460), which requires the reporting of ownership and transfer of interests in U.S. agricultural land by foreign individuals, businesses, and governments, very little was known about the extent of foreign investment in North Carolina farmland. The Act was effective on October 14, 1978,

and the U.S. Secretary of Agriculture was delegated the duty of prescribing reporting regulations not later than 90 days after that date. The Act also requires the Secretary to transmit at six-month intervals to each state a copy of each report received by him during the previous six months that involves agricultural land located in the state. The North Carolina Department of Agriculture received these reports, compiled the information contained in the reports, and reported such to the Committee at each Committee meeting. This information appears in Appendix D.

The first summary, as of January 14, 1980, shows that a total of 195,711 acres of North Carolina agricultural land was held by foreign persons and businesses subject to the federal reporting requirements; the second summary, as of February 25, 1980, shows a total of 197,294 acres; the third summary, as of June 20, 1980, shows a total of 206,535 acres; the fourth summary, as of September 15, 1980, shows a total of 208,440 acres; and the fifth summary, as of December 5, 1980, shows a total of 219,613 acres. Of the most recent totals, the predominant holdings are of forest or timber land (78%), which is considered to be agricultural land despite the popular notion that only crop and perhaps pasture lands fall within that definition. Crop land follows (17%), with pasture land a distant third (3%). The nationalities of the landholders break down as follows: English - 43%, Dutch - 24%, Italian - 20%, Canadian - 6%, and Swiss - 5%, with the remaining acreage held as indicated in Appendix D (1% each).

The reports evidence a trend from January 14 to December 5, 1980, of an increase of 23,902 total acres held by foreign interests. The rate of foreign acquisition of agricultural

land in North Carolina before the federal reporting requirement is an unknown quantity. The rate of increase of foreign investment in such land since the data has become available cannot therefore be measured against any previous trends.

Although it appears that foreign interest in North Carolina agricultural land is on the increase, it has not yet reached the proportions of investment in other states. Officials from the State Department of Agriculture have indicated that North Carolina's varied topography, soil, and climate may be factors in that they make it difficult to put together large tracts of homogenous land. The average size of a North Carolina farm is approximately 125 acres, whereas the national average is over 300 acres and the midwest average exceeds 500 acres. This does not necessarily mean that North Carolina is immune to or protected from foreign investment; but it does imply that the probability of foreign purchases of large tracts of agricultural land in the State is remote.

5. What legal aspects should be addressed in the consideration of proposed legislation that would restrict the rights of alien individuals and corporations to own land in the United States?

The states that have laws restricting the rights of nonresident aliens to hold agricultural land are the states whose laws are more likely to survive constitutional attacks. Historically, state laws that have been found to unfairly discriminate against aliens were laws that denied aliens certain fundamental rights, such as welfare benefits, employment by the State, and eligibility for a profession, and as a consequence adversely

affected the ability of aliens to survive. Under the Equal Protection Clause of the U.S. Constitution, there has to be a compelling state interest to justify a state law that discriminates against a class of persons such as resident aliens. With regard to a nonresident foreign investor or foreign investment company, as long as a proprietary interest is not coupled with a fundamental personal right, a state needs only a rational relationship between the purpose of the law and a legitimate state interest, or interests, which in this case would be to (1) exclude or restrict foreign influence in the local economy and (2) preserve the state's natural resources for the use and benefit of the residents and citizens of the state. Any state restrictions on resident aliens' economic activities would in effect defeat the privilege of free admission that the federal government has granted those aliens and therefore conflict with the federal immigration laws. The Supremacy Clause of the U.S. Constitution says that federal law, including treaties, is the supreme law of the land; and the U.S. courts have said that in the event of any conflict between a state law and federal treaty or federal law, the federal measure would prevail.

The factors that would have the most significant impact on a state law that generally restricts alien landholding would be the provisions of the bilateral treaties of friendship, commerce, and navigation that the federal government has entered into with about 40 other nations. The United States has such treaties with most of the investing nations, and the treaties

have incidental provisions regarding land ownership and related rights. The Supremacy Clause of the U.S. Constitution would render conflicting state laws inapplicable to aliens covered by those provisions because the treaty provisions would control. Many treaties contain "most favored nation" clauses, which mean that citizens of the nation with which the United States has a treaty are guaranteed the most favorable treatment afforded any alien by the United States (For example, Saudi Arabians would receive as favorable treatment as Danes under the laws of the United States.) These treaties legitimate most alien ownership of urban land, that is, for commercial, industrial, and residential purposes. They do not generally extend to ownership of land for agricultural development or for exploitation of natural resources.

6. What are the most common fears of the effects of foreign investment in United States agricultural land?

(a) Absentee ownership: The foreign investor might not understand the physical capabilities of the land. There is a possibility of overexploitation of the land's capacity to produce; more interest in capital appreciation than production; expectation of a minimum acceptable annual rate of return that would prevent agriculturally sound adjustments to changing economic or agricultural situations; that productivity will be reduced because of a lower management level; irreparable or long-term damage to the land or its environs resulting from rapid depletion, erosion, sedimentation pollution, or failure to maintain drainage; an unfavorable environmental impact because of a change in the nature or type of agricultural



enterprise or the use of the land; and an increase in production costs because of the employment of professional farm managers.

