

GENERAL ASSEMBLY OF NORTH CAROLINA

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SENATE BILL 830
Commerce Committee Substitute Adopted 4/28/99
Third Edition Engrossed 4/29/99
House Committee Substitute Favorable 7/13/99

Short Title: Auto Repair Work Disclosures.

(Public)

Sponsors:

Referred to:

April 12, 1999

A BILL TO BE ENTITLED
AN ACT TO REGULATE AUTO REPAIRS.

The General Assembly of North Carolina enacts:

Section 1. Chapter 20 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 15B.

"NORTH CAROLINA MOTOR VEHICLE REPAIR ACT.

"§ 20-354. Short title.

This act shall be known and may be cited as the 'North Carolina Motor Vehicle Repair Act.'

"§ 20-354A. Scope and application.

This act shall apply to all motor vehicle repair shops in North Carolina, except:

(1) Any motor vehicle repair shop of a municipal, county, State, or federal government when carrying out the functions of the government.

(2) Any person who engages solely in the repair of any of the following:

a. Motor vehicles that are owned, maintained, and operated exclusively by that person for that person's own use.

- 1 b. For-hire vehicles which are rented for periods of 30 days or less.
- 2 (3) Any person who repairs only motor vehicles which are operated
- 3 principally for agricultural or horticultural pursuits on farms, groves, or
- 4 orchards and which are operated on the highways of this State only
- 5 incidentally en route to or from the farms, groves, or orchards.
- 6 (4) Motor vehicle auctions or persons in the performance of motor vehicle
- 7 repairs solely for motor vehicle auctions.
- 8 (5) Any motor vehicle repair shop in the performance of a motor vehicle
- 9 repair if the cost of the repair does not exceed three hundred fifty dollars
- 10 (\$350.00).
- 11 (6) Any person or motor vehicle repair shop in the performance of repairs
- 12 on commercial construction equipment or motor vehicles that have a
- 13 GVWR of at least 26,001 pounds.
- 14 (7) When an insurer has authorized a motor vehicle repair shop to perform
- 15 the repair and had agreed to pay the cost of the repair.

16 **"§ 20-354B. Definitions.**

17 As used in this act:

- 18 (1) 'Customer' means the person who signs the written repair estimate or
- 19 any other person whom that person designates as a person who may
- 20 authorize repair work.
- 21 (2) 'Employee' means an individual who is employed full time or part time
- 22 by a motor vehicle repair shop and performs motor vehicle repairs.
- 23 (3) 'Motor vehicle' means any automobile, truck, bus, recreational vehicle,
- 24 motorcycle, motor scooter, or other motor-powered vehicle, but does
- 25 not include trailers, mobile homes, travel trailers, or trailer coaches
- 26 without independent motive power, or watercraft or aircraft.
- 27 (4) 'Motor vehicle repair' means all maintenance of and modification and
- 28 repairs to motor vehicles and the diagnostic work incident to those
- 29 repairs, including, but not limited to, the rebuilding or restoring of
- 30 rebuilt vehicles, body work, painting, warranty work, and other work
- 31 customarily undertaken by motor vehicle repair shops. Motor vehicle
- 32 repair does not include the sale or installation of tires when authorized
- 33 by the customer.
- 34 (5) 'Motor vehicle repair shop' means any person who, for compensation,
- 35 engages or attempts to engage in the repair of motor vehicles owned by
- 36 other persons and includes, but is not limited to:
- 37 a. Mobile motor vehicle repair shops.
- 38 b. Motor vehicle and recreational vehicle dealers.
- 39 c. Garages.
- 40 d. Service stations.
- 41 e. Self-employed individuals.
- 42 f. Truck stops.
- 43 g. Paint and body shops.

1 h. Brake, muffler, or transmission shops.

2 i. Shops doing glasswork.

3 Any person who engages solely in the maintenance or repair of the coach portion of a
4 recreational vehicle is not a motor vehicle repair shop.

5 **"§ 20-354C. Written motor vehicle repair estimate and disclosure statement**
6 **required.**

7 (a) When any customer requests a motor vehicle repair shop to perform repair
8 work on a motor vehicle, the cost of which repair work will exceed three hundred fifty
9 dollars (\$350.00) to the customer, the shop shall prepare a written repair estimate, which
10 is a form setting forth the estimated cost of repair work, including diagnostic work,
11 before effecting any diagnostic work or repair. The written repair estimate shall also
12 include a statement allowing the customer to indicate whether replaced parts should be
13 saved for inspection or return and a statement indicating the daily charge for storing the
14 customer's motor vehicle after the customer has been notified that the repair work has
15 been completed.

