



This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 423: Title Fraud Prevention.

2025-2026 General Assembly

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| Committee: | House Judiciary 2. If favorable, re-refer to Rules, Calendar, and Operations of the House | Date: | June 17, 2025 |
| Introduced by: | Sens. Sawrey, Daniel, B. Newton | Prepared by: | Debbie Griffiths Staff Attorney |
| Analysis of: | PCS to Third Edition S423-CSCI-40 | | |

OVERVIEW: *The Proposed Committee Substitute (PCS) to Senate Bill 423 would do the following:*

- *Section 1.(a) would add presentation of a deed or other transfer of real property for recording or filing knowing or having reason to know the conveyance is false or contains a materially false, fictitious, or fraudulent statement as a Class H felony.*
- *Section 1.(b) would allow an unfair and deceptive trade practice claim under G.S. 75-1.1 to be brought against an individual for renting, leasing, listing, or advertising residential real property to which the person has no lawful ownership or leasehold interest in addition to criminal penalties for those actions.*
- *Section 1.(c) would add knowingly and intentionally making a false statement under oath or affirmation in certain real property instruments and presenting those instruments to a register of deeds for registration as a form of perjury.*
- *Section 2.(a) would do the following:*
 - *Establish certain professionals as trusted submitters for real property filings.*
 - *Require submitters of real property filings who are not trusted submitters to provide government-issued photographic identification or other documentation prior to registering documents.*
 - *Prohibit registers of deeds from accepting an instrument for registration if the register deems the instrument to be a suspicious instrument or the presenting individual is not a trusted submitter and the name on the government-issued photographic identification does not match the name of the grantor or conveying party reflected on the instrument.*
 - *Allow registers of deeds to present a suspicious instrument to law enforcement.*
 - *Prohibit any cause of action against a register of deeds or the county related to the requirement of a government-issued photographic identification or refusal to register an instrument.*
- *Section 3.(a) and 3.(b) would require the Legislative Research Commission (LRC) to study the feasibility of creating a fraud detection alert system where all individuals submitting instruments for registration are automatically enrolled in the system without paying a fee.*
- *Section 4.(a) would establish a civil procedure to allow an actual real property owner to file a civil action when a fraudulent, false, or fictitious instrument has been filed.*

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Director



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- *Section 6.(a) would prohibit certain real property instruments from having a presumption of priority, providing constructive notice, or color of title if it does not (i) meet certain statutory requirements or (ii) have a signature and acknowledgement as required for recording by at least one record owner when the conveyance is made.*
- *Section 6.(b) would require all deeds or other conveyances of title, other than a court order, presented for registration to include the grantor's source of title. If any individual other than a trusted submitter presents a deed or other conveyance of title for registration, the register of deeds would be prohibited from registering the document unless certain criteria are met.*
- *Section 7.(a) would prohibit registers of deeds from accepting any deed transferring real property for registration unless the county tax collector certifies the name of all owners of the parcel listed in the tax records and that there are no delinquent ad valorem or other taxes for the property.*

BILL ANALYSIS: The PCS to Senate Bill 423 would do the following:

- **Section 1.(a)** would amend G.S. 14-122 (Forgery of deeds, wills and certain other instruments) to include presentation of a deed or other transfer of real property for recording or filing when the person knows or has reason to know knowing or having reason to know the conveyance is false or contains a materially false, fictitious, or fraudulent statement. This offense would be a Class H felony.
- **Section 1.(b)** would amend G.S. 14-117.8 (Fraudulently renting, leasing, or advertising for sale of residential real property) to allow an unfair and deceptive trade practice claim under G.S. 75-1.1 against an individual for renting, leasing, listing, or advertising residential real property to which the person has no lawful ownership or leasehold interest, in addition to criminal penalties for those actions. The presiding judge could award attorney's fees without finding unwarranted refusal to fully resolve the matter.
- **Section 1.(c)** would amend G.S. 14-209 (Punishment for perjury) to include knowingly and intentionally making a false statement under oath or affirmation in certain real property instruments and presenting the instrument to a register of deeds for registration. This offense would be a Class F felony.
- **Section 1.(d).** Section 1 would become effective December 1, 2025, and would apply to offenses committed on or after that date.
- **Section 2.(a)** would do the following:
 - Define:
 - Government-issued photographic identification card as an unexpired document that containing the individual's photo, name, and address. The document must be a U.S. passport, U.S. military ID card, a tribal ID card issued by a federally recognized tribe or tribe recognized by the State, a N.C. driver's license or non-operator ID card, a N.C. voter registration card, or a driver's license issued by another state.
 - Instrument as a transfer of real property by deed, devise, or other instrument transferring title to real property; a deed of trust or various other documents that establishes a security interest in the property; any other type of document that purports to establish an interest, option, encumbrance, or right to or interest in the real property.

