



**SUCCESSFUL
STRATEGIES**

**NORTH CAROLINA
CONSTRUCTION
LIEN HANDBOOK**

**JULY 2006
EDITION**



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GWYN
SCHENCK PLLC**
ATTORNEYS AT LAW

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INTRODUCTION

This Handbook and all forms and agreements herein are designed and intended to provide general information to contractors, subcontractors and others about the requirements of the North Carolina lien statutes. Nothing in this Handbook is to be considered as the rendering of legal advice for specific cases. Although this Handbook was written by professionals, it should not be used as a substitute for consultation with an experienced attorney. If legal or other professional advice is required, the services of a professional should be sought.

July 2006

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NORTH CAROLINA CONSTRUCTION LIEN HANDBOOK

A mechanic's lien is a special legal right and remedy for parties who contribute labor, materials, rental equipment or services to improve real property. The lien may entitle the person who holds the lien to force the sale of the improved real property to pay for the improvement. In North Carolina, there are different lien rights and procedures depending upon whether the claimant has a contract directly with the owner of the improved real property or a contract with someone other than the owner.

In this Handbook, the term "contractor" means any proper lien claimant who has a contract directly with the owner of the improved real property. The term "subcontractor" means any proper lien claimant who has a contract with someone other than the property owner and includes lower tier subcontractors, suppliers, laborers and lessors of rental equipment.

I. Contractor's Lien

A. Basic requirements

The North Carolina General Statutes establish five requirements that must be met before a contractor may enforce a lien on real property:

- The claimant must perform or furnish labor or professional design or surveying services or furnish materials or rental equipment;
- The claimant must do so pursuant to a contract, express or implied;
- The contract must be with the owner of the real property;
- The contract must be for the improvement of the real property; and
- The claimant must comply with the procedural requirements of Part 1 of Article 2 of Chapter 44A of the North Carolina General Statutes.

1. What does it mean to have a contract with the owner of real property?

In order to establish a lien on the improved real property, the claimant's contract must be with the owner of the property. Three conditions must be satisfied before a person is considered an owner of the property:

- The person must have an interest in the real property;
- The improvement must be made for that person; and
- That person must have ordered the improvement to be made.

Many different people can have an interest in the improved real property. The "owner" is not necessarily the person whose name appears on the deed to the property. For example, a lease is an interest in real property, and a tenant can be an "owner" of the improved real property. Likewise, a person who enters into a written contract to purchase real property obtains an equitable interest in the property. If that purchaser orders an improvement to be made to the property, even before that person obtains title to the property, his interest in the property may be subject to the claimant's lien.

Contractors should think about protecting their lien rights from the moment contract negotiations begin with the owner. Finding out the owner's true legal interest in the real property is important for two reasons.

First, a potential claimant may not be entitled to a lien at all if the person with whom the claimant is dealing does not qualify as an owner of the property under the statute.

Second, the lien extends only to the actual interest the owner has in the improved real property. For example, if a claimant contracts only with a tenant, the claimant's lien might be limited to the value of the lease. In most situations, the owner

of the real property has no obligation to pay a contractor for improvements made pursuant to a contract with the tenant of the property. If the tenant fails to pay the contractor for the work performed, the contractor's lien claim generally does not extend to the owner's interest in the real property. As a result, the contractor's lien is likely much less valuable than if the contractor had contracted directly with the property owner for the erection of the improvements made for the immediate benefit of the tenant.

A special situation occurs when the improved real property is owned jointly by a husband and wife. Property owned by a married couple is usually held in what is called a "tenancy by the entireties." In this situation, the property may not be encumbered without the consent of both parties. The interests of the husband and wife cannot be separated or partitioned, and neither spouse owns a distinct individual interest to which a lien can attach. Most residential structures are owned by the entireties, and where the property is owned by both the husband and wife, the contractor is well advised to have both parties sign the contract for the improvements.

2. What does it mean to improve the real property?

The statutory definitions of "improve" and "improvement" are quite broad:

"Improve" means to build, effect, alter, repair, or demolish any improvement upon, connected with, or on or beneath the surface of any real property, or to excavate, clear, grade, fill or landscape any real property, or to construct driveways and private roadways, or to furnish materials, including trees and shrubbery, for any of such purposes, or to perform any labor upon such improvements, and shall also mean and include any design or other professional or skilled services furnished by architects, engineers, land surveyors and landscape architects registered under Chapter 83A, 89A or 89C of the General Statutes, and rental of equipment directly utilized on the real property in making the improvement.

