

[(b)] (C) At least one member of the board of directors of each seller of health club services in this State shall be a resident of a county where a club of the seller is located and shall serve as a resident agent for receipt of service of process.

[(c)] (D) The Division may bring an action for mandamus against a health club to require the club to register or to have and maintain the surety required by this section.

[(d)] (E) (1) (I) [A] SUBJECT TO THE PROVISIONS OF PARAGRAPH (3) OF THIS SUBSECTION, A person who sells health club services agreements shall purchase a surety bond in an amount not less than [\$50,000, or shall file with the Division an irrevocable letter of credit or cash] THE AGGREGATE VALUE OF OUTSTANDING LIABILITIES TO MEMBERS, INCLUDING ALL PREPAID FEES, MEMBERSHIP FEES, DUES, DEPOSITS, INITIATION FEES, AND FEES FOR HEALTH CLUB SERVICES. FOR THE PURPOSES OF THIS SECTION, "LIABILITIES" MEANS THE MONEYS ACTUALLY RECEIVED IN ADVANCE FROM THE MEMBERS LESS THE PRORATED VALUE OF SERVICES RENDERED BY THE HEALTH CLUB FACILITY. IN THE CASE OF A LIFETIME CONTRACT, THE LIABILITIES SHALL BE CALCULATED ON A PRORATED BASIS FOR NOT MORE THAN 36 MONTHS.

~~(II) -- THE AMOUNT OF THE BOND SHALL BE BASED ON A REPORT PREPARED BY AN ACCOUNTANT DESCRIBING THE HEALTH CLUB'S OUTSTANDING LIABILITIES TO MEMBERS:~~

(II) THE AMOUNT OF THE BOND SHALL BE BASED UPON A REPORT PREPARED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT DESCRIBING THE HEALTH CLUB'S OUTSTANDING LIABILITIES TO THE MEMBERS USING ACCEPTED STANDARD ACCOUNTING PRINCIPLES. IN THIS SECTION "OUTSTANDING LIABILITIES" INCLUDES ALL AMOUNTS THAT WOULD BE REQUIRED TO BE REFUNDED TO MEMBERS IF THE HEALTH CLUB FACILITY CEASES OPERATIONS.

(III) THE REPORT SHALL BE SUBMITTED AT THE TIME OF INITIAL REGISTRATION AND UPDATED AT EACH RENEWAL UNDER SUBSECTION (B) OF THIS SECTION.

~~(2) (I) -- THE AMOUNT OF THE BOND SHALL BE INCREASED AS NECESSARY TO TAKE INTO ACCOUNT CHANGES IN THE HEALTH CLUB'S OUTSTANDING LIABILITIES:~~

(2) (I) THE AMOUNT OF THE BOND SHALL BE INCREASED, OR MAY BE DECREASED, AS NECESSARY TO TAKE INTO ACCOUNT CHANGES IN THE HEALTH CLUB FACILITY'S OUTSTANDING LIABILITIES TO MEMBERS IN THE FOLLOWING CASES, WHICHEVER COMES FIRST:

1. WHEN THE HEALTH CLUB FACILITY'S OUTSTANDING LIABILITIES TO MEMBERS INCREASE OR DECREASE BY \$10,000; OR

2. ON A QUARTERLY BASIS.