

Reprinted 4/87

FILED MAR 19 1987

SENATE FILE 464  
BY COMMITTEE ON COMMERCE  
(formerly SSB 211)  
*approved (p. 790)*

Passed Senate, Date 4-6-87 (p. 1103) Passed House, Date 3/28/88 (p. 1117)  
Vote: Ayes 42 Nays 3 Vote: Ayes 73 Nays 21  
Approved May 12, 1988

A BILL FOR

1 An Act relating to the regulation of health clubs and providing  
2 penalties.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SF 464

1 Section 1. NEW SECTION. 552.1 DEFINITIONS.

2 As used in this chapter, unless the context otherwise  
3 requires:

4 1. "Contract price" means the total price paid or to be  
5 paid, including service charges or membership fees, which  
6 entitles the buyer either directly or indirectly to membership  
7 in a health club or to the use of the services or facilities  
8 of a health club.

9 2. "Finance charge" means "finance charge" as defined in  
10 section 537.1301, subsection 19.

11 3. "Health club" means a person offering services or fa-  
12 cilities, or both, for the preservation, maintenance,  
13 encouragement, or development of physical fitness or well-  
14 being in return for the payment of a fee entitling the buyer  
15 to the use of the services or facilities. The term includes  
16 but is not limited to persons offering services and facilities  
17 known as "health spas", "sports and health clubs", "tennis  
18 clubs", "racquetball courts", "golf clubs", "gymnasiums",  
19 "figure salons", "health studios", "weight control studios",  
20 and persons operating establishments whose primary purpose is  
21 the teaching of a particular form of self defense or martial  
22 arts, such as judo, karate or kung fu. "Health club" does not  
23 include:

24 a. A person or establishment which does not charge a mem-  
25 bership fee and from which a buyer may only purchase or become  
26 obligated to purchase the use of services or facilities to be  
27 rendered for a period of not more than thirty days, and which  
28 does not collect more than thirty days in advance for the ren-  
29 dering of the services.

30 b. A nonprofit organization organized and operating as a  
31 nonprofit organization before January 1, 1987.

32 c. An entity primarily engaged in physical rehabilitation  
33 activities related to an individual's injury or disease.

34 d. A private club owned and operated by its members.

35 e. A facility operated by the state or any of its

1 political subdivisions.

2 4. "Health club contract" means an agreement by which a  
3 buyer is entitled to membership in a health club or use of the  
4 services or facilities of a health club.

5 5. "Prepayment" means any partial or full payment for ser-  
6 vices or the use of facilities made before the services are  
7 actually made available by the health club or the facility is  
8 fully opened for business as described in section 552.17,  
9 subsection 3.

10 Sec. 2. NEW SECTION. 552.2 PURPOSE.

11 The purpose of this chapter is to safeguard the public  
12 against fraud, deceit, and financial hardship and to foster  
13 and encourage competition, fair dealing, and prosperity in the  
14 field of health club operations and services by prohibiting or  
15 restricting practices by which the public has been injured in  
16 connection with contracts for and the marketing of health club  
17 services.

18 Sec. 3. NEW SECTION. 552.3 UNENFORCEABLE CONTRACTS.

19 A health club contract or assignment of a contract that  
20 does not comply with this chapter is unenforceable as contrary  
21 to public policy.

22 Sec. 4. NEW SECTION. 552.4 CONTRACTS FOR HEALTH CLUB  
23 SERVICES -- RIGHT OF CANCELLATION.

24 A health club contract shall provide that the contract may  
25 be canceled within three business days after the date of  
26 receipt by the buyer of a copy of the signed contract.  
27 Cancellation shall be by written notice delivered to the  
28 seller at an address which shall be specified in the contract.  
29 Cancellation is complete upon mailing of the notice of  
30 cancellation. After receipt of the cancellation, the health  
31 club may request the return of contract forms, membership  
32 cards, and all other documents and evidence of membership  
33 previously delivered to the buyer. The buyer is entitled to a  
34 refund of the entire consideration paid for the contract, if  
35 any, less twenty dollars.

1 A health club contract shall in plain terms disclose  
2 whether the health club will allow the buyer to cancel the  
3 contract in the event of the death or disability of the buyer.

4 Sec. 5. NEW SECTION. 552.5 CONTRACT -- STATEMENT OF  
5 BUYER'S RIGHTS -- FORM.

6 1. A health club contract shall be in writing and signed  
7 by the buyer. The contract constitutes the entire agreement  
8 between the seller and the buyer and shall so state. The  
9 contract shall state in at least ten-point boldface type  
10 "NOTICE TO BUYER: DO NOT SIGN THIS CONTRACT UNTIL YOU READ  
11 IT. DO NOT SIGN THIS CONTRACT IF IT CONTAINS BLANK SPACES."  
12 A copy of the health club contract shall be delivered to the  
13 buyer at the time the contract is signed.

14 2. A health club contract shall designate the date on  
15 which the buyer actually signs the contract and shall contain  
16 a statement of the buyer's rights which complies with this  
17 subsection. The statement shall appear in the contract under  
18 the conspicuous caption "BUYER'S RIGHT TO CANCEL", and shall  
19 read as follows:

20

\_\_\_\_\_ (enter date of transaction)

21  
22 You may cancel this transaction within three business days  
23 from the above date.

24 If you cancel, any payments made by you under the contract,  
25 less twenty dollars, and any negotiable instrument executed by  
26 you will be returned within fifteen business days following  
27 receipt by the seller of your cancellation notice, and any  
28 security interest arising out of the transaction will be can-  
29 celed. After you cancel, the health club may request the  
30 return of all contracts, membership cards, and other documents  
31 or evidence of membership.

32 To cancel this transaction, send, or deliver a signed and  
33 dated copy of this cancellation notice or any other written  
34 notice by certified or registered mail to \_\_\_\_\_  
35 (name of seller), at \_\_\_\_\_ (address of

1 seller's place of business) not later than midnight of \_\_\_\_\_  
2 (date).

3 I hereby cancel this transaction.

4 \_\_\_\_\_  
5 (Date)

6 \_\_\_\_\_  
7 (Buyer's signature)

8 The full text of this statement shall be in ten-point  
9 boldface type.

10 Sec. 6. NEW SECTION. 552.6 DELIVERY OF HEALTH CLUB  
11 RULES.

12 A health club contract shall include a complete statement  
13 of the rules of the health club, or an acknowledgement in a  
14 conspicuous form that the buyer has received a copy of the  
15 rules. Health club rules shall include, but are not limited  
16 to, the hours of operation.

17 Sec. 7. NEW SECTION. 552.7 BUYER'S CANCELLATION.

18 If a buyer cancels a health club contract pursuant to the  
19 three-day cancellation provision, the health club shall send  
20 the buyer a written confirmation of cancellation, together  
21 with the buyer's refund and any negotiable instruments  
22 executed by the buyer, within fifteen days after receipt by  
23 the health club of the buyer's cancellation notice. If the  
24 health club fails to send the written confirmation to the  
25 buyer within fifteen days after receiving a timely  
26 cancellation, the health club is deemed to have accepted the  
27 cancellation.

28 Sec. 8. NEW SECTION. 552.8 DURATION OF CONTRACT --  
29 RENEWAL.

30 A health club contract shall not have a duration longer  
31 than twenty-four months. If a health club offers a contract  
32 of more than twelve-months' duration, it shall also offer a  
33 twelve-month contract. A health club contract shall not  
34 contain an automatic renewal clause.

35 Sec. 9. NEW SECTION. 552.9 NOTICE OF MEMBERSHIP PLANS,

1 PRICES, AND RIGHT OF CANCELLATION.

2 The health club shall orally inform the buyer prior to the  
3 buyer's entering into a health club contract of all membership  
4 plans, their respective prices, and the three-day cancellation  
5 provision. In addition, the same information shall be posted  
6 in a place where a reasonable buyer would notice it at the  
7 time the buyer signs the health club contract.

8 Sec. 10. NEW SECTION. 552.10 STATEMENT REGARDING ASSIGN-  
9 ABILITY OF BUYER'S OBLIGATION.

10 If the buyer's obligation is in a form that may be  
11 assigned, the contract shall state in boldface type on the  
12 front page of the contract that the contract may be discounted  
13 and sold to third parties to whom the buyer will become  
14 obligated to make full payment.

15 Sec. 11. NEW SECTION. 552.11 BUYER'S RIGHTS UPON  
16 ASSIGNMENT.

17 1. A health club contract is not assignable by the health  
18 club without written notice of the assignment mailed to the  
19 buyer at the buyer's address as stated in the contract. The  
20 notice shall identify the contract, state the name and address  
21 of the assignee, the amount payable by the buyer and the  
22 number, amounts, and due dates of any payments, and shall  
23 contain a conspicuous notice to the buyer of the provisions of  
24 subsection 2.

25 2. If the health club assigns the buyer's obligation, the  
26 buyer has thirty days from the date of the mailing of the  
27 notice of the assignment within which to notify the assignee  
28 in writing of any claims or defenses the buyer may have  
29 against the health club. If written notification of the  
30 claims or defenses is not received by the assignee within the  
31 thirty-day period, the assignee has the right to enforce the  
32 contract free of any claims or defenses the buyer may have  
33 against the health club.

34 Sec. 12. NEW SECTION. 552.12 LISTING OF EQUIPMENT AND  
35 SERVICES.

1 A health club which intends to commence the sale of health  
2 club contracts shall, prior to commencing sale, compile a  
3 written list showing:

4 1. The equipment, by kind and quantity, that will be made  
5 available.

6 2. Each service which the health club intends to have  
7 available for use by buyers. The list shall be included in  
8 every health club contract. A health club shall not be  
9 considered fully open for business until all of the equipment  
10 and services so listed are actually available for use by  
11 buyers.

12 Sec. 13. NEW SECTION. 552.13 REMEDIES -- VIOLATIONS.

13 1. If a health club violates a provision of this chapter,  
14 the buyer may cancel the health club contract. The buyer also  
15 has a right of action against the health club for recovery of  
16 triple the amount the buyer paid to the health club under the  
17 contract. In addition to any judgment awarded to the buyer,  
18 the court shall allow reasonable attorney's fees.

19 2. A violation of any of the provisions of this chapter  
20 shall be deemed an unlawful practice under section 714.16,  
21 subsection 2, paragraph "a".

22 3. Unless displaced by the particular provisions of this  
23 chapter, the uniform commercial code and the principles of law  
24 and equity supplement the provisions of this chapter.

25 Sec. 14. NEW SECTION. 552.14 VIOLATION OF INJUNCTION --  
26 CIVIL PENALTY.

27 A person who violates the terms of an injunction issued in  
28 an action brought under this chapter or section 714.16 to  
29 enforce one or more provisions of this chapter is liable to  
30 the state for a civil penalty payable to and for the benefit  
31 of the state of Iowa of not more than twenty-five thousand  
32 dollars for a single violation and not more than fifty  
33 thousand dollars for all violations of the injunction.

