

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 423
PROPOSED COMMITTEE SUBSTITUTE S423-PCS45386-TG-17

Short Title: Title Fraud Prevention.

(Public)

Sponsors:

Referred to:

March 25, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO PREVENT TITLE FRAUD BY AUTHORIZING THE REGISTER OF DEEDS
3 TO REQUIRE THE PRODUCTION OF A GOVERNMENT-ISSUED PHOTOGRAPHIC
4 IDENTIFICATION CARD BEFORE RECORDING A DEED OR CERTAIN OTHER
5 INSTRUMENTS AND PROVIDING FOR A SEPARATE CAUSE OF ACTION TO
6 QUIET TITLE AFTER AN ATTEMPTED FRAUDULENT CONVEYANCE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** Article 2 of Chapter 161 of the General Statutes is amended by adding
9 a new section to read:

10 **"§ 161-32. Identity verification.**

11 (a) Definitions. – The following definitions apply in this section:

12 (1) Instrument. – Any document that purports to convey title to, or an interest in,
13 real property, such as a deed, deed of trust, or other similar document.

14 (2) Suspicious instrument. – An instrument submitted for registration for which
15 the register of deeds has found any of the following:

16 a. The name or information of an acknowledging officer who has
17 purported to acknowledge the instrument does not match the official
18 records for that acknowledging officer.

19 b. The instrument purports not to be subject to the laws of the United
20 States or the laws of this State.

21 c. The document does not conform to registration requirements
22 established by the laws of this State.

23 d. The instrument is materially false, fictitious, or fraudulent.

24 (3) Trusted filer. – A person listed in the trusted filer database maintained by the
25 Administrative Office of the Courts pursuant to subsection (g) of this section.

26 (4) Trusted submitter. – Includes all of the following:

27 a. A title insurance company as described in Article 26 of Chapter 28 of
28 the General Statutes.

29 b. An attorney licensed to practice in this State.

30 c. A financial institution as defined in G.S. 53B-2.

31 (b) Identity Verification. – Notwithstanding any other provision to the contrary in this
32 Chapter, when an instrument is presented to the register of deeds for registration by an individual
33 who is not a trusted filer, a trusted submitter, or the authorized agent of a trusted filer or trusted
34 submitter, the register of deeds shall require the person presenting the instrument to produce a
35 government-issued photographic identification card as follows:



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- (1) If an individual who is not a trusted submitter or an authorized agent of a trusted submitter presents an instrument to the register of deeds for registration in person, the register of deeds shall require the individual to produce a government-issued photographic identification card for inspection by the register of deeds before registering the instrument. The register of deeds must record the name and address of such person, as the information appears on the identification card, in a record to be kept by the register of deeds, along with the official records book and page number or instrument number of the instrument registered in connection to the production of the identification card.
- (2) If an individual who is not a trusted submitter or an authorized agent of a trusted submitter presents an instrument in the form of an electronic document, as defined in G.S. 47-16.2(3), to the register of deeds, as provided by Article 1A of Chapter 47 of the General Statutes, the register of deeds shall require the individual to submit a photocopy of a government-issued photographic identification card before registering the instrument. The register of deeds must note on the photocopy of the identification card the official records book and page number or instrument number assigned to the instrument registered in connection to the submission of the photocopy of the identification card and retain the photocopy of such identification card in a record to be kept by the register of deeds.
- (3) If the instrument is presented by an entity that is not a trusted filer or a trusted submitter, or the authorized agent of a trusted filer or a trusted submitter, the register of deeds shall require production of the following, as applicable:
- a. A corporation must produce a certificate of good standing and a secretary's certificate signed by an authorized officer of the corporation.
 - b. A trust must produce a certification of trust.
 - c. An estate must produce letters testamentary or letters of administration.
 - d. A limited liability company must produce a resolution signed by its members.
 - e. An unincorporated nonprofit association must present a sworn statement attesting to the authority of the person presenting the instrument to act on behalf of the association.
- (4) Records required to be kept by the register of deeds pursuant to this subsection are confidential and not public records pursuant to G.S. 132-1 or any other applicable statute and shall not be disclosed other than pursuant to a court order in a superior court civil action or in response to a written request from a State or federal law enforcement agency for investigative or evidentiary purposes. Such written request may be in electronic format.
- (c) Refusing to Register. – Notwithstanding any other provision to the contrary in this Chapter, the register of deeds shall refuse to register an instrument presented by an individual who is not a trusted filer, a trusted submitter, or an authorized representative of a trusted filer or trusted submitter, if one of the following occurs:
- (1) The individual presenting the instrument for registration fails to provide the register of deeds with a government-issued photographic identification card as required by subsection (b) of this section.
 - (2) The name on the government-issued photographic identification card presented by the individual pursuant to subsection (b) of this section does not

