

SERVICE CONTRACTS ACT AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Johnny Anderson

Senate Sponsor: Daniel W. Thatcher

LONG TITLE

General Description:

This bill modifies the Service Contracts Act to address regulation of automatic renewals.

Highlighted Provisions:

This bill:

- ▶ modifies definitions;
- ▶ addresses notice requirements; and
- ▶ makes technical and conforming amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

15-10-102, as last amended by Laws of Utah 2006, Chapter 167

15-10-201, as last amended by Laws of Utah 2006, Chapter 167

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

Section 1. Section **15-10-102** is amended to read:

15-10-102. Definitions.



28 As used in this chapter:

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

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

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

35 (2) (a) [~~Except as provided in Subsection (2)(c), "consumer"~~] "Consumer" means a
36 person receiving service, maintenance, or repair under a service contract.

37 (b) "Consumer" includes a representative of an association subject to:

38 (i) Title 57, Chapter 8, Condominium Ownership Act; or

39 (ii) Title 57, Chapter 8a, Community Association Act.

40 [~~(c) "Consumer" does not include a person engaged in business for profit if the person
41 enters into the service contract as part of the person's business activities.]~~

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

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

45 (i) in connection with [~~any~~] real property; or

46 (ii) that provides a benefit to [~~any~~] the real property.

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

49 (i) a fee title interest;

50 (ii) a leasehold interest;

51 (iii) an option contract relating to real property;

52 (iv) a real estate purchase contract;

53 (v) an easement; or

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

55 Section 2. Section **15-10-201** is amended to read:

56 **15-10-201. Notice requirement.**

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

59 of the automatic renewal provision.

60 (2) (a) For a service contract executed on or after May 11, 2011, a seller shall provide
61 written notice of an automatic renewal provision on the first page of the service contract.

62 [~~(2)(a) The~~] (b) In addition to complying with Subsection (2)(a), a seller shall provide
63 [the] written notice required under Subsection (1) to the consumer:

- 64 (i) personally;
- 65 (ii) by certified mail; or
- 66 (iii) prominently displayed on the first page of a monthly statement.

67 [~~(b)(i) The~~] (c) (i) A seller shall provide [the] written notice [required] under
68 Subsection [~~(+)~~] (2)(b):

69 (A) no later than 30 calendar days before the last day on which the consumer may give
70 notice of the consumer's intention to terminate the service contract; and

71 (B) no sooner than 90 calendar days before the last day on which the consumer may
72 give notice of the consumer's intention to terminate the service contract.

73 (ii) [~~The~~] A seller may not provide [~~the~~] written notice required under Subsection (1)
74 except:

- 75 (A) as provided in Subsection (2)(a); or
- 76 (B) during the time period described in Subsection [~~(2)(b)(i)~~] (2)(c)(i).

77 [~~(c) The written~~] (d) Written notice required under Subsection (1) shall be:

- 78 (i) written in clear and understandable language; [~~and~~]
- 79 (ii) printed in an easy-to-read type size and style[-]; and
- 80 (iii) prominently displayed on the first page of the written notice.

Legislative Review Note
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Office of Legislative Research and General Counsel