

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL DRS35158-NE-53

Short Title: Issuance of Unregisterable Cert. of Title. (Public)

Sponsors: Senators B. Jackson and McInnis (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING THE DIVISION OF MOTOR VEHICLES TO ISSUE AN
3 UNREGISTERABLE CERTIFICATE OF TITLE FOR CERTAIN VEHICLES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Part 3 of Article 3 of Chapter 20 of the General Statutes is amended
6 by adding a new section to read:

7 "**§ 20-52.2. Unregisterable certificate of title.**

8 (a) Notwithstanding the provisions of G.S. 20-52, the Division is directed to create and
9 issue an unregisterable certificate of title. An owner of an eligible vehicle may apply for an
10 unregisterable certificate of title by submitting an application on a form provided by the Division.

11 (b) The Division may determine the color, content, and format of an unregisterable
12 certificate of title, provided that:

13 (1) An unregisterable certificate of title shall be distinct in color from other types
14 of vehicle titles.

15 (2) An unregisterable certificate of title shall contain a notice that the vehicle
16 described thereon is no longer able to be registered for highway use in this
17 State. The notice shall also contain a statement that the unregisterable
18 certificate of title is solely intended for proof of ownership and use in
19 transferring the vehicle for parts only, destruction, or recycling.

20 (c) Vehicles meeting the requirements of G.S. 20-109.1A are eligible for issuance of an
21 unregisterable certificate of title.

22 (d) A vehicle issued an unregisterable certificate of title under this section is no longer
23 eligible for titling or registration for highway use, provided that the Division may rescind the
24 issuance of an unregisterable certificate of title if it determines the title was issued in error."

25 **SECTION 2.** Part 8 of Article 3 of Chapter 20 of the General Statutes is amended
26 by adding a new section to read:

27 "**§ 20-109.1A. Application for unregisterable certificate of title.**

28 (a) If an insurance company is unable to obtain the properly endorsed title, certificate of
29 ownership, or other evidence of ownership to a vehicle registered in another state, the company,
30 or its agent or contractor, may apply to the Division for an unregisterable certificate of title in the
31 name of the insurance company if all of the following conditions are met:

32 (1) The vehicle has been declared a total loss.

33 (2) The occurrence that damaged the vehicle occurred within the boundaries of
34 this State.

35 (3) The vehicle has remained within this State continuously since the occurrence
36 of the loss.



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- 1 (4) The owner of the vehicle has accepted an offer of an amount in settlement of
2 the total loss from the insurance company.
- 3 (5) The insurance company, or its agent or contractor, has made a written request
4 for the title from the vehicle owner and any lienholders of record at the
5 addresses contained in the records of the state of registration. The written
6 request must be delivered by certified United States Postal Service mail or by
7 another commercially available delivery service providing proof of delivery.
- 8 (6) The owner and lienholder have failed to deliver the title for more than 30 days
9 from the receipt of the written request, or the written request has been returned
10 as undeliverable.

11 (b) An application for an unregisterable certificate of title under this section shall be made
12 on a form provided by the Division, and the Division may require a notarized affidavit attesting
13 under penalty of perjury that the conditions of subsection (a) of this section have been met. The
14 form shall be accompanied by (i) evidence of a total loss payment in the form of either a copy of
15 a claims check or a screenshot from the insurance company's claim system showing a payment
16 was made and (ii) evidence of delivery of notice to the vehicle owner. Any company, agent, or
17 contractor that has applied for an unregisterable certificate of title under this section shall
18 maintain a record of any supporting documentation for a period of three years. The fee for an
19 unregisterable certificate of title pursuant to this section shall be twenty-one dollars and fifty
20 cents (\$21.50).

21 (c) If an out-of-state registered vehicle has been damaged in this State and an insurance
22 company, its agent, or its contractor takes possession of the vehicle with the permission of the
23 owner, the company's agent or contractor taking possession of the vehicle shall have a towing
24 and storage lien on the vehicle for any amount actually accrued in the possession, towing, and
25 storage of the vehicle. This lien is superior to any other liens on the vehicle. If the insurance
26 company subsequently denies coverage or otherwise fails to reach a settlement with the owner,
27 the company, or its agent or contractor may make written demand that the owner or lienholder
28 retake possession of the vehicle upon payment of any towing or storage fees accrued by the agent
29 or contractor. If the owner or lienholder fails to satisfy the lien and take possession of the vehicle
30 within 14 calendar days of the written demand, the agent or contractor may apply for an
31 unregisterable certificate of title in the name of the agent or contractor for purposes of selling the
32 vehicle to recoup any towing or storage fees accrued by the agent or contractor. The application
33 shall be on a notarized form provided by the Division attesting by the applicant that the
34 requirements of this section have been completed. Included with this form shall be evidence of
35 delivery of notice to the vehicle owner. The written demand required by this subsection must be
36 delivered by United States Postal Service mail or by another commercially available delivery
37 service providing proof of delivery.

38 (d) Any vehicle that has been issued an unregisterable certificate of title under this section
39 may only be sold for parts, scrap, or recycling.

40 (e) Any owner, lienholder, or subsequent purchaser harmed as a result of an
41 unregisterable certificate of title being issued pursuant to this section, or harmed by the sale of
42 any such vehicle following issuance of the same, shall have no cause of action against the
43 Division, and the Division shall not be liable to any such persons in any matter related to actions
44 taken under this section."

45 **SECTION 3.** This act becomes effective October 1, 2021.