

CONSUMER PROTECTION DIVISION  
OFFICE OF THE ATTORNEY GENERAL  
200 ST. PAUL PLACE, 16<sup>th</sup> FLOOR  
BALTIMORE, MARYLAND 21202

BOND ISSUING COMPANY:

\_\_\_\_\_

BOND NO.: \_\_\_\_\_

SURETY BOND OF HEALTH CLUB

We, \_\_\_\_\_  
(Name of Business Providing Health Club Services)

\_\_\_\_\_, as Principal,  
(Address)

and \_\_\_\_\_  
(Name of Business Providing Security)

\_\_\_\_\_,  
(Address)

as Surety authorized to do business in the State of Maryland, are held and firmly bound to the facility's members for their damages due to bankruptcy or the closing of the facility and to the State of Maryland for damages incurred by consumers and administrative expenses incurred by the Consumer Protection Division as a result of bankruptcy or the closing of the facility. The State of Maryland may also file a claim upon the surety bond for the face amount solely because the Consumer Protection Division has received notice that (1.)(a) the bond will be canceled or (b) the bond will be expiring and will not be renewed and (2.) the Principal has not replaced this surety bond with alternate security in amount not less than its total outstanding liabilities to consumers as defined in Md. Code Ann., Com. Law § 14-12B-02(e). The bond has been undertaken by the Principal in the amount of \_\_\_\_\_ (\$) for the payment of which we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally.

SIGNED, SEALED AND DATED, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

TIME FOR FILING AND PAYMENT OF CLAIMS:

It is agreed that any claim under this bond must be filed with the surety no later than one (1) year from the date on which the facility was closed, or the bankruptcy was filed, or this surety bond expired or was canceled, whichever is later. The surety agrees that it shall not pay any claimant prior to the expiration of the one-year filing deadline, unless the Consumer Protection Division requests in writing that it do so. In the event that claims exceed the amount of the bond, the surety shall provide the Consumer Protection Division with all the claims that have been filed and pay the full amount of the bond to the Consumer Protection Division for distribution.

The surety shall pay all claims within thirty (30) days after the date of a request by the Consumer Protection Division for an early payment or, if no such request is made, within thirty (30) days after the filing deadline. The surety may request from the Consumer Protection Division an extension of time to make payment if unavoidable problems have delayed the processing of claims.

#### REPORTING TO THE CONSUMER PROTECTION DIVISION

The surety shall file a written report with the Consumer Protection Division each month after it has been notified that the facility has closed or the business has filed for bankruptcy. The monthly report shall list the names and addresses of all consumers who have filed claims, the dollar amount of each claim, any determinations that have been made about the dollar amount each claimant is due, the reasons any claims have been denied or reduced, and the total dollar amount of all claims filed to date.

Within ten (10) days after the payment of all claims, the surety shall file a written report with the Division. The report shall list the names and addresses of all claimants, the amount paid to each claimant, and the total amount of claims paid. The report shall also contain a separate list of the names and addresses of all claimants whose claims were denied or reduced, and the reason why each claim was denied or reduced. The Consumer Protection Division has the right to request that this written report be filed prior to the payment of any claims.

#### PRIORITY CLAIM BY CONSUMER PROTECTION DIVISION

Unless otherwise notified by the Consumer Protection Division, the surety shall pay a claim filed by the Consumer Protection Division of the State of Maryland in accordance with Md. Code Ann., Com. Law §14-12B-02(f) or because the Consumer Protection Division has received notice that this surety bond will be canceled or will expire and will not be renewed, immediately upon receipt of the claim.

#### NOTICE OF CANCELLATION

This bond and the obligation under the bond shall be deemed to run continuously, and shall remain in full force and effect until and unless the bond is terminated and canceled in the manner provided. This bond may only be canceled by the surety after giving at least forty-five (45) days advance written notice by certified mail to the facility and the Consumer Protection Division. Notice of cancellation shall state the effective date of cancellation. The surety shall be liable for any breach of a contract for health club services entered into prior to the date of cancellation or expiration.

#### LIMITATION OF RESPONSIBILITY OF SURETY

This bond may not be construed to require the surety to be responsible for damages resulting from any breach of a health club service agreement entered into after the expiration, cancellation, or revocation of this bond, provided that the surety gave at least 45 days advance written notice to the Consumer Protection Division by certified mail of the expiration, cancellation, or revocation of this bond.

AMENDMENTS AND MODIFICATIONS

The Surety shall obtain the express written consent of the Consumer Protection Division before changing the amount or any provision of this bond. Notice must be sent by certified mail, return receipt requested, to the Consumer Protection Division, Office of the Attorney General, 200 St. Paul Place, 16<sup>th</sup> Floor, Baltimore, Maryland 21202.

This bond is issued in accordance with the provisions of the Commercial Law Article, Title 14, Subtitle 12B, of the Annotated Code of Maryland. This bond shall be effective from the date of \_\_\_\_\_, 20\_\_ until canceled.

BUSINESS PROVIDING  
HEALTH CLUB SERVICES (Seal)

SURETY COMPANY (Seal)

Signature: \_\_\_\_\_  
Name and Title:

Signature: \_\_\_\_\_  
Name and Title:

Attorney-in-Fact