

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 736

Short Title: Enforce. of Contract Provisions.

(Public)

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Sponsors: Senator Webster.

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Referred to: Judiciary II/Election Laws

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April 17, 1995

A BILL TO BE ENTITLED

AN ACT TO AMEND THE LAW REGARDING THE ENFORCEABILITY OF  
VARIOUS CONTRACTUAL PROVISIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 22B-2 reads as rewritten:

**"§ 22B-2. Contracts to improve real property.**

A provision in any contract, subcontract, or purchase order for the improvement of residential real property in this State, or for the improvement of nonresidential real property in this State when the total value of the contract, subcontract, or purchase order is less than ten thousand dollars (\$10,000), or the providing of materials therefor, is void and against public policy if it makes the contract, subcontract, or purchase order subject to the laws of another state, or provides that the exclusive forum for any litigation, arbitration, or other dispute resolution process is located in another state."

Sec. 2. G.S. 22B-3 reads as rewritten:

**"§ 22B-3. Contracts with forum selection provisions.**

Any provision in a ~~contract~~ consumer contract, or in any contract for a total value of less than ten thousand dollars (\$10,000), entered into in North Carolina that requires the prosecution of any action or the arbitration of any dispute that arises from the contract to be instituted or heard in another state is against public policy and is void and unenforceable. ~~This prohibition shall not apply to non-consumer loan transactions. For~~

1 purposes of this section, 'consumer contract' means a contract with a person for the  
2 purchase by that person of goods or services primarily for the person's personal, family,  
3 or household use, or for a loan or extension of credit to that person, the proceeds of which  
4 are to be used by that person primarily for personal, family, or household purposes."

5 Sec. 3. G.S. 22B-10 reads as rewritten:

6 **"§ 22B-10. Contract provisions waiving jury trial unenforceable.**

7 Any provision in a ~~contract~~ consumer contract, or in any contract for a total value of  
8 less than ten thousand dollars (\$10,000), requiring a party to the contract to waive his  
9 right to a jury trial is unconscionable as a matter of law and the provision shall be  
10 unenforceable. This section does not prohibit parties from entering into agreements to  
11 arbitrate or engage in other forms of alternative dispute resolution. For purposes of this  
12 section, 'consumer contract' means a contract with a person for the purchase by that  
13 person of goods or services primarily for the person's personal, family, or household use,  
14 or for a loan or extension of credit to that person, the proceeds of which are to be used by  
15 that person primarily for personal, family, or household purposes."

16 Sec. 4. This act is effective upon ratification and applies to contracts entered  
17 into on or after that date.