(b) Effect on locality and land prices: A possibility that local businesses or institutions will be bypassed in the production and marketing of the agricultural enterprise; that the purchase will unduly reduce the number of acres of agricultural land available for domestic purchase or disproportionately or artificially increase the price of similar agricultural land; and that the business structure or capitalization of the foreign person will lessen or destroy competition in the agricultural marketplace.

(c) Effect on locality and market: The foreign investor may intend to export either raw or finished products derived from the agricultural land. If raw products are exported for processing, there is a possibility of an adverse effect on local employment or local fixed capital; a possibility that the exportation of raw or finished products will reduce the local supply and raise the local market price of the products; and a possibility that an intended change in the nature or type of agricultural enterprise or the use of the land will adversely affect the local market.

#### RECOMMENDATIONS

1. The 1981 General Assembly should consider and hold public hearings on legislation that would prohibit ownership of interests in agricultural land by nonresident alien individuals, business entities, and governments. The Commission bases this recommendation on the realistic consideration that public

input is more readily elicited on a given issue when proposed legislation is being considered while the General Assembly is in session than while an interim study group is looking at such proposals. There is considerably more news media coverage of the legislative process during regular legislative sessions, which brings to the public's attention all potentially controversial legislative matters. The Commission strongly believes that public participation and input is an absolute prerequisite to legislative action on any matter.

2. If this legislation is enacted, the provisions of present General Statutes Chapter 64 (Aliens) should be modified accordingly and incorporated into the new legislation.
3. In any event, present G.S. 64-1.1 should be repealed. At the time of the enactment of this law in 1979, the General Assembly assumed that the U.S. Secretary of Agriculture would be forwarding reports he receives under the Agricultural Foreign Investment Disclosure Act to the Secretary of State of North Carolina. The U.S. Secretary of Agriculture in fact has been forwarding these reports to the N.C. Commissioner of Agriculture, who in turn compiles, classifies, and evaluates the information contained in the reports. This information and the reports from which it is derived are open for public inspection in the office of the Commissioner. Requiring the Secretary of State of North Carolina to maintain a similar file for the same purpose is a duplication of effort and is therefore unnecessary.

Appendices E and F respectively contain present General Statutes on aliens and the draft legislation recommended for consideration by the 1981 General Assembly.

APPENDIX A

STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



MEMBERSHIP

1979-1981

Cochairmen:

House Speaker Carl J. Stewart, Jr.

Senate President Pro Tempore W. Craig Lawing

Members:

Representative Chris S. Barker, Jr.  
New Bern

Senator Henson P. Barnes  
Goldsboro

Representative John R. Gamble, Jr.  
Lincolnton

Senator Melvin R. Daniels, Jr.  
Elizabeth City

Representative H. Parks Helms  
Charlotte

Senator Carolyn Mathis  
Charlotte

Representative John J. Hunt  
Lattimore

Senator R. C. Soles, Jr.  
Tabor City

Representative Lura S. Tally  
Fayetteville

Senator Charles E. Vickery  
Chapel Hill

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APPENDIX B

STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



ALIEN LANDHOLDING STUDY COMMITTEE

1979-81

LRC Member Responsible for Study:

Senator Charles E. Vickery  
Chapel Hill

Committee Cochairmen:

Representative Eugene M. White  
Hudson

Senator Vernon E. White  
Winterville

Committee Members:

Representative Joseph E. Johnson  
Raleigh

Senator Anne Bagnal  
Winston-Salem

Mr. Cameron H. Easton  
Winston-Salem

Senator Melvin R. Daniels, Jr.  
Elizabeth City

Mr. Durwood Laughinghouse  
Pantego

Senator Glenn R. Jernigan  
Fayetteville

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1979  
RATIFIED BILL

RESOLUTION 61

SENATE JOINT RESOLUTION 897

A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE OWNERSHIP OF LAND IN NORTH CAROLINA BY ALIENS OR FOREIGN CORPORATIONS.

Be it resolved by the Senate, the House of Representatives concurring:

Section 1. The Legislative Research Commission is authorized to study the ownership of North Carolina real property by aliens or foreign corporations. Such study may include, but not be limited to, a review of the amount of land presently owned in North Carolina by aliens or foreign corporations, the short and long-term effects of such ownership on citizens of North Carolina, projected effects of such ownership on the general economy of North Carolina, and any other pertinent matter the Legislative Research Commission deems relevant to this area.

Sec. 2. The Legislative Research Commission may report its findings and recommendations to the 1981 Session of the General Assembly.

Sec. 3. This resolution shall become effective July 1, 1979.

In the General Assembly read three times and ratified, this the 8th day of June, 1979.



