

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 590

Short Title: Terminal Rental Adjustment Clauses. (Public)

Sponsors: Senators Vaughan; and Bingham.

Referred to: Finance.

April 14, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY THAT TERMINAL RENTAL ADJUSTMENT CLAUSES DO NOT
3 CREATE A SALE OR SECURITY INTEREST IN THE LEASED VEHICLE.

4 The General Assembly of North Carolina enacts:

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

7 "**§ 20-78.1. Terminal rental adjustment clauses; vehicle leases that are not sales or**
8 **security interests.**

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

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

