

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE DRS75100-MD-43A (02/12)

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

Sponsors: Senators Vaughan and Stein (Primary Sponsors).

Referred to:

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.



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