match the name of the grantor or conveying party in the instrument presented for registration.

(3) The register of deeds deems the instrument to be a suspicious instrument.

(d) Notice of Requirements. – The register of deeds shall publish on the register of deeds' official public website a notice of the identity verification requirement described in subsection (b) of this section and a notice that knowingly and intentionally making a false statement under oath or affirmation in any instrument presented to the register of deeds for registration that purports to convey title to, or an interest in, real property, such as a deed, deed of trust, or other similar document, is perjury and is punishable as a felony pursuant to G.S. 14-209.

(e) Legal Protections and Remedies. – There is no right or cause of action against, and no civil liability on the part of, the register of deeds or the county with respect to the register of deeds' requirement of an identification card, or any refusal to register an instrument as allowed by subsection (c) of this section.

(f) Confidentiality. – Nothing in this section shall be construed to require the register of deeds to provide or allow access to a record or other information that is considered confidential information as defined by G.S. 132-1.2.

(g) The Administrative Office of the Courts shall develop a database of trusted filers that is available to registers of deeds for purposes of carrying out their duties pursuant to this section."

SECTION 2. Article 1 of Chapter 41 of the General Statutes is amended by adding a new section to read:

"§ 41-10.2. Titles quieted; fraudulent instruments.

(a) As used in this section, the term "instrument" means any of the following:

(1) A deed or other instrument transferring title to real property.

(2) A deed of trust, mortgage, judgment, lien, encumbrance, financing statement, affidavit, notice, memorandum, or any other instrument that establishes a security interest in real property.

(3) A contract to purchase, option to purchase, right of refusal, or any other instrument that purports to establish an interest, encumbrance, claim, or right relating to real property.

However, for purposes of this section, the term "instrument" does not include a will or any other writing under the terms of which a person's interest in real property is transferred upon the death of that person.

(b) The owner of an interest in real property may seek expedited relief under this section by filing a petition in district court alleging the filing or recording of a false, fictitious, or fraudulent instrument in a public record or a private record generally available to the public. The petition shall be served on any person purportedly having conveyed or having been conveyed an interest in real property by the recorded instrument alleged to be false, fictitious, or fraudulent, and also upon any other persons claiming an ownership interest in the property, including lienholders of record, any person to whom a security instrument directs notice to be sent, and any person obligated to repay the indebtedness secured by the instrument. In an action brought pursuant to this subsection, the following procedures apply:

(1) Expedited hearing. – When a petition is filed initiating an action pursuant to this subsection, the court shall set the matter for a hearing which shall be held on an expedited basis and within the first term of court falling after 10 days from the service of the petition on all parties required to be served, unless a party obtains a continuance.

(2) Standards for continuances. – The court shall not grant a continuance, nor shall it stay the civil proceedings pending the disposition of any related criminal proceedings, except for compelling and extraordinary reasons or on application of the district attorney for good cause shown.

