AN ACT TO CLARIFY THE LAW GOVERNING THE MODIFICATION AND TERMINATION OF IRREVOCABLE TRUSTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 36A-125.4(b) reads as rewritten:
"(b) Where the beneficiaries of an irrevocable trust seek to compel a termination of the trust or modify it in a manner that affects its continuance according to its terms, and if the continuance of the trust is necessary to carry out a material purpose of the trust, or where the beneficiaries seek to compel a modification of the trust in a manner that is inconsistent with its material purpose, the trust cannot be modified or terminated unless the court in its discretion determines that the reason for modifying or terminating the trust under the circumstances substantially outweighs the interest in accomplishing a material purpose of the trust."

SECTION 2. G.S. 36A-125.11 reads as rewritten:
"§ 36A-125.11. Procedure.
(a) A proceeding under this Article may be brought under the Uniform Declaratory Judgment Act, Article 26 of Chapter 1 of the General Statutes, the provisions of which shall apply to that proceeding to the extent not inconsistent with this Article.
(b) A proceeding under this Article to approve or disapprove a proposed modification or termination under the provisions of G.S. 36A-125.3, 36A-125.4, 36A-125.6(a), and 36A-125.7 may be commenced by a trustee or beneficiary. The trustee shall be a necessary party to all proceedings under this Article commenced by a beneficiary."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 21st day of May, 2003.

s/ Beverly E. Perdue
President of the Senate

s/ Richard T. Morgan
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 5:02 p.m. this 30th day of May, 2003