

**38-10-113 Satisfaction of lien upon filing corporate surety bond or letter of credit -- Payment to lien claimant upon entry of judgment -- Filing -- Commencement time for action upon bond or undertaking.**

- (1) Any lien created under this chapter is satisfied and shall be cancelled upon the owner filing in recordable form, a corporate surety bond or letter of credit in an amount equal to 1-1/2 times the amount of the lien with the county recorder in any county where the notice of lien was filed.
- (2) The bond or letter of credit shall guarantee that upon entry of final judgment in favor of the lien claimant, the principal or its sureties shall pay the lien claimant the lesser of the judgment or the full amount of the bond or letter of credit.
- (3) The bond or undertaking may be filed any time prior to a final judgment in an action to foreclose the lien.
- (4) A certified copy of the bond or undertaking shall also be filed with the clerk of the district court in the county in which an action to foreclose the lien is filed or pending.
- (5) Upon the filing of the bond or letter of credit with the county recorder, the lien against the owner's interest shall be satisfied, and the security described in Subsection (1) shall be substituted.
- (6) A lien claimant whose lien has been satisfied by the substitution of the security described in Subsection (1) may bring an action upon the bond or undertaking. The action shall be commenced within the time prescribed in Subsection 38-10-106(1).

Enacted by Chapter 170, 1987 General Session