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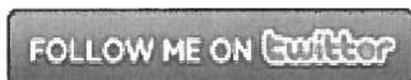
The Relevance of the Statutory Provisions to Gym Owners, Part 1

In a number of previous podcasts, we discussed what the required statutory provisions were for gym membership contracts and the various issues that consumers faced which were relevant to those provisions. In the next series of podcasts, we will discuss each provision and its relevance to gyms.

The first provision in our discussion is the mandatory seven business day cancellation. According to State Law, this clause must be placed on the first page of each membership contract. While the FBPA does not specify whether it should be placed at the top, bottom or middle of the first page, what is clear is that it is meant to be placed in a **clear and conspicuous location on the first page of the contract**. What this means is that it must be located in a place on the first page that consumers will be able to see and be aware of. Every effort should be made to ensure that members are aware of their option to cancel the contract by midnight of the seventh business day and any attempt by a gym's sales personnel or employees to conceal this information will be regarded by this office as an unfair and deceptive business practice. At no time should that information be left blank or incomplete on any gym membership contract. Gym membership contracts that do not provide a seven business day cancellation date to consumers will be regarded by this office as void and unenforceable. So, for membership contracts in which the seven business day cancellation date is inadvertently omitted or left blank, we recommend that you contact the specific member immediately to provide that information and to ensure that they have a copy of the contract that contains the specific date. We understand that some electronic contracts templates automatically populate the specific date by which members may cancel. Yet, we have seen electronic contract templates that do not automatically populate the cancellation date information. In such instances, gyms must be careful to ensure that consumers are not given copies of contracts that do not include a cancellation date. This is also applicable to online gym membership contracts.

Should a new member submit a written request for the cancellation of their membership contract within seven business days after signing the contract, and has returned all key fobs, access cards and other items that were provided by the gym, the membership should be cancelled effective the date of the written request. If the member does not return the membership cards or key fobs, the

gym may cancel the membership or send a certified request to the consumer, requesting that the items are returned within 30 days in order for the cancellation to be effective. Provided that the key fobs, access cards and other items are returned to the gym within 30 days, the effective date of the cancellation will be the date the cancellation notice was delivered. A prorated refund should be provided to the consumer, which deducts the costs of any services rendered by the gym. For written cancellation requests that are submitted after seven business days, the gym is not obligated to honor those requests unless it falls within the purview of another statutory cancellation provision or is a standard cancellation request that is made for a month to month gym membership. Please contact us with questions or concerns on these matters.



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