- (3) Responsive pleadings. – Any party served with the petition may file and serve a responsive pleading within 10 days after service of the complaint.
- (4) Extensions of time for filing. – The parties served with a copy of the petition shall not be entitled to an extension of time for filing and serving a responsive pleading, except for compelling and extraordinary reasons.
- (5) Rules of Civil Procedure. – Unless otherwise provided for in this subsection, G.S. 1A-1, the Rules of Civil Procedure, shall apply in the district court to all actions brought pursuant to this subsection.

(c) If the court finds that there is no statutory, contractual, or other legal justification for the instrument, the court shall find that the recorded instrument is false and is void as a matter of law and shall enter an order to remove the cloud from the title to the real property. The submission of an original instrument demonstrating source of title, affidavit, or a lis pendens, notice of previous fraud, or other similar instrument recorded by the actual owner of an interest in the real property shall be considered evidence of fraudulent activity. The court also may, in its order, do any of the following:

- (1) Grant to a prevailing party possession of the real property and order the ejectment of any person on the premises.
- (2) Award attorneys' fees and other costs for the action to the prevailing party.
- (3) Stay any proceedings involving the subject real property to which the property owner is not a party.
- (4) Upon a finding by the court that an action filed under this section is frivolous or malicious, assess a civil penalty of not more than ten thousand dollars (\$10,000), of which the clear proceeds assessed under this subdivision shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- (5) Upon a finding by the court that a party has presented for filing or recording a false, fictitious, or fraudulent instrument as described in this section more than once, enter a pre-filing injunction against the party.
- (6) Enjoin a party from listing the real property for sale, lease, or any other similar advertisement.

(d) Upon being presented with an order duly issued by a court of competent jurisdiction of this State declaring that an instrument already recorded is false and void as a matter of law, the register of deeds or clerk of superior court that received the recording shall record and cross-index the court's order finding the instrument to be false. The register of deeds or clerk of superior court may also conspicuously mark on the first page of the original record previously recorded the following statement: "THE CLAIM ASSERTED IN THIS DOCUMENT IS FALSE AND IS NOT PROVIDED FOR BY THE GENERAL LAWS OF THIS STATE."

(e) In addition to any civil penalties provided for in this section, the presentation of an instrument for recording with a register of deeds or a clerk of superior court that is determined to be materially false, fictitious, or fraudulent shall constitute a violation of G.S. 75-1.1."

SECTION 3. G.S. 14-209 reads as rewritten:

"§ 14-209. Punishment for perjury.

If any person knowingly and intentionally makes a false statement under oath or affirmation in any ~~suit, controversy, matter or cause, or in any unsworn declaration deemed sufficient pursuant to G.S. 7A-98 depending in any of the courts of the State; in any deposition or affidavit taken pursuant to law; in any oath or affirmation duly administered of or concerning any matter or thing where such person is lawfully required to be sworn or affirmed,~~ of the following, that person is guilty of perjury, and punished as a Class F ~~felon~~felon:

- (1) A suit, controversy, matter or cause, or unsworn declaration deemed sufficient pursuant to G.S. 7A-98 depending in any of the courts of the State.
- (2) A deposition or affidavit taken pursuant to law.

(3) An oath or affirmation duly administered of or concerning any matter or thing where such person is lawfully required to be sworn or affirmed.

(4) An instrument as defined in G.S. 161-32 presented to a register of deeds."

SECTION 4. The Administrative Office of the Courts shall develop a form for the expedited relief petition to be filed pursuant to G.S. 41-10.2, as enacted by Section 2 of this act, and the clerk of superior court shall make the form available for a petitioner. In addition to the requirements set forth in Section 2 of this act, the form shall include clear language notifying the filing party that providing false information or statements is perjury and is punishable as a felony pursuant to G.S. 14-209.

SECTION 5. Section 1 of this act becomes effective July 1, 2026, and applies to instruments and documents presented for registration on or after that date. Section 2 of this act becomes effective July 1, 2026, and applies to causes of action arising on or after that date. Section 3 of this act becomes effective July 1, 2026, and applies to offenses committed on or after that date. The remainder of this act is effective when it becomes law.