34 Sec. 15. NEW SECTION. 552.15 PROHIBITED ACTIVITIES.

35 1. It is unlawful for a health club to make any

1 misrepresentation to current members, prospective buyers, or  
2 buyers of health club contracts regarding:

- 3 a. Qualifications of staff.
- 4 b. Availability, quality, or extent of facilities or ser-  
5 vices.
- 6 c. Results obtained through exercise, dieting, or weight  
7 control programs.
- 8 d. Membership rights.
- 9 e. The period that a special offer or discount will be  
10 available.

11 2. It is unlawful for a health club to fail or refuse to:

- 12 a. File or update the registration statement required by  
13 section 552.16.
- 14 b. Establish the escrow account required by section  
15 552.17.

16 3. It is unlawful for a health club to advertise, state,  
17 or represent that it is approved by the state or that it has  
18 complied with this chapter.

19 Sec. 16. NEW SECTION. 552.16 REGISTRATION.

20 1. A person operating or intending to open or operate a  
21 health club within this state shall file a registration state-  
22 ment with the attorney general's consumer protection division.  
23 The registration shall be filed at least thirty days before  
24 the use of any services or facilities is offered for sale by  
25 the health club. The registration statement shall be updated  
26 annually, on or before the anniversary date of the initial  
27 registration, and shall include the following:

- 28 a. The name and address of the health club.
- 29 b. The names and addresses of the officers, directors, and  
30 stockholders of the health club and its parent corporation, if  
31 one exists.
- 32 c. The type of available facilities.
- 33 d. The approximate size of the health club measured in  
34 square feet.
- 35 e. The type of membership plans offered and to be offered,

1 and their cost.

2 f. Two copies of each type of health club contract which  
3 the health club is currently using or intends to use.

4 2. A health club registering pursuant to this chapter  
5 shall maintain in the files of the health club a copy of its  
6 registration statement filed pursuant to this section. This  
7 registration statement shall be made available for inspection  
8 by current health club members or prospective buyers of health  
9 club services.

10 3. A health club that files an initial registration or  
11 update shall pay a fee in an amount determined by the attorney  
12 general to be sufficient to cover the cost of registration and  
13 administration of this chapter. The fees shall be deposited  
14 in the general fund of the state.

15 Sec. 17. NEW SECTION. 552.17 ESCROW.

16 1. A health club or its assignee or agent that accepts  
17 prepayments shall deposit all of the funds received as pre-  
18 payments in an escrow account established with a financial  
19 institution located in this state whose accounts are insured  
20 by the federal deposit insurance corporation or the federal  
21 savings and loan insurance corporation, which shall hold the  
22 funds as escrow agent for the benefit of the buyers that  
23 prepay. The health club shall deposit all prepayments re-  
24 ceived at least biweekly and shall make the first deposit not  
25 later than the fourteenth day after the day on which the  
26 health club accepts the first prepayment. Not later than the  
27 fourteenth day after the day on which the first prepayment is  
28 received, the health club shall submit to the attorney  
29 general's consumer protection division a notarized statement  
30 that identifies the financial institution in which the pre-  
31 payments are held in escrow and the name and account number in  
32 which the account is held. The prepayments shall be held in  
33 escrow until the thirtieth day after the date that the health  
34 club fully opens for business.

35 2. If the health club does not fully open for business

1 before the one hundred eighty-first day after the date it  
2 enters into the first health club contract or if the club does  
3 not remain fully open for thirty days, the buyers whose  
4 payments are held in escrow under this section shall receive a  
5 full refund, including the buyer's pro rata share of any  
6 interest earned thereon, from the escrow agent. Refunds  
7 pursuant to this section shall be made not later than the two  
8 hundred forty-first day after the date the first health club  
9 contract was signed. If the escrow agent fails to make a full  
10 refund as provided for in this section, the attorney general  
11 shall hold a hearing and determine whether the health club has  
12 fully opened and has remained open for thirty days, and if  
13 not, determine those persons who, as buyers, are entitled to a  
14 refund and, if appropriate, distribute the escrow proceeds.  
15 Notice shall be provided to the health club at its place of  
16 business as shown on its registration statement and to all  
17 buyers who have funds in the escrow account. All hearings  
18 held under this section shall be held in accordance with  
19 chapter 17A.

20 3. For the purposes of this section, the date on which a  
21 health club fully opens for business is the date on which all  
22 of the equipment and services of the health club that were ad-  
23 vertised before the opening or promised to be made available,  
24 whether or not contained in the contract, are actually  
25 available for use by buyers.

26 4. The buyer retains ownership of all moneys and interest  
27 held in escrow under this section.

28 Sec. 18. NEW SECTION. 552.18 CONSUMER CREDIT SALES.

29 A health club contract where a finance charge is made or  
30 where payment is required or permitted by agreement to be made  
31 in more than four periodic payments, excluding a down payment,  
32 is a consumer credit sale within the meaning of section  
33 537.1301, subsection 12, and is subject to chapter 537. If  
34 any periodic payment, other than the down payment under an  
35 agreement requiring or permitting two or more periodic

1 payments, is more than twice the amount of any other periodic  
2 payment other than the down payment, a transaction is "payable  
3 in installments" within the meaning of section 537.1301,  
4 subsection 30.

5 The provisions of this chapter providing rights and protec-  
6 tions to buyers are in addition to the provisions of chapter  
7 537.

8 Sec. 19. NEW SECTION. 552.19 WAIVER OF PROVISIONS.

9 A waiver by the buyer of any of the provisions of this  
10 chapter is void as contrary to public policy.

11 Sec. 20. NEW SECTION. 552.20 IMMUNITY.

12 Notwithstanding chapter 25A, there is no liability on  
13 behalf of the state of Iowa, the attorney general, or the  
14 employees of the attorney general, for damages for failure to  
15 execute, or for negligently executing, the duties or authority  
16 conferred upon them by this chapter, or the rules adopted  
17 pursuant to this chapter.

18 Sec. 21. NEW SECTION. 552.21 RULES.

19 The attorney general may adopt rules in accordance with  
20 chapter 17A to carry out the provisions of this chapter.

21 Sec. 22. NEW SECTION. 552.22 CONSTRUCTION OF CHAPTER.

22 This chapter does not limit the power or authority of the  
23 attorney general to seek administrative, legal, or equitable  
24 relief as provided by other statutes or at common law.

25 Sec. 23. NEW SECTION. 552.23 APPLICABILITY.

26 This chapter applies to all health club contracts entered  
27 into in this state on or after July 1, 1987, concerning health  
28 club facilities located, or services to be provided, in this  
29 state.

30 Sec. 24. This Act takes effect July 1, 1987, but a person  
31 operating a health club on the effective date of this Act has  
32 sixty days in which to file a registration statement as  
33 required by section 16 of this Act.

34 EXPLANATION

35 This bill creates a new chapter, tentatively numbered 552,

1 regulating health clubs. It imposes certain requirements on  
2 health club contracts, including several disclosure provisions  
3 and a three-day cooling-off period during which the buyer can  
4 cancel the contract. A contract that does not comply with the  
5 new chapter is unenforceable.

6 Buyers may bring private actions for triple damages against  
7 health clubs violating provisions of the new chapter. A  
8 violation of the chapter is an unlawful practice under the  
9 consumer fraud law. Civil penalties of \$25,000 to \$50,000 may  
10 be imposed for violating an injunction under that law or under  
11 the new chapter. Criminal penalties are also specified for  
12 certain prohibited activities.

13 Health clubs must register with the attorney general's  
14 office, update that registration annually and pay a  
15 registration fee. A health club which is not yet fully open  
16 for business must deposit prepayments in an escrow account.

17 The new provisions apply to all health club contracts  
18 entered into on or after July 1, 1987.

19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 464

3376

1 Amend Senate File 464 as follows:

2 1. Page 1, line 11, by inserting after the word  
3 "person" the following: "in business for a primary  
4 purpose of".

5 2. Page 1, line 30, by striking the word "A" and  
6 inserting the following: "Except for purposes of  
7 sections 552.4, 552.7, 552.13, and 552.15, a".

8 3. Page 1, line 31 by striking the words and  
9 figures "before January 1, 1987".

10 4. Page 1, line 35, by striking the word "A" and  
11 inserting the following: "Except for purposes of  
12 sections 552.4, 552.7, 552.13, and 552.15, a".

13 5. Page 3, lines 7 and 8 by striking the words  
14 "The contract constitutes the entire agreement between  
15 the seller and the buyer and shall so state."

16 6. Page 3, line 26, by striking the words  
17 "fifteen business" and inserting the following:  
18 "thirty".

19 7. Page 4, line 22, by striking the word  
20 "fifteen" and inserting the following: "thirty".

21 8. Page 4, line 25, by striking the word  
22 "fifteen" and inserting the following: "thirty".

23 9. Page 4, line 31, by striking the word "twenty-  
four" and inserting the following: "thirty-six".

24 10. Page 5, by striking lines 2 through 7 and  
25 inserting the following:

26 "The health club shall orally inform the buyer  
27 prior to the buyer's entering into a health club  
28 contract of the three-day cancellation provision and  
29 provide the buyer with a written or oral list of all  
30 membership plans and their respective prices."

31 11. Page 6, by striking lines 1 through 11 and  
32 inserting the following:

33 "A health club shall compile a written list which  
34 shall be available to a buyer upon request showing:

35 1. The equipment by kind and quantity that is or  
36 will be made available.

37 2. Each service which the health club intends to  
38 have available for use by the buyers.

39 Subject to section 552.17, subsection 3, paragraph  
40 "a", a health club that accepts prepayments shall not  
41 be considered fully open for business until all of the  
42 equipment and services so listed are actually  
43 available for use by the buyers."

44 12. Page 6, line 16, by striking the word  
45 "triple".

46 13. Page 6, by striking lines 25 through 33.

47 14. Page 7, lines 29 and 30 by striking the words  
48 "officers, directors, and stockholders" and inserting  
the following: "officers and directors".

S-3376 pg. 2

- 1 15. Page 8, line 7, by inserting after the word
- 2 "available" the following: "upon request".
- 3 16. Page 9, line 1, by striking the words "one
- 4 hundred eight-first" and inserting the following:
- 5 "two hundred eleventh".
- 6 17. Page 9, line 25 by inserting after the word
- 7 "buyers." the following: "The attorney general may
- 8 upon application certify that a health club is fully
- 9 open for business if substantially all of the promised
- 10 equipment and services are available for use, and the
- 11 health club has made a diligent effort to provide the
- 12 remaining equipment and services."
- 13 18. Page 9, by inserting after line 27 the
- 14 following:
- 15 "5. In lieu of establishing the escrow account
- 16 described in subsections 1 through 4, a health club
- 17 may post a one hundred fifty thousand dollar bond with
- 18 the office of the attorney general, in a form deemed
- 19 acceptable by the attorney general to protect the
- 20 interest of buyers. Notice of the existence of the
- 21 bond must be disclosed to the buyer in the health club
- 22 contract. Either the attorney general or a buyer
- 23 shall be entitled to collect on the bond in the same
- 24 manner and on the same terms as provided for an escrow
- 25 account in subsections 1 through 4. The aggregate
- 26 liability of the surety for all damages shall not
- 27 exceed the amount of the bond."
- 28 19. Page 10, line 32, by striking the word
- 29 "sixty" and inserting the following: "ninety".

