

**RESOURCES**

## **North Carolina's Business Court Enjoins Lien Filing Service Company**

You may or may not have heard of Lienguard, Inc., a company that advertises that it files commercial mechanics liens, notices, public and federal bond claims as well as municipal liens throughout the United States. Lienguard was charging a flat fee of \$495 for the preparation and filing of a mechanics lien in North Carolina.

The North Carolina State Bar took issue with Lienguard's conduct and brought a suit alleging that Lienguard's conduct constituted the unauthorized practice of law. Last month, the North Carolina Business Court agreed with the State Bar and issued a Permanent Injunction against Lienguard. In general, the Injunction precludes Lienguard from preparing for or aiding another person, firm or corporation in the preparation of a lien in North Carolina or for use in North Carolina. The court carved out a narrow exception that allows Lienguard to "offer or provide a scrivener service that results in the production of a claim of lien, such service being limited to typing or writing exactly the information provided by the customer as dictated by the customer."

Lienguard is not the only vendor that has offered this type of service in North Carolina. Others include zlien, CRM Lien Services, Inc. and Lien Professor, LLC. While the Injunction issued by the court does not reference these other entities, you should expect the State Bar to seek a similar injunction against any non-lawyer soliciting, advertising or providing lien services in North Carolina or to North Carolina residents or entities.

At this point, it is unclear what, if any, impact this decision will have on the enforceability of a lien prepared by Lienguard or one of the other providers of such services. To avoid any potential problem with enforcing your liens, you should either have your attorney prepare the lien or prepare it yourself and have your attorney review it before filing.

If you have any questions or concerns regarding the filing of or enforcement of a mechanics lien in North Carolina, please do not hesitate to contact one of our construction attorneys.

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