



CHAPTER 160A
ARTICLE 3 - CONTRACTS

N.C.G.S. § 160A-20.

Security interests.

SOURCE	LAST AMENDMENT IN THIS TEXT	RETRIEVED	SOURCE FINGERPRINT
General Statutes of North Carolina, as published by the General Assembly	S.L. 2025-39, s. 8.10 — twenty-fourth act in the lineage	21 September 2026, 05:39 UTC	bc3b69b96b0762fd35f341be - 8c2059cd5bef6ee14ba0781a - b7d37821629f16c5

§ 160A-20(a) Purchase. - A unit of local government may purchase, or finance or refinance the purchase of, real or personal property by installment contracts that create in some or all of the property purchased a security interest to secure payment of the purchase price to the seller or to an individual or entity advancing moneys or supplying financing for the purchase transaction.

§ 160A-20(b) Improvements. - A unit of local government may finance or refinance the construction or repair of fixtures or improvements on real property by contracts that create in some or all of the fixtures or improvements, or in all or some portion of the property on which the fixtures or improvements are located, or in both, a security interest to secure repayment of moneys advanced or made available for the construction or repair.

§ 160A-20(c) Accounts. - A unit of local government may use escrow accounts in connection with the advance funding of transactions authorized by this section, whereby the proceeds of the advance funding are invested pending disbursement. A unit of local government may also use other accounts, such as debt service payment accounts and debt service reserve accounts, to facilitate transactions authorized by this section. To secure transactions authorized by this section, a unit of local government may also create security interests in these accounts.

§ 160A-20(d) Nonsubstitution. - No contract entered into under this section may contain a nonsubstitution clause that restricts the right of a unit of local government to:

- (1) Continue to provide a service or activity; or

- (2) Replace or provide a substitute for any fixture, improvement, project, or property financed, refinanced, or purchased pursuant to the contract.

§ 160A-20(e)

Oversight. - A contract entered into under this section is subject to approval by the Local Government Commission under Article 8 of Chapter 159 of the General Statutes if it:

- (1) Meets the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and 159-148(a)(3), or involves the construction or repair of fixtures or improvements on real property; and
- (2) Is not exempted from the provisions of that Article by one of the exemptions contained in G.S. 159-148(b).

§ 160A-20(e1)

Public Hospitals. - A nonprofit entity operating or leasing a public hospital may enter into a contract pursuant to this section only if the nonprofit entity will have an ownership interest in the property being financed or refinanced, including a leasehold interest. The security interest granted in the property shall be only to the extent of the nonprofit entity's property interest. In addition, any contract entered into by a nonprofit entity operating or leasing a public hospital pursuant to this section is subject to the approval of the city, county, hospital district, or hospital authority that owns the hospital. Approval of the city, county, hospital district, or hospital authority may be withheld only under one or more of the following circumstances:

- (1) The contract would cause the city, county, hospital district, or hospital authority to breach or violate any covenant in an existing financing instrument entered into by the nonprofit entity.
- (2) The contract would restrict the ability of the city, county, hospital district, or hospital authority to incur anticipated bank-eligible indebtedness under federal tax laws.
- (3) The entering into of the contract would have a material, adverse impact on the credit ratings of the city, county, hospital district, or hospital authority or would otherwise materially interfere with an anticipated financing by the nonprofit entity.

§ 160A-20(f)

Limit of Security. - No deficiency judgment may be rendered against any unit of local government in any action for breach of a contractual obligation authorized by this section. The taxing power of a unit of local government is not and may not be pledged

directly or indirectly to secure any moneys due under a contract authorized by this section.

§ 160A-20(g)

Public Hearing. - Before entering into a contract under this section involving real property, a unit of local government shall hold a public hearing on the contract. A notice of the public hearing shall be published once at least 10 days before the date fixed for the hearing.

§ 160A-20(h)

Local Government Defined. - As used in this section, the term "unit of local government" means any of the following:

- (1) A county.
- (2) A city.
- (3) A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.
- (3a) A metropolitan sewerage district created under Article 5 of Chapter 162A of the General Statutes.
- (3b) A sanitary district created under Part 2 of Article 2 of Chapter 130A of the General Statutes.
- (3c) A county water and sewer district created under Article 6 of Chapter 162A of the General Statutes.
- (3d) A metropolitan water district created under Article 4 of Chapter 162A of the General Statutes.
- (3e) A metropolitan water and sewerage district created under Article 5A of Chapter 162A of the General Statutes.
- (4) An airport authority whose situs is entirely within a county that has (i) a population of over 120,000 according to the most recent federal decennial census and (ii) an area of less than 200 square miles.
- (5) An airport authority in a county in which there are two incorporated municipalities with a population of more than 65,000 according to the most recent federal decennial census.

