§ 54B-152. Real property encumbrances.

(a) Real property is deemed unencumbered within the meaning of this Chapter unless the security instrument thereon establishes a first lien upon such real property or interest therein.

(b) Notwithstanding the provisions of the immediately preceding subsection, real property is not deemed encumbered within the meaning of this Chapter merely by reason of the existence of:

(1) An instrument reserving a right-of-way, sewer rights, or rights in wells; or
(2) Building restrictions or other restrictive covenants; or
(3) A lease under which rents or profits are reserved by the owner; or
(4) Current taxes or assessments not yet payable; or
(5) Other encumbrances which, in accordance with sound lending practices in the locality, are not regarded as constituting defects in title to real property. (1981, c. 282, s. 3; 1999-179, s. 1.)