## APPENDIX D

## AGRICULTURAL FOREIGN INVESTMENT DISCLOSURE REPORT

## NORTH CAROLINA

AS OF 1/14/80

	<u>ACRES</u>	<u>% OF TOTAL</u>
Total Acres	195,711	100
Crop	26,738	14
Pasture	5,832	3
Forest or Timber	160,423	82
Other Agriculture	506	0
Other Non-Agriculture	2,212	1

	<u>ACRES</u>	<u>% OF TOTAL</u>
Total Acres	195,711	100
England	90,269	46
Netherlands	45,367	23
Italy	43,929	22
Canada	12,933	7
W. Germany	1,221	1
Denmark	773	0
Switzerland	,729	0
Australia	254	0
Holland	118	0
S. America	62	0
Japan	50	0
Bahamas	6	0





## APPENDIX D

## AGRICULTURAL FOREIGN INVESTMENT DISCLOSURE REPORT

## NORTH CAROLINA

AS OF 2/25/80

	<u>Acres</u>	<u>% of Total</u>
Total Acres	197,294	100
Crop	26,750	14
Pasture	5,832	3
Forest or Timber	161,952	82
Other Agriculture	532	0
Other Non-Agriculture	2,228	1

	<u>Acres</u>	<u>% of Total</u>
Total Acres	197,294	100
England	91,698	46
Netherlands	45,368	23
Italy	43,929	22
Canada	12,940	7
W. Germany	1,221	1
Denmark	773	0
Switzerland	729	0
Holland	264	0
Australia	254	0
S. America	62	0
Japan	50	0
Bahamas	6	0

AGRICULTURAL FOREIGN INVESTMENT DISCLOSURE REPORT

AS OF  
02-25-80

<u>Owner of Tract in Descending Order of Size</u>	<u>Total Acres</u>
Catawba Timber Co.	84,225.1
Open Grounds Farm-Beaufort	43,929.0
Texas Gulf Inc.	35,337.0
McMillan Bloedel LTD	9,251.2
Catawba Newsprint Co.	5,436.5
Clairion Est. Corp. NV	4,776.0
Herbert T. Gregory	2,690.0
Hiwassee Land Co.	1,993.2
Zantelle, NV	1,167.6
Rouville Investment NV	779.1
Novo Biochemical Ind. Inc.	773.2
Guilmont Development Co.	728.6
Caxaco, NV	706.6
Tarsol Co. NV	687.3
Carrot Bay NV	641.1
Crosta NV	605.4
Krog, Heinrich & Beyer, Klans G.	548.6
Varlok NV	533.4
Alkro - A NC Limited partnership	504.0
Walter H. Bauen & Andree Roy	402.2

<u>Owner of Tract in Descending Order of Size</u>	<u>Total Acres</u>
Ardis Land Corp.	291.0
M. H. Wellesley-Wesley	264.3
Edward A. May	254.0
Ms. Mary Jane Phillips	201.0
Abitibe Corp.	132.4
Kiti Int. Corp.	90.0
Alvaro Iriarte	60.0
Sunrise Co. LTD	50.0
Unican Building Corp.	40.0
Lely Corp. of Delaware	35.0
Klans Nimtze	27.4
Herman Rehers	25.9
David L. Adams	25.0
Friedrich Gaebel	24.9
Arbet, Inc.	22.0
Albert E. Moorman	11.0
Alvis McDonald Baucom	8.0
Kingcroft Settlement Co.	6.8
Neal & Sheila Mactaggart	6.0
Joyce H. & Carlos H. Parra	2.0
Carsun Co. NV	1.6

197,293.4

APPENDIX D

APPENDIX D

Agricultural Foreign Investment Disclosure Report

North Carolina Counties

As Of February 25, 1980

County	Acres		County	Acres
Carteret	43,929		Robeson	250
Chatham	18,840		Rowan	169
Crawford	16,497		Lee	167
Moore	12,998		Gaston	160
Richmond	12,191		Guilford	139
Rutherford	11,008		Brunswick	138
Marlinton	9,898		Hadkin	124
Montgomery	8,765		Martin	108
Anderson	6,659		Greene	96
Ware	5,059		Newson	90
Blount	4,894		Cabarrus	83
Person	4,490		Mecklenburg	73
Furness	4,192		Davie	62
Scotland	3,747		Catawba	60
McDowell	3,255		Fitt	58
Polk	2,760		Jackson	42
Randolph	2,704		Wake	36
Granville	2,690		Wilson	35
Burke	2,417			
Cherokee	2,395			
Union	2,119			
Swain	1,784			
Caswell	1,429			
Wilkes	1,290			
Franklin	1,286		Total	197,293
Chatham	1,195			
Alexander	1,194			✓
Greene	1,113			
Rockingham	933			
Stokes	771			
Lincoln	681			
Nash	566			
Stanly	526			
Rock	520			
Orange	408			

## APPENDIX D

## AGRICULTURAL FOREIGN INVESTMENT DISCLOSURE REPORT

NORTH CAROLINA  
AS OF 6/20/80

	<u>Acres</u>	<u>% of Total</u>
Total Acres	206,535	100
Crop	31,638	15
Pasture	6,180	3
Forest or Timber	164,855	80
Other Agriculture	1,589	1
Other Non-Agriculture	2,273	1

	<u>Acres</u>	<u>% of Total</u>
Total Acres	206,535	100
England	95,141	46
Netherlands	50,888	25
Italy	43,929	21
Canada	13,172	6
W. Germany	1,221	1
Denmark	773	0
Switzerland	729	0
Holland	264	0
Australia	254	0
S. America	62	0
Japan	50	0
China	24	0
Iran	22	0
Bahamas	6	0

APPENDIX D  
FOREIGN INVESTORS IN NORTH CAROLINA

(From Agricultural Foreign Investment Disclosure Reports)

