STATE OF NEW YORK

303

2021-2022 Regular Sessions

IN SENATE

(Prefiled)

January 6, 2021

Introduced by Sen. THOMAS -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law, in relation to the cancellation of a health club contract

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 624 of the general business law, as added by chapter 630 of the laws of 1978, is amended to read as follows:

§ 624. Rights of cancellation of contracts for services. 1. Every contract for services at a planned health club or a health club under construction shall, at the option of the buyer, be voidable in the event that the health club and the services to be provided pursuant to such contract are not available within one year from the date the contract is executed by the buyer.

2. Every contract for services shall provide that such contract may be cancelled within three business days after the date of receipt by the buyer of a copy of the written contract. [~~Notice of cancellation shall be delivered by certified or registered United States mail at the address specified in the contract.~~] Such contract shall contain the following written notice in at least ten point bold type: CONSUMERS RIGHT TO CANCELLATION. YOU MAY CANCEL THIS CONTRACT WITHOUT ANY PENALTY OR FURTHER OBLIGATION WITHIN THREE (3) DAYS FROM THIS DATE . . . . . [~~Notice of cancellation shall be in writing subscribed by the buyer and mailed by registered or certified United States mail to the seller at the address specified in such form. Such notice shall be accompanied by the contract forms,~~] A buyer who cancels a contract pursuant to the provisions of this subdivision shall return all membership cards and any other documents or evidence of membership previously delivered to the buyer. All moneys paid pursuant to such contract shall be refunded within [~~fifteen business days~~] forty-eight hours of receipt of such notice of cancellation. If the buyer has executed any credit or loan agreement to pay for all or part of health club services, any such nego-

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD02863-01-1

tiable instrument executed by the buyer shall also be returned within [~~fifteen days~~] **forty-eight hours**.

3. **(a)** Every contract for services shall provide that after such three day period for cancellation as provided in subdivision two of this section, the buyer's estate may cancel a contract for services if the buyer dies. The buyer may also cancel after three days if the buyer becomes significantly physically disabled for a period in excess of [~~six~~] **three** months, or moves his **or her** residence to a location more than twenty-five miles from a health club operated by the seller, or after the services are no longer available or substantially available as provided in the contract because of the seller's permanent discontinuance of operation or substantial change in operation. Nothing contained herein shall restrict or prohibit the seller from offering or providing in such contract additional or broader reasons for cancellation. The seller may require reasonable evidence for a cancellation pursuant to this subdivision.

(b) Every contract for services shall provide that after such three day period for cancellation as provided in subdivision two of this section, the buyer may cancel the contract upon thirty days' notice.

(c) Such contract shall contain the following notice captioned in at least ten point bold type: ADDITIONAL RIGHTS TO CANCELLATION:

You may also cancel this contract for any of the following reasons:

If upon a doctor's order, you cannot physically receive the services because of significant physical disability for a period in excess of [~~six~~] **three** months.

If you die, your estate shall be relieved of any further obligation for payment under the contract not then due and owing.

If you move your residence more than twenty-five miles from any health club operated by seller.

If the services cease to be offered as stated in the contract.

For any reason upon thirty days' notice.

(d) All moneys paid pursuant to such contract cancelled for the reasons contained in this subdivision shall be refunded within [~~fifteen days~~] **forty-eight hours** of receipt of such notice of cancellation; provided however that the seller may retain the expenses incurred and the portion of the total price representing the services used or completed, and further provided that the seller may demand the reasonable cost of goods and services which the buyer has consumed or wishes to retain after cancellation of the contract. **The seller shall not demand more than one month's fee or the equivalent thereof from a buyer who cancels a contract pursuant to paragraph (b) of this subdivision.** In no instance shall the seller demand more than the full contract price from the buyer. If the buyer has executed any credit or loan agreement to pay for all or part of health club services, any such negotiable instrument executed by the buyer shall also be returned within [~~fifteen days~~] **forty-eight hours**.

4. (a) Every contract for services shall provide that such health club shall accept notice of cancellation of such contract in person, by mail, over the phone or by electronic mail.

(b) If a health club allows a buyer to enter into a contract for services through a website, such health club shall accept a notice of cancellation of such contract through such website in addition to the methods provided pursuant to paragraph (a) of this subdivision.

§ 2. This act shall take effect immediately; provided that section one of this act shall apply to contracts entered into, issued, renewed, modified, altered, or amended on or after such effective date.