S-3376

Filed April 2, 1987

*Adopted 4/6 (p. 1163)*

BY AL STURGEON

JIM LIND

JOY C. CORNING

SENATE FILE 464

S-3380

- 1 Amend the amendment, S-3376, to Senate File 464 as
- 2 follows:
- 3 1. Page 1, by striking lines 5 through 9 and
- 4 inserting the following:
- 5 "\_\_\_\_. Page 1, by striking lines 30 through 31."
- 6 2. Page 1, by inserting before line 10 the
- 7 following:
- 8 "\_\_\_\_. Page 1, by striking line 34 and inserting
- 9 the following:
- 10 "d. An existing health club, so long as it
- 11 continues to operate exclusively on the same terms as
- 12 offered existing buyers as of January 1, 1987."
- 13 3. By renumbering as necessary.

S-3380

Filed April 2, 1987

*Ad 4/6 (1163)*

BY EDGAR H. HOLDEN

SENATE FILE 464

S-3295

1 Amend Senate File 464 as follows:

2 1. Page 1, line 11, by inserting after the word  
3 "person" the following: "in business for a primary  
4 purpose of".

5 2. Page 1, line 31 by striking the words and  
6 figures "before January 1, 1987".

7 3. Page 3, lines 7 and 8 by striking the words  
8 "The contract constitutes the entire agreement between  
9 the seller and the buyer and shall so state."

10 4. Page 6, line 8 by striking the word "A" and  
11 inserting the following: "Subject to section 552.17,  
12 subsection 3, a".

13 5. Page 7, lines 29 and 30 by striking the words  
14 "officers, directors, and stockholders" and inserting  
15 the following: "officers and directors".

16 6. Page 9, line 25 by inserting after the word  
17 "buyers." the following: "The attorney general may  
18 upon application certify that a health club is fully  
19 open for business if substantially all of the promised  
20 equipment and services are available for use, and the  
21 health club has made a diligent effort to provide the  
22 remaining equipment and services."

S-3295

Filed March 26, 1987

BY AL STURGEON

*W/D 4/6 (p. 1102)*

SENATE FILE 464

S-3337

1 Amend the amendment, S-3295, to Senate File 464 as  
2 follows:

3 1. Page 1, by striking lines 5 and 6 and  
4 inserting the following:

5 "\_\_\_\_. Page 1, by striking lines 30 through 31."

6 2. Page 1, by inserting before line 7 the  
7 following:

8 "\_\_\_\_. Page 1, by striking line 34 and inserting  
9 the following:

10 "d. An existing health club, so long as it  
11 continues to operate exclusively on the same terms as  
12 offered existing buyers as of January 1, 1987."

13 3. By renumbering as necessary.

S-3337

Filed March 31, 1987

BY EDGAR H. HOLDEN

*Blues 20/1 4/6 (1102)*

SENATE FILE 464

S-3368

1 Amend Senate File 464 as follows:

2 1. Page 8, line 20, by inserting after the word  
3 "corporation" the following: ", the national credit  
4 union administration,".

S-3368

Filed April 1, 1987

BY AL STURGEON

*Adopted 4/6 (p. 1103)*



1 Section 1. NEW SECTION. 552.1 DEFINITIONS.

2 As used in this chapter, unless the context otherwise  
3 requires:

4 1. "Contract price" means the total price paid or to be  
5 paid, including service charges or membership fees, which  
6 entitles the buyer either directly or indirectly to membership  
7 in a health club or to the use of the services or facilities  
8 of a health club.

9 2. "Finance charge" means "finance charge" as defined in  
10 section 537.1301, subsection 19.

11 3. "Health club" means a person in business for a primary  
12 purpose of offering services or facilities, or both, for the  
13 preservation, maintenance, encouragement, or development of  
14 physical fitness or well-being in return for the payment of a  
15 fee entitling the buyer to the use of the services or  
16 facilities. The term includes but is not limited to persons  
17 offering services and facilities known as "health spas",  
18 "sports and health clubs", "tennis clubs", "racquetball  
19 courts", "golf clubs", "gymnasiums", "figure salons", "health  
20 studios", "weight control studios", and persons operating  
21 establishments whose primary purpose is the teaching of a  
22 particular form of self defense or martial arts, such as judo,  
23 karate or kung fu. "Health club" does not include:

24 a. A person or establishment which does not charge a mem-  
25 bership fee and from which a buyer may only purchase or become  
26 obligated to purchase the use of services or facilities to be  
27 rendered for a period of not more than thirty days, and which  
28 does not collect more than thirty days in advance for the ren-  
29 dering of the services.

30 b. Except for purposes of sections 552.4, 552.7, 552.13,  
31 and 552.14, a nonprofit organization organized and operating  
\*32 as a nonprofit organization.

33 c. An entity primarily engaged in physical rehabilitation  
34 activities related to an individual's injury or disease.

35 d. A private club owned and operated by its members.

1 e. Except for purposes of sections 552.4, 552.7, 552.13,  
2 and 552.14, a facility operated by the state or any of its  
3 political subdivisions.

4 4. "Health club contract" means an agreement by which a  
5 buyer is entitled to membership in a health club or use of the  
6 services or facilities of a health club.

7 5. "Prepayment" means any partial or full payment for ser-  
8 vices or the use of facilities made before the services are  
9 actually made available by the health club or the facility is  
10 fully opened for business as described in section 552.16,  
11 subsection 3.

12 Sec. 2. NEW SECTION. 552.2 PURPOSE.

13 The purpose of this chapter is to safeguard the public  
14 against fraud, deceit, and financial hardship and to foster  
15 and encourage competition, fair dealing, and prosperity in the  
16 field of health club operations and services by prohibiting or  
17 restricting practices by which the public has been injured in  
18 connection with contracts for and the marketing of health club  
19 services.

20 Sec. 3. NEW SECTION. 552.3 UNENFORCEABLE CONTRACTS.

21 A health club contract or assignment of a contract that  
22 does not comply with this chapter is unenforceable as contrary  
23 to public policy.

24 Sec. 4. NEW SECTION. 552.4 CONTRACTS FOR HEALTH CLUB  
25 SERVICES -- RIGHT OF CANCELLATION.

26 A health club contract shall provide that the contract may  
27 be canceled within three business days after the date of  
28 receipt by the buyer of a copy of the signed contract.  
29 Cancellation shall be by written notice delivered to the  
30 seller at an address which shall be specified in the contract.  
31 Cancellation is complete upon mailing of the notice of  
32 cancellation. After receipt of the cancellation, the health  
33 club may request the return of contract forms, membership  
34 cards, and all other documents and evidence of membership  
35 previously delivered to the buyer. The buyer is entitled to a

1 refund of the entire consideration paid for the contract, if  
2 any, less twenty dollars.

3 A health club contract shall in plain terms disclose  
4 whether the health club will allow the buyer to cancel the  
5 contract in the event of the death or disability of the buyer.

6 Sec. 5. NEW SECTION. 552.5 CONTRACT -- STATEMENT OF  
7 BUYER'S RIGHTS -- FORM.

8 1. A health club contract shall be in writing and signed  
\*9 by the buyer. The contract shall state in at least ten-point  
10 boldface type "NOTICE TO BUYER: DO NOT SIGN THIS CONTRACT  
11 UNTIL YOU READ IT. DO NOT SIGN THIS CONTRACT IF IT CONTAINS  
12 BLANK SPACES." A copy of the health club contract shall be  
13 delivered to the buyer at the time the contract is signed.

14 2. A health club contract shall designate the date on  
15 which the buyer actually signs the contract and shall contain  
16 a statement of the buyer's rights which complies with this  
17 subsection. The statement shall appear in the contract under  
18 the conspicuous caption "BUYER'S RIGHT TO CANCEL", and shall  
19 read as follows:

20

21 \_\_\_\_\_  
(enter date of transaction)

22 You may cancel this transaction within three business days  
23 from the above date.

24 If you cancel, any payments made by you under the contract,  
25 less twenty dollars, and any negotiable instrument executed by  
26 you will be returned within thirty days following receipt by  
27 the seller of your cancellation notice, and any security  
28 interest arising out of the transaction will be canceled.

29 After you cancel, the health club may request the return of  
30 all contracts, membership cards, and other documents or  
31 evidence of membership.

32 To cancel this transaction, send, or deliver a signed and  
33 dated copy of this cancellation notice or any other written  
34 notice by certified or registered mail to \_\_\_\_\_  
35 (name of seller), at \_\_\_\_\_ (address of

1 seller's place of business) not later than midnight of \_\_\_\_\_  
2 (date).

3 I hereby cancel this transaction.

4 \_\_\_\_\_

5 (Date)

6

7 \_\_\_\_\_  
(Buyer's signature)

8 The full text of this statement shall be in ten-point  
9 boldface type.

10 Sec. 6. NEW SECTION. 552.6 DELIVERY OF HEALTH CLUB  
11 RULES.

12 A health club contract shall include a complete statement  
13 of the rules of the health club, or an acknowledgement in a  
14 conspicuous form that the buyer has received a copy of the  
15 rules. Health club rules shall include, but are not limited  
16 to, the hours of operation.

17 Sec. 7. NEW SECTION. 552.7 BUYER'S CANCELLATION.

18 If a buyer cancels a health club contract pursuant to the  
19 three-day cancellation provision, the health club shall send  
20 the buyer a written confirmation of cancellation, together  
21 with the buyer's refund and any negotiable instruments  
22 executed by the buyer, within thirty days after receipt by the  
23 health club of the buyer's cancellation notice. If the health  
24 club fails to send the written confirmation to the buyer  
25 within thirty days after receiving a timely cancellation, the  
26 health club is deemed to have accepted the cancellation.

27 Sec. 8. NEW SECTION. 552.8 DURATION OF CONTRACT --  
28 RENEWAL.

29 A health club contract shall not have a duration longer  
30 than thirty-six months. If a health club offers a contract of  
31 more than twelve-months' duration, it shall also offer a  
32 twelve-month contract. A health club contract shall not  
33 contain an automatic renewal clause.

34 Sec. 9. NEW SECTION. 552.9 NOTICE OF MEMBERSHIP PLANS,  
35 PRICES, AND RIGHT OF CANCELLATION.

5701 The health club shall orally inform the buyer prior to the  
2 buyer's entering into a health club contract of the three-day  
3 cancellation provision and provide the buyer with a written or  
4 oral list of all membership plans and their respective prices.

5 Sec. 10. NEW SECTION. 552.10 STATEMENT REGARDING ASSIGN-  
6 ABILITY OF BUYER'S OBLIGATION.

7 If the buyer's obligation is in a form that may be  
8 assigned, the contract shall state in boldface type on the  
9 front page of the contract that the contract may be discounted  
10 and sold to third parties to whom the buyer will become  
11 obligated to make full payment.

