



NORTH CAROLINA LICENSING BOARD
FOR GENERAL CONTRACTORS

NCLBGC 2024 Mandatory Course

What Licensed General Contractors Need to Know

Module 1

Welcome and Introduction

Introduction Video

Course Modules and Learning Objectives

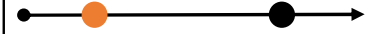


Module 1

Welcome and Introduction

Introduction Video





Welcome Video

Module 1

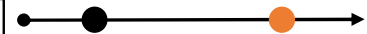
Welcome and Introduction

Introduction Video

Course Modules and Learning Objectives



Module 1 Start



End

Course Modules

Module 1 Welcome and Introduction

Module 2 NC Laws and Regulation Updates

Module 3 NC Lien Laws

Module 4 Common License Violations

Module 5 Conclusion



Module 2

NC Laws and Regulations Updates

**Building Code Council
Bill and Other
Amendments to Statutes**

**Administrative Code or
Rule Changes**



Module 2

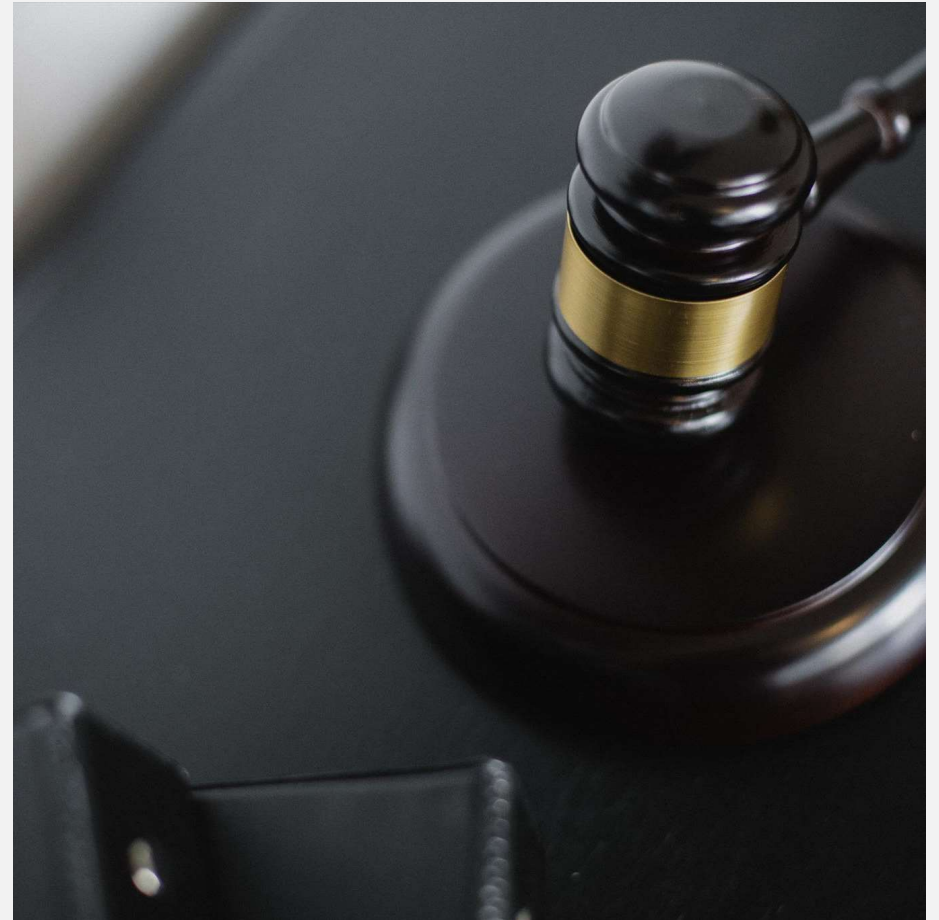
NC Laws and Regulations Updates

**Building Code Council
Bill and Other
Amendments to Statutes**

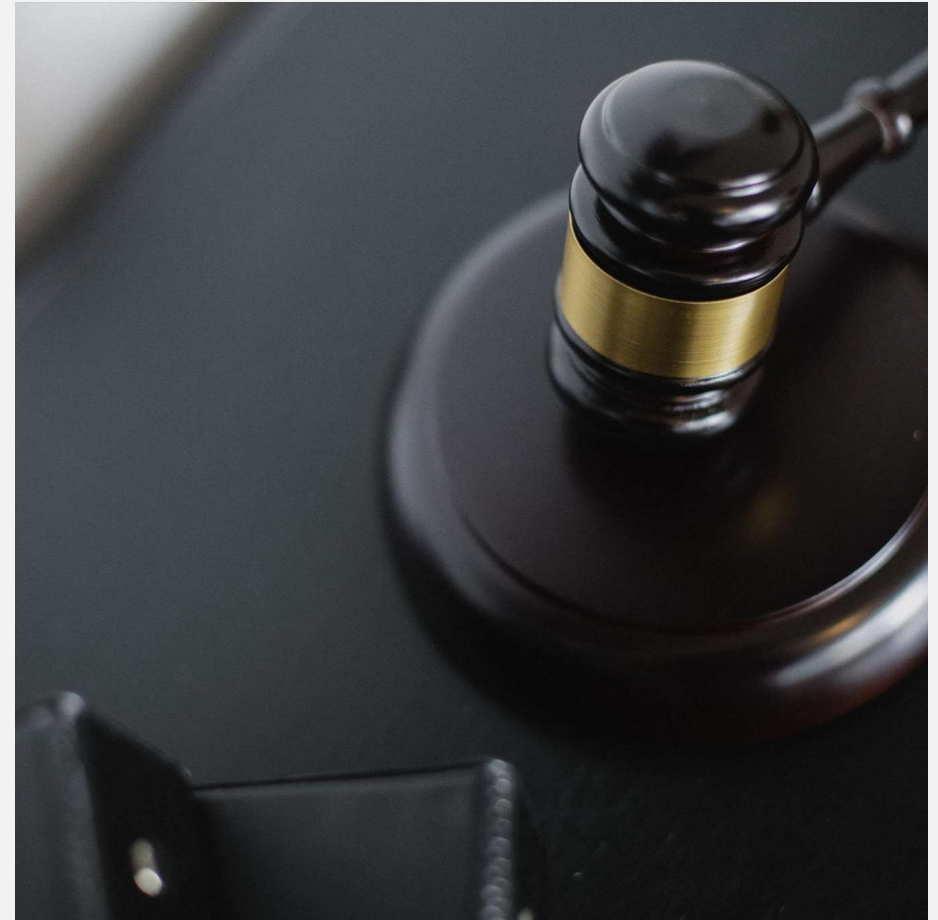
Building Code Council
Reorganization

Creation Of The
Residential Code Council

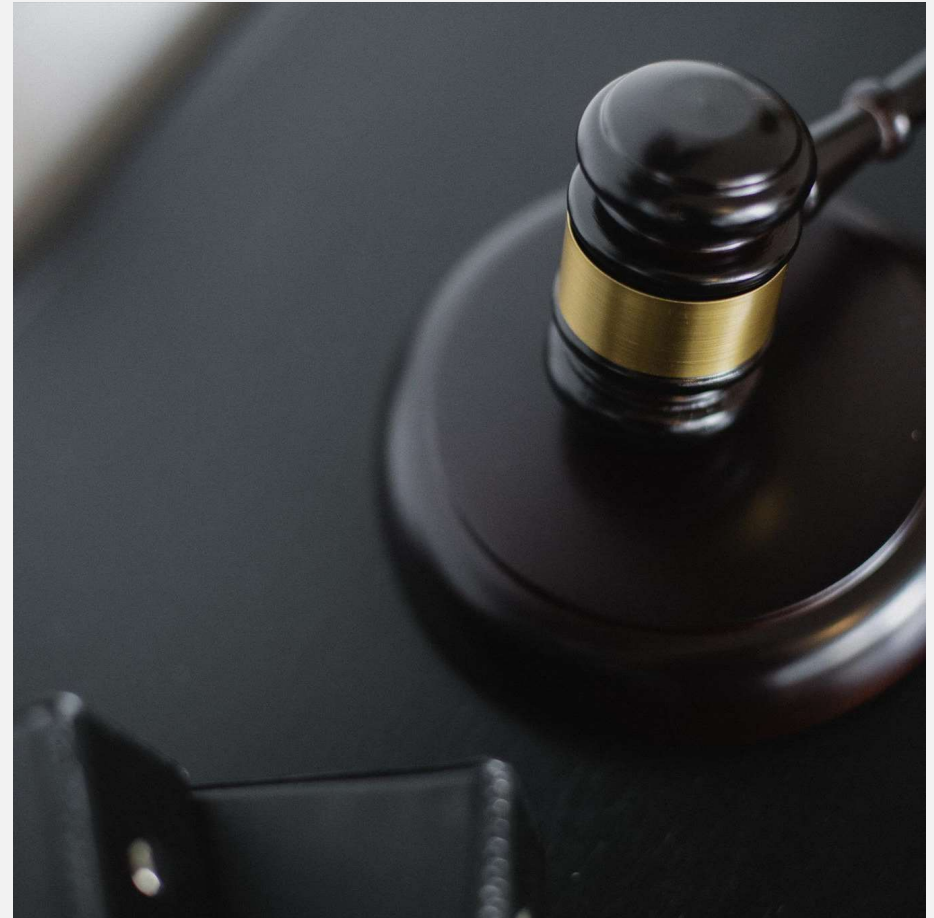
Clarify Statutory References
To The North Carolina State
Building Code



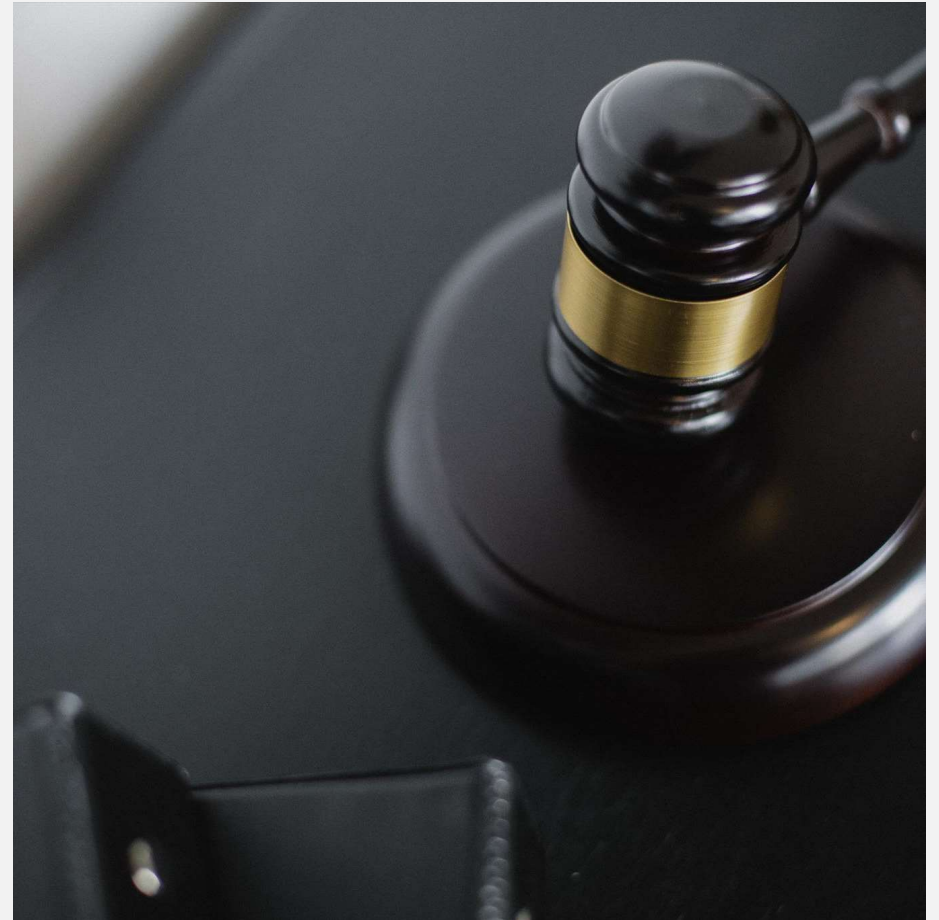
Modify Permit Exemptions and
Restrictions with Related general
contractor Licensure and
Conforming Changes



