

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 686
PROPOSED COMMITTEE SUBSTITUTE H686-PCS10631-RN-35

Short Title: Automatic Renewal of Contracts.

(Public)

Sponsors:

Referred to:

April 11, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE REQUIREMENTS FOR CERTAIN AUTOMATICALLY
3 RENEWING CONSUMER CONTRACTS.

4 The General Assembly of North Carolina enacts:

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

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

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

10 (1) ~~Disclose the automatic renewal clause clearly and conspicuously in the~~
11 ~~contract or contract offer.~~ Provide a disclosure statement that clearly and
12 conspicuously provides notice of all of the following:

13 a. That the contract will be automatically renewed if the consumer agrees
14 to the contract.

15 b. The length of the initial term of the contract and the length of each
16 renewal period under the contract.

17 c. The amount to be charged to the consumer for the initial term of the
18 contract and the amount to be charged to the consumer for any renewal
19 periods.

20 d. If any terms of the contract will change upon contract renewal, a list
21 and explanation of those terms.

22 e. An electronic mail address, mailing address, toll-free telephone
23 number, or another cost effective, timely, and easy-to-use mechanism
24 that the consumer may use to terminate the automatic renewal.

25 (1a) Obtain the consumer's affirmative consent before charging the consumer for
26 an automatic renewal.

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

29 (3) ~~For any automatic renewal exceeding 60 days, of 12 months or more, provide~~
30 ~~written~~ notice to the consumer by personal delivery, electronic mail, or
31 first-class mail, or any other form of notice agreed to by the consumer, at least
32 15 days but no earlier than 45-60 days before the date the contract is to be
33 automatically renewed, stating the date on which the contract is scheduled to
34 automatically renew and notifying the consumer that the contract will
35 automatically renew unless it is cancelled by the consumer prior to that date.



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1 (4) ~~If the terms of the contract will change upon the automatic renewal of the~~
2 ~~contract, disclose the changing terms of the contract clearly and conspicuously~~
3 ~~on the notification in at least 12 point type and in bold print."~~

4 **SECTION 2.** This act becomes effective January 1, 2020, and applies to contracts
5 entered into on or after that date.