

**PROHIBITION OF AUTOMATIC RENEWAL OF  
SERVICE CONTRACTS**

2003 GENERAL SESSION

STATE OF UTAH

**Sponsor: Michael G. Waddoups**

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**This act modifies the title dealing with Contracts and Obligations in General by enacting provisions that prohibit the automatic renewal of service contracts unless the seller notifies the consumer of the automatic renewal. The act provides exemptions.**

This act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

**15-10-101**, Utah Code Annotated 1953

**15-10-102**, Utah Code Annotated 1953

**15-10-201**, Utah Code Annotated 1953

**15-10-202**, Utah Code Annotated 1953

**15-10-301**, Utah Code Annotated 1953

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **15-10-101** is enacted to read:

**CHAPTER 10. SERVICE CONTRACTS ACT**

**Part 1. General Provisions**

**15-10-101. Title.**

This chapter is known as the "Service Contracts Act."

Section 2. Section **15-10-102** is enacted to read:

**15-10-102. Definitions.**

As used in this chapter:

(1) "Automatic renewal provision" means a provision under which a service contract is renewed for a specified period if:

(a) the renewal causes the service contract to be in effect more than six months after the day of the initiation of the service contract; and

(b) the renewal is effective unless the consumer gives notice to the seller of the consumer's intention to terminate the service contract.

(2) "Consumer" means a person receiving service, maintenance, or repair under a service contract.

(3) "Seller" means a person providing service, maintenance, or repair under a service contract.

(4) (a) "Service contract" means any contract for service, maintenance, or repair:

(i) in connection with any real property; or

(ii) that provides a benefit to any real property.

(b) "Service contract" does not include a contract affecting any right, title, estate, or interest in real property, including:

(i) a fee title interest;

(ii) a leasehold interest;

(iii) an option contract relating to real property;

(iv) a real estate purchase contract;

(v) an easement; or

(vi) any other real property interest governed by Title 57, Real Estate.

Section 3. Section **15-10-201** is enacted to read:

**Part 2. Restrictions on Automatic Renewal Provisions**

**15-10-201. Notice requirement.**

(1) A service contract may not contain an automatic renewal provision unless the seller provides the consumer written notice complying with Subsection (2) that informs the consumer of the automatic renewal provision.

(2) The seller shall provide the written notice required under Subsection (1) to the consumer personally, by certified mail, or prominently displayed on the first page of a monthly statement:

(a) at least 30 calendar days prior to the last day on which the consumer may give notice of the consumer's intention to terminate the contract;

(b) not more than 90 calendar days prior to the last day on which the consumer may give notice of the consumer's intention to terminate the contract; and

(c) written in clear and understandable language printed in an easy-to-read type size and style.

Section 4. Section **15-10-202** is enacted to read:

**15-10-202. Remedy for violation.**

If a seller does not comply with Section 15-10-201 with respect to a service contract containing an automatic renewal provision:

(1) the automatic renewal provision is void and unconscionable as a matter of public policy; and

(2) the service contract shall automatically renew on a month-to-month basis.

Section 5. Section **15-10-301** is enacted to read:

**Part 3. Exemptions**

**15-10-301. Exemptions.**

This chapter does not apply to a contract made pursuant to Title 11, Chapter 13, Interlocal Cooperation Act.