<u>Owner of Tract in Decending Order of Size</u>	<u>Total Acres</u>
Catawba Timber Company	84,225.1
Open Grounds Farm	43,929.0
Texas Gulf, Incorporated	35,337.0
McMillan Bloedel Ltd.	9,251.2
Catawba Newsprint Company	6,212.5
Clarion Est. Corporation, N. V.	4,776.0
Hiwassee Land Company	3,875.7
Herbert L. Gregory	2,690.0
Dusty Invest. N. V.	1,354.4
Zantille, N. V.	1,167.6
Dorford, N. V.	1,152.3
Dintal Corporation, N. V.	868.6
Rouville, Investments, N. V.	779.1
Novo Biochemical Ind. Incorporated	773.2
Jopy Investments, N. V.	747.1
Guilmont Development Company	728.6
Caxaca, N. V.	706.6
Dimitri Investments, N. V.	706.0
Farosal Company, N. V.	687.3
Mochila Company, N. V.	683.6
Carrot Bay, N. V.	641.1
Walter H. Bauen & Andree Roy	634.1
Crostal, N. V.	605.4
Krog, Heinrich & Beyer, Klaus G.	548.6
Varlak, N. V.	533.4
Alkro	504.0
Mayhew Foods	407.0
David Fitzherbert Bradstock	376.8
Ardis Land Corporation	291.0
M. H. Wellesley - Wesley	264.3
Edward A. May	254.0
Ms. Mary Jane Phillips	201.0
Abitibe Corporation	132.4
Kiti Int. Corporation	90.0
Alvaro Iriarte	60.0
Sunrise Company, Ltd.	50.0
Unican Building Corporation	40.0
Lely Corporation of Delaware	35.0
Klaus Kimtz	27.4
Herman Rehers	25.9
David L. Adams	25.0
Friedrich Goebel	24.9
Yan Lin & Lee San Kiang	24.0
Arbet, Incorporated	22.0
Masoud Motohari	22.0
Carsun Company, N. V.	11.6
Albert E. Moorman	11.0
Alvis McDonald Baucum	8.0
Kingscroft Settlement Ltd.	6.8
Neal & Sheila MacTaggart	6.0
Joyce H. Carlos H. Parra	2.0

AS OF 6-20-80

TOTAL

206,535.6

## APPENDIX D

## AGRICULTURAL FOREIGN INVESTMENT DISCLOSURE REPORT

NORTH CAROLINA AS OF 9/15/80

	<u>Acres</u>	<u>% of Total</u>
Total Acres	208,440	100
Crop	32,975	16
Pasture	6,239	3
Forest or Timber	164,816	79
Other Agriculture	2,014	1
Other Non-Agriculture	2,396	1

	<u>Acres</u>	<u>% of Total</u>
Total Acres	208,440	100
England	95,103	46
Netherlands	52,635	25
Italy	43,929	21
Canada	13,172	6
W. Germany	1,314	1
Switzerland	792	1
Denmark	773	1
Holland	264	1
Australia	254	1
Japan	90	1
S. America	62	1
Chinese	24	1
Iran	22	1
Bahamas	6	1

APPENDIX D  
FOREIGN INVESTMENT DISCLOSURES - N.C.

9/15/80

<u>COUNTY</u>	<u>ACRES</u>	<u>Owner of Tract in Descending Order of Size</u>	<u>Total Acres</u>
Carteret	43,929	Catawba Timber Company	84,186.1
Beaufort	18,840	Open Grounds Farm	43,929.0
Pamlico	16,497	Texas Gulf Incorporated	35,337.0
Moore	12,998	McMillan Blodel Ltd.	9,251.2
Richmond	12,191	Catawba Newsprint Co.	6,212.5
Tyrrell	11,460	Clarion Est. Corporation, N.V.	4,776.0
Rutherford	11,008	Hiwassee Land Company	3,875.7
Washington	9,898	Herbert L. Gregory	2,690.0
Montgomery	8,965	First Agri-American, N.V.	1,747.0
Anson	6,659	Dusty Investors, N.V.	1,354.4
Dare	5,059	Zantille, N.V.	1,167.6
Cleveland	4,894	Darford, N.V.	1,152.3
Cherokee	4,510	Dintal Corporation, N.V.	868.6
Person	4,490	Rouville Investors, N.V.	779.1
Scotland	3,747	Noro Biochemical Ind. Inc.	773.2
McDowell	3,255	Jopy Investors, N.V.	747.1
Randolph	3,144	Guilford Development Co.	728.6
Polk	2,760	Caxaca, N.V.	706.6
Granville	2,690	Dimitri Investors, N.V.	706.0
Burke	2,457	Farosal Co., N.V.	687.3
Union	2,119	Mochila Co., N.V.	683.6
Davidson	1,784	Carrot Bay, N.V.	641.1
Caswell	1,391	Walter H. Bauen & Andree Roy	634.1
Franklin	1,310	Crostal, N.V.	605.4
Hoke	1,296	Krog, Heinrich & Beyer, Klaus G.	548.6
Wilkes	1,290	Varlok, N.V.	533.4
Chatham	1,195	Alkro	504.0
Alexander	1,194	Mayhew Foods	407.0
Iredell	1,113	David Fitzherbert Bradstock	376.8
Rockingham	933	Ardis Land Corporation	291.0
Stokes	771	M. H. Willesley-Wesley	264.3
Lincoln	681	Edward A. May	254.0
Nash	588	Ms. Mary Jane Phillips	201.0
Stanly	526	Abitibe Corporation	132.4
Henderson	497	Werner, F. A. Kuhn	93.0
Orange	408	Kiti Int. Corporation	90.0
Robeson	250	Carine Marie Schmitt	63.2
Rowan	169	Alvaro Iriarte	60.0
Lee	167	Sunrise Company, Ltd.	50.0
Mecklenburg	166	Sunrise American, Inc.	40.0
Gaston	160	Unican Building Corporation	40.0
Guilford	139	Lely Corporation of Delaware	35.0
Brunswick	138	Klaus Kintz	27.4
Yadkin	124	Herman Rehers	25.9
Martin	108	David L. Adams	25.0
Greene	96	Friedrich Goebel	24.9
Cabarrus	83	Yan Lin & Lee San Kiang	24.0
Davie	62	Arbet, Incorporated	22.0
Catawba	60	Masoud Motohari	22.0
Pitt	58	Carsun Company, N.V.	11.6
Jackson	42	Albert E. Moorman	11.0
Wake	36	Alvis McDonald Baucom	8.0
Wilson	35	Kingscroft Settlement Ltd.	6.8
		Neal & Sheila Mactoggart	6.0
		Joyce H. & Carlos H. Parra	2.0
TOTAL	208,440		208,439.8