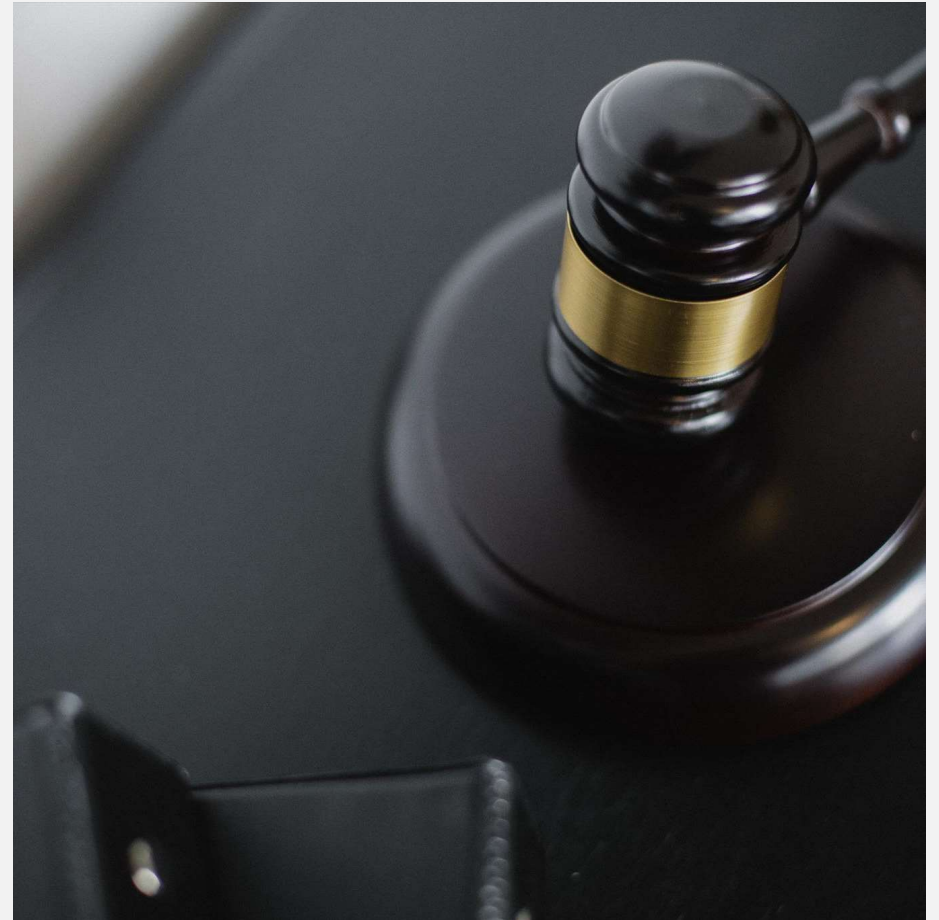
Exterior Sheathing Inspections Prohibited