12 Sec. 11. NEW SECTION. 552.11 BUYER'S RIGHTS UPON  
13 ASSIGNMENT.

57014 1. A health club contract is not assignable by the health  
15 club without written notice of the assignment mailed to the  
16 buyer at the buyer's address as stated in the contract. The  
17 notice shall identify the contract, state the name and address  
18 of the assignee, the amount payable by the buyer and the  
19 number, amounts, and due dates of any payments, and shall  
20 contain a conspicuous notice to the buyer of the provisions of  
21 subsection 2.

57022 2. If the health club assigns the buyer's obligation, the  
23 buyer has thirty days from the date of the mailing of the  
24 notice of the assignment within which to notify the assignee  
25 in writing of any claims or defenses the buyer may have  
26 against the health club. If written notification of the  
27 claims or defenses is not received by the assignee within the  
28 thirty-day period, the assignee has the right to enforce the  
29 contract free of any claims or defenses the buyer may have  
30 against the health club.

31 Sec. 12. NEW SECTION. 552.12 LISTING OF EQUIPMENT AND  
32 SERVICES.

57033 A health club shall compile a written list which shall be  
34 available to a buyer upon request showing:

35 1. The equipment by kind and quantity that is or will be

1 made available.

2 2. Each service which the health club intends to have  
3 available for use by the buyers.

4 Subject to section 552.16, subsection 3, paragraph "a", a  
5 health club that accepts prepayments shall not be considered  
6 fully open for business until all of the equipment and  
7 services so listed are actually available for use by the  
8 buyers.

9 Sec. 13. NEW SECTION. 552.13 REMEDIES -- VIOLATIONS.

10 1. If a health club violates a provision of this chapter,  
11 the buyer may cancel the health club contract. The buyer also  
12 has a right of action against the health club for recovery of  
\* 13 the amount the buyer paid to the health club under the  
14 contract. In addition to any judgment awarded to the buyer,  
15 the court shall allow reasonable attorney's fees.

16 2. A violation of any of the provisions of this chapter  
17 shall be deemed an unlawful practice under section 714.16,  
18 subsection 2, paragraph "a".

19 3. Unless displaced by the particular provisions of this  
20 chapter, the uniform commercial code and the principles of law  
21 and equity supplement the provisions of this chapter.

\* 22 Sec. 14. NEW SECTION. 552.14 PROHIBITED ACTIVITIES.

23 1. It is unlawful for a health club to make any  
24 misrepresentation to current members, prospective buyers, or  
25 buyers of health club contracts regarding:

26 a. Qualifications of staff.

27 b. Availability, quality, or extent of facilities or ser-  
28 vices.

29 c. Results obtained through exercise, dieting, or weight  
30 control programs.

31 d. Membership rights.

32 e. The period that a special offer or discount will be  
33 available.

34 2. It is unlawful for a health club to fail or refuse to:

35 a. File or update the registration statement required by

1 section 552.15.

2 b. Establish the escrow account required by section  
3 552.16.

SW 4 3. It is unlawful for a health club to advertise, state,  
5 or represent that it is approved by the state or that it has  
6 complied with this chapter.

7 Sec. 15. NEW SECTION. 552.15 REGISTRATION.

SW 8 1. A person operating or intending to open or operate a  
9 health club within this state shall file a registration state-  
10 ment with the attorney general's consumer protection division.  
11 The registration shall be filed at least thirty days before  
12 the use of any services or facilities is offered for sale by  
13 the health club. The registration statement shall be updated  
14 annually, on or before the anniversary date of the initial  
15 registration, and shall include the following:

- 16 a. The name and address of the health club.
- 17 b. The names and addresses of the officers and directors  
18 of the health club and its parent corporation, if one exists.
- 19 c. The type of available facilities.
- 20 d. The approximate size of the health club measured in  
21 square feet.
- 22 e. The type of membership plans offered and to be offered,  
23 and their cost.
- 24 f. Two copies of each type of health club contract which  
25 the health club is currently using or intends to use.

SW 26 2. A health club registering pursuant to this chapter  
27 shall maintain in the files of the health club a copy of its  
28 registration statement filed pursuant to this section. This  
29 registration statement shall be made available upon request  
30 for inspection by current health club members or prospective  
31 buyers of health club services.

SW 32 3. A health club that files an initial registration or  
33 update shall pay a fee in an amount determined by the attorney  
34 general to be sufficient to cover the cost of registration and  
35 administration of this chapter. The fees shall be deposited

1 in the general fund of the state.

2 Sec. 16. NEW SECTION. 552.16 ESCROW.

3 1. A health club or its assignee or agent that accepts  
4 prepayments shall deposit all of the funds received as pre-  
5 payments in an escrow account established with a financial  
6 institution located in this state whose accounts are insured  
7 by the federal deposit insurance corporation, the national  
8 credit union administration, or the federal savings and loan  
9 insurance corporation, which shall hold the funds as escrow  
10 agent for the benefit of the buyers that prepay. The health  
11 club shall deposit all prepayments received at least biweekly  
12 and shall make the first deposit not later than the fourteenth  
13 day after the day on which the health club accepts the first  
14 prepayment. Not later than the fourteenth day after the day  
15 on which the first prepayment is received, the health club  
16 shall submit to the attorney general's consumer protection  
17 division a notarized statement that identifies the financial  
18 institution in which the prepayments are held in escrow and  
19 the name and account number in which the account is held. The  
20 prepayments shall be held in escrow until the thirtieth day  
21 after the date that the health club fully opens for business.

22 2. If the health club does not fully open for business  
23 before the two hundred eleventh day after the date it enters  
24 into the first health club contract or if the club does not  
25 remain fully open for thirty days, the buyers whose payments  
26 are held in escrow under this section shall receive a full  
27 refund, including the buyer's pro rata share of any interest  
28 earned thereon, from the escrow agent. Refunds pursuant to  
29 this section shall be made not later than the two hundred  
30 forty-first day after the date the first health club contract  
31 was signed. If the escrow agent fails to make a full refund  
32 as provided for in this section, the attorney general shall  
33 hold a hearing and determine whether the health club has fully  
34 opened and has remained open for thirty days, and if not,  
35 determine those persons who, as buyers, are entitled to a

1 refund and, if appropriate, distribute the escrow proceeds.  
2 Notice shall be provided to the health club at its place of  
3 business as shown on its registration statement and to all  
4 buyers who have funds in the escrow account. All hearings  
5 held under this section shall be held in accordance with  
6 chapter 17A.

5797 7 3. For the purposes of this section, the date on which a  
8 health club fully opens for business is the date on which all  
9 of the equipment and services of the health club that were ad-  
10 vertised before the opening or promised to be made available,  
11 whether or not contained in the contract, are actually  
12 available for use by buyers. The attorney general may upon  
13 application certify that a health club is fully open for  
14 business if substantially all of the promised equipment and  
15 services are available for use, and the health club has made a  
16 diligent effort to provide the remaining equipment and  
17 services.

18 4. The buyer retains ownership of all moneys and interest  
19 held in escrow under this section.

20 5. In lieu of establishing the escrow account described in  
21 subsections 1 through 4, a health club may post a one hundred  
22 fifty thousand dollar bond with the office of the attorney  
23 general, in a form deemed acceptable by the attorney general  
24 to protect the interest of buyers. Notice of the existence of  
25 the bond must be disclosed to the buyer in the health club  
26 contract. Either the attorney general or a buyer shall be  
27 entitled to collect on the bond in the same manner and on the  
28 same terms as provided for an escrow account in subsections 1  
29 through 4. The aggregate liability of the surety for all  
30 damages shall not exceed the amount of the bond.

31 Sec. 17. NEW SECTION. 552.17 CONSUMER CREDIT SALES.

32 A health club contract where a finance charge is made or  
33 where payment is required or permitted by agreement to be made  
34 in more than four periodic payments, excluding a down payment,  
35 is a consumer credit sale within the meaning of section

1 537.1301, subsection 12, and is subject to chapter 537. If  
2 any periodic payment, other than the down payment under an  
3 agreement requiring or permitting two or more periodic  
4 payments, is more than twice the amount of any other periodic  
5 payment other than the down payment, a transaction is "payable  
6 in installments" within the meaning of section 537.1301,  
7 subsection 30.

8 The provisions of this chapter providing rights and protec-  
9 tions to buyers are in addition to the provisions of chapter  
10 537.

11 Sec. 18. NEW SECTION. 552.18 WAIVER OF PROVISIONS.

12 A waiver by the buyer of any of the provisions of this  
13 chapter is void as contrary to public policy.

14 Sec. 19. NEW SECTION. 552.19 IMMUNITY.

15 Notwithstanding chapter 25A, there is no liability on  
16 behalf of the state of Iowa, the attorney general, or the  
17 employees of the attorney general, for damages for failure to  
18 execute, or for negligently executing, the duties or authority  
19 conferred upon them by this chapter, or the rules adopted  
20 pursuant to this chapter.

21 Sec. 20. NEW SECTION. 552.20 RULES.

22 The attorney general may adopt rules in accordance with  
23 chapter 17A to carry out the provisions of this chapter.

24 Sec. 21. NEW SECTION. 552.21 CONSTRUCTION OF CHAPTER.

25 This chapter does not limit the power or authority of the  
26 attorney general to seek administrative, legal, or equitable  
27 relief as provided by other statutes or at common law.

28 Sec. 22. NEW SECTION. 552.22 APPLICABILITY.

29 This chapter applies to all health club contracts entered  
30 into in this state on or after July 1, 1987, concerning health  
31 club facilities located, or services to be provided, in this  
32 state.

33 Sec. 23. This Act takes effect July 1, 1987, but a person  
34 operating a health club on the effective date of this Act has  
35 ninety days in which to file a registration statement as

1 required by section 15 of this Act.

- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

## SENATE FILE 464

H-5781

- 1 Amend Senate File 464, as amended, passed, and  
2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 7, by striking the word "health"  
4 and inserting the following: "physical exercise".  
5 2. Page 1, line 8, by striking the word "health"  
6 and inserting the following: "physical exercise".  
7 3. Page 1, line 11, by striking the word "Health"  
8 and inserting the following: "Physical exercise".  
9 4. Page 1, lines 11 and 12, by striking the words  
10 "in business for a primary purpose of".  
11 5. Page 1, line 17, by inserting after the word  
12 "as" the following: "'health clubs',".  
13 6. Page 1, line 23, by striking the word "Health"  
14 and inserting the following: "Physical exercise".  
15 7. Page 1, line 31, by striking the word and  
16 figure "and 552.14," and inserting in lieu thereof the  
17 following: "552.14, and 552.16".  
18 8. Page 2, line 4, by striking the word "Health"  
19 and inserting the following: "Physical exercise".  
20 9. Page 2, line 5, by striking the word "health"  
21 and inserting the following: "physical exercise".  
22 10. Page 2, line 6, by striking the word "health"  
23 and inserting the following: "physical exercise".  
24 11. Page 2, line 9, by striking the word "health"  
25 and inserting the following: "physical exercise".  
26 12. Page 2, line 16, by striking the word  
27 "health" and inserting the following: "physical  
28 exercise".  
29 13. Page 2, line 18, by striking the word  
30 "health" and inserting the following: "physical  
31 exercise".  
32 14. Page 2, line 21, by striking the word  
33 "health" and inserting the following: "physical  
34 exercise".  
35 15. Page 2, line 24, by striking the word  
36 "HEALTH" and inserting the following: "PHYSICAL  
37 EXERCISE".  
38 16. Page 2, line 26, by striking the word  
39 "health" and inserting the following: "physical  
40 exercise".  
41 17. Page 2, line 32, by striking the word  
42 "health" and inserting the following: "physical  
43 exercise".  
44 18. Page 3, line 3, by striking the word "health"  
45 and inserting the following: "physical exercise".  
46 19. Page 3, line 4, by striking the word "health"  
47 and inserting the following: "physical exercise".  
48 20. Page 3, line 8, by striking the word "health"  
49 and inserting the following: "physical exercise".  
50 21. Page 3, line 12, by striking the word

H-5781

Page 2

- 1 "health" and inserting the following: "physical  
2 exercise".
- 3 22. Page 3, line 14, by striking the word  
4 "health" and inserting the following: "physical  
5 exercise".
- 6 23. Page 3, line 26, by striking the word  
7 "thirty" and inserting the following: "forty-five".
- 8 24. Page 3, line 29, by striking the word  
9 "health" and inserting the following: "physical  
10 exercise".
- 11 25. Page 4, line 10, by striking the word  
12 "HEALTH" and inserting the following: "PHYSICAL  
13 EXERCISE".
- 14 26. Page 4, line 12, by striking the word  
15 "health" and inserting the following: "physical  
16 exercise".
- 17 27. Page 4, line 13, by striking the word  
18 "health" and inserting the following: "physical  
19 exercise".
- 20 28. Page 4, line 15, by striking the word  
21 "Health" and inserting the following: "Physical  
22 exercise".
- 23 29. Page 4, line 18, by striking the word  
24 "health" and inserting the following: "physical  
25 exercise".
- 26 30. Page 4, line 19, by striking the word  
27 "health" and inserting the following: "physical  
28 exercise".
- 29 31. Page 4, line 22, by striking the word  
30 "thirty" and inserting the following: "forty-five".
- 31 32. Page 4, by striking line 23, and inserting  
32 the following: "physical exercise club of the buyer's  
33 cancellation notice. If the physical exercise".
- 34 33. Page 4, line 25, by striking the word  
35 "thirty" and inserting the following: "forty-five".
- 36 34. Page 4, line 26, by striking the word  
37 "health" and inserting the following: "physical  
38 exercise".
- 39 35. Page 4, line 29, by striking the word  
40 "health" and inserting the following: "physical  
41 exercise".
- 42 36. Page 4, line 30, by striking the word  
43 "health" and inserting the following: "physical  
44 exercise".
- 45 37. Page 4, line 32, by striking the word  
46 "health" and inserting the following: "physical  
47 exercise".
- 48 38. Page 5, line 1, by striking the word "health"  
49 and inserting the following: "physical exercise".
- 50 39. Page 5, line 2, by striking the word "health"

H-5781

Page 3

- 1 and inserting the following: "physical exercise".  
2 40. Page 5, lines 3 and 4, by striking the words  
3 "or oral".  
4 41. Page 5, by striking line 14, and inserting  
5 the following:  
6 "1. A physical exercise club contract is not  
7 assignable by the physical exercise".  
8 42. Page 5, line 22, by striking the word  
9 "health" and inserting the following: "physical  
10 exercise".  
11 43. Page 5, line 26, by striking the word  
12 "health" and inserting the following: "physical  
13 exercise".  
14 44. Page 5, line 30, by striking the word  
15 "health" and inserting the following: "physical  
16 exercise".  
17 45. Page 5, line 33, by striking the word  
18 "health" and inserting the following: "physical  
19 exercise".  
20 46. Page 5, line 33, by inserting after the word  
21 "club" the following: ", which accepts prepayments as  
22 defined in section 552.1, subsection 5,".  
23 47. Page 6, line 2, by striking the word "health"  
24 and inserting the following: "physical exercise".  
25 48. Page 6, line 5, by striking the word "health"  
26 and inserting the following: "physical exercise".  
27 49. Page 6, line 10, by striking the word  
28 "health" and inserting the following: "physical  
29 exercise".  
30 50. Page 6, line 11, by striking the word  
31 "health" and inserting the following: "physical  
32 exercise".  
33 51. Page 6, line 12, by striking the word  
34 "health" and inserting the following: "physical  
35 exercise".  
36 52. Page 6, line 13, by striking the word  
37 "health" and inserting the following: "physical  
38 exercise".  
39 53. Page 6, line 15, by striking the word "shall"  
40 and inserting the following: "may".  
41 54. Page 6, line 20, by striking the words ", the  
42 uniform commercial code".  
43 55. Page 6, line 23, by striking the word  
44 "health" and inserting the following: "physical  
45 exercise".  
46 56. Page 6, line 25, by striking the word  
47 "health" and inserting the following: "physical  
48 exercise".  
49 57. Page 6, line 34, by striking the word  
50 "health" and inserting the following: "physical

H-5781

Page 4

1 exercise".

2 58. Page 7, line 4, by striking the word "health"  
3 and inserting the following: "physical exercise".4 59. Page 7, line 9, by striking the word "health"  
5 and inserting the following: "physical exercise".6 60. Page 7, line 13, by striking the word  
7 "health" and inserting the following: "physical  
8 exercise".9 61. Page 7, line 16, by striking the word  
10 "health" and inserting the following: "physical  
11 exercise".12 62. Page 7, line 18, by striking the word  
13 "health" and inserting the following: "physical  
14 exercise".15 63. Page 7, line 20, by striking the word  
16 "health" and inserting the following: "physical  
17 exercise".

18 64. Page 7, by striking lines 22 and 23.

19 65. Page 7, line 24, by striking the word  
20 "health" and inserting the following: "physical  
21 exercise".22 66. Page 7, line 25, by striking the word  
23 "health" and inserting the following: "physical  
24 exercise".25 67. Page 7, line 26, by striking the word  
26 "health" and inserting the following: "physical  
27 exercise".28 68. Page 7, line 27, by striking the word  
29 "health" and inserting the following: "physical  
30 exercise".31 69. Page 7, line 30, by striking the word  
32 "health" and inserting the following: "physical  
33 exercise".34 70. Page 7, line 31, by striking the word  
35 "health" and inserting the following: "physical  
36 exercise".37 71. Page 7, line 32, by striking the word  
38 "health" and inserting the following: "physical  
39 exercise".40 72. Page 8, line 3, by striking the word "health"  
41 and inserting the following: "physical exercise".42 73. Page 8, line 10, by striking the word  
43 "health" and inserting the following: "physical  
44 exercise".45 74. Page 8, line 13, by striking the word  
46 "health" and inserting the following: "physical  
47 exercise".48 75. Page 8, line 15, by striking the word  
49 "health" and inserting the following: "physical  
50 exercise".

H-5781

Page 5

- 1 76. Page 8, line 21, by striking the word  
2 "health" and inserting the following: "physical  
3 exercise".
- 4 77. Page 8, line 22, by striking the word  
5 "health" and inserting the following: "physical  
6 exercise".
- 7 78. Page 8, line 24, by striking the word  
8 "health" and inserting the following: "physical  
9 exercise".
- 10 79. Page 8, line 30, by striking the word  
11 "health" and inserting the following: "physical  
12 exercise".
- 13 80. Page 8, line 33, by striking the word  
14 "health" and inserting the following: "physical  
15 exercise".
- 16 81. Page 9, line 2, by striking the word "health"  
17 and inserting the following: "physical exercise".
- 18 82. Page 9, line 8, by striking the word "health"  
19 and inserting the following: "physical exercise".
- 20 83. Page 9, line 9, by striking the word "health"  
21 and inserting the following: "physical exercise".
- 22 84. Page 9, line 13, by striking the word  
23 "health" and inserting the following: "physical  
24 exercise".
- 25 85. Page 9, line 15, by striking the word  
26 "health" and inserting the following: "physical  
27 exercise".
- 28 86. Page 9, line 21, by striking the word  
29 "health" and inserting the following: "physical  
30 exercise".
- 31 87. Page 9, line 25, by striking the word  
32 "health" and inserting the following: "physical  
33 exercise".
- 34 88. Page 9, line 32, by striking the word  
35 "health" and inserting the following: "physical  
36 exercise".
- 37 89. Page 10, line 29, by striking the word  
38 "health" and inserting the following: "physical  
39 exercise".
- 40 90. Page 10, line 30, by striking the figure  
41 "1987" and inserting the following: "1988".
- 42 91. Page 10, line 30, by striking the word  
43 "health" and inserting the following: "physical  
44 exercise".
- 45 92. Page 10, line 33, by striking the figure  
46 "1987" and inserting the following: "1988".
- 47 93. Page 10, line 34, by striking the word  
48 "health" and inserting the following: "physical  
49 exercise".
- 50 94. Title page, line 1, by striking the word

Page 6

- 1 "health" and inserting the following: "physical  
2 exercise".

By COMMITTEE ON SMALL BUSINESS  
AND COMMERCE  
SWARTZ of Marshall, Chairperson

HOUSE AMENDMENT TO  
SENATE FILE 464

654

- 1 Amend Senate File 464, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 7, by striking the word "health"
- 4 and inserting the following: "physical exercise".
- 5 2. Page 1, line 8, by striking the word "health"
- 6 and inserting the following: "physical exercise".
- 7 3. Page 1, line 11, by striking the word "Health"
- 8 and inserting the following: "Physical exercise".
- 9 4. Page 1, lines 11 and 12, by striking the words
- 10 "in business for a primary purpose of".
- 11 5. Page 1, line 17, by inserting after the word
- 12 "as" the following: ""health clubs",".
- 13 6. Page 1, line 23, by striking the word "Health"
- 14 and inserting the following: "Physical exercise".
- 15 7. Page 1, line 31, by striking the word and
- 16 figure "and 552.14," and inserting in lieu thereof the
- 17 following: "552.14, and 552.16".
- 18 8. Page 2, line 4, by striking the word "Health"
- 19 and inserting the following: "Physical exercise".
- 20 9. Page 2, line 5, by striking the word "health"
- 21 and inserting the following: "physical exercise".
- 22 10. Page 2, line 6, by striking the word "health"
- 23 and inserting the following: "physical exercise".
- 24 11. Page 2, line 9, by striking the word "health"
- 25 and inserting the following: "physical exercise".
- 26 12. Page 2, line 16, by striking the word
- 27 "health" and inserting the following: "physical
- 28 exercise".
- 29 13. Page 2, line 18, by striking the word
- 30 "health" and inserting the following: "physical
- 31 exercise".
- 32 14. Page 2, line 21, by striking the word
- 33 "health" and inserting the following: "physical
- 34 exercise".
- 35 15. Page 2, line 24, by striking the word
- 36 "HEALTH" and inserting the following: "PHYSICAL
- 37 EXERCISE".
- 38 16. Page 2, line 26, by striking the word
- 39 "health" and inserting the following: "physical
- 40 exercise".
- 41 17. Page 2, line 32, by striking the word
- 42 "health" and inserting the following: "physical
- 43 exercise".
- 44 18. Page 3, line 3, by striking the word "health"
- 45 and inserting the following: "physical exercise".
- 46 19. Page 3, line 4, by striking the word "health"
- 47 and inserting the following: "physical exercise".
- 48 20. Page 3, line 8, by striking the word "health"
- 49 and inserting the following: "physical exercise".
- 50 21. Page 3, line 12, by striking the word

