

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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HOUSE BILL DRH40246-NOz-37C

Short Title: Preventing Deed Fraud.

(Public)

Sponsors: Representative Liu.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE REGISTER OF DEEDS TO REFUSE TO RECORD CERTAIN SUSPICIOUS INSTRUMENTS, TO AUTHORIZE THE REGISTER OF DEEDS TO REQUIRE NON-TRUSTED SUBMITTERS TO PRODUCE A GOVERNMENT-ISSUED PHOTOGRAPHIC IDENTIFICATION CARD BEFORE RECORDING A DEED OR CERTAIN OTHER INSTRUMENTS, TO REQUIRE THE REGISTER OF DEEDS TO PROVIDE ACCESS TO A FRAUD DETECTION ALERT SYSTEM, TO REQUIRE A STUDY OF ALTERNATIVE FRAUD DETECTION ALERT SYSTEMS, AND TO PROVIDE FOR AN EXPEDITED CAUSE OF ACTION TO QUIET TITLE AFTER AN ATTEMPTED FRAUDULENT CONVEYANCE.

The General Assembly of North Carolina enacts:

**PART I. IDENTIFY VERIFICATION AND SUSPICIOUS INSTRUMENTS**

**SECTION 1.** Article 2 of Chapter 161 of the General Statutes is amended by adding a new section to read:

**"§ 161-32. Identity verification and suspicious instruments.**

(a) Definitions. – The following definitions apply in this section:

- (1) Instrument. – Any document that purports to convey title to, or an interest in, real property, such as a deed, deed of trust, or other similar document.
- (2) Suspicious instrument. – An instrument submitted for registration for which the register of deeds has found any of the following:
  - a. The name or information of an acknowledging officer who has purported to acknowledge the instrument does not match the official records for that acknowledging officer.
  - b. The instrument purports not to be subject to the laws of the United States or the laws of this State.
  - c. The document does not conform to registration requirements established by the laws of this State.
  - d. The instrument is materially false, fictitious, or fraudulent and has not been submitted by a trusted submitter or an authorized representative of a trusted submitter.
- (3) Trusted submitter. – Includes all of the following:
  - a. A title insurance company as described in Article 26 of Chapter 28 of the General Statutes.
  - b. An attorney licensed to practice in this State.
  - c. A financial institution as defined in G.S. 53B-2.



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

6           **(1)** If an individual who is not a trusted submitter or an authorized agent of a  
7 trusted submitter presents an instrument to the register of deeds for registration  
8 in person, the register of deeds shall require the individual to produce a  
9 government-issued photographic identification card for inspection by the  
10 register of deeds before registering the instrument. The register of deeds must  
11 record the name and address of such person, as the information appears on the  
12 identification card, in a record to be kept by the register of deeds, along with  
13 the official records book and page number or instrument number of the  
14 instrument registered in connection to the production of the identification  
15 card. Such a record may not be made available for viewing on the register of  
16 deeds' official public website but shall be made available for public inspection  
17 and copying as required by the public records laws of this State.

18           **(2)** If an individual who is not a trusted submitter or an authorized agent of a  
19 trusted submitter presents an instrument in the form of an electronic  
20 document, as defined in G.S. 47-16.3(2), to the register of deeds, as provided  
21 by Article 1A of Chapter 47 of the General Statutes, the register of deeds shall  
22 require the individual to submit a photocopy of a government-issued  
23 photographic identification card before registering the instrument. The  
24 register of deeds must note on the photocopy of the identification card the  
25 official records book and page number or instrument number assigned to the  
26 instrument registered in connection to the submission of the photocopy of the  
27 identification card and retain the photocopy of such identification card in a  
28 record to be kept by the register of deeds. Such a record may not be made  
29 available for viewing on the register of deeds' official public website but shall  
30 be made available for public inspection and copying as required by the public  
31 records laws of this State. However, a person who submits a photocopy of his  
32 or her identification card under this subsection may redact from the photocopy  
33 of such identification card before submission all of the information he or she  
34 does not wish to be made public, except for his or her name, address, and  
35 photograph.

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

38           **(1)** The register of deeds deems the instrument presented for registration a  
39 suspicious instrument under subdivision (a)(2) of this section.

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

44           **(3)** The individual presenting the instrument for registration is not a trusted  
45 submitter or an authorized representative of a trusted submitter and the name  
46 on the government-issued photographic identification card presented by the  
47 individual pursuant to subsection (b) of this section does not match the name  
48 of the grantor or conveying party in the instrument presented for registration.

