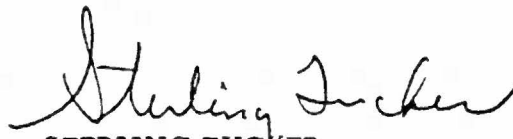


COUNCIL OF THE DISTRICT OF COLUMBIA

NOTICE

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, PL 93-198, (the Act), the Council of the District of Columbia adopted Bill No. 1-63 on first and second reading December 16, 1975 and January 13, 1976, respectively. Following the signature of the Mayor on February 10, 1976, this legislation was assigned Act No. 1-92, published in the February 24, 1976, edition of the D.C. Register, and transmitted to both Houses of Congress for a 30-day review, in accordance with Section 602 (c) (1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day review by Congress has expired and, therefore, cites the following legislation as D.C. Law 1-62, effective April 15, 1976.


STERLING TUCKER
Chairman to the Council

D.C. LAW 1-62

In the Council of the District of Columbia

April 15, 1976

To provide for certain protections for consumers purchasing memberships in health clubs in the District of Columbia, and for other purposes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,
That this act may be cited as the "Health Spa Consumer Protection Act".

Sec. 2.(a) The following new section is added at the end of Chapter 38 ("Consumer Protections") of Title 28 of the District of Columbia Code:

"Sec. 28-3817. Health spa sales.

"(a) As used in this section, the term--

"(1) 'health spa' means a proposed or existing location or organization with indoor or outdoor facilities for physical sport, exercise, training, or therapy or rehabilitation. It does not include any location, the primary activity of which is training or instruction in a specific

-2-

skill, such as dance, or swimming. It does not include any location which is operated primarily by a not-for-profit organization.

"(2) 'health spa sale' means a cash sale or a consumer credit sale in which a health spa or affiliated organization agrees, after the effective date of this section, to provide or make available, for a period of more than 30 days, goods or services (whether or not a membership is included) for physical sport, exercise, training, therapy or rehabilitation.

"(3) 'buyer' means any natural person who purchases a health spa sale contract for his, or another natural person's, personal use.

"(4) 'seller' means the seller of a health spa sale to a buyer.

"(b) Every contract containing a health spa sale shall:

"(1) be in writing;

-3-

"(2) if renewable in whole or part, require the buyer's separate signature and payment for renewal;

"(3) provide for a buyer's right (which may not be waived) to cancel, as explained in subsection (c);

"(4) in close proximity to the space reserved for the buyer's signature, and in bold-face type of at least ten points, include the following statement:

'NOTICE TO THE BUYER:

You have the right to cancel this contract during the first fifteen days after the contract is made, or after the first fifteen days, if, due to death, illness, injury, or a change in residence, you are unable to use the full membership privileges in this contract. If you cancel, you will have to pay only for the goods or services you are entitled to up through the month in which you cancel, plus a registration

-4-

fee of 5% of the price of this contract (not counting any finance charge), not to exceed \$25. You must notify the health spa, by certified or registered mail at the address given in this contract, of your intention to cancel, or your cancellation will not be effective. If your cancellation is due to illness or injury, a doctor's certificate must accompany your notice of cancellation to the health spa. Contact the District of Columbia Office of Consumer Affairs if you have a question as to how to calculate your obligation or your refund after you cancel.';

"(5) be presented, fully completed, to the buyer, and be signed and dated by the buyer, and then a copy, as so approved, be furnished to the buyer; and

"(6) specify the seller's and the buyer's addresses.

"(c)(1) The buyer, at his option, has the right to cancel a health spa sale during the

-5-

first fifteen days after the sale is made, or after such fifteen days, if, due to death, illness, injury, or a change in residence, the buyer is unable to use all the goods and services provided in the sale.

"(2) Notice of cancellation given by the buyer need not take a particular form and is sufficient if it indicates by any form of written expression the intention of the buyer to be no longer bound by the health spa sale, and (whenever such notice is given more than 15 days after the contract is made) that, due to death, illness, injury, or a change in residence, the buyer is unable to use all the goods or services promised in the sale. If the cancellation is due to illness or injury, a doctor's certificate must accompany the notice of cancellation to the health spa.

