

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH50336-LD-107B (3/17)

Short Title: Arbitration Notice to Consumer.

(Public)

Sponsors: Representative Allred.

Referred to:

A BILL TO BE ENTITLED

AN ACT REQUIRING THAT NOTICE BE GIVEN ON ANY CONSUMER CONTRACT THAT CONTAINS A PROVISION REQUIRING THE CONSUMER TO SUBMIT TO BINDING ARBITRATION AS THE ONLY RECOURSE FOR RESOLVING DISPUTES THAT MIGHT ARISE CONCERNING THE CONTRACT.

The General Assembly of North Carolina enacts:

SECTION 1. Article 1 of Chapter 75 of the General Statutes is amended by adding a new section to read:

"§ 75-39. Contracts requiring consumers to submit to binding arbitration.

(a) When a person, firm, or corporation engaged in commerce in this State enters into a contract or security agreement with a consumer for the sale or lease of goods or the providing of services, when the person, firm, or corporation prepares the written contract, and when the contract provides for mandatory binding arbitration as the only recourse for resolving disputes concerning the contract, all of the following requirements apply:

(1) The contract shall contain language that is clear and conspicuous and that is printed in bold-faced type of not less than 10-point size that notifies the consumer that by signing the contract the consumer is agreeing to enter into mandatory binding arbitration as the only recourse for resolving disputes that might arise under the contract.

(2) The person, firm, or corporation shall explain to the consumer that the contract contains a provision regarding mandatory binding arbitration and that by signing the contract the consumer agrees to enter into mandatory binding arbitration as the only recourse for resolving disputes that might arise in the future under the contract. The consumer shall indicate that the consumer has received this

1 explanation by initialing the provision in the contract that requires
2 binding arbitration.

3 (b) A violation of this section by a person, firm, or corporation that is engaged in
4 commerce in this State is an unfair and deceptive trade practice."

5 **SECTION 2.** This act becomes effective October 1, 2005, and applies to
6 contracts entered into on or after that date.