

CONSUMER PROTECTION DIVISION
OFFICE OF THE ATTORNEY GENERAL
200 ST. PAUL PLACE
BALTIMORE, MARYLAND 21202

BOND ISSUING COMPANY:

BOND NO.: _____

SURETY BOND OF HEALTH CLUB

We, _____

Name, Including Trade Name

Address

as Principal, and _____

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 the closing or bankruptcy 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 the closing or bankruptcy of the facility. 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. 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. 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. Com. Law Code Ann., §14-12B-02(f) immediately upon receipt of the claim.

NOTICE OF CANCELLATION

This bond may only be canceled by the surety after giving at least forty-five(45) written notice to the facility and the Consumer Protection Division by certified mail. The surety shall be liable for any breach of a health club service agreement entered into prior to the date of cancellation or expiration of the bond.

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.

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 issued for the term of --
_____, 20__ to until cancelled.

SEAL
OF
SURETY

PRINCIPAL
BY: _____