

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 685

Short Title: Authorize Maint. Bonds/Subdivision Streets. (Public)

Sponsors: Senator Smith (Primary Sponsor).

Referred to: Rules and Operations of the Senate

March 26, 2025

A BILL TO BE ENTITLED
AN ACT TO IMPLEMENT MAINTENANCE AND ACCEPTANCE GUARANTEES FOR
SUBDIVISION DEVELOPMENTS TO PREVENT THE CREATION OF
UNMAINTAINED PUBLICLY DEDICATED ROADS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 8 of Chapter 160D of the General Statutes is amended by adding a new section to read:

"§ 160D-804.2. Maintenance and acceptance guarantees for subdivision streets.

(a) To ensure proper maintenance of publicly dedicated subdivision roadways and compliance with G.S. 160D-804 and other development regulation requirements, a county may require posting of a maintenance guarantee, by the developer, for any publicly dedicated roadway to be transferred for public maintenance under G.S. 136-102.6 or under any applicable municipal ordinance.

(b) For purposes of this section, the following definitions apply:

(1) Administering entity. – The Board of Transportation or a municipality, whichever is applicable.

(2) Roadway system. – The State highway system or a municipal street system, as each is defined in G.S. 136-66.1, whichever is applicable.

(c) For purposes of this section, all of the following apply with respect to maintenance and acceptance guarantees:

(1) Type. – The type of maintenance and acceptance guarantee shall be at the election of the developer. The term "maintenance and acceptance guarantee" includes any of the following forms of guarantee:

a. Surety bond issued by any company authorized to do business in this State.

b. Letter of credit issued by any financial institution licensed to do business in this State.

c. Other forms of guarantee that provide equivalent security to a surety bond or letter of credit.

(2) Use. – Maintenance and acceptance guarantees shall only be used to ensure that a road or street meets the minimum standards set by the administering entity prior to acceptance to the applicable roadway system. Once the road or street meets all applicable requirements set by the administering entity, the developer may utilize the maintenance and acceptance guarantee to meet minimum standards for acceptance into the roadway system. If the developer is unable, as determined by the county, to ensure the road meets minimum



standards for acceptance, the county may utilize the maintenance and acceptance guarantee and bid, pursuant to Chapter 143 of the General Statutes, for the repair of the roadway using funds from the maintenance and acceptance guarantee in order to meet such minimum standards.

(3) Required acceptance. – If the road or street has not been accepted into the applicable roadway system for maintenance for a period of four years after the plat has been recorded in the office of the appropriate register of deeds, the administering entity shall automatically accept the road or street into its respective roadway system for maintenance.

(4) Petition. – Once the maintenance and acceptance guarantee has been used to ensure the road or street meets the minimum standards of the respective administering entity, the county shall submit a petition to the administering entity for road addition to its roadway system within five days of completed construction, in compliance with G.S. 136-102.6(d).

(5) Release. – The following apply to the return or release of any maintenance and acceptance guarantee established under this section:

a. The maintenance and acceptance guarantee shall be returned or released, as appropriate, including any funds not utilized, once the road or street has been accepted for maintenance by the administering entity, within 30 days of acceptance.

b. If the road or street is accepted pursuant to subdivision (3) of this subsection, the maintenance and acceptance guarantee shall be released by the county to the respective administering entity in an amount commensurate with the reasonable costs necessary for the road or street to meet minimum standards for acceptance into the respective roadway system. Any funds released under this sub-subdivision may be utilized absent any occupancy requirement.

(6) Amount. – The posted amount of the maintenance and acceptance guarantee shall be set by the county but shall not exceed twenty percent (20%) of the reasonably estimated total cost of construction for the road or street secured by the maintenance and acceptance guarantee, as determined by the county, of the transportation improvements at the time the guarantee is issued. If the maintenance and acceptance guarantee is not sufficient to cover the total costs to ensure that the road meets the standards set by the administering entity, the county or administering entity may use other funds to supplement the cost. When calculating the estimated total cost of construction for the road or street, the county shall include costs for labor and materials. Where applicable, the costs shall be based on unit pricing.

(7) Timing. – A county, at its discretion, shall require the maintenance and acceptance guarantee to be posted either at the time the plat is recorded or prior to recordation of the plat.

(8) Legal responsibilities. – No person shall claim any rights under or to any maintenance and acceptance guarantee provided pursuant to this section or in the proceeds of any such maintenance and acceptance guarantee other than the following:

a. The county for which the maintenance and acceptance guarantee is provided.

b. The developer at whose request or for whose benefit the maintenance and acceptance guarantee is given.

1 c. The person or entity issuing or providing the maintenance and
2 acceptance guarantee at the request of or for the benefit of the
3 developer.

4 d. The administering entity, pursuant to subdivision (3) of this
5 subsection.

6 (9) Multiple guarantees. – The developer shall have the option to post one type of
7 a maintenance and acceptance guarantee as provided for in subdivision (1) of
8 this subsection, in lieu of multiple bonds, letters of credit, or other equivalent
9 security, for all development matters related to the same project requiring
10 maintenance and acceptance guarantees."

11 **SECTION 2.** This act is effective when it becomes law.