

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE BILL 631  
PROPOSED COMMITTEE SUBSTITUTE H631-PCS40449-TG-19

Short Title: Notice Before Automatic Contract Renewal.

(Public)

Sponsors:

Referred to:

April 14, 2015

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

4 The General Assembly of North Carolina enacts:

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

6 "**§ 75-41. Contracts with automatic renewal clauses.**

7 (a) Any ~~person, firm, or corporation~~ person engaged in commerce that sells, leases, or  
8 offers to sell or lease, any products or services to a consumer pursuant to a contract, where the  
9 contract automatically renews unless the consumer cancels the contract, shall do all of the  
10 following:

11 (1) ~~disclose~~ Disclose the automatic renewal clause clearly and conspicuously in  
12 the contract or contract offer.

13 (b) ~~Any person, firm, or corporation engaged in commerce that sells, leases, or offers to~~  
14 ~~sell or lease, any products or services to a consumer pursuant to a contract, where the contract~~  
15 ~~automatically renews unless the consumer cancels the contract, shall disclose~~

16 (2) Disclose clearly and conspicuously how to cancel the contract in the initial  
17 contract, contract offer, or with delivery of products or services.

18 (3) For any automatic renewal exceeding 30 days, provide written notice to the  
19 consumer by personal delivery, electronic mail, or first-class mail, at least 15  
20 days but no earlier than 30 days before the date the contract is to be  
21 automatically renewed, stating the date on which the contract is scheduled to  
22 automatically renew and notifying the consumer that the contract will  
23 automatically renew unless it is cancelled by the consumer prior to that date.

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

27 (1) ~~The~~ person has established and implemented written procedures to comply  
28 with this section and enforces compliance with the procedures.

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

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

35 (d) This section does not apply to insurers licensed under Chapter 58 of the General  
36 Statutes, or to banks, trust companies, savings and loan associations, savings banks, or credit



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1 unions licensed or organized under the laws of any state or the United States, or any foreign  
2 bank maintaining a branch or agency licensed under the laws of the United States, or any  
3 subsidiary or affiliate ~~thereof~~. thereof, nor does this section apply to any entity subject to  
4 regulation by the Federal Communications Commission under Title 47 of the United States  
5 Code or by the North Carolina Utilities Commission under Chapter 62 of the General Statutes,  
6 or to any entity doing business directly or through an affiliate pursuant to a franchise, license,  
7 certificate, or other authorization issued by a political subdivision of the State or an agency  
8 thereof.

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

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