

The Senate Banking and Financial Institutions Committee offered the following substitute to SB 363:

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 10 of Article 8 of Chapter 14 of Title 44 of the Official Code of Georgia
2 Annotated, relating to miscellaneous liens, so as to create a procedure for certain contractors
3 to receive information from a bank regarding availability and disbursement of funds relating
4 to real estate improvements; to provide for conditions and limitations; to provide for related
5 matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 SECTION 1.

8 Part 10 of Article 8 of Chapter 14 of Title 44 of the Official Code of Georgia Annotated,
9 relating to miscellaneous liens, is amended by adding a new Code section to read as follows:

10 "44-14-519.

11 (a) As used in this Code section, the term:

12 (1) 'Bank or lending institution' means a business providing a loan to an owner for
13 funding improvements to real property, and any purchaser or assignee of such loan.

14 (2) 'Contractor' means a person who contracts with an owner to provide construction
15 services for improvements to real property.

16 (3) 'Improvements' means:

17 (A) Clearing and grubbing;

18 (B) Grading;

19 (C) Sanitary sewer and services;

20 (D) Storm sewer;

21 (E) Water lines and services;

22 (F) Curb and gutter;

23 (G) Paving; and

24 (H) Erosion control and grassing.

25 (4) 'Notice of material default' means any notice delivered by the bank or lending
26 institution to the owner of a default of payment provisions or acceleration of the maturity

27 of any loan whose proceeds are the subject of a written verification provided for by
28 subsection (b) of this Code section.

29 (5) 'Owner' means a person who has an interest in the improved real property and who
30 contracted for the improvements to be made.

31 (b) Whenever an owner enters into a contract for improvements to real property in an
32 amount of \$20,000.00 or more which is to be paid in whole or in part from funds provided
33 by a bank or other lending institution, the owner, upon the request of the contractor, shall
34 provide to the contractor and to such bank or lending institution, prior to the
35 commencement of the contractor's work, a schedule of disbursements of such funds
36 applicable to the contractor's contracted services, and shall instruct the bank or lending
37 institution to provide to the contractor a written verification of the availability of funds
38 sufficient to satisfy such disbursement schedule. Thereafter, and for the term of such
39 contract, each such contractor shall be provided, in the same manner as the owner, a copy
40 of:

41 (1) Any notice of material default directed to the owner by the bank or lending institution
42 regarding any loan whose proceeds are the subject of such written verification; and

43 (2) Any notice of initiation of proceedings provided for in Code Section 44-14-162.2
44 regarding any property securing a loan whose proceeds are the subject of such written
45 verification."

46 **SECTION 2.**

47 This Act shall become effective on July 1, 2014.

48 **SECTION 3.**

49 All laws and parts of laws in conflict with this Act are repealed.