49       **(d) Additional Actions for Suspicious Instruments.** – Upon finding that an instrument  
50 presented for registration is a suspicious instrument under subdivision (a)(2) of this section, the  
51 register of deeds may do any of the following:

- 1           (1) Report the suspicious instrument to an appropriate law enforcement agency.  
2           (2) Notify the acknowledging officer purported to have acknowledged the  
3           instrument of the reason for the register of deeds finding that the instrument  
4           is a suspicious instrument.
- 5       (e) Notice of Requirements. – The register of deeds shall provide notice of the  
6       identification verification requirement described in subsection (b) of this section to the register  
7       of deeds' official public website.
- 8       (f) Legal Protections and Remedies. –
- 9           (1) An injured person has a cause of action against a register of deeds for that  
10          register of deeds' refusal to record an instrument based on that register of  
11          deeds' allegedly erroneous finding that the instrument is a suspicious  
12          instrument, as allowed by subdivision (c)(1) of this section. In an action  
13          authorized by this subsection, an injured person is only entitled to appropriate  
14          declaratory or injunctive relief. Notwithstanding G.S. 161-16, a register of  
15          deeds shall not be liable for damages or any other claim of monetary relief in  
16          an action brought under this subdivision.
- 17          (2) There is no right or cause of action against, and no civil liability on the part  
18          of, the register of deeds or the county with respect to the register of deeds'  
19          requirement of an identification card or any refusal to register an instrument  
20          as allowed by subdivision (c)(2) or (c)(3) of this section.
- 21       (g) Confidentiality. – Nothing in this section shall be construed to require the register of  
22       deeds to provide or allow access to a record or other information that is considered confidential  
23       information as defined by G.S. 132-1.2."

## 25 **PART II. FRAUD DETECTION ALERT SYSTEM**

26       **SECTION 2.** Article 2 of Chapter 161 of the General Statutes is amended by adding  
27 a new section to read:

### 28 **"§ 161-33. Fraud detection alert system.**

- 29       (a) The following definitions apply in this section:
- 30           (1) Fraud detection alert system. – A system which sends automated recording  
31           notifications.
- 32           (2) Land record. – A deed, deed of trust, mortgage, or other document purporting  
33           to convey or encumber an interest in real property.
- 34           (3) Monitored identity. – A personal, trust, or business name submitted by a  
35           registrant for monitoring under a fraud detection alert system.
- 36           (4) Recording notification. – A notification sent by electronic mail indicating to  
37           a registrant that a land record associated with the registrant's monitored  
38           identity has been recorded in the office of the register of deeds.
- 39           (5) Registrant. – A person who enrolls in a fraud detection alert system.
- 40       (b) The register of deeds shall ensure that registration for a fraud detection alert system  
41       is possible through an electronic registration portal, which portal shall include at least all of the  
42       following features:
- 43           (1) Be accessible through a direct link on the register of deeds' official public  
44           website.
- 45           (2) Allow a registrant to subscribe to receive recording notifications for at least  
46           five monitored identities per valid electronic mail address provided.
- 47           (3) Include a method by which a registrant may unsubscribe from the system.
- 48           (4) List a phone number at which the register of deeds' office may be contacted  
49           during normal business hours with questions related to the system.
- 50           (5) Send an automated electronic mail message to a registrant confirming the  
51           registrant's successful registration for or action to unsubscribe from the

1 system, which message must identify each monitored identity for which a  
 2 subscription was received or canceled.

3 (c) When a land record is recorded for a monitored identity, a recording notification must  
 4 be sent within 24 hours after the recording has been completed to each registrant who is  
 5 subscribed to receive recording notifications for that monitored identity. Such notification must  
 6 contain at least the following:

7 (1) Information identifying the monitored identity for which the land record was  
 8 filed.

9 (2) The land record's recording date.

10 (3) The official record book and page number or instrument number assigned to  
 11 the land record by the register of deeds.

12 (4) Instructions for electronically searching for and viewing the land record using  
 13 the assigned official record book and page number or instrument number.

14 (5) A phone number at which the register of deeds' office may be contacted during  
 15 normal business hours with questions related to the recording notification.

16 (d) There is no right or cause of action against, and no civil liability on the part of, the  
 17 register of deeds or the county with respect to the creation, maintenance, or operation of a fraud  
 18 detection alert system as required by this section.

19 (e) The register of deeds may charge a reasonable fee to a registrant for enrolling in the  
 20 fraud detection alert system in an amount that does not exceed the actual cost of maintaining and  
 21 allowing access to the system."

22 **SECTION 3.(a)** The Legislative Research Commission (LRC) shall study the  
 23 feasibility of amending G.S. 161-33, as enacted in Section 2 of this act, to create a fraud detection  
 24 alert system where everyone who submits a land record for registration is automatically enrolled  
 25 in the fraud detection alert system without paying a fee. Before enrollment, the register of deeds  
 26 would provide each individual with a notice explaining the system – its purpose, how it works,  
 27 and how to opt out of enrollment.

28 As part of its study, the LRC shall do all of the following:

29 (1) Evaluate the practicality of implementing a fraud detection alert system with  
 30 automatic enrollment and an opt-out option, including technological and  
 31 staffing requirements for registers of deeds across all counties.

32 (2) Examine the fiscal impact on the State, counties, and/or registers of deeds,  
 33 including costs associated with developing, maintaining, and operating a fraud  
 34 detection alert system without charging a fee to the participant.

35 (3) Evaluate how well such a fraud detection alert system would prevent fraud as  
 36 compared to other potential systems or measures.

37 **SECTION 3.(b)** The LRC shall report its findings, together with any proposed  
 38 legislation, to the 2026 Regular Session of the 2025 General Assembly upon its convening.

