

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 1022

Short Title: Collaborative Law. (Public)

Sponsors: Representative Davis.

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Judiciary I

May 28, 2018

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENACT THE UNIFORM COLLABORATIVE LAW ACT, AS  
3 RECOMMENDED BY THE GENERAL STATUTES COMMISSION.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 1 of the General Statutes is amended by adding a new Article  
6 to read:

7 "Article 53.

8 "Uniform Collaborative Law Act.

9 **"§ 1-641. Short title.**

10 This Article may be cited as the Uniform Collaborative Law Act.

11 **"§ 1-642. Definitions.**

12 The following definitions apply in this Article:

- 13 (1) Collaborative law communication. – A statement, whether oral or in a record,  
14 or verbal or nonverbal, that does all of the following:  
15 a. Is made to conduct, participate in, continue, or reconvene a  
16 collaborative law process.  
17 b. Occurs after the parties sign a collaborative law participation  
18 agreement and before the collaborative law process is concluded.  
19 (2) Collaborative law participation agreement. – An agreement by persons to  
20 participate in a collaborative law process under this Article.  
21 (3) Collaborative law process. – A procedure intended to resolve a collaborative  
22 matter without intervention by a tribunal in which persons do all of the  
23 following:  
24 a. Sign a collaborative law participation agreement.  
25 b. Are represented by collaborative lawyers.  
26 (4) Collaborative lawyer. – A lawyer who represents a party in a collaborative  
27 law process.  
28 (5) Collaborative matter. – A dispute, transaction, claim, problem, or issue for  
29 resolution, including a dispute, claim, or issue in a proceeding, which is  
30 described in a collaborative law participation agreement.  
31 (6) Law firm. – Any of the following:  
32 a. Lawyers who practice law together in a partnership, professional  
33 corporation, sole proprietorship, limited liability company, or  
34 association.



1                    b. Lawyers employed in a legal services organization, or the legal  
2                    department of a corporation or other organization, or the legal  
3                    department of a government or governmental subdivision, agency, or  
4                    instrumentality.

5                    (7) Nonparty participant. – A person, other than a party and the party's  
6                    collaborative lawyer, that participates in a collaborative law process.

7                    (8) Party. – A person that signs a collaborative law participation agreement and  
8                    whose consent is necessary to resolve a collaborative matter.

9                    (9) Person. – An individual, corporation, business trust, estate, trust, partnership,  
10                    limited liability company, association, joint venture, public corporation,  
11                    government or governmental subdivision, agency, or instrumentality, or any  
12                    other legal or commercial entity.

13                    (10) Proceeding. – Any of the following:

14                    a. A judicial, administrative, arbitral, or other adjudicative process  
15                    before a tribunal, including related prehearing and post-hearing  
16                    motions, conferences, and discovery.

17                    b. A legislative hearing or similar process.

18                    (11) Prospective party. – A person that discusses with a prospective collaborative  
19                    lawyer the possibility of signing a collaborative law participation agreement.

20                    (12) Record. – Information that is inscribed on a tangible medium or that is stored  
21                    in an electronic or other medium and is retrievable in perceivable form.

22                    (13) Related to the collaborative matter. – Involving the same transaction or  
23                    occurrence, nucleus of operative fact, dispute, claim, or issue as the  
24                    collaborative matter.

25                    (14) Sign. – With present intent to authenticate or adopt a record to do any of the  
26                    following:

27                    a. Execute or adopt a tangible symbol.

28                    b. Attach to or logically associate with the record an electronic symbol,  
29                    sound, or process.

30                    (15) Tribunal. – Any of the following:

31                    a. A court, arbitrator, administrative agency, or other body acting in an  
32                    adjudicative capacity which, after presentation of evidence or legal  
33                    argument, has jurisdiction to render a decision affecting a party's  
34                    interests in a matter.

35                    b. A legislative body conducting a hearing or similar process.