S-5654 Page 2

- 1 "health" and inserting the following: "physical
- 2 exercise".
- 3 22. Page 3, line 14, by striking the word
- 4 "health" and inserting the following: "physical
- 5 exercise".
- 6 23. Page 3, line 26, by striking the word
- 7 "thirty" and inserting the following: "forty-five".
- 8 24. Page 3, line 29, by striking the word
- 9 "health" and inserting the following: "physical
- 10 exercise".
- 11 25. Page 4, line 10, by striking the word
- 12 "HEALTH" and inserting the following: "PHYSICAL
- 13 EXERCISE".
- 14 26. Page 4, line 12, by striking the word
- 15 "health" and inserting the following: "physical
- 16 exercise".
- 17 27. Page 4, line 13, by striking the word
- 18 "health" and inserting the following: "physical
- 19 exercise".
- 20 28. Page 4, line 15, by striking the word
- 21 "Health" and inserting the following: "Physical
- 22 exercise".
- 23 29. Page 4, line 18, by striking the word
- 24 "health" and inserting the following: "physical
- 25 exercise".
- 26 30. Page 4, line 19, by striking the word
- 27 "health" and inserting the following: "physical
- 28 exercise".
- 29 31. Page 4, line 22, by striking the word
- 30 "thirty" and inserting the following: "forty-five".
- 31 32. Page 4, by striking line 23, and inserting
- 32 the following: "physical exercise club of the buyer's
- 33 cancellation notice. If the physical exercise".
- 34 33. Page 4, line 25, by striking the word
- 35 "thirty" and inserting the following: "forty-five".
- 36 34. Page 4, line 26, by striking the word
- 37 "health" and inserting the following: "physical
- 38 exercise".
- 39 35. Page 4, line 29, by striking the word
- 40 "health" and inserting the following: "physical
- 41 exercise".
- 42 36. Page 4, line 30, by striking the word
- 43 "health" and inserting the following: "physical
- 44 exercise".
- 45 37. Page 4, line 32, by striking the word
- 46 "health" and inserting the following: "physical
- 47 exercise".
- 48 38. Page 5, line 1, by striking the word "health"
- 49 and inserting the following: "physical exercise".
- 50 39. Page 5, line 2, by striking the word "health"

S-5654 Page 3

- 1 and inserting the following: "physical exercise".
- 2 40. Page 5, lines 3 and 4, by striking the words
- 3 "or oral".
- 4 41. Page 5, by striking line 14, and inserting
- 5 the following:
- 6 "1. A physical exercise club contract is not
- 7 assignable by the physical exercise".
- 8 42. Page 5, line 22, by striking the word
- 9 "health" and inserting the following: "physical
- 10 exercise".
- 11 43. Page 5, line 26, by striking the word
- 12 "health" and inserting the following: "physical
- 13 exercise".
- 14 44. Page 5, line 30, by striking the word
- 15 "health" and inserting the following: "physical
- 16 exercise".
- 17 45. Page 5, line 33, by striking the word
- 18 "health" and inserting the following: "physical
- 19 exercise".
- 20 46. Page 5, line 33, by inserting after the word
- 21 "club" the following: ", which accepts prepayments as
- 22 defined in section 552.1, subsection 5,".
- 23 47. Page 6, line 2, by striking the word "health"
- 24 and inserting the following: "physical exercise".
- 25 48. Page 6, line 5, by striking the word "health"
- 26 and inserting the following: "physical exercise".
- 27 49. Page 6, line 10, by striking the word
- 28 "health" and inserting the following: "physical
- 29 exercise".
- 30 50. Page 6, line 11, by striking the word
- 31 "health" and inserting the following: "physical
- 32 exercise".
- 33 51. Page 6, line 12, by striking the word
- 34 "health" and inserting the following: "physical
- 35 exercise".
- 36 52. Page 6, line 13, by striking the word
- 37 "health" and inserting the following: "physical
- 38 exercise".
- 39 53. Page 6, line 15, by striking the word "shall"
- 40 and inserting the following: "may".
- 41 54. Page 6, line 20, by striking the words ", the
- 42 uniform commercial code".
- 43 55. Page 6, line 23, by striking the word
- 44 "health" and inserting the following: "physical
- 45 exercise".
- 46 56. Page 6, line 25, by striking the word
- 47 "health" and inserting the following: "physical
- 48 exercise".
- 49 57. Page 6, line 34, by striking the word
- 50 "health" and inserting the following: "physical

S-5654 Page 4

- 1 exercise".
- 2 58. Page 7, line 4, by striking the word "health"
- 3 and inserting the following: "physical exercise".
- 4 59. Page 7, line 9, by striking the word "health"
- 5 and inserting the following: "physical exercise".
- 6 60. Page 7, line 13, by striking the word
- 7 "health" and inserting the following: "physical
- 8 exercise".
- 9 61. Page 7, line 16, by striking the word
- 10 "health" and inserting the following: "physical
- 11 exercise".
- 12 62. Page 7, line 18, by striking the word
- 13 "health" and inserting the following: "physical
- 14 exercise".
- 15 63. Page 7, line 20, by striking the word
- 16 "health" and inserting the following: "physical
- 17 exercise".
- 18 64. Page 7, by striking lines 22 and 23.
- 19 65. Page 7, line 24, by striking the word
- 20 "health" and inserting the following: "physical
- 21 exercise".
- 22 66. Page 7, line 25, by striking the word
- 23 "health" and inserting the following: "physical
- 24 exercise".
- 25 67. Page 7, line 26, by striking the word
- 26 "health" and inserting the following: "physical
- 27 exercise".
- 28 68. Page 7, line 27, by striking the word
- 29 "health" and inserting the following: "physical
- 30 exercise".
- 31 69. Page 7, line 30, by striking the word
- 32 "health" and inserting the following: "physical
- 33 exercise".
- 34 70. Page 7, line 31, by striking the word
- 35 "health" and inserting the following: "physical
- 36 exercise".
- 37 71. Page 7, line 32, by striking the word
- 38 "health" and inserting the following: "physical
- 39 exercise".
- 40 72. Page 8, line 3, by striking the word "health"
- 41 and inserting the following: "physical exercise".
- 42 73. Page 8, line 10, by striking the word
- 43 "health" and inserting the following: "physical
- 44 exercise".
- 45 74. Page 8, line 13, by striking the word
- 46 "health" and inserting the following: "physical
- 47 exercise".
- 48 75. Page 8, line 15, by striking the word
- 49 "health" and inserting the following: "physical
- 50 exercise".

S-5654 Page 5

- 1 76. Page 8, line 21, by striking the word
- 2 "health" and inserting the following: "physical
- 3 exercise".
- 4 77. Page 8, line 22, by striking the word
- 5 "health" and inserting the following: "physical
- 6 exercise".
- 7 78. Page 8, line 24, by striking the word
- 8 "health" and inserting the following: "physical
- 9 exercise".
- 10 79. Page 8, line 30, by striking the word
- 11 "health" and inserting the following: "physical
- 12 exercise".
- 13 80. Page 8, line 33, by striking the word
- 14 "health" and inserting the following: "physical
- 15 exercise".
- 16 81. Page 9, line 2, by striking the word "health"
- 17 and inserting the following: "physical exercise".
- 18 82. Page 9, line 8, by striking the word "health"
- 19 and inserting the following: "physical exercise".
- 20 83. Page 9, line 9, by striking the word "health"
- 21 and inserting the following: "physical exercise".
- 22 84. Page 9, line 13, by striking the word
- 23 "health" and inserting the following: "physical
- 24 exercise".
- 25 85. Page 9, line 15, by striking the word
- 26 "health" and inserting the following: "physical
- 27 exercise".
- 28 86. Page 9, line 21, by striking the word
- 29 "health" and inserting the following: "physical
- 30 exercise".
- 31 87. Page 9, line 25, by striking the word
- 32 "health" and inserting the following: "physical
- 33 exercise".
- 34 88. Page 9, line 32, by striking the word
- 35 "health" and inserting the following: "physical
- 36 exercise".
- 37 89. Page 10, line 29, by striking the word
- 38 "health" and inserting the following: "physical
- 39 exercise".
- 40 90. Page 10, line 30, by striking the figure
- 41 "1987" and inserting the following: "1988".
- 42 91. Page 10, line 30, by striking the word
- 43 "health" and inserting the following: "physical
- 44 exercise".
- 45 92. Page 10, line 33, by striking the figure
- 46 "1987" and inserting the following: "1988".
- 47 93. Page 10, line 34, by striking the word
- 48 "health" and inserting the following: "physical
- 49 exercise".
- 50 94. Title page, line 1, by striking the word

SENATE 23  
MARCH 31, 1988

S-5654 Page 6

1 "health" and inserting the following: "physical  
2 exercise".

3 95. Title page, lines 1 and 2, by striking the  
4 words "and providing penalties" and inserting the  
5 following: ", providing penalties and providing  
6 effective dates".

7 96. By renumbering, relettering, or redesignating  
8 and correcting internal references as necessary.

S-5654

Filed March 30, 1988

RECEIVED FROM THE HOUSE

*sent concurred 4/12/88 (p 14+3)*

SSB #211  
Commerce

NEW  
SF 464

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
JUSTICE/ATTORNEY GENERAL  
BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the regulation of health clubs and providing  
2 penalties.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

SUB COMMITTEE ASSIGNMENTS

CHAIR: *Sturgeon*

COMMITTEE: *Commerce*

*3/16/87*

1 Section 1. NEW SECTION. 552.1 DEFINITIONS.

2 As used in this chapter, unless the context otherwise  
3 requires:

4 1. "Contract price" means the total price paid or to be  
5 paid, including service charges or membership fees, which  
6 entitles the buyer either directly or indirectly to membership  
7 in a health club or to the use of the services or facilities  
8 of a health club.

9 2. "Finance charge" means "finance charge" as defined in  
10 section 537.1301, subsection 19.

11 3. "Health club" means a person offering services or fa-  
12 cilities, or both, for the preservation, maintenance,  
13 encouragement, or development of physical fitness or well-  
14 being in return for the payment of a fee entitling the buyer  
15 to the use of the services or facilities. The term includes  
16 but is not limited to persons offering services and facilities  
17 known as "health spas", "sports and health clubs", "tennis  
18 clubs", "racquetball courts", "golf clubs", "gymnasiums",  
19 "figure salons", "health studios", "weight control studios",  
20 and persons operating establishments whose primary purpose is  
21 the teaching of a particular form of self defense or martial  
22 arts, such as judo, karate or kung fu. "Health club" does not  
23 include:

24 a. A person or establishment which does not charge a mem-  
25 bership fee and from which a buyer may only purchase or become  
26 obligated to purchase the use of services or facilities to be  
27 rendered for a period of not more than thirty days, and which  
28 does not collect more than thirty days in advance for the ren-  
29 dering of the services.

