SENATE BILL 278:
Prop./Fam. Law-Reimburse Prop. Expenditures.

Committee:	Senate Judiciary. If favorable, re-refer to Rules and Operations of the Senate	**Date:**	March 23, 2021
Introduced by:	Sens. Galey, Britt	**Prepared by:**	Kristen L. Harris
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: Senate Bill 278 would clarify when prohibitions on reimbursement to spouses for expenditures made on properties held as a tenancy by the entirety apply, as recommended by the North Carolina Bar Association.

CURRENT LAW AND BACKGROUND: S.L. 2020-50 made changes and technical corrections to the General Statutes concerning real property law and created Article 5 of Chapter 41 of the General Statutes entitled "Tenancy by the Entirety," as recommended by the North Carolina Bar Association.

Currently, under N.C.G.S. 41-61, neither spouse holding property as tenants by the entirety is entitled to reimbursement of expenditures made on the property while the tenancy by the entirety still exists.

BILL ANALYSIS:

Section 1 would amend N.C.G.S. 41-61 by:

1) Limiting the prohibition on a spouse receiving reimbursement from the other for expenditures made to a property during a tenancy by the entirety to "after a tenancy by the entirety has been terminated by death" and

2) Stating the statute would not:

- Apply in any proceeding for equitable distribution, or constitute any limitation on the power of the court in any equitable distribution proceeding.

- Render unenforceable the terms of any otherwise valid and enforceable provisions in a premarital agreement, or promissory note given by one spouse to the other.

- Affect any otherwise valid and enforceable lien or judgment.

EFFECTIVE DATE: This act is effective when it becomes law.

Jeffrey Hudson
Director

S278-SMTU-15 E1 -V-4

Legislative Analysis
Division
919-733-2578