“Improvement” means all or any part of any building, structure, erection, alteration, demolition, excavation, clearing, grading, filling, or landscaping, including trees and shrubbery, driveways, and private roadways, on real property.

B. Effective date of the lien

Liens relate back to and take effect from the time labor or materials are first furnished at the site of the improvement by the person claiming the lien. The date the lien takes effect is important because it establishes the lien’s priority with regard to other competing interests in the real property.

The general rule in North Carolina states that the mechanic’s lien relates back to the first visible commencement of work on the site. A contractor’s lien will also relate back to the first work performed on the site by any of the contractor/claimant’s subcontractors.

C. Perfecting and enforcing a lien

To perfect a mechanic’s lien, three things must be done:

- File a document, known as a Claim of Lien on Real Property, with the Clerk of the Superior Court in the county where the real property is located;
- Make sure the Claim of Lien on Real Property contains all of the required information; and
- Make sure the Claim of Lien on Real Property is filed within 120 days (not four months) of the last day the claimant supplied labor or materials at the site.

1. Contents of the Claim of Lien on Real Property

The lien statute requires the claimant to provide some specific information in the Claim of Lien on Real Property. Most of this information can be obtained at the beginning of the job, and contractors should make it a regular practice to obtain such information at that time.

- **Claimant's name and address.**
Make sure this information is accurate. If the claimant operates different companies out of one office, the Claim of Lien on Real Property may be invalid if the name of the claimant on the lien does not match the name of the party on the relevant contract.
- **Name and address of the record owner of the real property claimed to be subject to the lien at the time the claim of lien is filed.**
If possible, obtain this information from the owner at the beginning of the job. This information may also be obtained from the County Tax Office or Register of Deeds in the county where the property is located. As a matter of good practice, this information should be double-checked shortly before the Claim of Lien on Real Property is filed. Remember that the person with whom one has contracted may not be the actual record owner of the property – he may be a lessee, contract purchaser or some other party. If the claimant's contract is with the lessee, for example, the Claim of Lien on Real Property should contain the name and address of the record owner of the property and the name and address of the lessee.
- **Description of the real property upon which the lien is claimed.**
Including the legal property description contained in the owner's deed often eliminates any dispute as to what property is subject to the lien. The statute also authorizes the use of a street address, tax lot and block number, a reference to a deed or other recorded instrument, or any other description so long as it reasonably identifies the property subject to the lien.
- **Name and address of the person with whom claimant contracted for the furnishing of labor or materials.**
This information should be found in the parties' written contract.

- **Date upon which labor or materials were first furnished upon said property by the claimant.**
This is the first day the claimant performed any visible work at the site. The claimant may also use the first day of visible commencement of the work by any subcontractor hired by the claimant. It is a good practice to record this information in the job file on the first day. Be sure to include a description of exactly what was done on that day.
- **Date upon which labor or materials were last furnished upon said property by the claimant.**
This date establishes the beginning of the time limits for filing the Claim of Lien on Real Property and a lawsuit to enforce the lien. The claimant has 120 days from the last day labor or materials were supplied by the claimant at the site to file the Claim of Lien on Real Property.
- **General description of the labor performed or materials furnished and the amount claimed therefor.**
A general description of the labor performed or materials furnished is sufficient. It is not necessary to include an itemized list of materials or a detailed statement of labor performed.

2. Time for filing

The Claim of Lien on Real Property must be filed within 120 days (not four months) after the last day the claimant furnished labor or materials at the site. The claimant will likely have performed punchlist work after substantially completing its contract, but by measuring the lien filing deadline from the earlier date of substantial completion, the claimant will reduce the chance of missing the deadline for filing the Claim of Lien on Real Property.

3. Amendment of the Claim of Lien on Real Property

A Claim of Lien on Real Property may not be amended. If an error is made in a filed Claim of Lien on Real Property, and there is still time to file a new lien, the claimant may prepare and file a new Claim of Lien on Real Property and cancel the old Claim of Lien on Real Property.