- (5a) An airport board or commission authorized by agreement between two cities pursuant to G.S. 63-56, one of which is located partially but not wholly in the county in which the jointly owned airport is located, and where the board or commission provided water and wastewater services off the airport premises before January 1, 1995, except that the authority granted by this subdivision may be exercised by such a board or commission with respect to water and wastewater systems or improvements only.
- (5b) A local airport authority that was created pursuant to a local act of the General Assembly.
- (6) A local school administrative unit whose board of education is authorized to levy a school tax.
- (6a) Any other local school administrative unit, but only for the purpose of financing energy conservation measures acquired pursuant to Part 2 of Article 3B of Chapter 143 of the General Statutes.
- (6b) A community college, but only for the purpose of financing energy conservation measures acquired pursuant to Part 2 of Article 3B of Chapter 143 of the General Statutes.
- (7) An area mental health, developmental disabilities, and substance abuse authority, acting in accordance with G.S. 122C-147.
- (8) A consolidated city-county, as defined by G.S. 160B-2(1).
- (9) Repealed by Session Laws 2001-414, s. 52, effective September 14, 2001.
- (10) A regional natural gas district, as defined by Article 28 of this Chapter.
- (11) A regional public transportation authority, a regional transportation authority, or a metropolitan public transportation authority created pursuant to Article 26, Article 27, or Article 34 of this Chapter.
- (12) A nonprofit corporation or association operating or leasing a public hospital as defined in G.S. 159-39.
- (13) A public health authority created under Part 1B of Article 2 of Chapter 130A of the General Statutes.
- (14) A special district created under Article 43 of Chapter 105 of the General Statutes.

- (15) A Ferry Transportation Authority created pursuant to Article 29 of this Chapter.
- (16) A Rail Transportation Corridor Authority created pursuant to Article 33 of this Chapter.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
24 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.



Nº	YEAR	ACT	CHARACTER
01	1979	c. 743	ENACTED
02	1979	1987 (Reg. Sess., 1988), c. 981, s. 1	AMENDED
03	1989	c. 708	AMENDED
04	1991	c. 741, s. 1	AMENDED
05	1991	1993 (Reg. Sess., 1994), c. 592, s. 2	AMENDED
06	1995	c. 461, s. 6	AMENDED
07	1995	1995 (Reg. Sess., 1996), c. 644, s. 2	AMENDED
08	1997	S.L. 1997-380, s. 3	AMENDED
09	1997	S.L. 1997-426, s. 7	AMENDED
10	1997	S.L. 1997-426, s. 7.1	AMENDED
11	1998	S.L. 1998-70, s. 1	AMENDED
12	1998	S.L. 1998-117, s. 1	AMENDED
13	1999	S.L. 1999-386, ss. 1, 2	AMENDED
14	2001	S.L. 2001-414, s. 52	AMENDED
15	2002	S.L. 2002-161, s. 10	AMENDED
16	2003	S.L. 2003-259, s. 1	AMENDED
17	2003	S.L. 2003-388, s. 3	AMENDED

18	2007	S.L. 2007-226, s. 1	AMENDED
19	2007	S.L. 2007-229, s. 3	AMENDED
20	2009	S.L. 2009-527, s. 2(g)	AMENDED
21	2015	S.L. 2015-207, s. 5(a)	AMENDED
22	2017	S.L. 2017-120, s. 4	AMENDED
23	2024	S.L. 2024-45, s. 19.4(b)	AMENDED
24	2025	S.L. 2025-39, s. 8.10	AMENDED

APPARATUS II
6 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 159-148(a)(1)	(e)(1)	<i>"Meets the standards set out in"</i>
G.S. 159-148(b)	(e)(2)	<i>"one of the exemptions contained in"</i>
G.S. 63-56	(h)(5a)	<i>"agreement between two cities pursuant to"</i>
G.S. 122C-147	(h)(7)	<i>"abuse authority, acting in accordance with"</i>
G.S. 160B-2(1)	(h)(8)	<i>"A consolidated city-county, as defined by"</i>
G.S. 159-39	(h)(12)	<i>"a public hospital as defined in"</i>

APPARATUS III

Citation

FULL SECTION
N.C. Gen. Stat. § 160A-20 (2025).

PINPOINT
N.C. Gen. Stat. § 160A-20(a) (2025).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

Provenance

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HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1979, c. 743; 1987 (Reg. Sess., 1988), c. 981, s. 1; 1989, c. 708; 1991, c. 741, s. 1; 1993 (Reg. Sess., 1994), c. 592, s. 2; 1995, c. 461, s. 6; 1995 (Reg. Sess., 1996), c. 644, s. 2; 1997-380, s. 3; 1997-426, s. 7; 1997-426, s. 7.1; 1998-70, s. 1; 1998-117, s. 1; 1999-386, ss. 1, 2; 2001-414, s. 52; 2002-161, s. 10; 2003-259, s. 1; 2003-388, s. 3; 2007-226, s. 1; 2007-229, s. 3; 2009-527, s. 2(g); 2015-207, s. 5(a); 2017-120, s. 4; 2024-45, s. 19.4(b); 2025-39, s. 8.10.)

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