



STATE OF GEORGIA
GOVERNOR'S OFFICE OF CONSUMER PROTECTION

2 MARTIN LUTHER KING, JR. DRIVE, SE, SUITE 356

ATLANTA, GEORGIA 30334-4600

404-656-3790

www.consumer.ga.gov

Nathan Deal
GOVERNOR

John Sours
ADMINISTRATOR

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Billing on Closed Accounts

Please be aware that when gym contracts are signed by members for a specific initial term, those contracts cannot be automatically renewed by the gym to the same term at the end of the contract. This is particularly applicable to long term contracts. For example, if a consumer signs a twelve month contract, when the contract expires in the twelfth month, it may be converted by the gym into a month to month contract until the consumer provides the required written notice of cancellation. However, the contract cannot be automatically extended by the gym to another twelve months without the consumer's consent and the signing of a new contract. To protect both the gym and consumer, information regarding what happens at the end of the contract must be clearly stated in the contract and should be acknowledged by both the member and gym at the signing of the contract. If a gym uses only month to month contracts, those contracts may continue until cancelled by the member.

When a gym closes its doors and members have not been transferred to a substantially similar facility within ten miles, those memberships must be terminated by the gym owner or organization that owns the membership drafts. Remember, the health spa provisions of the FBPA states that no further payment will be due to anyone, including any purchaser of any note associated with or contained in the contract, if the gym at which the contract is entered into closes and fails to offer an alternate location, substantially similar within ten miles. This means that gym owners, billing companies and corporate offices are not authorized to continue to deduct membership dues from consumer accounts for facilities that have closed and the memberships were not transferred. There are no exceptions to this requirement and individuals and organizations that are found in violation will be subject to legal action from this office. Please feel free to contact us with any questions on these or other matters.

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