4. Time for enforcing the Claim of Lien on Real Property

Upon filing of the Claim of Lien on Real Property in the proper form and in the proper time, the lien on the real property is perfected. Nevertheless, in order to recover any money by way of foreclosure of the lien and sale of the improved real property, the lien claimant must file a lawsuit to enforce the lien. The lawsuit must be commenced within 180 days of the last day the claimant furnished labor or materials at the site. The date of last work for the purpose of calculating the time for enforcing the lien is the same as the date of last work for the purpose of calculating the time for filing the Claim of Lien on Real Property. (See Section I.C.2).

D. Discharging and waiving a lien

The lien statutes provide a limited number of ways to discharge a filed Claim of Lien on Real Property. The lien claimant or its lawyer can personally acknowledge satisfaction of the debt underlying the lien to the clerk of court in the county where the lien was filed. The clerk of court will discharge the lien. Another method of extinguishing or discharging a filed Claim of Lien on Real Property is to file an instrument of satisfaction of lien indebtedness with the clerk of court. When the clerk receives such a document, the clerk will cancel the lien.

A lien will also be discharged if a lawsuit is not commenced to enforce the lien within the required time, or if a final judgment has been rendered in favor of the owner of the improved real property.

The property owner or other interested party may discharge a Claim of Lien on Real Property by depositing cash or a surety bond with the clerk of court in the county where the Claim of Lien on Real Property was filed. The clerk of court will cancel a lien

upon deposit with the clerk's office of cash in the amount of the lien or a surety bond in the amount of one and one-fourth times the amount of the lien. Unlike the other lien discharge methods listed above, this method of lien discharge does not completely discharge the lien. Depositing cash or a bond with the clerk of court merely removes the lien from the improved real property. The lien is then transferred to the deposited cash or bond, which constitutes a fund out of which the lien claimant can recover its claim if successful on the prosecution of its claim.

A project owner or general contractor may not require a contractor or subcontractor to waive lien rights as a condition of getting a contract. Provisions in a contract or subcontract that require a party to waive lien rights as a condition of getting the contract or subcontract are illegal and unenforceable.

A second type of lien waiver – a partial or full lien waiver given as a condition of payment during or after performance of the contract – is valid and enforceable.

II. Subcontractor's Liens

As discussed in Section I, claimants who have a contract directly with the owner of the improved real property are entitled to a lien on the improved real property. The primary lien for project participants who do not have contracts directly with the owner, is a lien on project funds. For these claimants (primarily, subcontractors), the improved real property may become subject to a lien in two particular circumstances discussed below (See Section II.B), but short of those two circumstances, subcontractors do not have a lien on the improved real property.

A. Lien on funds

The North Carolina lien statutes assume that the money paid by the owner to the contractor will filter down to all of the parties on the project. For that reason, the primary remedy afforded subcontractors is a lien on project funds. A "first tier subcontractor," that is, an entity having a contract directly with the contractor, has a lien on the project funds the owner owes the contractor. A "second tier subcontractor" has a lien on the project funds the contractor owes to the first tier subcontractor. A "third tier subcontractor" has a lien on the project funds the first tier subcontractor owes to the second tier subcontractor. This continues all the way down the line. Thus, a sixth tier subcontractor has a lien on the project funds the fourth tier subcontractor owes to the fifth tier subcontractor.

In addition to these direct liens on project funds, second and third tier subcontractors are granted certain lien rights possessed by subcontractors above them in the contract chain. A second tier subcontractor is subrogated to the rights the first tier subcontractor has to claim a lien on the project funds the owner owes to the contractor. Likewise, a third tier subcontractor is subrogated to the lien of the second tier subcontractor, including the second tier's right to be subrogated to the lien of the first tier subcontractor.

A subcontractor/claimant's establishment of a lien on the funds serves as notification to those above it in the contract chain that money has not been properly paid downstream. The claimant may be able to prevent the party above it in the contract chain from getting paid until the claimant's lien claim has been satisfied.

1. Funds subject to the lien on funds

In this discussion, we will use the example of the lien available to the first tier subcontractor, although the principles are the same for all liens on project funds by subcontractors and suppliers. A first tier subcontractor is entitled to a lien on funds that the owner owes to the contractor, and which arise out of the improvement.