36 **"§ 1-643. Applicability; restrictions.**

37                    (a) Except as provided in subsection (b) of this section, this Article applies to a  
38                    collaborative law participation agreement that meets the requirements of G.S. 1-644 signed on  
39                    or after the effective date of this act.

40                    (b) This Article does not apply to any claim or proceeding arising under Chapter 35A,  
41                    35B, or 50 of the General Statutes.

42                    (c) Minors, unborn individuals, and individuals who are incompetent shall not be parties  
43                    to a collaborative law process.

44 **"§ 1-644. Collaborative law participation agreement; requirements.**

45                    (a) A collaborative law participation agreement must meet all of the following  
46                    requirements:

47                    (1) Be in a record.

48                    (2) Be signed by the parties and their collaborative lawyers.

49                    (3) State the parties' intention to resolve a collaborative matter through a  
50                    collaborative law process under this Article.

51                    (4) Describe the nature and scope of the collaborative matter.

- 1           (5) Identify the collaborative lawyer who represents each party in the  
2           collaborative law process.  
3           (6) Contain a statement by each collaborative lawyer confirming the collaborative  
4           lawyer's representation of a party in the collaborative law process.  
5           (7) State that the collaborative lawyers are disqualified from representing their  
6           respective parties in a proceeding before a tribunal related to the collaborative  
7           matter, except as provided in G.S. 1-647, 1-649(c), 1-650, or 1-651.  
8           (8) Provide an address for each party where any notice required under this Article  
9           may be sent.

10       (b) Parties may agree to include in a collaborative law participation agreement additional  
11 provisions not inconsistent with this Article.

12 **"§ 1-645. Beginning and concluding collaborative law process; tolling of time periods.**

13       (a) Participation in a collaborative law process is voluntary. A collaborative law process  
14 begins when the parties sign a collaborative law participation agreement.

15       (b) A tribunal shall not order a person to participate in a collaborative law process over  
16 that person's objection.

17       (c) A collaborative law process is concluded by any of the following:

18           (1) Resolution of a collaborative matter as evidenced by a signed record.

19           (2) Resolution of a part of the collaborative matter, evidenced by a signed record,  
20 in which the parties agree that the remaining parts of the collaborative matter  
21 will not be resolved in the collaborative law process.

22           (3) Termination of the process.

23       (d) A collaborative law process terminates upon the occurrence of any of the following:

24           (1) When a party or collaborative lawyer gives notice to all other parties in a  
25 record that the collaborative law process is ended.

26           (2) When a party does any of the following:

27               a. Begins a proceeding related to the collaborative matter without the  
28 agreement of all parties, except as provided in G.S. 1-647.

29               b. In a pending proceeding related to the collaborative matter, does any  
30 of the following:

31                   1. Without the agreement of all parties, initiates a pleading,  
32 motion, order to show cause, or request for a conference with  
33 the tribunal, except as provided in G.S. 1-647.

34                   2. Requests that the proceeding be put on the tribunal's active  
35 calendar.

36           (3) Except as otherwise provided in subsection (g) of this section, when a party  
37 discharges a collaborative lawyer or a collaborative lawyer withdraws from  
38 further representation of a party.

39       (e) A party's collaborative lawyer shall give prompt notice to all other parties in a record  
40 of a discharge or withdrawal.

41       (f) A party may terminate a collaborative law process with or without cause.

42       (g) Notwithstanding the discharge or withdrawal of a collaborative lawyer, a  
43 collaborative law process continues, if not later than 30 days after the date that the notice of the  
44 discharge or withdrawal of a collaborative lawyer required by subsection (e) of this section is  
45 sent to the parties, all of the following occur:

46           (1) The unrepresented party engages a successor collaborative lawyer.

47           (2) In a signed record, all of the following occur:

48               a. The parties consent to continue the collaborative law process by  
49 reaffirming the collaborative law participation agreement.

50               b. The collaborative law participation agreement is amended to identify  
51 the successor collaborative lawyer.

