

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 373

Short Title: Contracts Against Public Policy Exempt.

(Public)

Sponsors: Senators Odom; and Rand.

Referred to: Judiciary.

March 11, 1997

A BILL TO BE ENTITLED

AN ACT TO EXEMPT INTERNATIONAL COMMERCIAL ARBITRATION AWARDS AS CONTRACTS AGAINST PUBLIC POLICY.

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 real property in this State, 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. This section does not apply to any provision providing for an exclusive forum for any litigation, arbitration, or other dispute resolution process in another state or nation or providing for a choice of law of another state or nation, pursuant to an arbitration award, as defined in G.S. 1-567.32, that is both international under G.S. 1-567.31(c) and commercial under G.S. 1-567.31(e).

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

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

Except as otherwise provided in this section, any provision in a contract 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

1 public policy and is void and unenforceable. This prohibition shall not apply to non-  
2 consumer loan transactions or to any action or arbitration of a dispute that is commenced  
3 in another state pursuant to a forum selection provision with the consent of all parties to  
4 the contract at the time that the dispute arises. This section does not apply to a provision  
5 requiring prosecution of an action or arbitration of any dispute in another state or nation  
6 pursuant to an arbitration award, as defined in G.S. 1-567.32, that is both international  
7 under G.S. 1-567.31(c) and commercial under G.S. 1-567.31(e)."

8           Section 3. This act is effective when it becomes law and applies to arbitration  
9 awards entered on or after that date that are subject to Article 45B of Chapter 1 of the  
10 General Statutes.