If the contractor has been paid in full before the first tier subcontractor's lien on funds is perfected, this lien on funds will be ineffective because no funds are owed by the owner to the contractor upon which the lien may attach.

If the contractor is performing on two different projects for the owner and has been paid in full on the project on which the first tier subcontractor has asserted lien rights, but is still owed money by the owner on the other project, the subcontractor's lien will remain ineffective. The subcontractor's lien will not extend to the money the owner owes the contractor on the other project. The subcontractor's lien is limited to funds arising out of the improvement on which the subcontractor worked.

2. Perfecting and enforcing a lien on funds

To obtain a lien on funds, the subcontractor sends a Notice of Claim of Lien Upon Funds (not to be confused with a Claim of Lien on Real Property, which is a document filed to perfect a lien on the improved real property) to the party who is holding the project funds owed to the person who in turn owes the subcontractor. The subcontractor also serves the Notice of Claim of Lien Upon Funds on all parties up the contract chain who may be holding project funds to which the claimant may have rights through subrogation.

This lien on funds is perfected when the person who has the project funds receives the Notice of Claim of Lien Upon Funds. The statute defines this person as the “obligor.” For the first tier subcontractor claimant, the owner is the obligor because the owner owes money to the contractor (the “obligee”). For second tier subcontractors, the contractor is the obligor, because the contractor owes money to the first tier subcontractor (the “obligee”). For third tier subcontractors, the first tier subcontractor is the obligor, because the first tier subcontractor owes money to the second tier subcontractor (the “obligee”). Unlike the Claim of Lien on Real Property, which is filed in the office of the clerk of court, the Notice of Claim of Lien Upon Funds is not separately filed.

a. Contents of the Notice of Claim of Lien Upon Funds

The Notice of Claim of Lien Upon Funds must contain the following information:

- **Name and address of the person claiming the lien on funds.**
Be specific and accurate. The obligor may never have heard of the lien claimant and may need to contact the claimant in order to arrange payment of the claim.
- **A general description of the real property where labor or materials furnished.**
Be specific. Many obligors have several projects going at any given time. The obligor must be able to identify the project so that it can identify the project funds to which the lien must be applied.
- **The name and address of the person with whom the lien claimant contracted to improve the real property.**
The obligor must be able to identify which one of its contractors or subcontractors has not paid the lien claimant. The obligor may need to contact that party to find out why payment has not been made.

- **The name and address of each person against or through whom subrogation rights are claimed.**
When a subcontractor claims rights of subrogation, each obligor up the contract chain must act upon the lien claim. If any of these parties have executed lien waivers to cut off the subrogation rights, this fact should be discovered early before the claimant spends a lot of money pursuing the claim against parties who will have a solid defense to the lien claim.
- **A general description of the contract and the person against whose interest the lien upon funds is claimed.**
A general description of the labor performed or materials furnished is sufficient along with a specific identification of the party with whom the claimant contracted.
- **The amount claimed by the lien claimant under its contract.**
Be accurate about the amount owed. Upon receipt of the Notice, the obligor is entitled to withhold from the obligee the amount claimed. If too little is claimed, the obligor is free to pay the rest and the lien claimant might never see those funds.

The lien claimant must send a copy of the Notice of Claim of Lien Upon Funds to the property owner, the contractor and each subcontractor ahead of the lien claimant in the contract chain. The statute requires that the Notice of Claim of Lien Upon Funds be delivered in person or be sent by other limited methods, commonly by certified mail. The claimant must be able to prove not only that the obligor received the Notice of Claim of Lien Upon Funds, but also the date the obligor received the Notice. The date of the obligor's receipt of the Notice of Claim of Lien Upon Funds is important because this lien becomes effective upon receipt.

Unlike a Claim of Lien on Real Property, there is no time limit for serving the obligor with a Notice of Claim of Lien Upon Funds. The claimant merely has to serve the Notice while the obligor still owes project funds to the obligee.

b. Obligor's responsibility upon receipt of Notice of Claim of Lien Upon Funds

If the obligor receives the Notice of Claim of Lien Upon Funds and owes project funds to the person who owes the claimant, the obligor must retain funds up to the amount stated in the Notice and cannot pay those funds until the claim is satisfied or discharged. If the obligor owes more money than the amount being claimed in the Notice, the obligor is only required to hold the amount that has been claimed, and the obligor is free to pay the balance otherwise due and owing.