30 b. A nonprofit organization organized and operating as a  
31 nonprofit organization before January 1, 1987.

32 c. An entity primarily engaged in physical rehabilitation  
33 activities related to an individual's injury or disease.

34 d. A private club owned and operated by its members.

35 e. A facility operated by the state or any of its

1 political subdivisions.

2 4. "Health club contract" means an agreement by which a  
3 buyer is entitled to membership in a health club or use of the  
4 services or facilities of a health club.

5 5. "Prepayment" means any partial or full payment for ser-  
6 vices or the use of facilities made before the services are  
7 actually made available by the health club or the facility is  
8 fully opened for business as described in section 552.17,  
9 subsection 3.

10 Sec. 2. NEW SECTION. 552.2 PURPOSE.

11 The purpose of this chapter is to safeguard the public  
12 against fraud, deceit, and financial hardship and to foster  
13 and encourage competition, fair dealing, and prosperity in the  
14 field of health club operations and services by prohibiting or  
15 restricting practices by which the public has been injured in  
16 connection with contracts for and the marketing of health club  
17 services.

18 Sec. 3. NEW SECTION. 552.3 UNENFORCEABLE CONTRACTS.

19 A health club contract or assignment of a contract that  
20 does not comply with this chapter is unenforceable as contrary  
21 to public policy.

22 Sec. 4. NEW SECTION. 552.4 CONTRACTS FOR HEALTH CLUB  
23 SERVICES -- RIGHT OF CANCELLATION.

24 A health club contract shall provide that the contract may  
25 be canceled within three business days after the date of  
26 receipt by the buyer of a copy of the signed contract.  
27 Cancellation shall be by written notice delivered to the  
28 seller at an address which shall be specified in the contract.  
29 Cancellation is complete upon mailing of the notice of  
30 cancellation. After receipt of the cancellation, the health  
31 club may request the return of contract forms, membership  
32 cards, and all other documents and evidence of membership  
33 previously delivered to the buyer. The buyer is entitled to a  
34 refund of the entire consideration paid for the contract, if  
35 any, less twenty dollars.

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 A health club contract shall in plain terms disclose  
2 whether the health club will allow the buyer to cancel the  
3 contract in the event of the death or disability of the buyer.

4 Sec. 5. NEW SECTION. 552.5 CONTRACT -- STATEMENT OF  
5 BUYER'S RIGHTS -- FORM.

6 1. A health club contract shall be in writing and signed  
7 by the buyer. The contract constitutes the entire agreement  
8 between the seller and the buyer and shall so state. The  
9 contract shall state in at least ten-point boldface type  
10 "NOTICE TO BUYER: DO NOT SIGN THIS CONTRACT UNTIL YOU READ  
11 IT. DO NOT SIGN THIS CONTRACT IF IT CONTAINS BLANK SPACES."  
12 A copy of the health club contract shall be delivered to the  
13 buyer at the time the contract is signed.

14 2. A health club contract shall designate the date on  
15 which the buyer actually signs the contract and shall contain  
16 a statement of the buyer's rights which complies with this  
17 subsection. The statement shall appear in the contract under  
18 the conspicuous caption "BUYER'S RIGHT TO CANCEL", and shall  
19 read as follows:

20

21 \_\_\_\_\_  
(enter date of transaction)

22 You may cancel this transaction within three business days  
23 from the above date.

24 If you cancel, any payments made by you under the contract,  
25 less twenty dollars, and any negotiable instrument executed by  
26 you will be returned within fifteen business days following  
27 receipt by the seller of your cancellation notice, and any  
28 security interest arising out of the transaction will be can-  
29 celed. After you cancel, the health club may request the  
30 return of all contracts, membership cards, and other documents  
31 or evidence of membership.

32 To cancel this transaction, send, or deliver a signed and  
33 dated copy of this cancellation notice or any other written  
34 notice by certified or registered mail to \_\_\_\_\_  
35 (name of seller), at \_\_\_\_\_ (address of

1 seller's place of business) not later than midnight of \_\_\_\_\_  
2 (date).

3 I hereby cancel this transaction.

4 \_\_\_\_\_  
5 (Date)

6 \_\_\_\_\_  
7 (Buyer's signature)

8 The full text of this statement shall be in ten-point  
9 boldface type.

10 Sec. 6. NEW SECTION. 552.6 DELIVERY OF HEALTH CLUB  
11 RULES.

12 A health club contract shall include a complete statement  
13 of the rules of the health club, or an acknowledgement in a  
14 conspicuous form that the buyer has received a copy of the  
15 rules. Health club rules shall include, but are not limited  
16 to, the hours of operation.

17 Sec. 7. NEW SECTION. 552.7 BUYER'S CANCELLATION.

18 If a buyer cancels a health club contract pursuant to the  
19 three-day cancellation provision, the health club shall send  
20 the buyer a written confirmation of cancellation, together  
21 with the buyer's refund and any negotiable instruments  
22 executed by the buyer, within fifteen days after receipt by  
23 the health club of the buyer's cancellation notice. If the  
24 health club fails to send the written confirmation to the  
25 buyer within fifteen days after receiving a timely  
26 cancellation, the health club is deemed to have accepted the  
27 cancellation.

28 Sec. 8. NEW SECTION. 552.8 DURATION OF CONTRACT --  
29 RENEWAL.

30 A health club contract shall not have a duration longer  
31 than twenty-four months. If a health club offers a contract  
32 of more than twelve-months' duration, it shall also offer a  
33 twelve-month contract. A health club contract shall not  
34 contain an automatic renewal clause.

35 Sec. 9. NEW SECTION. 552.9 NOTICE OF MEMBERSHIP PLANS,

1 PRICES, AND RIGHT OF CANCELLATION.

2 The health club shall orally inform the buyer prior to the  
3 buyer's entering into a health club contract of all membership  
4 plans, their respective prices, and the three-day cancellation  
5 provision. In addition, the same information shall be posted  
6 in a place where a reasonable buyer would notice it at the  
7 time the buyer signs the health club contract.

8 Sec. 10. NEW SECTION. 552.10 STATEMENT REGARDING ASSIGN-  
9 ABILITY OF BUYER'S OBLIGATION.

10 If the buyer's obligation is in a form that may be  
11 assigned, the contract shall state in boldface type on the  
12 front page of the contract that the contract may be discounted  
13 and sold to third parties to whom the buyer will become  
14 obligated to make full payment.

15 Sec. 11. NEW SECTION. 552.11 BUYER'S RIGHTS UPON  
16 ASSIGNMENT.

17 1. A health club contract is not assignable by the health  
18 club without written notice of the assignment mailed to the  
19 buyer at the buyer's address as stated in the contract. The  
20 notice shall identify the contract, state the name and address  
21 of the assignee, the amount payable by the buyer and the  
22 number, amounts, and due dates of any payments, and shall  
23 contain a conspicuous notice to the buyer of the provisions of  
24 subsection 2.

25 2. If the health club assigns the buyer's obligation, the  
26 buyer has thirty days from the date of the mailing of the  
27 notice of the assignment within which to notify the assignee  
28 in writing of any claims or defenses the buyer may have  
29 against the health club. If written notification of the  
30 claims or defenses is not received by the assignee within the  
31 thirty-day period, the assignee has the right to enforce the  
32 contract free of any claims or defenses the buyer may have  
33 against the health club.

34 Sec. 12. NEW SECTION. 552.12 LISTING OF EQUIPMENT AND  
35 SERVICES.

1 A health club which intends to commence the sale of health  
2 club contracts shall, prior to commencing sale, compile a  
3 written list showing:

4 1. The equipment, by kind and quantity, that will be made  
5 available.

6 2. Each service which the health club intends to have  
7 available for use by buyers. The list shall be included in  
8 every health club contract. A health club shall not be  
9 considered fully open for business until all of the equipment  
10 and services so listed are actually available for use by  
11 buyers.

12 Sec. 13. NEW SECTION. 552.13 REMEDIES -- VIOLATIONS.

13 1. If a health club violates a provision of this chapter,  
14 the buyer may cancel the health club contract. The buyer also  
15 has a right of action against the health club for recovery of  
16 triple the amount the buyer paid to the health club under the  
17 contract. In addition to any judgment awarded to the buyer,  
18 the court shall allow reasonable attorney's fees.

19 2. A violation of any of the provisions of this chapter  
20 shall be deemed an unlawful practice under section 714.16,  
21 subsection 2, paragraph "a".

22 3. Unless displaced by the particular provisions of this  
23 chapter, the uniform commercial code and the principles of law  
24 and equity supplement the provisions of this chapter.

25 Sec. 14. NEW SECTION. 552.14 VIOLATION OF INJUNCTION --  
26 CIVIL PENALTY.

27 A person who violates the terms of an injunction issued in  
28 an action brought under this chapter or section 714.16 to  
29 enforce one or more provisions of this chapter is liable to  
30 the state for a civil penalty payable to and for the benefit  
31 of the state of Iowa of not more than twenty-five thousand  
32 dollars for a single violation and not more than fifty  
33 thousand dollars for all violations of the injunction.

34 Sec. 15. NEW SECTION. 552.15 PROHIBITED ACTIVITIES.

35 1. It is unlawful for a health club to make any

1 misrepresentation to current members, prospective buyers, or  
2 buyers of health club contracts regarding:

3 a. Qualifications of staff.

4 b. Availability, quality, or extent of facilities or ser-  
5 vices.

6 c. Results obtained through exercise, dieting, or weight  
7 control programs.

8 d. Membership rights.

9 e. The period that a special offer or discount will be  
10 available.

11 2. It is unlawful for a health club to fail or refuse to:

12 a. File or update the registration statement required by  
13 section 552.16.

14 b. Establish the escrow account required by section  
15 552.17.

16 3. It is unlawful for a health club to advertise, state,  
17 or represent that it is approved by the state or that it has  
18 complied with this chapter.

19 Sec. 16. NEW SECTION. 552.16 REGISTRATION.

20 1. A person operating or intending to open or operate a  
21 health club within this state shall file a registration state-  
22 ment with the attorney general's consumer protection division.  
23 The registration shall be filed at least thirty days before  
24 the use of any services or facilities is offered for sale by  
25 the health club. The registration statement shall be updated  
26 annually, on or before the anniversary date of the initial  
27 registration, and shall include the following:

28 a. The name and address of the health club.

29 b. The names and addresses of the officers, directors, and  
30 stockholders of the health club and its parent corporation, if  
31 one exists.

32 c. The type of available facilities.

33 d. The approximate size of the health club measured in  
34 square feet.

35 e. The type of membership plans offered and to be offered,

1 and their cost.

2 f. Two copies of each type of health club contract which  
3 the health club is currently using or intends to use.

