

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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**HOUSE BILL 707
PROPOSED COMMITTEE SUBSTITUTE H707-PCS40566-TU-10**

Short Title: Lien Agent/Notice of Cancellation.

(Public)

Sponsors:

Referred to:

April 11, 2017

A BILL TO BE ENTITLED
AN ACT TO MAKE VARIOUS CHANGES TO THE STATUTES GOVERNING LIEN
AGENTS FOR THE PURPOSE OF PROVIDING FOR THE CANCELLATION AND
RENEWAL OF A NOTICE TO LIEN AGENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 44A-11.1 reads as rewritten:

"§ 44A-11.1. Lien agent; designation and duties.

...

(f) Any attorney who, in connection with a transaction involving improved real property subject to this section for which the attorney is serving as the closing attorney, contacts the lien agent in writing and requests copies of the notices to lien agent and cancellations of notice to lien agent received by the lien agent relating to the real property not more than five business days prior to the date of recordation of a deed or deed of trust on the real property, shall be deemed to have fulfilled the attorney's professional obligation as closing attorney to check such notices to lien agent and cancellations of notice to lien agent and shall have no further duty to request that the lien agent provide information pertaining to notices or cancellations received subsequently by the lien agent."

SECTION 2. G.S. 44A-11.2 reads as rewritten:

"§ 44A-11.2. Identification of lien agent; notice to lien agent; effect of notice.

...

(q) For any improvement to real property comprising of one- or two-family dwellings subject to G.S. 44A-11.1, if a potential lien claimant has filed a Notice to Lien Agent and has received final payment in an amount satisfactory to resolve the Notice to Lien Agent previously filed, the potential lien claimant shall cancel the Notice to Lien Agent within a reasonable time of receipt of final payment by utilizing the Internet Web site approved for such use by the designated lien agent. A potential lien claimant may cancel a Notice to Lien Agent by utilizing the Internet Web site approved for such use by the designated lien agent for any reason at any time.

(r) A Notice to Lien Agent cancelled pursuant to subsection (q) shall have the effect of cancelling and discharging the Notice to Lien Agent and the corresponding protections provided under this section as to the subject matter of the Notice to Lien Agent. Cancelling a Notice to Lien Agent pursuant to subsection (q) does not act to cancel a claim of lien on real property filed or affect priority of lien rights pursuant to this section.

(s) A Notice to Lien Agent, not otherwise cancelled or renewed pursuant to this section, expires and is discharged five years from the date of filing.



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1 (t) A Notice to Lien Agent may be renewed prior to its cancellation or automatic
2 expiration for one five-year period by utilizing the Internet Web site approved for such use by
3 the designated lien agent. Such renewal shall extend the date of expiration by five years.

4 (u) If a Notice to Lien Agent is timely renewed prior to cancellation or expiration
5 pursuant to this section, the renewal shall maintain and relate back to the original filing date of
6 the Notice to Lien Agent.

7 (v) If the Notice to Lien Agent is cancelled or automatically expires pursuant to this
8 section, a later filed Notice to Lien Agent filed by the potential lien claimant for improvements
9 to same real property would only have the protections provided under this section from the date
10 of the filing of the later filed notice, and such notice to lien agent would not relate back to or
11 renew the cancelled filing."

12 **SECTION 3.** G.S. 58-26-45 reads as rewritten:

13 "**§ 58-26-45. Registration as a lien agent.**

14 ...

15 (b) Upon receipt of the notice of designation by the owner pursuant to G.S. 44A-11.1, a
16 lien agent shall have the duty to do all of the following:

17 ...

18 (9) Receive cancellations of notices to lien agent and renewals of notices to lien
19 agent pursuant to G.S. 44A-11.2.

20 ...

21 (d) For services rendered pursuant to each designation as a lien agent for improvements
22 to real property comprising one- or two-family dwellings, a lien agent shall collect a fee of
23 ~~twenty-five-thirty~~ dollars ~~(\$25.00)-(\$30.00)~~ from the owner. For services rendered pursuant to
24 each designation as a lien agent for all other improvements to real property, the lien agent shall
25 collect a fee of ~~fifty-fifty-eight~~ dollars ~~(\$50.00)-(\$58.00)~~ from the owner.

26 (e) The Department shall publish on its Web site a current list of lien agents registered
27 pursuant to this section."

28 **SECTION 4.** This act becomes effective October 1, 2018.