16 (b) The information required by subsection (a) of this section need not be provided
17 if the customer waives in writing his or her right to receive a written estimate. A
18 customer may waive his or her right to receive any written estimates from a motor
19 vehicle repair shop for a period of time specified by the customer in the waiver.

20 (c) Except as provided in subsection (e) of this section, a copy of the written repair
21 estimate required by subsection (a) of this section shall be given to the customer before
22 repair work is begun.

23 (d) If the customer leaves his or her motor vehicle at a motor vehicle repair shop
24 during hours when the shop is not open or if the customer permits the shop or another
25 person to deliver the motor vehicle to the shop, there shall be an implied partial waiver of
26 the written estimate; however, upon completion of the diagnostic work necessary to
27 estimate the cost of repair, the shop shall notify the customer as required by G.S. 20-
28 354E(a).

29 (e) Nothing in this section shall be construed to require a motor vehicle repair
30 shop to give a written estimate price if the motor vehicle repair shop does not agree to
31 perform the requested repair.

32 **"§ 20-354D. Charges for motor vehicle repair estimate; requirement of waiver of**
33 **rights prohibited.**

34 (a) Before proceeding with preparing an estimate, the shop shall do both of the
35 following:

36 (1) Disclose to the customer the amount, if any, of the charge for preparing
37 the estimate.

38 (2) Obtain a written authorization to prepare an estimate if there is a charge
39 for that estimate.

40 (b) It shall be unlawful for any motor vehicle repair shop to require that any person
41 waive his or her rights provided in this Article as a precondition to the repair of his or her
42 vehicle by the shop or to impose or threaten to impose any charge which is clearly

1 excessive in relation to the work involved in making the price estimate for the purpose of
2 inducing the customer to waive his or her rights provided in this Article.

3 **"§ 20-354E. Notification of charges in excess of repair estimate; unlawful charges;**
4 **refusal to return vehicle prohibited; inspection of parts.**

5 (a) In the event that any of the following applies, the customer shall be promptly
6 notified by telephone, telegraph, mail, or other means of the additional repair work and
7 estimated cost of the additional repair work:

8 (1) The written repair estimate contains only an estimate for diagnostic
9 work necessary to estimate the cost of repair and such diagnostic work
10 has been completed.

11 (2) A determination is made by a motor vehicle repair shop that the actual
12 charges for the repair work will exceed the written estimate by more
13 than ten percent (10%).

14 (3) An implied partial waiver exists for diagnostic work, and the diagnostic
15 work has been completed.

16 When a customer is notified, he or she shall, orally or in writing, authorize, modify, or
17 cancel the order for repair.

18 (b) If a customer cancels the order for repair or, after diagnostic work is
19 performed, decides not to have the repairs performed, and if the customer authorizes the
20 motor vehicle repair shop to reassemble the motor vehicle, the shop shall expeditiously
21 reassemble the motor vehicle in a condition reasonably similar to the condition in which
22 it was received unless the reassembled vehicle would be unsafe.

23 After cancellation of the repair order or a decision by the customer not to have repairs
24 made after diagnostic work has been performed, the shop may charge for and the
25 customer is obligated to pay the cost of repairs actually completed that were authorized
26 by the written repair estimate as well as the cost of diagnostic work and teardown, the
27 cost of parts and labor to replace items that were destroyed by teardown, and the cost to
28 reassemble the component or the vehicle, provided the customer was notified of these
29 possible costs in the written repair estimate or at the time the customer authorized the
30 motor vehicle repair shop to reassemble the motor vehicle.

31 (c) It shall be unlawful for a motor vehicle repair shop to charge more than the
32 written estimate and the amount by which the motor vehicle repair shop has obtained
33 authorization to exceed the written estimate in accordance with subsections (a) or (b) of
34 this section, plus ten percent (10%).