Amend the Residential Code to Include Three-And Four-Family Dwellings



Clarify Fee Calculation For Erosion And Sedimentation Control Plan Review





Module 2

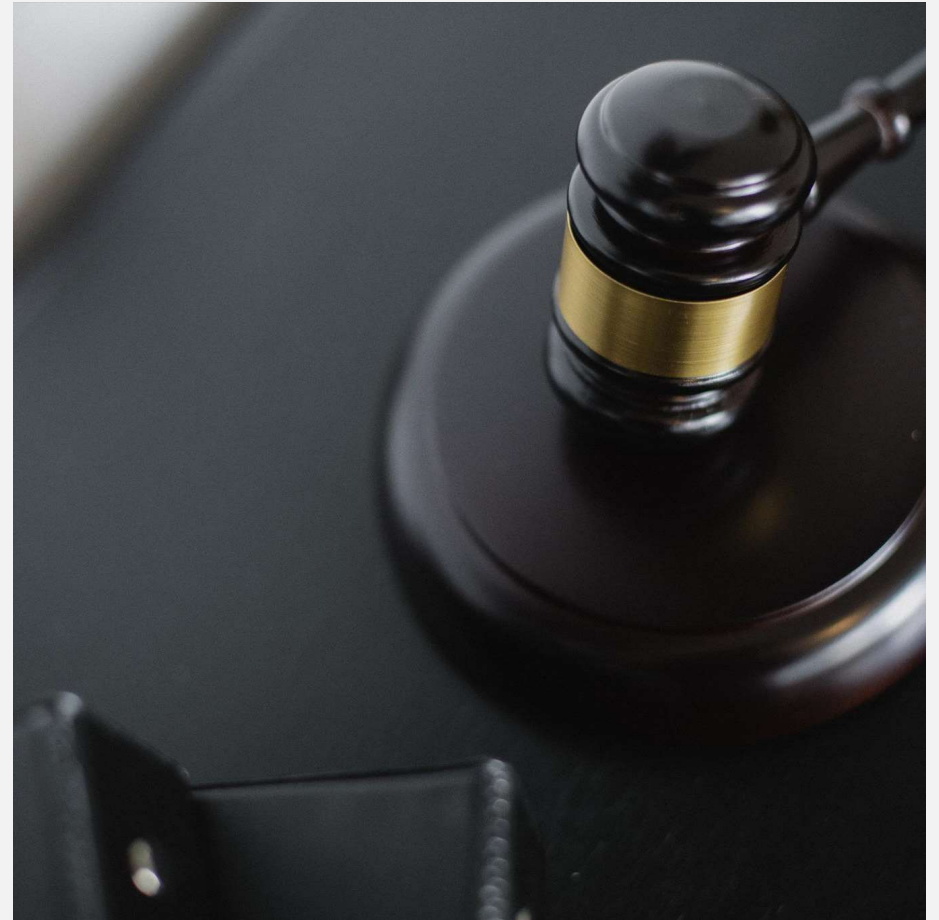
NC Laws and Regulations Updates

**Building Code Council
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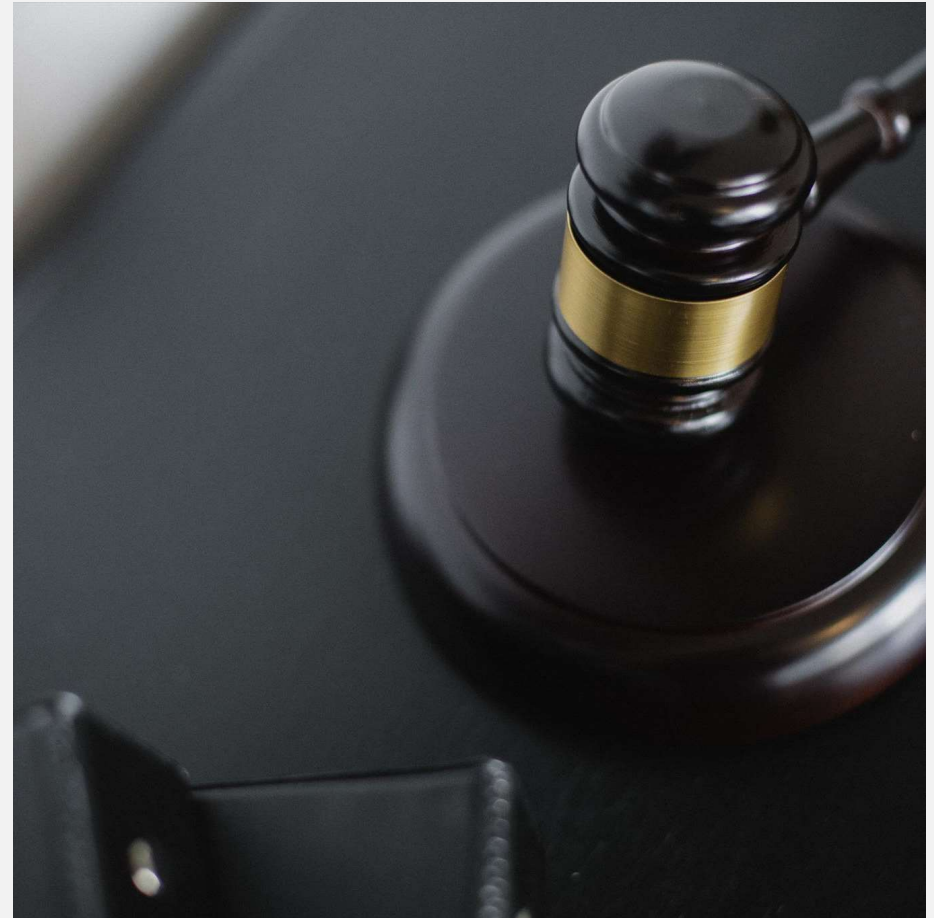
Classification - (N) S(Roofing)

21 NCAC 12A .0202



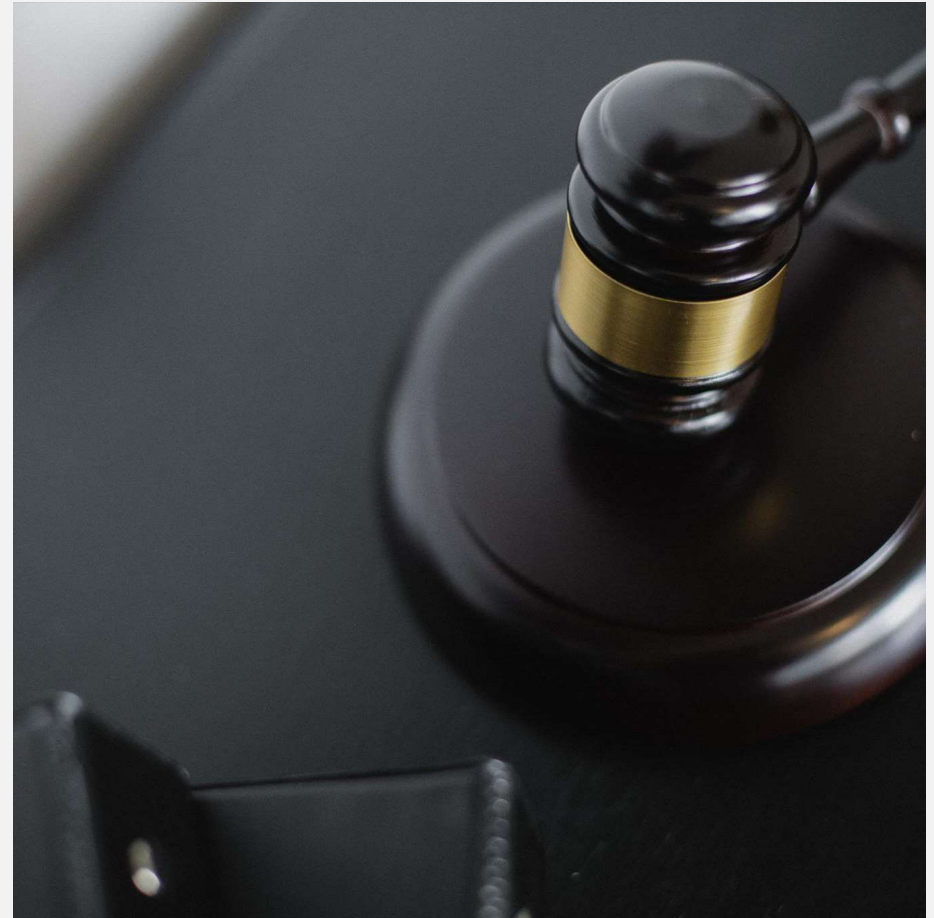
Character References

21 NCAC 12A .0308



Witnesses

21 NCAC 12A .0828



Module 3

NC Lien Laws

Notice of
Contract

Lien
Agent

Subordination
Agreements



Claim of Lien on
Real Property



Lien
Waivers

Perfect and
Enforce a Lien

Claim of Lien
Upon Funds

Discharging
Liens



Module 3

NC Lien Laws

**Notice of
Contract**



Notice of Contract

General Statute 44A-23



Notice of Contract

Question

How do you proceed to
file a Notice of
Contract?

**Select the correct
answer.**

A

The owner or general contractor files the Notice of Contract with the Clerk of Superior Court within 30 days of signing the contract or obtaining the first building permit.

B

The owner or general contractor files the Notice of Contract with the Clerk of Superior Court before obtaining the first building permit.

C

The owner or general contractor serves the owner the Notice of Contract by certified mail within 30 days of signing the contract or obtaining the first building permit.

D

The owner or general contractor files the Notice of Contract with the Register of Deeds within 30 days of signing the contract or obtaining the first building permit.

Question

How do you proceed if you are served a Notice of Subcontract?

Select the correct answer.

A

The contractor must serve a written notice of payment upon all second and third-tier subcontractors who have served a Notice of Subcontract within 5 days of each payment to the first-tier subcontractor.

