

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997  
4  
5 By: Senator Fitch  
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7

# A Bill

ACT 370 OF 1997  
SENATE BILL 226

## For An Act To Be Entitled

9 "AN ACT TO AMEND SUBCHAPTER 1 OF TITLE 4, CHAPTER 2A, OF  
10 THE ARKANSAS CODE OF 1987, ANNOTATED, REGARDING THE  
11 LEASING OF GOODS, TO ADD A NEW SECTION 4-2A-110 TO PROVIDE  
12 THAT TERMINAL RENTAL ADJUSTMENT CLAUSES (TRAC) IN MOTOR  
13 VEHICLE LEASES DO NOT CREATE SALES TRANSACTIONS OR  
14 SECURITY INTERESTS; AND FOR OTHER PURPOSES."

## Subtitle

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17 "TO AMEND THE ARKANSAS U.C.C. LAW TO  
18 PROVIDE THAT TERMINAL RENTAL ADJUSTMENT  
19 CLAUSES (TRAC) IN VEHICLE LEASES DO NOT  
20 CREATE A SALE OR SECURITY INTERESTS."  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Subchapter 1 of Title 4, Chapter 2A, of the Arkansas Code of  
25 1987, Annotated, regarding leasing of goods under the U.C.C., is amended to  
26 add a new § 4-2A-110 to read as follows:

27 "4-2A-110. Terminal Rental Adjustment Clauses for vehicle leases - Not  
28 sales or security interests.

29 In the case of motor vehicles and trailers, notwithstanding any other  
30 provision of law, a leasing agreement involving a motor vehicle or trailer  
31 shall not create a sales transaction or a security interest in the vehicle  
32 merely because the lease contains provisions which provide that the rental  
33 price is permitted or required to be adjusted under the agreement either  
34 upward or downward based upon an amount which may be realized from a sale or  
35 other disposition of the vehicle after the end or termination of the lease  
36 period."  
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1 SECTION 2. All provisions of this act of general and permanent nature  
2 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
3 Revision Commission shall incorporate the same in the Code.

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5 SECTION 3. If any provisions of this act or the application thereof to  
6 any person or circumstance is held invalid, the invalidity shall not affect  
7 other provisions or applications of the act which can be given effect without  
8 the invalid provisions or application, and to this end the provisions of this  
9 act are declared to be severable.

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11 SECTION 4. All laws and parts of laws in conflict with this act are  
12 hereby repealed.

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14 APPROVED:3-06-97

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