

GENERAL ASSEMBLY OF NORTH CAROLINA  
1993 SESSION

CHAPTER 756  
SENATE BILL 1628

AN ACT CLARIFYING THAT A MOTOR VEHICLE OPERATING LEASE THAT CONTAINS A TERMINAL RENTAL ADJUSTMENT CLAUSE IS NOT A SALE AND DOES NOT CREATE A SECURITY INTEREST IN THE LEASED PROPERTY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 25-2A-103(1)(j) reads as rewritten:

"(j) 'Lease' means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease. The term includes a motor vehicle operating agreement that is considered a lease under § 7701(h) of the Internal Revenue Code."

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 15th day of July, 1994.

---

Dennis A. Wicker  
President of the Senate

---

Daniel Blue, Jr.  
Speaker of the House of Representatives