



HOUSE BILL 707: Lien Agent/Notice of Cancellation.

2017-2018 General Assembly

Committee:	House Judiciary III	Date:	April 26, 2017
Introduced by:	Reps. Jordan, Stevens, B. Turner	Prepared by:	Kristen L. Harris Committee Co-Counsel
Analysis of:	PCS to First Edition H707-CSTU-10		

OVERVIEW: *The Proposed Committee Substitute to House Bill 707 would allow a potential lien claimant to cancel and renew a Notice to Lien Agent by using the Internet Web site approved by the designated lien agent.*

[The PCS would require cancellation of the Notice to Lien Agent under certain circumstances, provide a process to renew a Notice to Lien Agent, explain that the cancellation and renewal are done on a Web site, set a five-year renewal period, and clarify that canceling a Notice to Lien Agent does not cancel a claim of lien on real property or affect priority of lien rights.]

[As introduced, this bill was identical to S602, as introduced by Sen. Lee, which is currently in Senate Judiciary.]

CURRENT LAW: There is no statutory process that allows a potential lien claimant to cancel and renew a Notice to Lien Agent.

BILL ANALYSIS:

Section 1 would require a closing attorney to request copies of cancellations of notices to lien agent from a lien agent in order to fulfill his or her professional obligation as a closing attorney.

Section 2

Subsection (q) would require a potential lien claimant to cancel a filed Notice to Lien Agent within a reasonable time after receiving a final payment satisfactory to resolve the lien. The cancellation would have to be done on the Web site approved for such use by the designated lien agent.

A potential lien claimant could also cancel a Notice to Lien Agent at any time for any reason.

This section would apply to improvements to one- or two-family dwellings for which the costs are \$30,000 or more.

Subsection (r) would provide that a cancelled Notice to Lien Agent pursuant to **Subsection (q)** would cancel and discharge the lien and any corresponding protections, but it would not cancel a claim of lien on real property filed or affect the priority of lien rights pursuant to this section.

Subsection (s) would provide that if not cancelled or renewed, a Notice to Lien Agent would expire and discharge five (5) years from the date of filing.

Subsection (t) would provide that a Notice to Lien Agent could be renewed prior to its cancellation or expiration for one (1) five-year period by using the Web site, and that the renewal would extend the date of expiration for five years.

Karen Cochrane-Brown
Director



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Subsection (u) would provide that if a Notice to Lien Agent is timely renewed before cancellation or expiration, the renewal would maintain and relate back to the original filing date of the Notice to Lien Agent.

Subsection (v) would provide that if the Notice to Lien Agent is cancelled or expires, a later filed Notice to Lien Agent filed by the potential lien claimant for improvement to same real property would only have the protections from the date of the filing of the later filed notice and the notice to lien agent would not relate back to or renew the cancelled filing.

Section 3

Subsection (b) would add receiving cancellations of notices to lien agent and renewals of notices to lien agent to the list of duties of a designated lien agent.

Subsection (d) would increase a designated lien agent's fee from \$25.00 to \$30.00 for improvements to one- or two-family dwellings and from \$50.00 to \$58.00 for all other properties.

EFFECTIVE DATE: This act becomes effective October 1, 2018.