35 (d) It shall be unlawful for any motor vehicle repair shop to refuse to return any
36 customer's motor vehicle because the customer refused to pay for repair charges that
37 exceed a written estimate and any amounts authorized by the customer in accordance
38 with subsection (a) or (b) of this section by more than ten percent (10%), provided that
39 the customer has paid the motor vehicle repair shop the amount of the estimate and the
40 amounts authorized by the customer in accordance with subsections (a) and (b) of this
41 section, plus ten percent (10%).

42 (e) Upon request made at the time the repair work is authorized by the customer,
43 the customer is entitled to inspect parts removed from his or her vehicle or, if the shop

1 has no warranty arrangement or exchange parts program with a manufacturer, supplier, or
2 distributor, have them returned to him or her.

3 **"§ 20-354F. Invoice required of motor vehicle repair shop.**

4 The motor vehicle repair shop shall provide each customer, upon completion of any
5 repair, with a legible copy of an invoice for such repair. The invoice shall include the
6 following information:

- 7 (1) A statement indicating what was done to correct the problem or a
8 description of the service provided.
- 9 (2) An itemized description of all labor, parts, and merchandise supplied
10 and the costs thereof, indicating what is supplied to the customer
11 without cost or at a reduced cost because of a shop or manufacturer's
12 warranty.
- 13 (3) A statement identifying any replacement part as being used, rebuilt, or
14 reconditioned, as the case may be.

15 **"§ 20-354G. Required disclosure; signs; notice to customers.**

16 A sign, at least 24 inches on each side, shall be posted in a manner conspicuous to the
17 public. The sign shall contain:

- 18 (1) That the consumer has a right to receive a written estimate or to waive
19 receipt of that estimate if the cost of repairs will exceed three hundred
20 fifty dollars (\$350.00).
- 21 (2) That the consumer may request, at the time the work order is taken, the
22 return or inspection of all parts that have been replaced during the motor
23 vehicle repair.

24 **"§ 20-354H. Unlawful acts and practices.**

25 It shall be a violation of this Article for any motor vehicle repair shop or employee of
26 a motor vehicle repair shop to do any of the following:

- 27 (1) Charge for repairs which have not been expressly or impliedly
28 authorized by the customer.
- 29 (2) Misrepresent that repairs have been made to a motor vehicle.
- 30 (3) Misrepresent that certain parts and repairs are necessary to repair a
31 vehicle.
- 32 (4) Misrepresent that the vehicle being inspected or diagnosed is in a
33 dangerous condition or that the customer's continued use of the vehicle
34 may be harmful or cause great damage to the vehicle.
- 35 (5) Fraudulently alter any customer contract, estimate, invoice, or other
36 document.
- 37 (6) Fraudulently misuse any customer's credit card.
- 38 (7) Make or authorize in any manner or by any means whatever any written
39 or oral statement which is untrue, deceptive, or misleading, and which is
40 known, or which by the exercise of reasonable care should be known, to
41 be untrue, deceptive, or misleading, related to this Article.

- 1 (8) Make fraudulent promises of a character likely to influence, persuade,
2 or induce a customer to authorize the repair, service, or maintenance of
3 a motor vehicle.
- 4 (9) Substitute used, rebuilt, salvaged, or straightened parts for new
5 replacement parts without notice to the motor vehicle owner and to his
6 or her insurer if the cost of repair is to be paid pursuant to an insurance
7 policy and the identity of the insurer or its claims adjuster is disclosed to
8 the motor vehicle repair shop.
- 9 (10) Cause or allow a customer to sign any work order that does not state the
10 repairs requested by the customer.
- 11 (11) Refuse to give to a customer a copy of any document requiring the
12 customer's signature upon completion or cancellation of the repair work.
- 13 (12) Rebuild or restore a rebuilt vehicle without the knowledge of the owner
14 in a manner that does not conform to the original vehicle manufacturer's
15 established repair procedures or specifications and allowable tolerances
16 for the particular model and year.
- 17 (13) Perform any other act that is a violation of this Article or that constitutes
18 fraud or misrepresentation under this Article.

19 **"§ 20-354I. Remedies.**

20 Any customer injured by a violation of this Article may bring an action in the
21 appropriate court for relief. The prevailing party in that action may be entitled to
22 damages plus court costs and reasonable attorneys' fees. The customer may also bring an
23 action for injunctive relief in the appropriate court. This Article does not limit the rights
24 or remedies which are otherwise available to a consumer under any other law."

25 Section 2. This act becomes effective January 1, 2000.