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- Suspicious instrument as an instrument submitted for registration and (i) which purports to not be subject to the laws of the United States or the laws of this State; (ii) does not meet the State's registration requirements; or (iii) is presented by an individual who is not a trusted submitter and identification verification requirements are not met.
- Trusted submitter as a title insurance company, an attorney licensed by the State, or certain financial institutions.
- Require a party who is not a trusted submitter to provide government-issued photographic identification or other approved documentation prior to registering documents and require the register of deeds to maintain records of the identification provided.
- Prohibit the register of deeds from accepting an instrument for registration if the register deems the instrument to be a suspicious instrument or the individual presenting the instrument for registration is not a trusted submitter and is not a grantor reflected on the instrument presented for registration.
- Allow the register of deeds to present a suspicious instrument to law enforcement.
- Prohibit any cause of action against a register of deeds or the county related to the requirement of a government-issued photographic identification or refusal to register an instrument as required by this section.
- **Section 2.(b).** Section 2 would become effective October 1, 2025, and would apply to instruments presented for registration on or after that date.
- **Sections 3.(a) and 3.(b)** would require the Legislative Research Commission (LRC) to study the feasibility of creating a fraud detection alert system where all individuals submitting instruments for registration are automatically enrolled in the system without paying a fee.
- **Section 4.(a)** would establish a fraudulent instrument procedure to allow an actual real property owner to file a civil action when a fraudulent, false, or fictitious instrument has been filed. When a civil action is filed, the plaintiff would also be required to file a public notice of the claim. Several methods of service would be available. If an answer is filed, it would be required to be filed within 10 days of service and must be verified. Options for *ex parte*, temporary, and permanent hearings would be available. In addition to finding the recorded instrument void as a matter of law, the court could order additional remedies including imposing civil penalties, sanctions, and entry of an order to convey the property. An appeal of the order entered would be to the North Carolina Court of Appeals and the notice of appeal must contain a verified explanation of why the order as entered was legally or factually incorrect. In addition to criminal penalties and other civil remedies, an action for unfair and deceptive trade practices under G.S. 75-1.1 could be filed. Filing an action under this section knowing that the deed or other instrument is not false, fictitious, or fraudulent would be a Class G felony.
- **Section 4.(b).** Section 4 would become effective October 1, 2025, and would apply to causes of action filed on or after that date.
- **Sections 5.(a) and 5.(b)** would require the Administrative Office of the Courts (AOC) to develop a form complaint for the fraudulent instrument procedure and for filing a lis pendens (public notice) as required by Section 4.(a) of the act.
- **Section 6.(a)** would prohibit an instrument as defined in G.S. 161-32 (Section 2.(a) above) from having a presumption of priority, providing constructive notice, or color of title if it does not meet

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certain statutory requirements or have a signature and acknowledgement, as required for recording, by at least one record owner when the conveyance is made.

- **Section 6.(b)** would require all deeds or other conveyances of title, other than a court order, presented for registration to include the grantor's source of title. If any individual other than a trusted submitter presents a deed or other conveyance of title for registration, the register of deeds would be prohibited from registering the document unless one of the following applies:
 - The submitter provides a certified copy of the latest county tax listing or bill reflecting the owner shown on the tax records matches the grantor on the document presented for registration.
 - The county officer who manages tax listings certifies that the grantor on the document to be registered is consistent with the owner reflected in the tax records.
 - If there is a material inconsistency in the identity of the property owner reflected in the tax records and the grantor reflected on the document presented for registration, the document shall not be registered until either (i) the county officer who manages the tax listings determines that the grantor on the document presented for registration should be included in the owners reflected in the tax listings or (ii) a North Carolina licensed attorney provides a title certification that the grantor on the document presented for registration is the owner.
- **Section 6.(c)** Section 6 of this act would become effective October 1, 2025, and apply to deeds or other conveyances of title presented for registration on or after that date.
- **Section 7.(a)** would prohibit all registers of deeds from accepting any deed transferring real property for registration unless the county tax collector certifies the name of all owners of the parcel listed in the tax records and that there are no delinquent ad valorem or other taxes for the property.
 - However, a register of deeds would be required to accept a deed without that certification if the deed is submitted by a trusted submitter and contains a statement that a North Carolina licensed attorney prepared the deed and will pay all taxes owed from closing proceeds.
- **Section 7.(b)** Section 7 of this act would become effective October 1, 2025.

EFFECTIVE DATE: Except as otherwise provided, this act would become effective when it becomes law.