If there are multiple claims to the same funds by several subcontractors and the total claimed by the subcontractors exceed the amount the obligor owes, each of the subcontractors will share the funds on a pro rata basis. Except for claims by other subcontractors, once a lien on the funds is established, the subcontractor's lien on the funds takes priority over all other claims to that money.

If the obligor receives the Notice of Claim of Lien Upon Funds but proceeds to pay the money anyway, the obligor may be personally liable to the claimant for the amount of money paid, up to the amount of the claim. In addition, because the claimant may have established a legal claim to the funds, the claimant may be able to sue to get that money back from the person the obligor paid.

If the obligor is the owner of the improved real property, its wrongful payment of the liened funds may allow the claimant to assert a lien directly against the real property.

c. Enforcing the lien on funds

Unlike the statutes applicable to a lien on real property, which set forth detailed procedures for enforcing the Claim of Lien on Real Property, the lien statutes set forth no specific procedure for enforcing a lien on funds.

The statute requires enforcement proceedings of a Claim of Lien on Real Property to begin no later than 180 days after the last furnishing of labor or materials by the lien claimant. There is no similar time limit for enforcing a lien on funds.

Unless the lien claimant's demands can be worked out informally, the lien claimant will need to file suit to enforce its lien rights. In this action, the claimant sues the party who owes the claimant, as well as the obligor and any other parties involved because of subrogation. The lien claimant will need to establish a judgment against the party who owes the lien claimant, and then petition the court for an order directing the obligor to pay the claimant out of the funds the obligor has withheld following receipt of the Notice of Claim of Lien Upon Funds.

3. Discharging a lien on funds

A Notice of Claim of Lien Upon Funds may be discharged in the same manner as a discharge of a Claim of Lien on Real Property. (See Section I.D). The only significant difference is that the Notice of Claim of Lien Upon Funds must first be filed with the clerk of court. The purpose of the filing of the Notice of Claim of Lien Upon Funds is to provide a recorded document to be formally discharged and on which to apply the cash deposit or bond.

B. Lien on real property

As discussed earlier, there are two methods by which a subcontractor can claim a lien on the owner's improved real property. First, second and third tier subcontractors are subrogated directly to the contractor's lien rights on the real property and can file a Claim of Lien on Real Property if the subcontractor has also served a Notice of Claim of Lien Upon Funds. The subcontractor also obtains a direct right to a lien on the owner's real property when the owner-obligor wrongfully pays after receiving a Notice of Claim of Lien Upon Funds from the subcontractor. For the most part, in utilizing either of these methods, the subcontractor must follow the same procedures as the contractor does in enforcing its Claim of Lien on Real Property. There are, however, some important differences.

1. Contents of the Claim of Lien on Real Property

A Claim of Lien on Real Property filed by a subcontractor must contain the same information as a Claim of Lien on Real Property filed by the contractor. If the Claim of Lien on Real Property, however, is based upon wrongful payment by the owner after receiving a Notice of Claim of Lien Upon Funds from the subcontractor, the subcontractor's Claim of Lien on Real Property must set forth the grounds the subcontractor has to believe the owner is personally liable and must have attached to it an affidavit stating the manner in which the Notice of Claim of Lien Upon Funds was served on or delivered to the owner.

2. Time limits

When enforcing the Claim of Lien on Real Property of the contractor by way of subrogation, the subcontractor is actually enforcing the contractor's lien. Therefore, a strong argument could be made that the Claim of Lien on Real Property must be filed no later than 120 days after the last day the contractor (rather than the subcontractor) furnished labor or materials at the site. Nonetheless, the best practice is probably to obey the time limits as they apply to the claimant rather than to the contractor.

C. Special defenses to subcontractor liens on real property – Notice of Contract

The ability of second and third tier subcontractors to assert the contractor's lien on the owners' improved real property by way of subrogation may be lost if the contractor takes certain steps.

