

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

**SESSION LAW 2008-139
HOUSE BILL 1284**

AN ACT TO PROVIDE THAT A CAUSE OF ACTION AGAINST A LOCAL GOVERNMENT ARISING OUT OF A CONTRACT TO IMPROVE REAL PROPERTY OTHERWISE BARRED BY THE STATUTE OF LIMITATIONS MAY BE COMMENCED NO LATER THAN NINETY DAYS AFTER SUBSTANTIAL COMPLETION OF THE CONSTRUCTION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 1-53(1) reads as rewritten:

"(1) An action against a local unit of government upon a contract, obligation or liability arising out of a contract, express or implied. Unless otherwise provided by law, if the preceding sentence of this subsection would bar commencement of a cause of action arising out of a contract to improve real property: (i) such an action may be brought no later than 90 days after substantial completion, provided proper notice of the claim has been given if required by contract, or (ii) if prior to substantial completion the contract was terminated by either party, such an action may be brought no later than 90 days after the date of termination of the contract. As used in this subdivision, 'substantial completion' has the same meaning as in G.S. 1-50(a)(5)c. This subdivision shall not apply to actions based upon bonds, notes and interest coupons or when a different period of limitation is prescribed by this Article."

SECTION 2. This act is effective when it becomes law, applies to actions filed on or after that date, and does not revive claims previously barred under G.S. 1-53(1).

In the General Assembly read three times and ratified this the 8th day of July, 2008.

s/ Beverly E. Perdue
President of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 8:21 p.m. this 28th day of July, 2008