B

The contractor must file a written notice of payment to the Clerk of Superior Court within 5 days of each payment to the first-tier subcontractor.

C

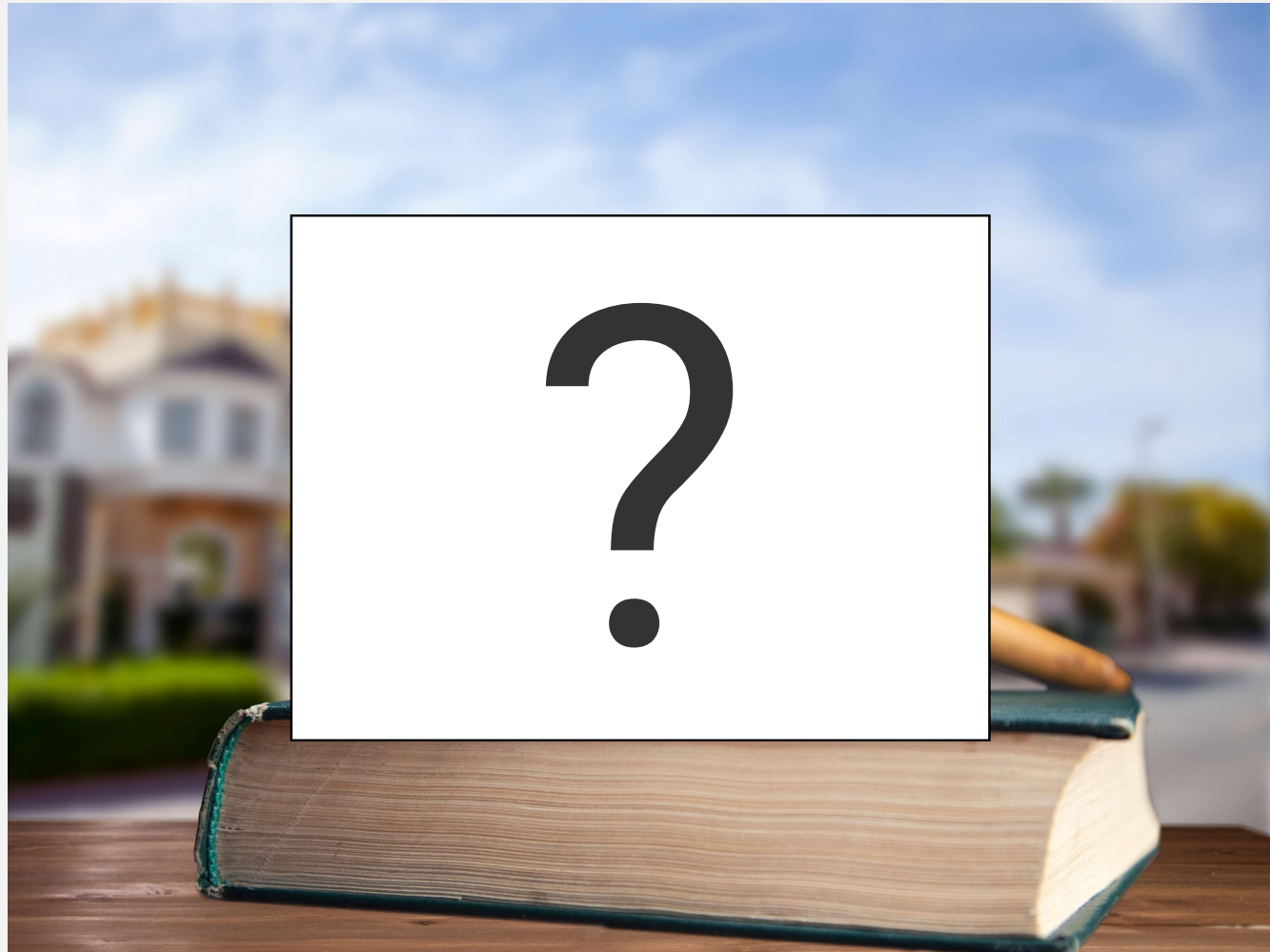
The contractor must forward the Notice of Subcontract to the Clerk of Superior Court within 5 days of receiving the Notice of Subcontract.

D

The contractor must forward the Notice of Subcontract to the first-tier subcontractor within 5 days of receiving the Notice of Subcontract.

Question

What **information**
should be included in a
Notice of Contract?





Best Practices

Ensure you always properly identify the owner and the ownership interests in your **Notice of Contract**.

Take advantage of this tool. Set up a reminder in your payables to timely serve notices of payment to all subcontractors and suppliers who have served you with a **Notice of Subcontract**.

Module 3

NC Lien Laws

**Notice of
Contract**

**Lien
Agent**

Lien Agent

General Statute 44A Article 2



Lien Agent

Question

When is a Lien Agent required?

Select the correct answer.

A

A Lien Agent is not required for projects over \$40,000.

B

A Lien Agent is only required for projects under \$40,000.

C

A Lien Agent is only required for projects over \$40,000.

D

A Lien Agent is required for all projects.

Question

How long after the appointment of a Lien Agent, do contractors and subcontractors have to file a Notice to Lien Agent to preserve all of their lien rights?

Select the correct answer.

A

Contractors and subcontractors must file a Notice to Lien Agent within 15 days of their first furnishing of labor, materials, services and equipment.

B

Contractors and subcontractors must file a Notice to Lien Agent within 15 days after a lien Agent is appointed or before the property is sold, refinanced or transferred.

C

Contractors and subcontractors can file a Notice to Lien Agent at any time during the project.

D

Contractors and subcontractors must file a Notice to Lien Agent after the first 15 days of furnishing labor, materials, services and equipment.

Question

Failure to file and serve a Notice to Lien Agent will only affect a lien claim if the property is sold, refinanced or transferred prior to notice being given.

Is this statement true or false?





Residential Nuances

In a residential scenario, due to the lower amount of potential lien claimants involved in a project, the Lien Agent will have **less notices to record and manage.**



Best Practices

Always file a Notice to Lien Agent to preserve your lien rights.

File the notice **even if you forget** to do so at the beginning of your work.

