

[First Reprint]
SENATE, No. 825

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 38 (Bergen and Passaic)

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District 22 (Middlesex, Somerset and Union)

SYNOPSIS

Prohibits health club services contracts from limiting liability for injuries caused by negligence of health club.

CURRENT VERSION OF TEXT

As reported by the Senate Commerce Committee on February 13, 2020, with amendments.



1 **AN ACT** concerning health club services contracts and amending
2 P.L.1987, c.238.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 4 of P.L.1987, c.238 (C.56:8-42) is amended to read
8 as follows:

9 4. a. Every contract for health club services shall be in
10 writing. A copy of the written contract shall be given to the buyer
11 at the time the buyer signs the contract.

12 b. A health club services contract shall specifically set forth in
13 a conspicuous manner on the first page of the contract the buyer's
14 total payment obligation for health club services to be received
15 pursuant to the contract.

16 c. A health club services contract of a health club facility
17 which maintains a bond, irrevocable letter of credit or securities,
18 moneys or other security pursuant to subsection a. of section 3 of
19 this act shall set forth that a bond, irrevocable letter of credit or
20 securities, moneys or other security is filed or deposited with the
21 Director of the Division of Consumer Affairs to protect buyers of
22 these contracts who are damaged or suffer any loss by reason of
23 breach of contract or bankruptcy by the seller.

24 d. Services to be rendered to the buyer under the contract shall
25 not obligate the buyer for more than three years from the date the
26 contract is signed by the buyer.

27 e. A contract for new or increased health club services may be
28 cancelled by the buyer for any reason at any time before midnight
29 of the third operating day after the buyer receives a copy of the
30 contract. In order to cancel a contract the buyer shall notify the
31 health club of cancellation in writing, by registered or certified
32 mail, return receipt requested, or personal delivery, to the address
33 specified in the contract. All moneys paid pursuant to the cancelled
34 contract shall be fully refunded within 30 days of receipt of the
35 notice of cancellation. If the customer has executed any credit or
36 loan agreement through the health club to pay all or part of health
37 club services, the negotiable instrument executed by the buyer shall
38 also be returned within 30 days. The contract shall contain a
39 conspicuous notice printed in at least 10-point bold-faced type as
40 follows:

41 "NOTICE TO CUSTOMER

42 You are entitled to a copy of this contract at the time you sign it.

43 You may cancel this contract at any time before midnight of the
44 third operating day after receiving a copy of this contract. If you
45 choose to cancel this contract, you must either:

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCM committee amendments adopted February 13, 2020.

1 1. Send a signed and dated written notice of cancellation by
2 registered or certified mail, return receipt requested; or

3 2. Personally deliver a signed and dated written notice of
4 cancellation to: (Name of health club)
5 (Address of health club)

6 If you cancel this contract within the three-day period, you are
7 entitled to a full refund of your money. If the third operating day
8 falls on a Sunday or holiday, notice is timely given if it is mailed or
9 delivered as specified in this notice on the next operating day.
10 Refunds must be made within 30 days of receipt of the cancellation
11 notice to the health club.

12 'Operating day' means any calendar day on which patrons may
13 inspect and use the health club's facilities and services during a
14 period of at least eight hours, except holidays and Sundays."

15 f. A health club services contract shall provide that it is subject
16 to cancellation by notice sent by registered or certified mail, return
17 receipt requested, or personally delivered, to the address of the
18 health club specified in the contract upon the buyer's death or
19 permanent disability, if the permanent disability is fully described
20 and confirmed to the health club by a physician. In a cancellation
21 under this subsection, the health club may retain the portion of the
22 total contract price representing the services used plus
23 reimbursement for expenses incurred in an amount not to exceed
24 10% of the total contract price.

25 g. A health club services contract shall provide that it is subject
26 to cancellation by notice sent by registered or certified mail, return
27 receipt requested, or personally delivered, to the address of the
28 health club specified in the contract upon the buyer's change of
29 permanent residence to a location more than 25 miles from the
30 health club or an affiliated health club offering the same or similar
31 services and facilities at no additional expense to the buyer. In a
32 cancellation under this subsection, the health club may require
33 proof of the new permanent residence and may retain a prorated
34 share of the total contract price based upon the date the notice was
35 received plus reimbursement for expenses incurred in an amount
36 not to exceed 10% of the total contract price.

37 h. A health club services contract shall provide that if a health
38 club facility is closed for a period longer than 30 days through no
39 fault of the buyer of the health club services contract, the buyer is
40 entitled to either extend the contract for a period equal to that
41 during which the facility is closed or to receive a prorated refund of
42 the amount paid by the buyer under the contract.

43 i. A health club services contract shall not obligate the buyer
44 to renew the contract.

45 j. If a health club facility is not in existence on the date the
46 contract is executed, the health club services contract shall provide
47 that a buyer of a contract may cancel the contract if the facility is
48 not open for business on a date which shall be set forth in the

1 contract and receive a full refund of any deposit or payment on the
2 contract.

3 k. A health club services contract shall not limit the liability of
4 the health club to a buyer for injuries caused by or resulting from
5 the negligence of the owner or operator, or an agent or employee of
6 the owner or operator, of the health club.

7 (cf: P.L.1987, c.238, s.4)

8

9 2. This act shall take effect ¹**【immediately】** on the first day of
10 the ninth month next following enactment¹.