"(3) Cancellation occurs when the buyer mails written notice of cancellation to the

seller at the seller's address as specified in the contract, by registered or certified mail.

"(4) The cancellation balance shall be calculated as follows:

"(A) Divide the number of months (counting a fraction as one month) which have elapsed from the date the contract (or renewal option then in effect) became effective to the date of cancellation, by the total number of months for which such services were contracted.

"(B) Multiply the contract price (or the price for the renewal period then in effect) by the quotient obtained in paragraph (A).

"(C) Add to the amount obtained in paragraph (B) a registration fee of 5 percent of the original price of the contract (not counting any finance charge), but in no case more than \$25.00.

-7-

"(D) If the payment by the consumer of the contract price is financed, subtract from the amount obtained in paragraph (4) the amount of interest, calculated by the method of 78ths, not yet accrued through the month of the contract during which cancellation occurs.

"(E) Subtract the difference obtained in paragraph (D), or if not applicable, the amount obtained in paragraph (C), from the amount already paid by the buyer under the contract and finance agreement.

If this balance is a positive figure, it is the amount of the seller's refund to the buyer, and shall be due and payable within 15 days after the cancellation. If this balance is a negative figure, it is the amount of the buyer's obligation to the seller, and within 15 days after the cancellation, the seller shall notify the buyer of his obligation. Notice of such obligation, if given by mail, is given when it is deposited in a mail box postage prepaid and properly addressed to the buyer's address as stated in the notice of cancellation,

if the buyer's address is not stated there, as stated in the contract.

"(5) The buyer's right to cancel, as explained in this subsection, applies separately to all health spa sale contracts between the seller and the buyer.

"(6) When there are two or more buyers (signatories, not necessarily beneficiaries, of the contract) of a health spa sale, the right to cancel, as explained in this subsection, is available only when all the buyers join in the notice of cancellation.

"(7) After receiving notice of cancellation from the buyer, the seller shall mark his copy of the cancelled health spa sale contract 'cancelled'.

"(d)(1) The seller shall maintain copies of all cancelled health spa sale contracts for a period of 2 years from their dates of cancellation, and such records shall be open to inspection by proper representatives of the District of Columbia Government.

"(2) If a contract containing a health spa sale does not meet all the requirements of subsection (b), such health spa sale shall be void, and the buyer shall at any time be entitled to a complete refund of all payments made under that contract.

"(3) Any person, company or organization which purchases a buyer's obligations under a health spa sale, makes such purchase subject to the buyer's right to cancel as explained in subsection (c), as if such person, company, organization were the seller.●

"(4) The principal consumer protection agency or the Corporation Counsel of the District of Columbia Government may seek in the proper court or administrative agency an order requiring a health spa to include in all health spa sale contracts the notice required in paragraph (b)(4) of this section.

"(e)(1) Every health spa which makes health spa sales for goods or services to be provided or made available at a health spa which is planned or under construction, shall be required by the

principal consumer protection agency of the District of Columbia Government to maintain a bond issued by a surety company admitted to do business in the District of Columbia. The principal sum of the bond shall be a minimum of \$15,000.00 and may be increased at the direction of the principal consumer protection agency of the District of Columbia Government to such amount as that agency reasonably determines will equal the amount to be paid under the terms of such contracts prior to completion of the health spa. The health spa shall be relieved from the obligation to maintain such bond three months after beginning operations. The aggregate liability of the surety to all persons for all breaches of the conditions of the bonds shall in no event exceed the amounts thereof.

"(2) The bond required by this subsection shall be in favor of the District of Columbia for

-11-

the benefit of any buyer injured by having paid monies for use of a health spa which fails to open within twelve months after the date of the first such payments by the buyer, or which fails to make full and proper refunds under the right to cancel as explained in subsection (c) of this section."

(b) The chapter analysis for chapter 38 of such title is

amended by adding at the end thereof the following new item:

"28-3817. Health spa sales."

Sec. 3. This act shall take effect at the end of the

period provided for Congressional review of acts of the Council

in section 602(c)(1) of the District of Columbia Self-

Government and Governmental Reorganization Act.