

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

**SESSION LAW 2021-126
SENATE BILL 379**

AN ACT AUTHORIZING THE DIVISION OF MOTOR VEHICLES TO ISSUE AN
UNREGISTERABLE CERTIFICATE OF TITLE FOR CERTAIN VEHICLES.

The General Assembly of North Carolina enacts:

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

"§ 20-52.2. Unregisterable certificate of title.

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

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

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

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

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

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

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

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

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

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

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

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

(4) The owner of the vehicle has accepted an offer of an amount in settlement of the total loss from the insurance company.

(5) The insurance company, or its agent or contractor, has made a written request for the title from the vehicle owner and any lienholders of record at the addresses contained in the records of the state of registration. The written



request must be delivered by certified United States Postal Service mail or by another commercially available delivery service providing proof of delivery.

(6) The owner and lienholder have failed to deliver the title for more than 30 days from the receipt of the written request, or the written request has been returned as undeliverable.

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

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

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

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

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

In the General Assembly read three times and ratified this the 25th day of August, 2021.

s/ Phil Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 11:49 a.m. this 30th day of August, 2021