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