APPENDIX D

AGRICULTURAL FOREIGN INVESTMENT DISCLOSURE REPORT  
 NORTH CAROLINA AS OF 12/5/80

	<u>Acres</u>	<u>% of Total</u>
Total Acres	219,613	100
Crop	36,541	17
Pasture	6,239	3
Forest or Timber	172,281	78
Other Agriculture	2,014	1
Other Non-Agriculture	2,538	1

	<u>Acres</u>		<u>% of Total</u>
Total Acres	219,613		100
England	95,209		43
Netherlands	52,640		24
Italy	43,929		20
Canada	13,177		6
Switzerland	10,957		5
W. Germany	2,206		1
Denmark	773	less than	1
Holland	264	"	1
Australia	254	"	1
Japan	90	"	1
S. America	62	"	1
Chinese	24	"	1
Iran	22	"	1
Bahamas	6	"	1



APPENDIX D

FOREIGN INVESTMENT DISCLOSURES -- N.C.

<u>COUNTY</u>	12/5/30	<u>ACRES</u>
Carteret		43,929
Tyrrell		21,625
Beaufort		18,840
Pamlico		16,497
Moore		12,998
Richmond		12,197
Rutherford		11,008
Washington		10,765
Montgomery		9,065
Anson		6,659
Dare		5,059
Cleveland		4,894
Cherokee		4,520
Person		4,490
Scotland		3,747
McDowell		3,255
Randolph		3,144
Polk		2,760
Granville		2,690
Burke		2,457
Union		2,119
Davidson		1,784
Caswell		1,391
Franklin		1,310
Hoke		1,296
Wilkes		1,290
Chatham		1,195
Alexander		1,194
Iredell		1,113
Rockingham		933
Stokes		771
Lincoln		681
Nash		588
Stanly		526
Henderson		497
Orange		408
Robeson		250
Rowan		169
Lee		167
Mecklenburg		166
Gaston		160
Guilford		139
Brunswick		138
Yadkin		124
Martin		108
Greene		96
Cabarrus		83
Davie		62
Catawba		60
Pitt		58
Jackson		42
Wake		36
Wilson		35
Harnett		25
<b>Total</b>	<b>-</b>	<b>219,613</b>

Library  
 State Legislative Building  
 North Carolina

**FOREIGN INVESTORS**

N.C. 12/5/80

<u>Owner of Tract in Descending Order of Size</u>	<u>Acres</u>
Catawba Timber Company	84,292.7
Open Grounds Farm	43,929.0
Texas Gulf Incorporated	35,337.0
Timberlake-Columbia Farm	10,165.0
McMillan Blodel Ltd.	9,251.2
Catawba Newsprint Co.	6,212.5
Clarion Est. Corporation, N.V.	4,776.0
Hiwassee Land Company	3,875.7
Herbert L. Gregory	2,690.0
First Agri-American, N.V.	1,747.0
Dusty Investors, N.V.	1,354.4
Zantille, N.V.	1,167.6
Darford, N.V.	1,152.3
Dintal Corporation, N.V.	868.6
Ernest August Von Dannenberg	866.8
Rouville Investors, N.V.	779.1
Noro Biochemical Ind. Inc.	773.2
Jopy Investors, N.V.	747.1
Guilford Development Co.	728.6
Caxaca, N.V.	706.6
Dimitri Investors, N.V.	706.0
Farosal Co., N.V.	687.3
Mochila Co., N.V.	683.6
Carrot Bay, N.V.	641.1
Walter H. Bauen & Andree Roy	639.2
Crostal, N.V.	605.4
Krog, Heinrich & Beyer, Klaus G.	548.6
Varlok, N.V.	533.4
Alkro	504.0
Mayhew Foods	407.0
David Fitzherbert Bradstock	376.8

