

Express Lien

North Carolina Lien Punchlist (Private)

NOTICE REQUIREMENTS

North Carolina does not have any preliminary notice requirements that are typical of other states. However, the filing of certain types of notices by parties to a construction project may be beneficial.

- **Notice of Contracts for General Contractors and Low-Tier Subcontractors:** To limit the risk of having liability to double-pay, a prime contractor may post and file a Notice of Contract within 30 days after the building permit is issued for the project. If this is filed, subcontractors not hired directly by the prime contractor must furnish a Notice of Subcontract to the prime contractor to preserve the subcontractor's lien rights.

Prime contractors who receive a Notice of Subcontract from a 2nd or 3rd tier subcontractor, must send notice upon that sub within 5 days after the prime contractor makes a payment to its subcontractor.

There are no time requirements for when a Notice of Subcontract must be filed. However, it is only effective against prime contractors after they receive it.

- **Notice of Claim of Lien Upon Funds:** Any party who did not contract with the property owner may serve a Notice of Claim of Lien Upon Funds upon any parties "up the chain" of contract. There is no time limit when this notice must be sent, but only protects the noticing party's right to the funds that have not yet been paid down the chain of contract.

Once the notice is served, the party receiving it is obligated to hold the lien funds, and if they do not so hold the funds, that party becomes personally liable to the noticing party.

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THE MECHANICS LIEN

Generally, contractors, subcontractors, suppliers, equipment lessors, laborers and design professionals all have lien rights in North Carolina.

- Referred to as "Claim of Lien on Real Property"
- Must be filed within 120 days of last furnishing labor and/or materials to the project.
- Action to enforce lien must be filed within 180 days from last furnishing labor and/or materials to the project.
- General contractors have ordinary lien rights. Subcontractors and lower tiered contractors can lien by subrogation of the GC's lien rights, but it is only effective against funds not yet paid to the GC.

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