1                   c.     The successor collaborative lawyer confirms the lawyer's  
2                   representation of a party in the collaborative law process and  
3                   adherence to the collaborative law participation agreement.

4           (h)     A collaborative law process does not conclude if, with the consent of the parties, a  
5     party requests a tribunal to approve a resolution of the collaborative matter or any part thereof as  
6     evidenced by a signed record.

7           (i)     A collaborative law participation agreement may provide additional methods of  
8     concluding a collaborative law process.

9           (j)     A collaborative law participation agreement tolls all legal time periods applicable to  
10    legal rights and issues under law between the parties from the time the parties sign a collaborative  
11    law participation agreement until terminated as set forth in this subsection. This subsection  
12    applies to any applicable statutes of limitations, statutes of repose, filing deadlines, or other time  
13    limitations imposed by law, court rule, or court order. The tolling period continues until  
14    terminated by any party delivering notice to all other parties of an intent to terminate the tolling  
15    period. The notice shall be delivered by hand delivery or by certified mail, return receipt  
16    requested, to all other parties, and the tolling period terminates 30 days after receipt by the last  
17    party to receive the notice.

18    **"§ 1-646. Proceedings pending before tribunal; status report.**

19           (a)     Persons in a proceeding pending before a tribunal may sign a collaborative law  
20    participation agreement to seek to resolve a collaborative matter related to the proceeding. The  
21    parties shall file promptly with the tribunal a notice of the collaborative law participation  
22    agreement after it is signed. Subject to subsection (c) of this section and G.S. 1-647 and  
23    G.S. 1-648, the filing operates as a stay of the proceeding as to the parties in the collaborative  
24    law process as long as the parties are in that process.

25           (b)     The parties shall file promptly with the tribunal notice in a record when a collaborative  
26    law process concludes. The stay of the proceeding under subsection (a) of this section is lifted  
27    when the notice is filed. The notice shall not specify any reason for termination of the  
28    collaborative law process.

29           (c)     A tribunal in which a proceeding is stayed under subsection (a) of this section may  
30    require the parties and collaborative lawyers to provide a status report on the collaborative law  
31    process and the proceeding. A status report may include only information on whether the  
32    collaborative law process is ongoing or concluded. It shall not include a report, assessment,  
33    evaluation, recommendation, finding, or other communication regarding a collaborative law  
34    process or collaborative matter.

35           (d)     A tribunal shall not consider a communication made in violation of subsection (c) of  
36    this section.

37           (e)     A tribunal shall provide parties notice and an opportunity to be heard before  
38    dismissing a proceeding in which a notice of collaborative law process is filed based on delay or  
39    failure to prosecute.

40    **"§ 1-647. Emergency order.**

41           During a collaborative law process, a party may begin a proceeding and a tribunal may issue  
42    emergency orders upon motion of a party in that or an already pending proceeding to protect the  
43    health, safety, welfare, or interest of a party or otherwise preserve the status quo.

44    **"§ 1-648. Approval of agreement by tribunal.**

45           A tribunal may approve an agreement resulting from a collaborative law process.

46    **"§ 1-649. Disqualification of collaborative lawyer and lawyers in associated law firm.**

47           (a)     Except as otherwise provided in subsection (c) of this section and G.S. 1-647, a  
48    collaborative lawyer is disqualified from appearing before a tribunal to represent a party in a  
49    proceeding related to the collaborative matter.

50           (b)     Except as otherwise provided in subsection (c) of this section and G.S. 1-647, 1-650,  
51    and 1-651, a lawyer in a law firm with which the collaborative lawyer is associated is disqualified

1 from appearing before a tribunal to represent a party in a proceeding related to the collaborative  
2 matter if the collaborative lawyer is disqualified from doing so under subsection (a) of this  
3 section.

4 (c) A collaborative lawyer or a lawyer in a law firm with which the collaborative lawyer  
5 is associated may represent a party to do any of the following:

6 (1) To ask a tribunal to approve an agreement resulting from the collaborative law  
7 process.

