

NORTH CAROLINA GENERAL ASSEMBLY
1975 SESSION

CHAPTER 805
SENATE BILL 558

AN ACT TO AMEND THE PROVISIONS OF CHAPTER 25A RELATING TO HOME-SOLICITATION SALES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 25A-39(a) is hereby amended by adding at the end thereof the following:

"or which complies with the requirements of the Federal Trade Commission Trade Regulation Rule Concerning a Cooling-off Period for Door-to-Door Sales."

Sec. 2. G.S. 25A-40 is hereby amended to read as follows:

"§ 25A-40. Form of agreement or offer, statement of buyer's rights. — (a) In a home-solicitation sale the seller must present to the buyer and obtain his signature to a fully completed written agreement or offer to purchase which is in the same language as that principally used in the oral sales presentation and which designates as the date of the transaction the date on which the buyer actually signs and which contains the name and address of the seller, and which contains in immediate proximity to the space reserved for the signature of the buyer in bold face type of a minimum size of 10 points, a statement in substantially the following form:

'You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.'

(b) The seller must, in addition to furnishing the buyer with a copy of the contract or offer to purchase, furnish to the buyer at the time he signs the home-solicitation sale contract or otherwise agrees to buy consumer goods or services from the seller, a completed form in duplicate, captioned 'Notice of Cancellation', which shall be attached to the contract and easily detachable, and which shall contain in 10-point bold face type the following information and statements in the same language as that used in the contract:

'Notice of Cancellation
(enter date of transaction)
(Date)

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, and payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you

agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

"To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram to _____ (name of seller) , at _____ (address of seller's place of business) _____ , not later than midnight of _____ (date) . I hereby cancel this transaction.

(date)

(Buyer's Signature)'

Sec. 3. G.S. 25A-41 is amended by inserting the word "business" between "10" and "days" in the first sentence of G.S. 25A-41(a) and by deleting in its entirety subsection (c) and by redesignating subsection (d) as subsection (c).

Sec. 4. G.S. 25A-42 is hereby amended to read as follows:

"§ 25A-42. Duties as to care and return of goods; no compensation for services prior to cancellation. — (a) Except as provided by the provisions on retention of goods by the buyer (G.S. 25A-41(c)), within a reasonable time after a home- solicitation sale has been cancelled, the buyer must make available to the seller at the buyer's residence in substantially as good condition as received, any goods delivered under the contract or sale, or in the alternative, the buyer may comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. The seller shall within 10 business days of receipt of the buyer's notice of cancellation notify the buyer whether the seller intends to repossess or to abandon any shipped or delivered goods. If the buyer makes the goods available to the seller and the seller does not pick them up within 20 days of the date of the notice of cancellation, the buyer may retain or dispose of the goods without any further obligation. If the buyer fails to make the goods available to the seller, or agrees to return the goods to the seller and fails to do so, then the buyer shall remain liable for performance of all obligations under the contract.

(b) The buyer has the duty of a bailee to take reasonable care of the goods in his possession before cancellation or revocation and for a reasonable time thereafter, during which time the goods are otherwise at the seller's risk.

(c) If the seller has performed any services pursuant to a home-solicitation sale prior to its cancellation, the seller is entitled to no compensation therefor.

(d) The seller shall not negotiate, transfer, sell, or assign any note, contract, or other evidence of indebtedness arising out of a home-solicitation sale to a finance company or other third party prior to midnight of the fifth business day following the day the contract was signed or the goods or services were purchased."

Sec. 5. This act shall become effective on July 1, 1975.

In the General Assembly read three times and ratified, this the 24th day of June, 1975.