

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011**

**SESSION LAW 2011-318  
SENATE BILL 581**

AN ACT TO CLARIFY THAT A SECURITY INTEREST IN A TITLE SHALL BE RELEASED AFTER SATISFACTION AND TO RESTRICT FRANCHISED MOTOR VEHICLE DEALERS PLATES TO AN OFFICER, SALES REPRESENTATIVE, OR OTHER EMPLOYEE OF A FRANCHISED MOTOR VEHICLE DEALER OR AN IMMEDIATE FAMILY MEMBER OF AN OFFICER, SALES REPRESENTATIVE, OR OTHER EMPLOYEE OF A FRANCHISED MOTOR VEHICLE DEALER.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 20-58.4(a) reads as rewritten:

"(a) Upon the satisfaction or other discharge of a security interest in a vehicle for which the certificate of title is in the possession of the secured party, the secured party ~~shall within~~ shall, within the earlier of 10 days after demand and, in any event, within 30 days, or 30 days from the date of satisfaction, execute a release of his security interest, in the space provided therefor on the certificate or as the Division prescribes, and mail or deliver the certificate and release to the next secured party named therein, or if none, to the owner or other person authorized to receive the certificate for the owner."

**SECTION 2.** G.S. 20-79(d)(5) is amended by adding a new sub-subdivision to read:

"(d) Restrictions on Use. – A dealer license plate may be displayed only on a motor vehicle that meets all of the following requirements:

- (1) Is part of the inventory of the dealer.
- (2) Is not consigned to the dealer.
- (3) Is covered by liability insurance that meets the requirements of Article 9A of this Chapter.
- (4) Is not used by the dealer in another business in which the dealer is engaged.
- (5) Is driven on a highway by a person who meets one of the following descriptions:
  - a. Has a demonstration permit to test-drive the motor vehicle and carries the demonstration permit while driving the motor vehicle.
  - b. Is an officer or sales representative of the dealer and is driving the vehicle for a business purpose of the dealer.
  - c. Is an employee of the dealer and is driving the vehicle in the course of employment.
  - d. Is an employee of the dealer or of a contractor of the dealer and is driving the vehicle within a 20-mile radius of a place where the vehicle is being repaired or otherwise prepared for sale.
  - e. Is an employee of the dealer or of a contractor of the dealer and is transporting the vehicle to or from a vehicle auction or to the dealer's established salesroom.
  - f. Is an officer, sales representative, or other employee of a franchised motor vehicle dealer or is an immediate family member of an officer,



sales representative, or other employee of a franchised motor vehicle dealer."

**SECTION 3.** This act becomes effective August 1, 2011, and applies to offenses committed and security interests satisfied on or after that date.

In the General Assembly read three times and ratified this the 17<sup>th</sup> 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 11:03 a.m. this 27<sup>th</sup> day of June, 2011