

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 423

Short Title: Title Fraud Prevention. (Public)

Sponsors: Senators Sawrey, Daniel, and B. Newton (Primary Sponsors).

Referred to: Rules and Operations of the Senate

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) Trusted submitter. – Includes all of the following:

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

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

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

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

24 (1) If an individual who is not a trusted submitter or an authorized agent of a
25 trusted submitter presents an instrument to the register of deeds for registration
26 in person, the register of deeds shall require the individual to produce a
27 government-issued photographic identification card for inspection by the
28 register of deeds before registering the instrument. The register of deeds must
29 record the name and address of such person, as the information appears on the
30 identification card, in a record to be kept by the register of deeds, along with
31 the official records book and page number or instrument number of the
32 instrument registered in connection to the production of the identification
33 card. Such a record may not be made available for viewing on the register of
34 deeds' official public website but shall be made available for public inspection
35 and copying as required by the public records laws of this State.



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(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. 47-16.3(2), 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. Such a record may not be made available for viewing on the register of deeds' official public website but shall be made available for public inspection and copying as required by the public records laws of this State. However, a person who submits a photocopy of his or her identification card under this subsection may redact from the photocopy of such identification card before submission all of the information he or she does not wish to be made public, except for his or her name, address, and photograph.

(c) Refusing to Register. – Notwithstanding any other provision to the contrary in this Chapter, the register of deeds shall refuse to register an instrument if one of the following occurs:

(1) The individual presenting the instrument for registration is not a trusted submitter or an authorized representative of a trusted submitter and fails to provide the register of deeds with a government-issued photographic identification card as required by subsection (b) of this section.

(2) The individual presenting the instrument for registration is not a trusted submitter or an authorized representative of a trusted submitter and 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.

(d) Notice of Requirements. – The register of deeds shall provide notice of the identity verification requirement described in subsection (b) of this section to the register of deeds' official public website.

(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."

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 transfer of title to real property by deed or devise 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, right of refusal, or any other instrument that purports to establish an interest, encumbrance, claim, or right relating to real property.

(b) The actual owner of an interest in real property subject to a recorded false, fictitious, or fraudulent instrument may seek expedited relief under this section by filing an action 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 notice shall be served and proof of service shall be made in any manner provided by the Rules of Civil Procedure for service of summons, including service by registered mail or certified mail, return receipt requested. After a minimum of five days' notice in a manner prescribed in Rule 5 of the Rules of Civil Procedure and opportunity to be heard to all persons claiming an ownership interest in the property, any lienholder of record, including any person to whom a security instrument directs notice to be sent and any person obligated to repay the indebtedness secured by the instrument, the court shall convene a hearing. For purposes of the notice requirement in this subsection, the party seeking relief may serve the person listed as grantor in the recorded purportedly false, fictitious, or fraudulent instrument at the address listed in the instrument. If the court finds that there is no statutory, contractual, or other merited 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 may also include in the order any of the following types of relief:

- (1) Grant to a prevailing party possession of the real property and order the ejectment of any party 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 in which the property owner or owners are not a party to.
- (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.

(c) 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."

(d) 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.

(e) The Administrative Office of the Courts shall develop a form for the expedited relief filing established by this section and the clerk of superior court shall make the form available for a petitioner. In addition to the requirements set forth in this section, the form shall include clear language notifying the filing party that providing false information or statements is perjury pursuant to G.S. 14-209 and punishable as a Class F felony."

1 **SECTION 3.** Section 1 of this act becomes effective October 1, 2025, and applies to
2 instruments and documents presented for registration on or after that date. Section 2 of this act
3 becomes effective October 1, 2025, and applies to causes of action arising on or after that date.
4 The remainder of this act is effective when it becomes law.