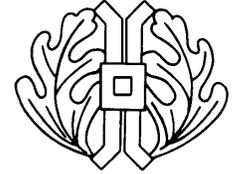


PREVENTIVE LAW SERIES{PRIVATE }

CONTRACTS AND CONSUMER SCAMS



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A contract is a legally enforceable agreement which obligates you to do something, entitles you to something, or both. Most contracts you enter into are binding and once you sign you are stuck with the deal as it is printed on paper. There are a number of individuals and companies around San Diego pressuring servicemembers into binding contracts which are not good deals for the servicemember.

BEFORE SIGNING A CONTRACT:

- 1) Read the entire contract.
- 2) Make sure that you understand **EVERY** term in the contract before signing it. If you don't understand something, do not sign the contract before speaking to someone. A Legal Assistance Attorney can explain contract terms to you. If the person or company will not let you take a copy of the contract, you are potentially being ripped off and should consider walking away from the deal.
- 3) Make sure everything you are agreeing to is **WRITTEN IN THE CONTRACT**. Verbal agreements not written in the signed contract may be unenforceable.
- 4) Make sure there are no large, gaping spaces in the contract so as to prevent a party from adding in terms after you have already signed the contract.
- 5) Before signing the contract, think about the deal. There is almost never a time when a deal must be signed immediately or it is gone.

TYPES OF CONTRACTS TO BE WARY OF:

There are several companies in San Diego who aggressively pursue servicemembers. Representatives of these companies engage in high-pressure sales tactics to get you to sign a contract before you have had time to think it over. Even if it is not a rip-off, "you may not need the product or service being offered, or you may be unable to afford it. You will be induced to sign the contract before you have had a chance to think it over properly. Some of the more frequent contracts you should be suspicious of are for goods and services such as:

- Photo Developing or Processing
- Encyclopedias
- Purchasing services or clubs

Often you will be offered a free gift if you are willing to listen to a sales pitch. After the pitch, you will be pressured into signing a contract immediately. **DO NOT DO THIS**. Always wait a day or two to make sure the product is something you really need and can afford.

THREE DAY COOLING-OFF PERIOD:

A cooling-off period is a period of time, usually three days, during which a person may cancel a contract and owe nothing. **MOST CONTRACTS DO NOT HAVE A THREE DAY COOLING-OFF PERIOD**. Federal law gives a

consumer until midnight on the third business day after the contract is signed to cancel the following contracts:

- Door-to-door sales of personal, family, or household goods or services for more than \$25.00 and
- Sales made anywhere other than the seller's normal place of business such as a hotel, restaurant, outdoor exhibit, computer show, or trade shows.

Telephone sales, catalog sales, and sales initiated by the consumer are NOT given a three-day cooling-off period. Where a cooling-off period does apply, the sales representative must orally inform you of the three-day cooling-off period at the time of the sale. Failure to inform you of this right extends the cooling-off period until you are informed of your cancellation right. The seller must also furnish you, at the time of the sale, two copies of a form usually entitled NOTICE OF CANCELLATION or NOTICE OF RIGHT TO CANCEL containing the address to which the form must be sent. Your right to cancel is extended until you are provided with this form.

OTHER CONTRACTS YOU CAN CANCEL IN CALIFORNIA:

- Dance Lessons, within one hundred and eighty days (you must pay for lessons received)
- Dating Service Contracts, within three days
- Purchase contracts for houses sold immediately before a foreclosure sale, within five days or until 8:00 a.m. of the day of the sale, whichever comes first
- Contracts with prepaid job-listing firms, within three days
- Contracts for seller-assisted marketing plans, within three days
- Seminar sales, with three days
- Contracts for weight loss, within three days
- Home solicitation contracts for personal emergency response units, within seven days.

LEGAL ASSISTANCE APPOINTMENTS:

For an appointment to see a legal assistance attorney, please call the Legal Assistance Office, located in Building 610, Naval Air Station North Island, by telephone at (619) 545-6278.

RESOURCES:

California Department of Consumer Affairs –1-800-952-5210, www.dca.ca.gov/legal