

(2) Any claim under paragraph (1) of this subsection shall be filed no later than 1 year from the date on which the facility closed or bankruptcy was filed. The Division shall notify each known buyer described in paragraph (1) of this subsection about the procedure for filing a claim, unless the seller of the health club services agreements has provided sufficient notice to each known buyer.

(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.

(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.

(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.

(6) The Division may obtain reimbursement for postage and other reasonable nonsalary expenses incurred in notifying buyers and distributing claims by:

(i) Filing a priority claim for the expenses against the surety bond posted by the seller; or

(ii) Applying to the expenses on a priority basis the proceeds of the letter of credit or cash deposit posted by the seller with the Division.

(7) FOR ANY CLAIM UNDER PARAGRAPH (1), (3), OR (5) OF THIS SUBSECTION, THE DIVISION MAY NOT PAY A CLAIM OF A BUYER THAT IS LESS THAN \$5.

[(7)] (8) The provisions of this subsection do not apply where the buyer's membership agreement provides for the transfer of membership privileges to a comparable new or existing facility within a reasonable distance of the closed facility.

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(a) A health club services agreement may not contain an automatic renewal clause, unless the agreement provides for a renewal option for continued membership which must be accepted by the buyer.

(b) (1) A buyer described in § 14-12B-01(b)(1)(i) of this subtitle may cancel a health club services agreement within 3 business days after receipt of a copy of the agreement by notifying the health club in writing. Written notification shall be delivered in person or by certified mail, return receipt requested, bearing a postmark from the United States Postal Service, and if mailed shall be postmarked by midnight of the third business day.

(2) If the buyer cancels within 3 business days, the health club facility shall refund any deposit, down payment, or payment on the agreement including any initiation, deposit, membership, or other fees.