39  
 40 **PART III. PROVIDING FOR AN EXPEDITED CAUSE OF ACTION TO QUIET TITLE**  
 41 **AFFECTED BY FRAUDULENT INSTRUMENTS**

42 **SECTION 4.** Article 1 of Chapter 41 of the General Statutes is amended by adding  
 43 a new section to read:

44 **"§ 41-10.2. Titles quieted; fraudulent instruments.**

45 (a) As used in this section, the following definitions apply:

46 (1) Instrument. – Any of the following:

47 a. A transfer of title to real property by deed or devise or other instrument  
 48 transferring title to real property.

49 b. A deed of trust, mortgage, judgment, lien, encumbrance, financing  
 50 statement, affidavit, notice, memorandum, or any other instrument that  
 51 establishes a security interest in real property.

1                   c.       A contract, right of refusal, or any other instrument that purports to  
2                               establish an interest, encumbrance, claim, or right relating to real  
3                               property.

4       (b)       The actual owner of an interest in real property subject to a recorded false, fictitious,  
5       or fraudulent instrument may seek expedited relief under this section by filing an action in district  
6       court alleging the filing or recording of a false, fictitious, or fraudulent instrument in a public  
7       record or a private record generally available to the public. The notice shall be served and proof  
8       of service shall be made in any manner provided by the Rules of Civil Procedure for service of  
9       summons, including service by registered mail or certified mail, return receipt requested. After a  
10       minimum of five days' notice in a manner prescribed in Rule 5 of the Rules of Civil Procedure  
11       and opportunity to be heard to all persons claiming an ownership interest in the property, any  
12       lienholder of record, including any person to whom a security instrument directs notice to be sent  
13       and any person obligated to repay the indebtedness secured by the instrument, the court shall  
14       convene a hearing. For purposes of the notice requirement in this subsection, the party seeking  
15       relief may serve the person listed as grantor in the recorded purportedly false, fictitious, or  
16       fraudulent instrument at the address listed in the instrument. If the court finds that there is no  
17       statutory, contractual, or other merited legal justification for the instrument, the court shall find  
18       that the recorded instrument is false and is void as a matter of law and shall enter an order to  
19       remove the cloud from the title to the real property. The submission of an original instrument  
20       demonstrating source of title, affidavit, or a lis pendens, notice of previous fraud, or other similar  
21       instrument recorded by the actual owner of an interest in the real property shall be considered  
22       evidence of fraudulent activity. The court may also include in the order any of the following  
23       types of relief:

- 24               (1)       Grant to a prevailing party possession of the real property and order the  
25                       ejectment of any party on the premises.  
26               (2)       Award attorneys' fees and other costs for the action to the prevailing party.  
27               (3)       Stay any proceedings involving the subject real property in which the property  
28                       owner or owners are not a party to.  
29               (4)       Upon a finding by the court that an action filed under this section is frivolous  
30                       or malicious, assess a civil penalty of not more than ten thousand dollars  
31                       (\$10,000), of which the clear proceeds assessed under this subdivision shall  
32                       be remitted to the Civil Penalty and Forfeiture Fund in accordance with  
33                       G.S. 115C-457.2.  
34               (5)       Upon a finding by the court that a party has presented for filing or recording  
35                       a false, fictitious, or fraudulent instrument as described in this section more  
36                       than once, enter a pre-filing injunction against the party.  
37               (6)       Enjoin a party from listing the real property for sale, lease, or any other similar  
38                       advertisement.

39       (c)       Upon being presented with an order duly issued by a court of competent jurisdiction  
40       of this State declaring that an instrument already recorded is false and void as a matter of law,  
41       the register of deeds or clerk of superior court that received the recording shall record and  
42       cross-index the court's order finding the instrument to be false. The register of deeds or clerk of  
43       superior court may also conspicuously mark on the first page of the original record previously  
44       recorded the following statement: "THE CLAIM ASSERTED IN THIS DOCUMENT IS FALSE  
45       AND IS NOT PROVIDED FOR BY THE GENERAL LAWS OF THIS STATE."

46       (d)       In addition to any civil penalties provided for in this section, the presentation of an  
47       instrument for recording with a register of deeds or a clerk of superior court that is determined to  
48       be materially false, fictitious, or fraudulent shall constitute a violation of G.S. 75-1.1.

49       (e)       The Administrative Office of the Courts shall develop a form for the expedited relief  
50       filing established by this section, and the clerk of superior court shall make the form available  
51       for a petitioner. In addition to the requirements set forth in this section, the form shall include

1 clear language notifying the filing party that providing false information or statements is perjury  
2 pursuant to G.S. 14-209 and punishable as a Class F felony."

3

4 **PART IV. EFFECTIVE DATE**

5 **SECTION 5.** Sections 1 and 2 of this act become effective October 1, 2025, and  
6 apply to instruments and documents presented for registration on or after that date. Section 4 of  
7 this act becomes effective October 1, 2025, and applies to causes of action arising on or after that  
8 date. The remainder of this act is effective when it becomes law.