8 (2) To seek or defend an emergency order in either a pending or newly filed  
9 proceeding to protect the health, safety, welfare, or interest of a party, or  
10 otherwise preserve the status quo.

11 (d) If subdivision (c)(2) of this section applies, a collaborative lawyer, or lawyer in a law  
12 firm with which the collaborative lawyer is associated, may continue to represent a party:

13 (1) Until the party is represented by a successor lawyer or for no more than 30  
14 days after the date any action is taken under subdivision (c)(2) of this section,  
15 whichever occurs first; or

16 (2) If the parties consent to continue the collaborative law process subject to any  
17 emergency order which may have been entered, in which event, any  
18 proceeding as referenced in subdivision (c)(2) of this section shall be stayed  
19 as provided in G.S. 1-646.

20 **"§ 1-650. Low-income parties.**

21 (a) The disqualification under G.S. 1-649(a) applies to a collaborative lawyer  
22 representing a party with or without fee.

23 (b) After a collaborative law process concludes, another lawyer in a law firm with which  
24 a collaborative lawyer disqualified under G.S. 1-649(a) is associated may represent a party  
25 without fee in the collaborative matter or a matter related to the collaborative matter if all of the  
26 following apply:

27 (1) The party has an annual income that qualifies the party for free legal  
28 representation under the criteria established by the law firm for free legal  
29 representation.

30 (2) The collaborative law participation agreement so provides.

31 (3) The collaborative lawyer is isolated from any participation in the collaborative  
32 matter or a matter related to the collaborative matter through procedures  
33 within the law firm which are reasonably calculated to isolate the collaborative  
34 lawyer from such participation.

35 **"§ 1-651. Governmental entity as party.**

36 (a) The disqualification under G.S. 1-649(a) applies to a collaborative lawyer  
37 representing a party that is a government or governmental subdivision, agency, or  
38 instrumentality.

39 (b) After a collaborative law process concludes, another lawyer in a law firm with which  
40 the collaborative lawyer is associated may represent a government or governmental subdivision,  
41 agency, or instrumentality in the collaborative matter or a matter related to the collaborative  
42 matter if all of the following apply:

43 (1) The collaborative law participation agreement so provides.

44 (2) The collaborative lawyer is isolated from any participation in the collaborative  
45 matter or a matter related to the collaborative matter through procedures  
46 within the law firm which are reasonably calculated to isolate the collaborative  
47 lawyer from such participation.

48 **"§ 1-652. Disclosure of information.**

49 (a) Except as provided by subsection (b) of this section or by law other than this Article,  
50 during the collaborative law process, on the request of another party, a party shall make timely,  
51 full, candid, and informal disclosure of all relevant information related to the collaborative matter

1 without formal discovery. A party also shall update promptly previously disclosed information  
2 that has materially changed.

3 (b) The parties may define the scope and terms of the disclosure during the collaborative  
4 law process.

5 **"§ 1-653. Standards of professional responsibility not affected.**

6 This Article does not affect the professional responsibility, obligations, and standards  
7 applicable to a lawyer or other licensed professional, including rules governing the  
8 confidentiality of information acquired by a lawyer during the professional relationship with a  
9 client.

10 **"§ 1-654. Informed consent.**

11 Before a prospective party signs a collaborative law participation agreement, a prospective  
12 collaborative lawyer shall do all of the following:

13 (1) Assess with the prospective party factors the lawyer reasonably believes relate  
14 to whether a collaborative law process is appropriate for the prospective  
15 party's matter.

16 (2) Provide the prospective party with information that the lawyer reasonably  
17 believes is sufficient for the prospective party to make an informed decision  
18 about the material benefits and risks of a collaborative law process as  
19 compared to the material benefits and risks of other reasonably available  
20 alternatives for resolving the proposed collaborative matter, such as litigation,  
21 mediation, arbitration, or expert evaluation. The information provided shall  
22 include the respective rules regarding privilege and confidentiality that apply  
23 to each of the alternative means of resolving disputes.

