Article 46.

Guaranteed Asset Protection Waivers.

§ 66-440. Definitions.

The following definitions apply in this Article:

(1) Administrator. – A person that performs administrative or operational functions with respect to guaranteed asset protection waivers.

(2) Borrower. – A debtor, retail buyer, or lessee under a vehicle finance agreement.

(3) Creditor. – Any of the following:

a. A lender in a loan or credit transaction.

b. A lessor in a lease transaction.

c. A vehicle dealer, including a motor vehicle dealer as that term is defined in G.S. 20-286(11), that provides credit to or arranges financing for a purchaser of a vehicle.

d. A seller in a commercial retail installment transaction.

e. An assignee of any of the foregoing to whom the credit obligation is payable.

(4) Free-look period. – The period of time from the effective date of a guaranteed asset protection waiver until the date the borrower may cancel the contract without penalty, fees, or costs to the borrower.

(5) Guaranteed asset protection waiver. – Either of the following:

a. A contractual agreement in which a creditor agrees, with or without a separate charge, to cancel or waive all or part of amounts due on a borrower's vehicle finance agreement in the event of a total physical damage loss or unrecovered theft of the vehicle, which agreement shall be part of, or a separate addendum to, the vehicle finance agreement. The agreement may also provide, with or without a separate charge, a benefit that waives an amount or provides a borrower with a credit towards the purchase of a replacement vehicle.

b. A contractual agreement in which a creditor agrees, with or without a separate charge, to cancel or waive all or part of amounts that may become due under a borrower's lease agreement as a result of excessive wear and use of a vehicle. The agreement must be part of, or a separate addendum to, the lease agreement. Excess wear and use waivers may also cancel or waive amounts due for excess mileage.

The term does not include a vehicle value protection agreement as defined in G.S. 66-471(10).

(6) Insurer. – An insurance company licensed, registered, or otherwise authorized to do business under Chapter 58 of the General Statutes.

(7) Vehicle. – A motor vehicle, as that term is defined in G.S. 20-286(10), as well as self-propelled or towed vehicles designed for personal or commercial use, including, but not limited to, automobiles, trucks, motorcycles, recreational vehicles, all-terrain vehicles, snowmobiles, campers, boats, personal watercraft, and trailers for motorcycles, boats, campers, and personal watercraft.

(8) Vehicle finance agreement. – A loan, lease, or retail installment sales contract for the purchase or lease of a vehicle. (2013-193, s. 1; 2021-172, s. 1.)