

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-223
SENATE BILL 590

AN ACT TO CLARIFY THAT TERMINAL RENTAL ADJUSTMENT CLAUSES DO NOT
CREATE A SALE OR SECURITY INTEREST IN THE LEASED VEHICLE.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3 of Chapter 20 of the General Statutes is amended by adding
a new section to read:

**"§ 20-78.1. Terminal rental adjustment clauses; vehicle leases that are not sales or
security interests.**

Notwithstanding any other provision of law, a lease transaction does not create a sale or
security interest in a motor vehicle or trailer merely because the lease contains a terminal rental
adjustment clause that provides that the rental price is permitted or required to be adjusted up or
down by reference to the amount of money realized upon the sale or other disposition of the
motor vehicle or trailer."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of June,
2011.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 12:30 p.m. this 23rd day of June, 2011