Module 3

NC Lien Laws

**Notice of
Contract**

**Lien
Agent**

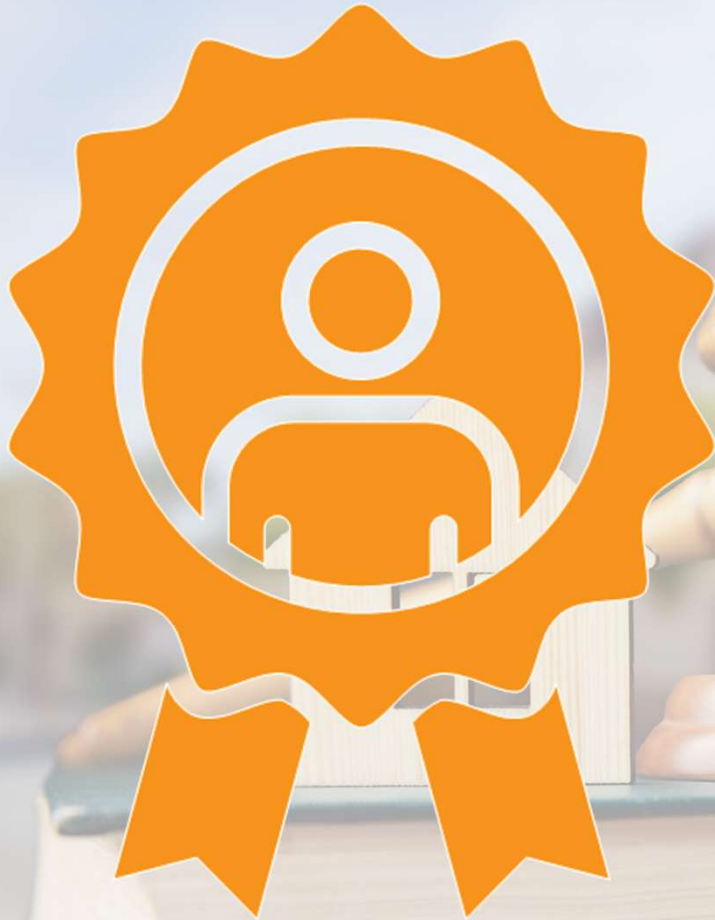
**Subordination
Agreements**



Residential Nuances

In residential construction, it may be possible to have the client not require a lender to fund the project, and **instead pay from their own budget.**

In this case, there wouldn't be a Lender's Subordination Agreement as there is no lender involved.



Best Practices

Read this agreement carefully and as best practice always have an attorney review all Agreements.

In the Lender's Subordination Agreement, in addition to giving the lender priority over your potential lien, you may be agreeing to perform the contract work for the lender if the project owner defaults, but without the lender being obligated to pay you for the outstanding pay apps the project owner may have failed to pay.

Module 3

NC Lien Laws

**Notice of
Contract**

**Lien
Agent**

**Subordination
Agreements**



Case Study 1

Background

Question

Who needs to file the Notice of Contract with the Clerk of Superior Court?

Select the best answer.



A

Only 123 Property Management Group can file the Notice of Contract.



B

Only TJ Commercial Builder Inc. can file the Notice of Contract.



C

Both 123 Property Management Group and TJ Commercial Builder Inc. can file the Notice of Contract.

Question

What is the deadline to file a Notice of Contract with the Clerk of Superior Court?

Select the best answer.

A

The deadline for filing a Notice of Contract with the Clerk of Superior Court is 30 days from the date the contract is signed or from the date the first building permit is issued, whichever is first.

B

The deadline for filing a Notice of Contract with the Clerk of Superior Court is 30 days from the date the contract is signed.

C

The deadline for filing a Notice of Contract with the Clerk of Superior Court is 30 days from the date the first building permit is issued.

D

The deadline for filing a Notice of Contract with the Clerk of Superior Court is 30 days from the date Tom signed the contract or from the date the first building permit is issued, whichever is later.

Question

In this scenario, does a Lien Agent need to be appointed?

Select the best answer.

A

Yes

B

No

Question

How long does TJ Commercial Builder Inc. have to serve a Notice to Lien Agent once a Lien Agent is appointed?

Select the best answer.



A

Once a Lien Agent is appointed, TJ Commercial Builder Inc. has 15 days to file a Notice to Lien Agent.



B

Once a Lien Agent is appointed, TJ Commercial Builder Inc. has 15 days to file a Notice to Lien Agent or before the property is sold, refinanced or transferred.



C

Once a Lien Agent is appointed, TJ Commercial Builder Inc. has 30 days to file a Notice to Lien Agent or before the property is sold, refinanced or transferred.

Case Study 1

Notice of Contract and Appointment of Lien Agent

Question

In this scenario, should the owner or general contractor provide the Lien Agent contact information for the subcontractors?

Select the best answer.



A

Yes



B

No

Case Study 1

Working With Subcontractors

Module 3

NC Lien Laws

Notice of
Contract

Lien
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Agreements



Lien
Waivers

Lien waivers

Lien waivers are used before a mechanic's lien is ever filed to waive the right to file a lien.

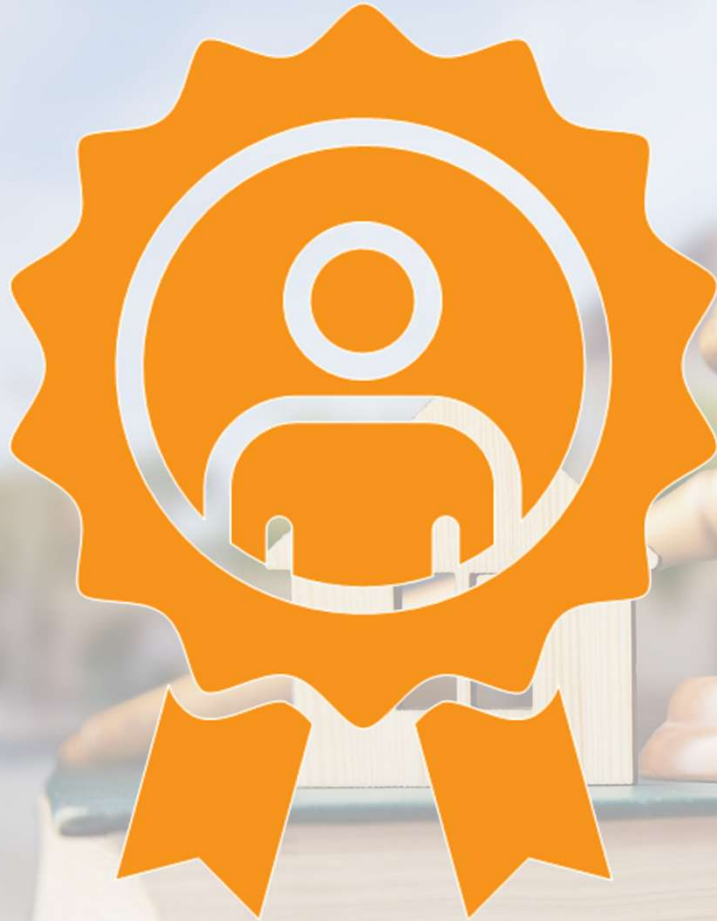


Lien Waivers



Residential Nuances

There is no difference in a residential scenario.



