



CHAPTER 42A
ARTICLE 3 - HANDLING AND ACCOUNTING OF FUNDS

N.C.G.S. § 42A-16.

Advance payments uses.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT No amendment history on record	RETRIEVED 21 September 2026, 02:13 UTC	SOURCE FINGERPRINT 6e3c8f80d706162f01de691e - 2ffd5ffe9ff1bfbfbccaae9efbbbe0 - 2776b0fd
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- § 42A-16(a)

A landlord or real estate broker shall not disburse prior to the occupancy of the property by the tenant an amount greater than fifty percent (50%) of the total rent except as permitted pursuant to this subsection. A landlord or real estate broker may disburse prior to the occupancy of the property by the tenant any fees owed to third parties to pay for goods, services, or benefits procured by the landlord or real estate broker for the benefit of the tenant, including administrative fees permitted by G.S. 42A-17(c), if the disbursement is expressly authorized in the vacation rental agreement. The funds remaining after any disbursement permitted under this subsection shall remain in the trust account and may not be disbursed until the occurrence of one of the following:

(1)

The commencement of the tenancy, at which time the remaining funds may be disbursed in accordance with the terms of the agreement.

(2)

The tenant commits a material breach, at which time the landlord may retain an amount sufficient to defray the actual damages suffered by the landlord as a result of the breach.

(3)

The landlord or real estate broker refunds the money to the tenant.

(4)

The funds in the trust account are transferred in accordance with G.S. 42A-19(b) upon the termination of the landlord's interest in the property.
- § 42A-16(b)

Funds collected for sales or occupancy taxes and tenant security deposits shall not be disbursed from the trust account prior to termination of the tenancy or material breach of the agreement by the tenant, except as a refund to the tenant.

§ 42A-16(c) The tenant's execution of a vacation rental agreement in which he or she agrees to the advance disbursement of payments shall not constitute a waiver or loss of any of the tenant's rights to reimbursement of such payments if the tenant is lawfully entitled to reimbursement. (1999-420, s. 1.)

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS II
2 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. 42A-17(c)	(a)	"tenant, including administrative fees permitted by"
G.S. 42A-19(b)	(a)(4)	"account are transferred in accordance with"

APPARATUS III

Citation

FULL SECTION
N.C. Gen. Stat. § 42A-16 (2026).

PINPOINT
N.C. Gen. Stat. § 42A-16(a) (2026).

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.

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