

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 15<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 12:30 p.m. this 23<sup>rd</sup> day of June, 2011