24 (3) Advise the prospective party that:

25 a. After signing a collaborative law participation agreement, if a party  
26 initiates a proceeding or seeks tribunal intervention in a pending  
27 proceeding related to the collaborative matter, the collaborative law  
28 process terminates, except as provided in G.S. 1-647.

29 b. Participation in a collaborative law process is voluntary and any party  
30 has the right to terminate unilaterally a collaborative law process with  
31 or without cause.

32 c. The collaborative lawyer and any lawyer in a law firm with which the  
33 collaborative lawyer is associated shall not appear before a tribunal to  
34 represent a party in a proceeding related to the collaborative matter,  
35 except as authorized by G.S. 1-647, 1-649(c), 1-650(b), or 1-651(b).

36 **"§ 1-655. No liability for decision to participate.**

37 No person incurs liability, either individually or in any fiduciary, official, or other capacity,  
38 with regard to the person's decision to participate or not to participate in a collaborative law  
39 process.

40 **"§ 1-656. Confidentiality of collaborative law communication.**

41 A collaborative law communication shall not be disclosed to anyone other than a party, a  
42 party's collaborative lawyer, or a nonparty participant except to the extent agreed by the parties  
43 in a signed record or as provided by law of this State other than this Article.

44 **"§ 1-657. Privilege against disclosure for collaborative law communication; admissibility;**  
45 **discovery.**

46 (a) Subject to G.S. 1-658 and G.S. 1-659, a collaborative law communication is  
47 privileged under subsection (b) of this section, is not subject to discovery, and is not admissible  
48 in evidence.

49 (b) In a proceeding, the following privileges apply:

50 (1) A party may refuse to disclose, and may prevent any other person from  
51 disclosing, a collaborative law communication.

1           (2) A nonparty participant may refuse to disclose, and may prevent any other  
2           person from disclosing, a collaborative law communication of the nonparty  
3           participant.

4           (c) Evidence or information that is otherwise admissible or subject to discovery does not  
5           become inadmissible or protected from discovery solely because of its disclosure or use in a  
6           collaborative law process.

7 **"§ 1-658. Waiver and preclusion of privilege.**

8           (a) A privilege under G.S. 1-657 may be waived in a record or orally during a proceeding  
9           if it is expressly waived by all parties and, in the case of the privilege of a nonparty participant,  
10           it is also expressly waived by the nonparty participant.

11           (b) A person that makes a disclosure or representation about a collaborative law  
12           communication which prejudices another person in a proceeding shall not assert a privilege under  
13           G.S. 1-657, but this preclusion applies only to the extent necessary for the person prejudiced to  
14           respond to the disclosure or representation.

15 **"§ 1-659. Limits of privilege.**

16           (a) There is no privilege under G.S. 1-657 for a collaborative law communication that is  
17           any of the following:

18               (1) Available to the public under Chapter 132 of the General Statutes or made  
19               during a session of a collaborative law process that is open, or is required by  
20               law to be open, to the public.

21               (2) A threat or statement of a plan to inflict bodily injury or commit a crime of  
22               violence.

23               (3) Intentionally used to plan a crime, commit or attempt to commit a crime, or  
24               conceal an ongoing crime or ongoing criminal activity.

25               (4) In an agreement resulting from the collaborative law process, evidenced by a  
26               record signed by all parties to the agreement.

27           (b) The privileges under G.S. 1-657 for a collaborative law communication do not apply  
28           to the extent that a collaborative law communication is sought or offered to prove or disprove a  
29           claim or complaint of professional misconduct or malpractice arising from or related to a  
30           collaborative law process.