Best Practices

Be aware of what you are waiving.

In addition to waiving lien rights through the date of payment, you may also be waiving **ALL** claims you may have at that time, including delay claims and extra work claims.

Module 3

NC Lien Laws

**Notice of
Contract**

**Lien
Agent**

**Subordination
Agreements**



**Lien
Waivers**

Case Study 2

Background

Question

What is commonly submitted with a payment application?

Select the best answer.

A

A lien waiver

B

A Notice of Contract

C

A list of all first, second and third tier subcontractors

D

A notice of invoice

Question

What type of lien waiver should be used in this scenario and why?

Select the best answer.



A

A Final Lien Waiver, this document may surrender the claimant's legal right to additional payments.



B

A Partial Lien Waiver, this document surrenders the claimant's legal rights to the amount claimed if they receive payment.

Question

What amount should be listed on the Conditional Lien Waiver?

Select the best answer.



A

\$2,000,000 (The full amount of the project).



B

\$180,000 (Only the amount owed).



C

\$1,000,000 (Half the amount of the project).

Question

What statutory form is used when submitting a conditional lien waiver along with a payment application?

Select the best answer.



A

The Notice of Contract



B

The Notice to Lien Agent



C

There is no statutory form

Case Study 2

Lien Waiver

Question

What should Tom do once he receives payment of his invoice?

Select the best answer.

A

Tom should submit payment to both subcontractors per the invoices he received.

B

Tom should wait until the project is over to submit his payment for both invoices he received from subcontractors

C

Tom should submit payment to both subcontractors per the invoices he received and serve a notice of payment to the Lien Agent.

D

Tom should submit payment to both subcontractors per the invoices he received and serve a notice of payment to all 2nd and 3rd tier subcontractors hired by these two subcontractors who served Notices of Subcontract.

Case Study 2

Notice of Payment

Module 3

NC Lien Laws

Notice of
Contract

Lien
Agent

Subordination
Agreements

Claim of Lien on
Real Property

Case
Study

Lien
Waivers

Case
Study

Claim of Lien on Real Property

Cover all claims arising from contracts to improve Real Property.



Claim of Lien on Real Property

Module 3

NC Lien Laws

Notice of
Contract

Lien
Agent

Subordination
Agreements



Claim of Lien on
Real Property



Lien
Waivers

Perfect and
Enforce a Lien

How to Perfect and Enforce a Lien

The form of a Claim of Lien on Property is statutorily prescribed in General Statute 44A-12(c)

Pursuant to General Statute 44A-12(d), a Claim of Lien on Real Property cannot be amended



How to Perfect and Enforce a Lien

Question

What is the deadline for perfecting a lien?

Select the correct answer.

A

A Claim of Lien on Real Property must be filed no later than 120 days after the last furnishing of labor or materials at the site of the improvement by the person claiming the lien.

B

A Claim of Lien on Real Property must be filed no later than 180 days after the last furnishing of labor or materials at the site of the improvement by the person claiming the lien.

C

A Claim of Lien on Real Property must be filed no later than 160 days after the last furnishing of labor or materials at the site of the improvement by the person claiming the lien.

Question

What is the deadline for enforcing a lien?

Select the correct answer.

A

An action to enforce a Claim of Lien on Real Property may be commenced no later than 180 days after the contractor's last furnishing of labor or materials.

B

An action to enforce a Claim of Lien on Real Property may be commenced no later than 180 days after perfecting the Claim of Lien on Real Property.

C

An action to enforce a Claim of Lien on Real Property may be commenced no later than 120 days after the contractor's last furnishing of labor or materials.



Residential Nuances

Although the impact of missing a deadline and not enforcing the Claim of Lien on Real Property is a lot more damaging when managing a commercial project with a value of 20 million dollars.

It is just as important for residential general contractors to protect themselves even if the project value is less.

The mechanism is available. Use it.



Best Practices

Do not wait until the last day(s) before the deadlines expire to file the necessary lien documents.

Do not let the project owner lead you to believe you will be paid “tomorrow” only to discover you have missed a deadline and have lost the lien as a means to secure payment for work performed.

Module 3

NC Lien Laws

Notice of
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Claim of Lien on
Real Property



Lien
Waivers

Perfect and
Enforce a Lien

Claim of Lien
Upon Funds

Claim of Lien Upon Funds

General Statute 44A-18



Claim of Lien Upon Funds

Question

Claims of Liens Upon Funds
are filed with the clerk of
superior court.

**Is this statement true or
false?**





Residential Nuances

In a residential scenario, there are fewer parties involved. This lessens the possibility of being served with a notice of Claim of Lien Upon Funds.



Best Practices

Even if you withhold project funds from the first-tier subcontractor equal to the amount of the second-tier subcontractor's lien upon funds, you may be liable for making a “wrongful payment” if you pay ANY project funds to the first-tier subcontractor.

Module 3 NC Lien Laws

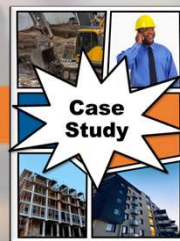
Notice of
Contract

Lien
Agent

Subordination
Agreements



Claim of Lien on
Real Property



Lien
Waivers

Perfect and
Enforce a Lien

Claim of Lien
Upon Funds

Discharging
Liens

Discharging Liens

General Statute 44A-16

Discharging Claim of Liens on Real
Property

General Statute 44A-20

Discharging Claim of Liens Upon Funds



Discharging Liens



Best Practices

Be sure when filing a surety bond to discharge a lien on Real Property or a lien upon funds that the terms of the bond **cover the full extent of the claimant's lien.**

Module 3

NC Lien Laws

Notice of
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Agent

Subordination
Agreements



Claim of Lien on
Real Property



Lien
Waivers

Perfect and
Enforce a Lien

Claim of Lien
Upon Funds

Discharging
Liens



Case Study 3

Background

Question

Can Tom pay the additional invoices totaling \$420,000 that he received from the other subcontractors on July 15th?

