

By Mr. Lewis, a petition (accompanied by bill, Senate, No. 72) of Arthur Joseph Lewis, Jr., for legislation to make corrective changes in the law relative to cancellation of certain contracts consummated at a place other than the seller's place of business. Commerce and Labor.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Seventy-eight.

AN ACT MAKING CORRECTIVE CHANGES IN THE LAW RELATIVE TO CANCELLATION OF CERTAIN CONTRACTS CONSUMMATED AT A PLACE OTHER THAN THE SELLER'S PLACE OF BUSINESS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Subsection B of section 48 of Chapter 93 of the  
2 General Laws, as most recently amended by Chapter 90 of  
3 the Acts of 1975, is hereby further amended by striking out  
4 the second paragraph and inserting in place thereof the  
5 following: —

6 Each agreement shall contain the following statement ap-  
7 pearing on the front page thereof in immediate proximity to  
8 the space reserved for the buyer's signature and in boldface  
9 type of a minimum size of ten points: —

10 "You may cancel this agreement if it has been signed by a  
11 party thereto at a place other than an address of the seller,  
12 which may be his main office or branch thereof, provided you  
13 notify the seller in writing at his main office or branch by  
14 ordinary mail posted, by telegram sent or by delivery, not  
15 later than midnight of the third business day following the  
16 signing of this agreement. See the attached notice of cancella-  
17 tion form for an explanation of this right."

1 SECTION 2. Said subsection B of said section 48 of said  
2 chapter 93 is hereby further amended by adding the following  
3 paragraph: —

4 Forms and notices of the right to cancel prescribed by rules  
5 of the Federal Trade Commission may be substituted for the  
6 forms and notices required by this subsection.

1 SECTION 3. Said section 48 of said Chapter 93, as most re-  
2 cently amended by Chapter 90 of the Acts of 1975, is hereby  
3 further amended by adding the following subsection: —

4 *J.* This section shall not apply to a transaction in which (i)  
5 the buyer is accorded the Right of Rescission by the provisions  
6 of Chapter 140C; or (ii) the buyer has initiated the contact  
7 and the goods or services are needed to meet a bona fide im-  
8 mediate personal emergency of the buyer, and the buyer furn-  
9 ishes the seller with a separate dated and signed personal  
10 statement in the buyer's handwriting describing the situation  
11 requiring immediate remedy and expressly acknowledging and  
12 waiving the right to cancel the sale within three business days.

1 SECTION 4. Section 9 of Chapter 255D of the General Laws  
2 is hereby amended by striking out subsection D<sup>1</sup>/<sub>2</sub>, as inserted  
3 by Chapter 90 of the Acts of 1975, and inserting in place there-  
4 of the following subsection: —

5 D<sup>1</sup>/<sub>2</sub>. Every retail installment sale agreement signed by the  
6 buyer at a place other than an address of the seller, which  
7 may be his main office or branch thereof, one of which must  
8 be shown on the agreement, shall be in writing in the same  
9 language as that principally used in the oral sales presentation,  
10 except as further provided herein and shall also contain the  
11 following statement appearing on the front page thereof in the  
12 immediate proximity to the space reserved for the buyer's  
13 signature and in boldface type of a minimum size of ten  
14 points: — "You may cancel this agreement if it has been  
15 signed by a party thereto at a place other than an address of  
16 the seller, which may be his main office or branch thereof,  
17 provided you notify the seller in writing at his main office or  
18 branch, by ordinary mail posted, by telegram sent or by de-  
19 livery, not later than midnight of the third business day fol-  
20 lowing the signing of this agreement. See the attached no-  
21 tice of cancellation form for an explanation of this right."

22 Each such agreement, except as further provided herein,  
23 shall have attached thereto a completed form in duplicate,  
24 which shall be easily detachable, and which shall contain in  
25 ten point boldface type the following in the same language  
26 as that used in the agreement: —

## 27 NOTICE OF CANCELLATION

(Enter date of transaction)

                      
(Date)

28 You may cancel this transaction, without any penalty or  
29 obligation, within three business days from the above date.

30 If you cancel, any property traded in, any payments made  
31 by you under the agreement, and any negotiable instrument  
32 executed by you will be returned within ten business days  
33 following receipt by the seller of your cancellation notice, and  
34 any security interest arising out of the transaction will be  
35 cancelled.

36 If you cancel, you must make available to the seller at your  
37 residence, in substantially as good condition as when received,  
38 any goods delivered to you under this agreement; or you may  
39 if you wish, comply with the instructions of the seller regard-  
40 ing the return shipment of the goods at the seller's expense  
41 and risk.

42 If you do make the goods available to the seller and the  
43 seller does not pick them up within twenty days of the date  
44 of your notice of cancellation, you may retain or dispose of  
45 the goods without any further obligation. If you fail to make  
46 the goods available to the seller, or if you agree to return the  
47 goods to the seller and fail to do so, then you remain liable  
48 for performance of all obligations under the contract.

49 To cancel this transaction, mail or deliver a signed and  
50 dated copy of this cancellation notice or any other written  
51 notice, or send a telegram to

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 (Name of seller)

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 (Address of seller's place of business)

52 not later than midnight of \_\_\_\_\_  
(Date)

53 I hereby cancel this transaction.

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 (Date)

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 (Buyer's signature)

54 Forms and notices of the right to cancel prescribed by rules  
55 of the Federal Trade Commission may be substituted for the  
56 forms and notices required by this subsection.

57 The seller shall inform the buyer orally, at the time he signs  
58 the agreement, of his right to cancel and shall not misrep-  
59 sent in any manner this right.

60 The seller shall not negotiate, transfer, sell or assign any  
61 such agreement to a finance company or other third party  
62 prior to midnight of the fifth business day following the day  
63 the agreement was signed. No negotiation, transfer, sale or  
64 assignment of any agreement shall defeat or limit the buyer's  
65 right to cancel the agreement because of failure to include a  
66 required or an agreed term or to deliver an accurate copy  
67 of the agreement.

68 This subsection shall not apply to a transaction in which  
69 (i) the buyer is accorded the Right of Rescission by the pro-  
70 visions of Chapter 140C; or (ii) the buyer has initiated the  
71 contact and the goods or services are needed to meet a bona  
72 fide immediate personal emergency of the buyer, and the  
73 buyer furnishes the seller with a separate dated and signed  
74 personal statement in the buyer's handwriting describing the  
75 situation requiring immediate remedy and expressly acknowl-  
76 edging and waiving the right to cancel the sale within three  
77 business days.

1 SECTION 5. Subsection B of section 27 of Chapter 255D of  
2 the General Laws is hereby amended by striking out clause  
3 (6) and inserting in place thereof the following: —

4 (6) You may cancel a purchase under this agreement if it  
5 has been signed by a party thereto at a place other than the  
6 address of the seller which may be his main office or branch  
7 thereof; provided you notify the seller in writing at his main  
8 office or branch, by ordinary mail posted, by telegram sent  
9 or by delivery, not later than midnight of the third business  
10 day following a purchase under this agreement.