31           (c) There is no privilege under G.S. 1-657 if a tribunal finds, after a hearing in camera,  
32           that the party seeking discovery or the proponent of the evidence has shown the evidence is not  
33           otherwise available, the need for the evidence substantially outweighs the interest in protecting  
34           confidentiality, and the collaborative law communication is sought or offered in any of the  
35           following:

36               (1) A criminal action involving the prosecution of a felony.

37               (2) A proceeding seeking rescission or reformation of a contract arising out of the  
38               collaborative law process or in which a defense to avoid liability on the  
39               contract is asserted.

40           (d) If a collaborative law communication is subject to an exception under subsection (b)  
41           or (c) of this section, only the part of the collaborative law communication necessary for the  
42           application of the exception may be disclosed or admitted.

43           (e) Disclosure or admission of evidence excepted from the privilege under subsection (b)  
44           or (c) of this section does not make the evidence or any other collaborative law communication  
45           discoverable or admissible for any other purpose.

46           (f) The privileges under G.S. 1-657 do not apply if the parties agree in advance in a  
47           signed record or, if a record of a proceeding reflects agreement by the parties, that all or part of  
48           a collaborative law process is not privileged. This subsection does not apply to a collaborative  
49           law communication made by a person that did not receive actual notice of the agreement before  
50           the collaborative law communication was made.

51 **"§ 1-660. Authority of tribunal in case of noncompliance.**

1       (a) If an agreement fails to meet the requirements of G.S. 1-644 or a lawyer fails to  
2 comply with G.S. 1-654, a tribunal may nonetheless find that the parties intended to enter into a  
3 collaborative law participation agreement if they did both of the following:

4           (1) Signed a record indicating an intention to enter into a collaborative law  
5 participation agreement.

6           (2) Reasonably believed they were participating in a collaborative law process.

7       (b) If a tribunal makes the findings specified in subsection (a) of this section and the  
8 interests of justice require, the tribunal may do all of the following:

9           (1) Enforce an agreement evidenced by a record resulting from the collaborative  
10 law process in which the parties participated.

11           (2) Apply the disqualification provisions in G.S. 1-645, 1-646, 1-647, 1-649,  
12 1-650, and 1-651.

13           (3) Apply a privilege under G.S. 1-657.

14 **"§ 1-661. Alternative dispute resolution permitted.**

15       Nothing in this Article prohibits the parties from using, by mutual agreement, other forms of  
16 nonadversarial alternate dispute resolution, including mediation, to reach a settlement on any of  
17 the issues included in the collaborative law participation agreement. The parties' collaborative  
18 lawyers may also serve as counsel for any form of nonadversarial alternate dispute resolution  
19 pursued as part of the collaborative law participation agreement so long as it is not a proceeding  
20 as that term is defined in G.S. 1-642(10).

21 **"§ 1-662. Uniformity of application and construction.**

22       In applying and construing this uniform act, consideration must be given to the need to  
23 promote uniformity of the law with respect to its subject matter among states that enact it.

24 **"§ 1-663. Relation to Electronic Signatures in Global and National Commerce Act.**

25       This Article modifies, limits, or supersedes the federal Electronic Signatures in Global and  
26 National Commerce Act, 15 U.S.C. § 7001, et seq., but does not modify, limit, or supersede  
27 Section 101(c) of that Act, 15 U.S.C. § 7001(c), or authorize electronic delivery of any of the  
28 notices described in Section 103(b) of that Act, 15 U.S.C. § 7003(b)."

29       **SECTION 2.** If any provision of this act or its application to any person or  
30 circumstance is held invalid, the invalidity does not affect other provisions or applications of this  
31 act which can be given effect without the invalid provision or application, and, to this end, the  
32 provisions of this act are severable.

33       **SECTION 3.** The Revisor of Statutes shall cause to be printed, as annotations to the  
34 published General Statutes, all relevant portions of the Official Comments to the Uniform  
35 Collaborative Law Act and all explanatory comments of the drafters of this act as the Revisor  
36 may deem appropriate.

37       **SECTION 4.** This act becomes effective October 1, 2018.