Select the best answer.



A

No. A Claim of Liens Upon Funds stops all flow of funds from the general contractor to all subcontractors in tiers above the claimant until the Claim of Lien Upon Funds is discharged.



B

Yes. A Claim of Lien Upon Funds stops flow of funds to only those subcontractors in the direct contract chain upstream from the lien claimant.

Question

Can 123 Property Management Group pay Tom for the invoice he sent them on July 15th?

Select the best answer.



A

No. A Claim of Lien Upon Funds stops all flow of funds from the owner to the general contractor until the Claim of Lien Upon Funds is discharged.



B

Yes. A Claim of Lien Upon Funds only stops flow from to the tiers between the lien claimant and the general contractors.



C

Yes. A Claim of Lien Upon Funds only stops flow of funds to the tiers below the lien claimant.

Case Study 3

Claim of Lien Upon Funds

Question

What options does Tom have to discharge the Notice of Claim of Liens Upon Funds?

Select all that apply.

A

Tom can contact 123 Excavation Inc. and request they pay ABC Diggers Inc. \$10,000 to discharge the Claim of Lien Upon Funds.

B

Tom can contact 123 Excavation Inc. and request they bond off the Claim of Lien Upon Funds with a cash bond or surety.

C

Tom can pay ABC Diggers Inc. directly and withhold the funds paid from 123 Excavation Inc. to discharge the Claim of Lien Upon Funds.

D

Tom can bond off the Claim of Lien Upon Funds himself with a cash bond or surety.

Case Study 3

Discharge Claim of Lien Upon Funds

Question



What should Tom do next?

Select the best answers.

A

Since this is a big project with high costs, the risk is too high to continue working. Tom should halt all further work immediately and contact his lawyer to perfect, file and enforce his Claim of Lien on Real Property.

B

Since this is a big project and good for his business, and 123 Property Management Group has promised payment, Tom should continue working. He hopes to get more work from them in the future if there are no legal battles.

C

Since this is a big project and good for his business, Tom should continue working to not delay the project. However, he should contact his lawyer to perfect and file a Claim of Lien on Real Property but not enforce it yet. After all, he has until 180 days after the last furnishings to enforce a Claim of Lien on Real Property.

Question

How long does Tom have to perfect and enforce his Claim of Lien on Real Property?

Select the best answer.

A

Tom has 120 days from the date of his last furnishings to perfect a Claim of Lien on Real Property and 180 days from the date of his last furnishings to enforce a Claim of Lien on Real Property.

B

Tom has 180 days from last furnishings to perfect a Claim of Lien on Real Property and 120 days from last furnishings to enforce a Claim of Lien on Real Property.

C

Tom has 180 days from last furnishings to perfect and enforce a Claim of Lien on Real Property.

D

Tom has 120 days from last furnishings to perfect and enforce a Claim of Lien on Real Property.

Case Study 3

Perfect, File and Enforce Claim of Lien on Real Property

Question

What are the owner's options available to have this Claim of Lien on Real Property discharged in this scenario? **Select all that apply.**

A

123 Property Management Group can pay the outstanding amount and Tom can acknowledge in person to the Clerk of Superior Court that 123 Property Management Group has paid the amount claimed.

B

123 Property Management Group can pay the outstanding amount and have the Clerk of Superior Court cancel the Claim of Lien on Real Property by providing the clerk a document signed by Tom acknowledging that the Claim of Lien on Real Property has been satisfied or paid.

C

123 Property Management Group can use a cash bond by depositing \$695,000 cash with the Clerk of Superior Court which is held in trust by the clerk of court until all disputes are resolved.

D

123 Property Management Group can use a surety bond by providing 125% of the amount claimed in the lien which is held in trust by the clerk of court until all disputes are resolved.

E

123 Property Management Group can use a surety bond by providing 5% of the amount claimed in the lien which is held in trust at the clerks of court until all disputes are resolved.

Case Study 3

Discharge Claim of Lien on Real Property

Module 4

Common License Violations

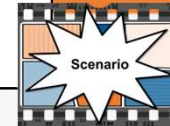
License Lending



Assumed Name



License Limitations



Failure to Include a License Number on Contract Bids



Failure to Obtain Proper Permits / Inspections

Module 4

Common License Violations

**License
Lending**



License Lending

General Statute 87-12



License Lending

Part 1

QUESTION

What should Susan do?

?



License Lending

Part 2

Module 4

Common License Violations

**License
Lending**



**Assumed
Name**



Assumed Name

21 NCAC 12A .0209



Assumed Name

Part 1

QUESTION

If Jim Beauford is a licensed general contractor, why is the NCLBGC alleging he is acting as an unlicensed general contractor on this contract?

?



QUESTION

What are Jim's options now?

?

Assumed Name

Part 2

Module 4

Common License Violations

**License
Lending**



**Assumed
Name**



**License
Limitations**



License Limitation

General Statute 87-10(a1)



License Limitations

Part 1

QUESTION

Based on the new estimated cost which now includes the upgrades, how should Juan proceed?

?



License Limitations

Part 2

Module 4

Common License Violations

License Lending



Assumed Name



License Limitations



Failure to Obtain Proper Permits / Inspections



Failure to Obtain Proper Permits and/or Inspections

General Statute 160D-1110



Failure to Obtain Proper Permits and/or Inspections

Part 1

QUESTION

What did Tony at ABC Construction Inc. do to face disciplinary action?

?



QUESTION

What are some other risks in this scenario.

?

Failure to Obtain Proper Permits and/or Inspections

Part 2

Module 4

Common License Violations

License Lending



Assumed Name



License Limitations



Failure to Include a License Number on Contract Bids



Failure to Obtain Proper Permits / Inspections

Failure to Include a License Number on Contract Bids

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Module 5

Conclusion

Closing Remarks

**Course Wrap Up and
Resources**



Module 5

Conclusion

Closing Remarks



Conclusion Video

Module 5

Conclusion

Closing Remarks

**Course Wrap Up and
Resources**



Course Wrap Up and Resources



NCLBGC website at
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