

(II) IF A REGISTRANT'S OUTSTANDING LIABILITIES TO THE MEMBERS EXCEED THE AMOUNT OF THE BOND, AND THE REGISTRANT HAS FAILED TO INCREASE THE BOND, THEN THE REGISTRANT SHALL IMMEDIATELY STOP SELLING HEALTH CLUB SERVICES AGREEMENTS AND SHALL REFRAIN FROM SELLING HEALTH CLUB SERVICES AGREEMENTS UNTIL THE REQUIREMENTS OF THIS SUBSECTION HAVE BEEN SATISFIED.

(3) (1) AN IRREVOCABLE LETTER OF CREDIT IN A FORM ACCEPTABLE TO THE DIVISION, OR CASH, MAY BE FILED WITH THE DIVISION INSTEAD OF A SURETY BOND.

(II) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, A SELLER OF HEALTH CLUB SERVICES AGREEMENTS DOES NOT HAVE TO FILE OR MAINTAIN A BOND, LETTER OF CREDIT, OR CASH IN EXCESS OF \$200,000 PER HEALTH CLUB SERVICES FACILITY. THE BONDING REQUIREMENT OF THIS SUBSECTION APPLIES TO EACH LOCATION AT WHICH HEALTH CLUB SERVICES ARE SOLD IN ANY CASE WHERE A PERSON OPERATES OR PLANS TO OPERATE MORE THAN ONE FACILITY WITHIN THE STATE.

[(2)] (F) (1) A buyer of health club services who suffers or sustains any loss or damage by reason of breach-of-contract THE CLOSING OF A FACILITY or bankruptcy by the seller of the health club services agreement SHALL FILE A CLAIM WITH THE SURETY AND, IF THE CLAIM IS NOT PAID, may bring an action based on the bond and recover against the surety. IN THE CASE OF A LETTER OF CREDIT OR CASH DEPOSIT THAT HAS BEEN FILED WITH THE DIVISION, THE BUYER MAY FILE A CLAIM WITH THE DIVISION.

(2) ANY CLAIM UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE FILED NO LATER THAN 1 YEAR FROM THE DATE ON WHICH THE BREACH-OF-CONTRACT-OCCURRED FACILITY CLOSED OR BANKRUPTCY WAS FILED.

(3) THE DIVISION MAY FILE A CLAIM WITH THE SURETY ON BEHALF OF ANY BUYER IN PARAGRAPH (1) OF THIS SUBSECTION. THE SURETY SHALL PAY THE AMOUNT OF THE CLAIMS TO THE DIVISION FOR DISTRIBUTION TO CLAIMANTS ENTITLED TO RESTITUTION AND SHALL BE RELIEVED OF LIABILITY TO THAT EXTENT.

[(3)] (4) The liability of the surety under any bond may not exceed the aggregate amount of the bond, regardless of the number or amount of claims filed.

[(4)] (5) If the claims filed should exceed the amount of the bond, the surety shall pay the amount of the bond to the Division for distribution to claimants entitled to restitution and shall be relieved of all liability under the bond.

[(e)] (G) (1) Any person or business bonded under this section shall maintain accurate records of the bond and of premium payments on it. These records shall be open to inspection by the Division at any time during normal business hours.