

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 714

Short Title: Surety Bond for Neighborhood Roads. (Public)

Sponsors: Representative Allen.

Referred to: Transportation, if favorable, Finance.

March 23, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE NEIGHBORHOOD DEVELOPERS AND SELLERS TO OBTAIN A
3 SURETY BOND IN FAVOR OF THE NEIGHBORHOOD HOMEOWNERS TO COVER
4 THE FIRST TEN YEARS OF REPAIR TO A PRIVATE STREET.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 136-102.6(f) reads as rewritten:

7 "§ 136-102.6. Compliance of subdivision streets with minimum standards of the Board of
8 Transportation required of developers.

9 ...

10 (f) Prior to entering any agreement or any conveyance with any prospective buyer, the
11 developer and seller shall prepare and sign, and the buyer of the subject real estate shall receive
12 and sign an acknowledgment of receipt of a separate instrument known as the subdivision
13 streets disclosure statement (hereinafter referred to as disclosure statement). Said disclosure
14 statement shall fully and completely disclose the status (whether public or private) of the street
15 upon which the house or lot fronts.

16 (1) Public street. – If the street is designated by the developer and seller as a
17 public street, the developer and seller shall certify that the right-of-way and
18 design of the street has been approved by the Division of Highways, and that
19 the street has been or will be constructed by the developer and seller in
20 accordance with the standards for subdivision streets adopted by the Board
21 of Transportation for acceptance on the highway system.

22 (2) Private street. – If the street is designated by the developer and seller as a
23 private street, the developer and seller shall include in the disclosure
24 statement an explanation of the consequences and responsibility as to
25 maintenance of a private street, and shall fully and accurately disclose the
26 party or parties upon whom responsibility for construction and maintenance
27 of such street or streets shall rest, including the limited duration of the surety
28 bond of the developer and seller, and shall further disclose that the street or
29 streets will not be constructed to minimum standards, sufficient to allow
30 their inclusion on the State highway system for maintenance. The disclosure
31 statement shall contain a duplicate original which shall be given to the
32 buyer. Written acknowledgment of receipt of the disclosure statement by the
33 buyer shall be conclusive proof of the delivery thereof. The developer and
34 seller shall obtain and file a surety bond with the clerk of superior court in
35 the county in which the subdivision is located. The bond shall be in favor of
36 the property owners to be served by the private street. The bond amount
37 shall be at least equal to the projected maintenance costs for the first 10



1 years of the private street's use, as determined by the Division of Highways.
2 The bond must be secured by two or more sureties. The bond shall remain in
3 force for 10 years after the construction of the private street. If any action by
4 the developer and seller reduces the liability of the surety, then the developer
5 and seller shall obtain a replacement surety bond to remain in force for 10
6 years after the date it is obtained."

7 **SECTION 2.** This act becomes effective October 1, 2009.