<u>Owner of Tract in Descending Order of Size</u>	<u>Acres</u>
Ardis Land Corporation	291.0
M. H. Willesley-Wesley	264.3
Edward A. May	254.0
Ms. Mary Jane Phillips	201.0
Abitibe Corporation	132.4
Werner, F. A. Kuhn	93.0
Kiti Int. Corporation	90.0
Carine Marie Schmitt	63.2
Alvaro Iriarte	60.0
Sunrise Company, Ltd.	50.0
Sunrise American, Inc.	40.0
Unican Building Corporation	40.0
Lely Corporation of Delaware	35.0
Klaus Kimtz	27.4
Herman Rehers	25.9
David L. Adams	25.0
Bangor Punta Corporation	25.0
Friedrich Coebel	24.9
Yan Lin & Lee San Kiang	24.0
Arbet, Incorporated	22.0
Masoud Motohari	22.0
Carsun Company, N.V.	11.6
Albert E. Moorman	11.0
Alvis McDonald Baucom	8.0
Kingscroft Settlement Ltd.	6.8
Neal & Sheila Mactoggart	6.0
Aristata, N.V.	5.0
Joyce H. & Carlos H. Parra	2.0
<b>Total</b>	<b>219,613.6</b>

APPENDIX D

APPENDIX E

GENERAL STATUTES OF NORTH CAROLINA

**Chapter 29.**

**Intestate Succession.**

**§ 29-11. Aliens.** — Unless otherwise provided by law, it shall be no bar to intestate succession by any person, that he, or any person through whom he traces his inheritance, is or has been an alien. (1959, c. 879, s. 1.)

**Chapter 64.**

**Aliens.**

**§ 64-1. Rights as to real property.** — It is lawful for aliens to take both by purchase and descent, or other operation of law, any lands, tenements or hereditaments, and to hold and convey the same as fully as citizens of this State can or may do, any law or usage to the contrary notwithstanding. (1870-1, c. 255: Code, s. 7; Rev., s. 182; C. S., s. 192; 1935, c. 243; 1939, c. 19.)

**§ 64-1.1. Secretary of State to collect information as to foreign ownership of real property.** — The Secretary of State is authorized and directed to collect all information obtainable from reports by aliens made to agencies of the federal government on ownership of real property interests in North Carolina, to be updated every three months, and to maintain a file on such information which shall be available to the members of the General Assembly and the public. (1979, c. 610.)

**§ 64-2. Contracts validated.** — All contracts to purchase or sell real estate by or with aliens, heretofore made, shall be deemed and taken as valid to all intents and purposes. (1870-1, c. 255, s. 2; Code, s. 8; Rev., s. 183; C. S., s. 193.)

**§ 64-3. Nonresident aliens; right to take real or personal property; reciprocity.** — The right of aliens not residing within the United States or its territories to take real property in this State by succession or testamentary disposition, upon the same terms and conditions as residents and citizens of the United States is dependent in each case upon the existence of a reciprocal right upon the part of citizens of the United States to take real property upon the same terms and conditions as residents and citizens of the respective countries of which such aliens are residents and the right of aliens not residing in the United States or its territories to take personal property in this State by succession or testamentary disposition, upon the same terms and conditions as residents and citizens of the United States is dependent in each case upon the existence of a reciprocal right upon the part of citizens of the United States to take personal property upon the same terms and conditions as residents and citizens of the respective countries of which such aliens are residents. (1959, c. 1208.)

**§ 64-4. Burden of establishing reciprocal rights.** — The burden shall be upon such nonresident aliens to establish the fact of existence of the reciprocal rights set forth in G.S. 64-3. (1959, c. 1208.)

**§ 64-5. Nonresident aliens; absence of reciprocity; escheat.** — If such reciprocal rights are not found to exist and if no heirs other than such aliens are found eligible to take such property, the property shall be disposed of as escheated property. (1959, c. 1208.)



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INTRODUCED BY:

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Referred to:

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO RESTRICT THE ACQUISITION OF INTERESTS IN NORTH  
3       CAROLINA AGRICULTURAL LAND BY NONRESIDENT ALIENS.  
4 The General Assembly of North Carolina enacts:  
5               Section 1. General Statutes Chapter 64 is repealed.  
6               Sec. 2. The General Statutes are amended by adding a  
7 new Chapter 64A to read as follows:  
8                                   "Chapter 64A.  
9                                   "Alien Landholding.  
10            "\$64A-1. Short title. -- This Chapter shall be known and  
11 may be cited as the Alien Landholding Act.  
12            "\$64A-2. Legislative purpose, policy, and intent. -- The  
13 General Assembly finds and declares that:  
14            (1) The wise and efficient use of agricultural land as a  
15 finite natural resource of this State is of paramount interest to  
16 the welfare of producers and consumers of agricultural products, to  
17 the future availability of food and open space in this State and  
18 the nation, and to the welfare and economy of the State of North  
19 Carolina;  
20            (2) The wise and efficient use of agricultural land is  
21 best encouraged through local ownership, that foreign absentee  
22 ownership is detrimental to such purposes, and that foreign invest-  
23 ment in North Carolina agricultural land can increase speculation

1 in and exploitation of agricultural land and products, resulting  
2 in higher prices to consumers for agricultural products, greater  
3 instability of market conditions, and the further decline of  
4 farming and wise rural development in this State; and

5 (3) It is the policy of the General Assembly, for the purpose  
6 of preserving and maintaining North Carolina's agricultural land  
7 in the public interest, preserving the present farm system, and  
8 assuring that the people of this State and the nation continue  
9 to have an adequate supply of agricultural products, to restrict  
10 the acquisition of interests in North Carolina's agricultural land  
11 by foreign persons.

