

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 518

Short Title: Buyer Choice/Title Insurer & Settlement Agent. (Public)

Sponsors: Senators Vaughan, Stein; and Newton.

Referred to: Judiciary I.

April 6, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO PROTECT CONSUMERS BY REQUIRING BUYER'S CHOICE OF TITLE
3 INSURER AND SETTLEMENT AGENT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 45 of the General Statutes is amended by adding a new
6 section to read:

7 "**§ 45-45.3. Buyer's choice of title insurer and settlement agent.**

8 (a) Prohibited Acts. – In connection with a judicial foreclosure or foreclosure under
9 power of sale of residential property improved by four or fewer dwelling units, no foreclosing
10 mortgagee or mortgagee who acquires the property through a foreclosure proceeding shall
11 require, directly or indirectly, as a condition of selling the property, either of the following:

12 (1) That the buyer purchase an owner's or lender's title insurance policy
13 covering the property from a particular title insurer or from a title insurer
14 selected or designated by the foreclosing mortgagee or mortgagee who
15 acquires the property through the foreclosure proceeding.

16 (2) That the buyer's settlement be handled by a particular settlement agent or by
17 a settlement agent selected or designated by the foreclosing mortgagee or
18 mortgagee who acquires the property through the foreclosure proceeding.

19 (b) Liability for Violation. – A foreclosing mortgagee or mortgagee who acquires the
20 property through a foreclosure proceeding who violates this section shall be liable to a buyer in
21 an amount equal to three times all charges incurred in the buyer's purchase of the title insurance
22 or the buyer's retention of a settlement agent.

23 (c) Violation Does Not Invalidate Transaction. – A transaction subject to this section
24 shall not be invalidated solely because of the failure of any person to comply with any
25 provision of this section."

26 **SECTION 2.** This act is effective when it becomes law and applies to all sales
27 placed under a sales contract on or after that date.

