

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

H

1

HOUSE BILL 631

Short Title: Notice Before Automatic Contract Renewal. (Public)

Sponsors: Representative Jackson (Primary Sponsor).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Judiciary II.

April 14, 2015

A BILL TO BE ENTITLED
AN ACT TO REQUIRE WRITTEN NOTICE OF AUTOMATIC CONTRACT RENEWAL
FIFTEEN TO THIRTY DAYS PRIOR TO THE AUTOMATIC RENEWAL.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 75-41 reads as rewritten:

"§ 75-41. Contracts with automatic renewal clauses.

(a) Any person, firm, or corporation engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract, where the contract automatically renews unless the consumer cancels the contract, shall disclose the automatic renewal clause clearly and conspicuously in the contract or contract offer.

(b) Any person, firm, or corporation engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract, where the contract automatically renews unless the consumer cancels the contract, shall disclose clearly and conspicuously how to cancel the contract in the initial contract, contract offer, or with delivery of products or services.

(b1) In addition to the requirements of subsections (a) and (a1) of this section, an automatic renewal shall be unenforceable unless no less than 15 days nor more than 30 days prior to the automatic renewal the person, firm, or corporation providing the products or services provides written notice to the person receiving the products or services that the contract will automatically renew unless the person cancels the contract.

(c) A person, firm, or corporation that fails to comply with the requirements of this section is in violation of this section unless the person, firm, or corporation demonstrates that all of the following are its routine business practice:

(1) It has established and implemented written procedures to comply with this section and enforces compliance with the procedures.

(2) Any failure to comply with this section is the result of error.

(3) Where an error has caused the failure to comply with this section, it provides a full refund or credit for all amounts billed to or paid by the consumer from the date of the renewal until the date of the termination of the contract, or the date of the subsequent notice of renewal, whichever occurs first.

(d) This section does not apply to insurers licensed under Chapter 58 of the General Statutes, or to banks, trust companies, savings and loan associations, savings banks, or credit unions licensed or organized under the laws of any state or the United States, or any foreign bank maintaining a branch or agency licensed under the laws of the United States, or any subsidiary or affiliate thereof.



1 (e) A violation of this section renders the automatic renewal clause void and
2 unenforceable."

3 **SECTION 2.** This act is effective when it becomes law and applies to contracts
4 entered into on or after that date.