

# SALES AND EXCHANGE

## CHAPTER 457

SENATE BILL NO. 2224  
(Committee on Industry, Business & Labor)  
(At the request of the Attorney General)

### DOOR-TO-DOOR SALES

AN ACT to create and enact a new subsection to section 51-18-01; and to amend and reenact subsection 1 of section 51-18-01, sections 51-18-02, 51-18-03, 51-18-04, 51-18-05, 51-18-06, and 51-18-07 of the North Dakota Century Code, relating to the definition of a door-to-door sale, method of cancellation, referral sales, agreement requirements, evidence of indebtedness, disposition of goods, and responsibilities of a buyer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Subsection 1 of section 51-18-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

1. "Door-to-door sale" means a sale, lease, or rental of consumer goods or services in which the seller or his representative personally solicits the sale, lease, or rental and the buyer's agreement or offer to purchase is made at a place other than the place of business of the person soliciting the same and that agreement or offer to purchase is there given to the seller or his representative. A transaction is not a door-to-door sale if it is made pursuant to prior negotiations between the parties at a business establishment at a fixed location where goods or services are offered or exhibited for sale, lease, or rental.

SECTION 2.) A new subsection to section 51-18-01 of the North Dakota Century Code is hereby created and enacted to read as follows:

"Consumer goods or services" means goods or services purchased, leased, or rented primarily for personal, family, or household purposes, including courses of instruction or training regardless of the purpose for which they are taken.

SECTION 3. AMENDMENT.) Section 51-18-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

51-18-02. CANCELLATION PERIOD - METHOD OF CANCELLATION - INTENT.)

1. In addition to any right otherwise to revoke an offer, the buyer may cancel a door-to-door sale until midnight of the third business day after the day on which the buyer enters into an agreement subject to this chapter. In addition to other requirements of this chapter, the seller shall orally inform the buyer, at the time the transaction is entered into, of the buyer's right to cancel.
2. Cancellation shall occur when the buyer gives written notice of cancellation to the seller at the address specified for notice of cancellation provided by the seller by any of the following methods:
  - a. Delivering written notice to the seller.
  - b. Mailing written notice to the seller.
  - c. Sending a telegram to the seller.
3. Notice of cancellation given by the buyer shall be effective if it indicates the intention on the part of the buyer not to be bound by the door-to-door sale.

SECTION 4. AMENDMENT.) Section 51-18-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

51-18-03. REFERRAL SALES - REBATE OR DISCOUNT VIOLATIONS.) No seller in a door-to-door sale shall offer to pay a commission or give a rebate or discount to the buyer in consideration of the buyer's giving to the seller the names of prospective purchasers or otherwise aiding the seller in making a sale to another person, if the earning of the commission, rebate, or discount is contingent upon an event that is to happen subsequent to the time the buyer agrees to buy. Any sale made in respect to which a commission, rebate, or discount is offered in violation of this chapter shall be voidable at the option of the buyer.

SECTION 5. AMENDMENT.) Section 51-18-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

51-18-04. AGREEMENT REQUIREMENT.) No agreement of the buyer in a door-to-door sale shall be effective unless it is dated, entered into by the buyer, and contains a conspicuous notice in substantially the following form:

## NOTICE TO BUYER

1. Do not sign this agreement if any of the spaces intended for the agreed terms to the extent of then available information are left blank.
2. You are entitled to a copy of this agreement at the time you sign it.
3. You may pay off the full unpaid balance due under this agreement at any time, and in so doing you may receive a full rebate of the unearned finance and insurance charges.
4. You 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.
5. The seller cannot enter your premises unlawfully or commit any breach of the peace to repossess goods purchased under this agreement.

The agreement shall also have attached the following completed form, in duplicate:

## NOTICE OF CANCELLATION

(enter date of transaction)

1. You may cancel this transaction, without any penalty or obligation, within three business days from the above date.
2. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.
3. 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.
4. If you do make the goods available to the seller and the seller does not pick them up within twenty 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.



interest created in the transaction.

2. If the down payment includes goods traded in, the goods shall be tendered in substantially as good condition as when received. If the seller fails to tender the goods as provided by this section, the buyer may elect to recover an amount equal to the trade-in allowance stated in the agreement.
3. The buyer may retain possession of goods delivered to him by the seller and has a lien on the goods for any recovery to which he is entitled until the seller has complied with the obligations imposed by this section.

SECTION 8. AMENDMENT.) Section 51-18-07 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

51-18-07. BUYER RESPONSIBILITY - SERVICES.)

1. Except as provided in subsection 3 of section 51-18-05, within twenty days after a door-to-door sale has been canceled, the buyer upon demand shall tender to the seller any goods delivered by the seller pursuant to the sale, but he is not obligated to tender at any place other than his own address. If the seller fails to take possession of such goods within twenty days after cancellation, the goods shall become the property of the buyer without obligation to pay for them.
2. The buyer shall take reasonable care of the goods in his possession both prior to cancellation and during the following twenty-day period. During the twenty-day period after cancellation, except for the buyer's duty of care, the goods are at the seller's risk.
3. If the seller has performed any services pursuant to a door-to-door sale prior to its cancellation, and if the seller's services result in the alteration of property of the buyer, the seller shall restore the property to substantially as good condition as it was in at the time the services were rendered.
4. The buyer may not cancel a door-to-door sale if he initiates the contact with the seller and requests the seller to provide goods or services without delay because of an emergency and the seller in good faith makes a substantial beginning of performance before notice of cancellation, and the goods cannot be returned to the seller in substantially as good condition as when the buyer received them.

Approved April 21, 1977