First, the contractor must file a Notice of Contract within thirty (30) days following the issuance of the building permit for the improvement. The contractor files the Notice of Contract with the clerk of court in the county where the project is located. The contractor is also required to post the Notice of Contract in a visible location adjacent to the building permit at the project site. The Notice of Contract must contain the name and address of the contractor, the name and address of the owner of the real property, a general description of the real property, and the name and address of the person, firm or corporation filing the Notice of Contract.

The contractor's obligations may not end with the filing and posting of the Notice of Contract. Second and third tier subcontractors are entitled to demand notice of

payments made by the contractor to the first tier subcontractor. Second and third tier subcontractors accomplish this by sending a Notice of Subcontract to the contractor in response to the contractor's filing and posting of the Notice of Contract. The Notice of Subcontract is to be served personally or by other limited methods, commonly by certified mail. The person serving the Notice of Subcontract must be able to prove actual service. If certified mail is used, a return receipt should be requested from the post office.

The Notice of Subcontract contains the name and address of the subcontractor, a general description of the real property, a general description of the subcontractor's contract, a general description of the work performed and a request for notice of payment in accordance with the statute.

If the contractor receives a Notice of Subcontract, the contractor must notify the second or third tier subcontractor who submitted the Notice of Subcontract of all subsequent payments it makes to the first tier subcontractor. The contractor must notify such subcontractor in writing no later than five (5) days following each payment made by the contractor to the first tier subcontractor following the contractor's receipt of the Notice of Subcontract. The contractor's notice of payment must include the date of the payment and the period for which payment was made. The contractor must serve the notice of payment to the subcontractor by personal delivery or by other limited methods, commonly by certified mail.

If the contractor files and posts the Notice of Contract, and if the contractor honors all Notices of Subcontract, the second and third tier subcontractors will no longer have the right to file a lien on the owner's improved real property through subrogation of

the contractor's lien rights. The use of the Notice of Contract mechanism will not affect the right of the first tier subcontractor to assert the contractor's lien on the owner's real property.

If the contractor fails to provide the notice of payment in response to a Notice of Subcontract as required by statute, the second or third tier subcontractor may enforce the contractor's lien rights and file a Claim of Lien on Real Property.

III. Forms

The following forms have been prepared using the North Carolina General Statutes as a guide. These forms may or may not be appropriate for your particular situation. These materials should not be used as a substitute for consultation with an experienced attorney. Nothing herein constitutes the rendering of legal advice.

**NOTICE OF CLAIM OF LIEN UPON FUNDS
BY FIRST TIER SUBCONTRACTOR**

- TO: 1. OWNER:
2. GENERAL CONTRACTOR:

General description of real property where labor performed or material furnished:

General description of the undersigned Lien Claimant's contract, including the names and addresses of the parties thereto:

The amount of lien upon funds claimed pursuant to the above-described contract:

The undersigned Lien Claimant gives this Notice of Claim of Lien Upon Funds pursuant to North Carolina law and claims all rights of subrogation to which he is entitled under Part 2 of Article 2 of Chapter 44A of the General Statutes of North Carolina.

Dated: _____.

LIEN CLAIMANT

By: _____
ADDRESS
TELEPHONE NUMBER

**NOTICE OF CLAIM OF LIEN UPON FUNDS
BY SECOND TIER SUBCONTRACTOR**

- TO:
1. OWNER:

 2. GENERAL CONTRACTOR:

 3. FIRST TIER SUBCONTRACTOR AGAINST OR
THROUGH WHOM SUBROGATION IS CLAIMED:

General description of real property where labor performed or material furnished:

General description of the undersigned Lien Claimant's contract, including the names and addresses of the parties thereto:

The amount of lien upon funds claimed pursuant to the above-described contract:

The undersigned Lien Claimant gives this Notice of Claim of Lien Upon Funds pursuant to North Carolina law and claims all rights of subrogation to which he is entitled under Part 2 of Article 2 of Chapter 44A of the General Statutes of North Carolina.