12 "§64A-3. Definitions. -- As used in this Chapter, unless  
13 the context clearly requires otherwise:

14 (1) 'Agricultural enterprise' means the cultivation of land  
15 for the production of agricultural crops, the raising of poultry,  
16 the production of eggs, the production of milk, the production  
17 of fruit or other horticultural crops, grazing, or the production  
18 of livestock, and includes the production of timber, forest products,  
19 nursery products, or sod. 'Agricultural enterprise' does not  
20 include a contract where a processor or distributor of farm  
21 products or supplies provides spraying, harvesting, or other farm  
22 services.

23 (2) 'Agricultural land' means any tract of real property  
24 situated in the State of North Carolina, whether inside or out-  
25 side the corporate limits of any municipality, that is capable,  
26 without substantial modification to the character of the real  
27 property, of supporting an agricultural enterprise. 'Agricultural

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1 land' does not include any real property zoned by a local  
2 governmental unit for a use other than, and nonconforming with,  
3 that of an agricultural enterprise.

4 (3) 'Attorney General' means the Attorney General of  
5 North Carolina.

6 (4) 'Commissioner' means the Commissioner of Agriculture  
7 of North Carolina.

8 (5) 'Controlling interest' means the possession, direct or  
9 indirect, of the power to direct or cause the direction of the  
10 management of policies of a foreign person.

11 (6) 'Foreign person' means:

12 (a) a corporation incorporated under the laws of a foreign  
13 country, or a business entity whether or not incorporated, in or  
14 through which (1) a controlling interest is owned directly or  
15 indirectly by foreign persons, or (2) the majority of the entity's  
16 equity capital is supplied directly or indirectly by foreign per-  
17 sons. Legal entities, including but not limited to trusts, holding  
18 companies, multiple corporations, and other business arrangements,  
19 do not affect the determination of ownership or control of a foreign  
20 person; or

21 (b) any government other than the government of a state,  
22 the government of a political subdivision of a state, or the  
23 government of the United States or of its territories or possess-  
24 ions or;

25 (c) a natural person who is not a citizen of the United  
26 States and is either not a lawful resident of the United States or  
27 is within one of the class of nonimmigrant aliens specified in  
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1 8 U.S.C. §1101(a)(15), as amended; or

2 (d) an agent, trustee, or other fiduciary or representative  
3 who knowingly becomes such for a foreign person.

4 (7) 'Interest in agricultural land' means a legal or  
5 beneficial interest in agricultural land, including contracts  
6 for sale and similar arrangements, and leaseholds and other  
7 arrangements that are of sufficient duration or that have other  
8 characteristics, that effectively convey an ownership interest  
9 in, or control of the use of, the land. 'Interest in agricultural  
10 land' does not include easements, security interests, or other  
11 leases.

12 (8) 'Person' includes any natural person, corporation,  
13 company, trust, association, firm, partnership, society, joint  
14 stock company, trust, estate, cooperative, mutual funds, government,  
15 or legal entity.

16 (9) 'State' means a state of the United States, the  
17 District of Columbia, the Commonwealth of Puerto Rico, the  
18 Northern Mariana Islands, Guam, the Virgin Islands, American  
19 Samoa, the Trust Territory of the Pacific Islands, or any other  
20 territory or possession of the United States.

21 "§64A-4. Alien rights. -- A foreign person may acquire  
22 any interest in real property, except agricultural land; may own,  
23 hold, devise, or alienate such interest; and shall incur the same  
24 duties and liabilities in relation thereto as a citizen and resi-  
25 dent of the United States.

26 "§64A-5. Restriction on agricultural land holdings. --

27 (a) Except as provided in G.S. 64A-6, G.S. 64A-7, or  
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1 G.S. 64A-14, a foreign person shall not acquire any interest  
2 in agricultural land. A foreign person that owns or holds  
3 any interest in agricultural land prior to the effective  
4 date of this Chapter may continue to do so, but shall not  
5 thereafter acquire any additional interests in agricultural  
6 land.

7 (b) A person who acquires any interest in agricultural  
8 land in violation of this Chapter remains in violation of this  
9 Chapter for as long as the person holds the interest.

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13 "§64A-6. Development of land acquired for nonagricultural  
14 purposes. -- A foreign person may acquire agricultural land or  
15 any interest therein for a purpose other than that of an agricul-  
16 tural enterprise, and shall use the land or interest therein for  
17 that other purpose within five years after the acquisition of  
18 the interest. Pending the development of the agricultural land  
19 for the purpose other than an agricultural enterprise, the land  
20 or interest therein shall not be used for an agricultural enterprise  
21 except under lease to a person not subject to the restrictions  
22 imposed by G.S. 64A-5.

23 §64A-7. Land acquired by succession or testamentary dis-  
24 position. -- A foreign person may acquire any interest in agricul-  
25 tural land by succession or testamentary disposition after the  
26 effective date of this Chapter but must divest itself of such in-  
27 terest within two years from the date of the acquisition. This

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1 section does not require divestment of any interest in agricul-  
2 tural land acquired by succession or testamentary disposition  
3 by any nonresident alien prior to the effective date of this  
4 Chapter.

5 §64A-8. Change of status; divestment. -- Any person  
6 that acquires any interest in agricultural land after the effec-  
7 tive date of this Chapter, and whose status changes so that it  
8 becomes a foreign person subject to this Chapter, must divest  
9 itself of the interest within two years from the date that its  
10 status changes.

