

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 1333

Short Title: Arbitration Notice to Consumer.

(Public)

Sponsors: Representatives Allred; and Faison.

Referred to: Judiciary II.

April 20, 2005

1 A BILL TO BE ENTITLED  
2 AN ACT REQUIRING THAT NOTICE BE GIVEN ON ANY CONSUMER  
3 CONTRACT THAT CONTAINS A PROVISION REQUIRING THE CONSUMER  
4 TO SUBMIT TO BINDING ARBITRATION AS THE ONLY RECOURSE FOR  
5 RESOLVING DISPUTES THAT MIGHT ARISE CONCERNING THE  
6 CONTRACT.

7 The General Assembly of North Carolina enacts:

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

10 "**§ 75-39. Contracts requiring consumers to submit to binding arbitration.**

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

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

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

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

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