Dated: _____

LIEN CLAIMANT

By: _____
ADDRESS
TELEPHONE NUMBER

**NOTICE OF CLAIM OF LIEN UPON FUNDS
BY THIRD TIER SUBCONTRACTOR**

- TO:
1. OWNER:

 2. GENERAL CONTRACTOR:

 3. FIRST TIER SUBCONTRACTOR AGAINST OR THROUGH WHOM SUBROGATION IS CLAIMED:

 4. SECOND TIER SUBCONTRACTOR AGAINST OR THROUGH WHOM SUBROGATION IS CLAIMED:

General description of real property where labor performed or material furnished:

General description of the undersigned Lien Claimant's contract, including the names and addresses of the parties thereto:

The amount of lien upon funds claimed pursuant to the above-described contract:

The undersigned Lien Claimant gives this Notice of Claim of Lien Upon Funds pursuant to North Carolina law and claims all rights of subrogation to which he is entitled under Part 2 of Article 2 of Chapter 44A of the General Statutes of North Carolina.

Dated: _____

LIEN CLAIMANT

By: _____
ADDRESS
TELEPHONE NUMBER

**NOTICE OF CLAIM OF LIEN UPON FUNDS
BY SUBCONTRACTOR
MORE REMOTE THAN THE THIRD TIER**

TO: PERSON HOLDING THE FUNDS AGAINST WHICH THE LIEN
 IS CLAIMED:

General description of real property where labor performed or material furnished:

General description of the undersigned Lien Claimant's contract, including the names
and addresses of the parties thereto:

The amount of lien upon funds claimed pursuant to the above-described contract:

The undersigned Lien Claimant gives this Notice of Claim of Lien Upon Funds pursuant
to North Carolina law and claims all rights to which he is entitled under Part 2 of Article
2 of Chapter 44A of the General Statutes of North Carolina.

Dated: _____

LIEN CLAIMANT

By: _____
ADDRESS
TELEPHONE NUMBER

NORTH CAROLINA

_____ **COUNTY**

NOTICE OF CONTRACT

1. Name and address of the Contractor:

2. Name and address of the owner of the real property at the time this Notice of Contract is recorded:

3. General description of the real property to be improved (street address, tax map lot and block number, reference to recorded instrument, or any other description that reasonably identifies the real property):

4. Name and address of the person, firm or corporation filing this Notice of Contract:

Dated: _____

CONTRACTOR

Filed this the _____ day of _____, 20__

Clerk of Superior Court

NOTICE OF SUBCONTRACT

1. Name and address of the Subcontractor:

2. General description of the real property where the labor was performed or the material was furnished (street address, tax map lot and block number, reference to recorded instrument, or any description that reasonably identifies the real property):

3.
 - (i) General description of the Subcontractor's contract, including the names of the parties thereto:

 - (ii) General description of the labor and material performed and furnished thereunder:

4. Request is hereby made by the undersigned subcontractor that he be notified in writing by the contractor of, and within 5 days following, each subsequent payment by the contractor to the first tier subcontractor for labor performed or material furnished at the improved real property within the above descriptions of such in paragraph 2 and subparagraph 3(ii), respectively, the date payment was made and the period for which payment is made.

Dated: _____

SUBCONTRACTOR

NORTH CAROLINA

_____ **COUNTY**

CLAIM OF LIEN ON REAL PROPERTY

1. Name and address of person claiming the lien:

2. Name and address of record Owner of the real property claimed to be subject to the lien at the time the claim of lien is filed:

3. Description of the real property upon which the lien is claimed:

4. Name and address of the person with whom the Claimant contracted for the furnishing of labor or materials:

5. Date upon which labor or materials were first furnished upon said property by the Claimant:

- 5a. Date upon which labor or materials were last furnished upon said property by the Claimant:

6. General description of the labor performed or materials furnished and the amount claimed therefor:

****IF FILED ON BEHALF OF A SUBCONTRACTOR, ADD THIS PARAGRAPH:****

Lien Claimant claims a right of subrogation to the lien held by the General Contractor on the real property. In addition, a copy of the Notice of Claim of Lien Upon Funds served on the Owner pursuant to N.C.G.S. § 44A-18 et seq., with accompanying affidavit of proof of service, is attached hereto as Exhibit A, and Lien Claimant believes that the Owner has or may become personally liable to Lien Claimant by paying funds to the General Contractor following receipt of the Notice of Claim of Lien Upon Funds.

Dated: _____

LIEN CLAIMANT

By: _____