11 §64A-9. Reports. -- A foreign person that acquires any  
12 interest in agricultural land pursuant to G.S. 64A-6 shall file  
13 a report with the Commissioner before March 31 of each year. The  
14 report shall be in the form and manner prescribed by the Commissioner  
15 and shall contain the following:

16 (1) The name of the owner of the owner of the agricultural  
17 land or interest therein;

18 (2) If the owner of the agricultural land or interest  
19 therein is an agent, trustee, or fiduciary of a foreign person,  
20 the name of any principal for whom that land or interest therein  
21 was acquired as agent, trustee, or fiduciary;

22 (3) The location and number of acres of the agricultural  
23 land by county;

24 (4) The date the interest in agricultural land was  
25 acquired;

26 (5) The immediate or pending use other than an agricultural  
27 enterprise for which the interest in agricultural land was

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1 acquired, and the status of the land's development for the  
2 purpose other than an agricultural enterprise; and

3 (6) The present use of the agricultural land.

4 "§64A-10. Monitoring of reports; evidence of noncompli-  
5 ance; enforcement.

6 (a) The Commissioner shall monitor, for compliance with  
7 this Chapter, reports transmitted to the Commissioner by the  
8 United States Secretary of Agriculture pursuant to 7 U.S.C. §3505,  
9 as amended, and shall evaluate and classify the information  
10 contained in those reports. If the Commissioner finds that a  
11 foreign person has acquired any interest in agricultural land  
12 in violation of this Chapter, the Commissioner shall report  
13 the violation to the Attorney General. Upon receipt of the  
14 report from the Commissioner, the Attorney General shall  
15 initiate an action in the superior court of any county in  
16 which the land is located.

17 (b) The Attorney General shall (1) file a notice of the  
18 pendency of the action with the register of deeds of each  
19 county in which any of the land is located and (2) serve notice  
20 upon the foreign person in accordance with G.S. 1A-1, Rule 4.  
21 If, after notice and hearing, the court finds that the interest  
22 in question has been acquired in violation of this Chapter, it  
23 shall enter an order so declaring and shall file a copy of the  
24 order with the register of deeds of each county in which any  
25 portion of the land is located. Thereafter, the foreign person  
26 that acquired the interest shall have a period of one year from  
27 the date of the order to divest itself of the lands. The one-year

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1 limitation period shall be deemed to be a covenant running with  
2 the title to the land against any grantee, assignee, or successor  
3 of the foreign person. Any land not so divested within the time  
4 prescribed shall be sold at public sale in the manner prescribed  
5 by law for the foreclosure of a mortgage by court action. In  
6 addition, any prospective or threatened violation may be enjoined  
7 by an action brought by the Attorney General in the manner pro-  
8 vided by law. No title to land shall be invalid or subject to  
9 forfeiture by reason of the alienage of any person having a former  
10 interest therein.

11 §64A-11. Penalty; failure to timely file report. -- A  
12 foreign person who fails to timely file a report required by  
13 G.S. 64A-9 shall, for each offense, be punished by a fine of not  
14 more than two thousand dollars.

15 "64A-12. Contracts validated. -- All contracts to purchase  
16 or sell any interest in real estate by or with foreign persons  
17 made before the effective date of this Chapter are deemed and  
18 taken as valid to all intents and purposes.

19 "64A-13. Foreign persons' rights to take personal property. --

20 (a) The rights of foreign persons to take personal property  
21 in this State by succession or testamentary disposition, upon  
22 the same terms and conditions as residents and citizens of the  
23 United States, is dependent in each case upon the existence of  
24 a reciprocal right upon the part of citizens of the United States  
25 to take personal property upon the same terms and conditions  
26 as residents and citizens of the respective countries of which  
27 such foreign persons are residents.

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1           (b) The burden shall be upon such foreign persons to  
2 establish the fact of existence of the reciprocal rights set  
3 forth in subsection (a) of this section.

4           (c) If such reciprocal rights are not found to exist  
5 and if no heirs other than such foreign persons are found eligible  
6 to take such property, the property shall be disposed of as  
7 escheated property.

8           §64A-14. Exceptions. -- (a) The provisions of this  
9 Chapter shall not apply to any interest in agricultural land  
10 that may be acquired by any foreign person as security for  
11 indebtedness, by process of law in the collection of debts, or  
12 by the enforcement of a lien or claim thereon, whether created  
13 by mortgage or otherwise: Provided that any interest so acquired  
14 must be disposed of within two years after the date of acquisition.

15           (b) The provisions of this Chapter shall not apply to  
16 agricultural land operated for research or experimental purposes,  
17 provided that the interest in the agricultural land is incidental  
18 to the research or experimental objectives of the person.

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21           (c) Any foreign person who is or becomes a bona fide  
22 resident of North Carolina or any other State shall have the right  
23 to acquire any interest in agricultural land upon the same terms  
24 as citizens of North Carolina during the continuance of such bona  
25 fide residence. However, if such person ceases to be a bona fide  
26 resident, he shall have two years from the time of termination  
27 of residency in which to dispose of such interest.

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1           "§64A-15. Limitation. -- The provisions of this Chapter  
2 shall not be applied in any manner inconsistent with any pro-  
3 vision of any existing treaty between the United States and  
4 another nation."

5           Sec. 3. The provisions of this act shall not affect  
6 any pending litigation.

7           Sec. 4. This act shall become effective on July 1, 1981.

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