



SENATE BILL 423: Title Fraud Prevention.

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

2025-2026 General Assembly

Committee:	Senate Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 7, 2025
Introduced by:	Sens. Sawrey, Daniel, B. Newton	Prepared by:	Bill Patterson
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: *Senate Bill 423 would require the register of deeds to reject an instrument presented for registration by anyone who is not a title insurance company, licensed attorney, or financial institution (a "trusted submitter") or their authorized representative, unless the presenter produces a government-issued photo ID showing a name that matches the name of the grantor or conveying party in the instrument presented for registration. The register of deeds would also be required to record the name and address shown on the photo ID and cross-reference the book and page of the instrument registered using that identification.*

The bill would authorize an owner of real property to file an action in district court seeking expedited relief from a recorded false, fictitious, or fraudulent instrument. In any such action, the court would be authorized to award attorneys' fees and other costs to the prevailing party, and to impose a civil penalty of up to \$10,000 if the action is found to be frivolous or malicious, as well as other relief.

The bill would make it a violation of G.S. 75-1.1 to present an instrument for recording that is determined to be materially false, fictitious, or fraudulent, and would require the Administrative Office of the Courts to create a form to be used by a person seeking expedited relief.

CURRENT LAW: A register of deeds generally is required to accept for registration all instruments presented for registration. However, if a register of deeds has a reasonable suspicion that an instrument purporting to be a lien or encumbrance is materially false, fictitious, or fraudulent, the register of deeds can refuse to register the instrument.

A register of deeds is required to reject a deed if its execution has not been acknowledged before a notary or other person authorized to take acknowledgments. However, a register of deeds is not required to verify any of the following:

- The legal sufficiency of any proof or acknowledgement.
- The authority of any officer who took a proof or acknowledgement.
- The legal sufficiency of any document presented for registration.

Presenting an instrument for recording as a purported lien or encumbrance that is determined to be materially false, fictitious or fraudulent constitutes an unfair or deceptive act or practice in or affecting commerce under G.S. 75-1.1, and a person who knowingly files a false lien or other encumbrance against real property is guilty of a Class I felony.

BILL ANALYSIS: Section 1 of the bill would:

- Define a "trusted submitter" as a title insurance company, a State-licensed attorney, or a financial institution.

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Legislative Analysis
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- Provide that the register of deeds shall not register an instrument presented by a person who is not a trusted submitter unless:
 - the presenter produces a government-issued photo ID; and
 - the name shown on the photo ID matches the name of the grantor or conveying party in the instrument presented for registration.
- Require the register of deeds to record the name and address shown on the photo ID and cross-reference the book and page of the instrument registered using that ID.
- Require notice of the identity verification requirement to be published on the website of the register of deeds.
- Provide immunity to the register of deeds from civil liability for requiring photo identification or refusing to register an instrument as allowed by this section.

Section 2 of the bill would:

- Authorize an owner of real property to file an action in district court seeking expedited relief from a recorded false, fictitious, or fraudulent instrument, with the court to hold a hearing after all interested parties have received at least five days' notice of the hearing.
- If the court finds that there is no legal justification for the instrument, require the court to declare the instrument to be false and void and order the cloud removed from the title. In addition, the court would be authorized to do any of the following in its order:
 - Grant possession of the real property and ejectment of any person on the premises.
 - Award costs and attorneys' fees to the prevailing party.
 - Stay any proceedings involving the real property to which the property owner is not a party.
 - Impose a civil penalty of up to \$10,000 upon a finding that the action filed pursuant to this section was frivolous or malicious.
 - Enjoin any person from presenting an instrument for recording who has more than once presented for recording a false, fictitious, or fraudulent instrument.
- Provide that a register of deeds or clerk of court, upon being presented with an order declaring a recorded instrument to be false and void:
 - Must record and cross-index the order.
 - May place a statement on the first page of the recorded instrument that the claim asserted in the document is false.
- Make it a violation of G.S. 75-1.1 to present an instrument for recording that is determined to be materially false, fictitious, or fraudulent.
- Require a notice of the identity verification requirement to be published on the website of the register of deeds, including a notification that providing false information or statements when filing an instrument is perjury and punishable as a Class F felony.

EFFECTIVE DATE: Section 1 of the act would become effective October 1, 2025, and would apply to instruments presented for registration on or after that date. Section 2 would become effective October 1, 2025, and apply to causes of action arising on or after that date. The remainder of the act would be effective when it becomes law.