

§ 58-1-20. Real property warranties.

(a) Any warranty relating to fixtures to real property issued by a person is a contract of insurance, except the following:

- (1) A warranty made by a builder or seller of the real property;
- (2) A warranty providing for the repair or replacement of the items covered by the warranty for defective parts and mechanical failure or resulting from ordinary wear and tear, and excluding from its coverage damage from recognizable perils, such as fire, flood, and wind, that neither relate to any defect in the items covered nor result from ordinary wear and tear.

(b) It is unlawful for any person to issue a warranty specified in subdivision (a)(2) of this section unless that person has posted a surety bond with the Secretary of State in the principal sum of not less than one hundred thousand dollars (\$100,000). The bond must be issued by a surety company licensed to do business in this State and is subject to the approval of the Secretary of State. Any person to whom the warranty is issued may institute an action to recover against the warrantor and the surety bond for any breach of warranty.

(c) Persons issuing real property warranties shall comply with the requirements of G.S. 66-373. (1979, c. 773, s. 1; 1987, c. 864, s. 9; 1991, c. 644, s. 43; 2003-290, s. 1(a); 2007-95, s. 8.)