4 2. A health club registering pursuant to this chapter  
5 shall maintain in the files of the health club a copy of its  
6 registration statement filed pursuant to this section. This  
7 registration statement shall be made available for inspection  
8 by current health club members or prospective buyers of health  
9 club services.

10 3. A health club that files an initial registration or  
11 update shall pay a fee in an amount determined by the attorney  
12 general to be sufficient to cover the cost of registration and  
13 administration of this chapter. The fees shall be deposited  
14 in the general fund of the state.

15 Sec. 17. NEW SECTION. 552.17 ESCROW.

16 1. A health club or its assignee or agent that accepts  
17 prepayments shall deposit all of the funds received as pre-  
18 payments in an escrow account established with a financial  
19 institution located in this state whose accounts are insured  
20 by the federal deposit insurance corporation or the federal  
21 savings and loan insurance corporation, which shall hold the  
22 funds as escrow agent for the benefit of the buyers that  
23 prepay. The health club shall deposit all prepayments re-  
24 ceived at least biweekly and shall make the first deposit not  
25 later than the fourteenth day after the day on which the  
26 health club accepts the first prepayment. Not later than the  
27 fourteenth day after the day on which the first prepayment is  
28 received, the health club shall submit to the attorney  
29 general's consumer protection division a notarized statement  
30 that identifies the financial institution in which the pre-  
31 payments are held in escrow and the name and account number in  
32 which the account is held. The prepayments shall be held in  
33 escrow until the thirtieth day after the date that the health  
34 club fully opens for business.

35 2. If the health club does not fully open for business

1 before the one hundred eighty-first day after the date it  
2 enters into the first health club contract or if the club does  
3 not remain fully open for thirty days, the buyers whose  
4 payments are held in escrow under this section shall receive a  
5 full refund, including the buyer's pro rata share of any  
6 interest earned thereon, from the escrow agent. Refunds  
7 pursuant to this section shall be made not later than the two  
8 hundred forty-first day after the date the first health club  
9 contract was signed. If the escrow agent fails to make a full  
10 refund as provided for in this section, the attorney general  
11 shall hold a hearing and determine whether the health club has  
12 fully opened and has remained open for thirty days, and if  
13 not, determine those persons who, as buyers, are entitled to a  
14 refund and, if appropriate, distribute the escrow proceeds.  
15 Notice shall be provided to the health club at its place of  
16 business as shown on its registration statement and to all  
17 buyers who have funds in the escrow account. All hearings  
18 held under this section shall be held in accordance with  
19 chapter 17A.

20 3. For the purposes of this section, the date on which a  
21 health club fully opens for business is the date on which all  
22 of the equipment and services of the health club that were ad-  
23 vertised before the opening or promised to be made available,  
24 whether or not contained in the contract, are actually  
25 available for use by buyers.

26 4. The buyer retains ownership of all moneys and interest  
27 held in escrow under this section.

28 Sec. 18. NEW SECTION. 552.19 CONSUMER CREDIT SALES.

29 A health club contract where a finance charge is made or  
30 where payment is required or permitted by agreement to be made  
31 in more than four periodic payments, excluding a down payment,  
32 is a consumer credit sale within the meaning of section  
33 537.1301, subsection 12, and is subject to chapter 537. If  
34 any periodic payment, other than the down payment under an  
35 agreement requiring or permitting two or more periodic

1 payments, is more than twice the amount of any other periodic  
2 payment other than the down payment, a transaction is "payable  
3 in installments" within the meaning of section 537.1301,  
4 subsection 30.

5 The provisions of this chapter providing rights and protec-  
6 tions to buyers are in addition to the provisions of chapter  
7 537.

8 Sec. 19. NEW SECTION. 552.20 WAIVER OF PROVISIONS.

9 A waiver by the buyer of any of the provisions of this  
10 chapter is void as contrary to public policy.

11 Sec. 20. NEW SECTION. 552.21 IMMUNITY.

12 Notwithstanding chapter 25A, there is no liability on  
13 behalf of the state of Iowa, the attorney general, or the  
14 employees of the attorney general, for damages for failure to  
15 execute, or for negligently executing, the duties or authority  
16 conferred upon them by this chapter, or the rules adopted  
17 pursuant to this chapter.

18 Sec. 21. NEW SECTION. 552.22 RULES.

19 The attorney general may adopt rules in accordance with  
20 chapter 17A to carry out the provisions of this chapter.

21 Sec. 22. NEW SECTION. 552.23 CONSTRUCTION OF CHAPTER.

22 This chapter does not limit the power or authority of the  
23 attorney general to seek administrative, legal, or equitable  
24 relief as provided by other statutes or at common law.

25 Sec. 23. NEW SECTION. 552.24 APPLICABILITY.

26 This chapter applies to all health club contracts entered  
27 into in this state on or after July 1, 1987, concerning health  
28 club facilities located, or services to be provided, in this  
29 state.

30 Sec. 24. This Act takes effect July 1, 1987, but a person  
31 operating a health club on the effective date of this Act has  
32 sixty days in which to file a registration statement as  
33 required by section 16 of this Act.

34 EXPLANATION

35 This bill creates a new chapter, tentatively numbered 552,

1 regulating health clubs. It imposes certain requirements on  
2 health club contracts, including several disclosure provisions  
3 and a three-day cooling-off period during which the buyer can  
4 cancel the contract. A contract that does not comply with the  
5 new chapter is unenforceable.

6 Buyers may bring private actions for triple damages against  
7 health clubs violating provisions of the new chapter. A  
8 violation of the chapter is an unlawful practice under the  
9 consumer fraud law. Civil penalties of \$25,000 to \$50,000 may  
10 be imposed for violating an injunction under that law or under  
11 the new chapter. Criminal penalties are also specified for  
12 certain prohibited activities.

13 Health clubs must register with the attorney general's  
14 office, update that registration annually and pay a  
15 registration fee. A health club which is not yet fully open  
16 for business must deposit prepayments in an escrow account.

17 The new provisions apply to all health club contracts  
18 entered into on or after July 1, 1987.

19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 464

AN ACT  
RELATING TO THE REGULATION OF PHYSICAL EXERCISE CLUBS, PROVID-  
ING PENALTIES AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 552.1 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Contract price" means the total price paid or to be paid, including service charges or membership fees, which entitles the buyer either directly or indirectly to membership in a physical exercise club or to the use of the services or facilities of a physical exercise club.

2. "Finance charge" means "finance charge" as defined in section 537.1301, subsection 19.

3. "Physical exercise club" means a person offering services or facilities, or both, for the preservation, maintenance, encouragement, or development of physical fitness or well-being in return for the payment of a fee entitling the buyer to the use of the services or facilities. The term includes but is not limited to persons offering services and facilities known as "health clubs", "health spas", "sports and health clubs", "tennis clubs", "racquetball courts", "golf clubs", "gymnasiums", "figure salons", "health studios", "weight control studios", and persons operating establishments whose primary purpose is the teaching of a particular form of self-defense or martial arts, such as judo, karate or kung fu. "Physical exercise club" does not include:

a. A person or establishment which does not charge a membership fee and from which a buyer may only purchase or become obligated to purchase the use of services or facilities to be rendered for a period of not more than thirty days, and which

does not collect more than thirty days in advance for the rendering of the services.

b. Except for purposes of sections 552.4, 552.7, 552.13, 552.14, and 552.16 a nonprofit organization organized and operating as a nonprofit organization.

c. An entity primarily engaged in physical rehabilitation activities related to an individual's injury or disease.

d. A private club owned and operated by its members.

e. Except for purposes of sections 552.4, 552.7, 552.13, and 552.14, a facility operated by the state or any of its political subdivisions.

4. "Physical exercise club contract" means an agreement by which a buyer is entitled to membership in a physical exercise club or use of the services or facilities of a physical exercise club.

5. "Prepayment" means any partial or full payment for services or the use of facilities made before the services are actually made available by the physical exercise club or the facility is fully opened for business as described in section 552.16, subsection 3.

Sec. 2. NEW SECTION. 552.2 PURPOSE.

The purpose of this chapter is to safeguard the public against fraud, deceit, and financial hardship and to foster and encourage competition, fair dealing, and prosperity in the field of physical exercise club operations and services by prohibiting or restricting practices by which the public has been injured in connection with contracts for and the marketing of physical exercise club services.

Sec. 3. NEW SECTION. 552.3 UNENFORCEABLE CONTRACTS.

A physical exercise club contract or assignment of a contract that does not comply with this chapter is unenforceable as contrary to public policy.

Sec. 4. NEW SECTION. 552.4 CONTRACTS FOR PHYSICAL EXERCISE CLUB SERVICES -- RIGHT OF CANCELLATION.

A physical exercise club contract shall provide that the contract may be canceled within three business days after the date of receipt by the buyer of a copy of the signed contract.

Cancellation shall be by written notice delivered to the seller at an address which shall be specified in the contract. Cancellation is complete upon mailing of the notice of cancellation. After receipt of the cancellation, the physical exercise club may request the return of contract forms, membership cards, and all other documents and evidence of membership previously delivered to the buyer. The buyer is entitled to a refund of the entire consideration paid for the contract, if any, less twenty dollars.

A physical exercise club contract shall in plain terms disclose whether the physical exercise club will allow the buyer to cancel the contract in the event of the death or disability of the buyer.

Sec. 5. NEW SECTION. 552.5 CONTRACT -- STATEMENT OF BUYER'S RIGHTS -- FORM.

1. A physical exercise club contract shall be in writing and signed by the buyer. The contract shall state in at least ten-point boldface type "NOTICE TO BUYER: DO NOT SIGN THIS CONTRACT UNTIL YOU READ IT. DO NOT SIGN THIS CONTRACT IF IT CONTAINS BLANK SPACES." A copy of the physical exercise club contract shall be delivered to the buyer at the time the contract is signed.

2. A physical exercise club contract shall designate the date on which the buyer actually signs the contract and shall contain a statement of the buyer's rights which complies with this subsection. The statement shall appear in the contract under the conspicuous caption "BUYER'S RIGHT TO CANCEL", and shall read as follows:

\_\_\_\_\_  
(enter date of transaction)

You may cancel this transaction within three business days from the above date.

If you cancel, any payments made by you under the contract, less twenty dollars, and any negotiable instrument executed by you will be returned within forty-five days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

After you cancel, the physical exercise club may request the return of all contracts, membership cards, and other documents or evidence of membership.

To cancel this transaction, send, or deliver a signed and dated copy of this cancellation notice or any other written notice by certified or registered mail to \_\_\_\_\_ (name of seller), at \_\_\_\_\_ (address of seller's place of business) not later than midnight of \_\_\_\_\_ (date).

I hereby cancel this transaction.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Buyer's signature)

The full text of this statement shall be in ten-point boldface type.

Sec. 6. NEW SECTION. 552.6 DELIVERY OF PHYSICAL EXERCISE CLUB RULES.

A physical exercise club contract shall include a complete statement of the rules of the physical exercise club, or an acknowledgement in a conspicuous form that the buyer has received a copy of the rules. Physical exercise club rules shall include, but are not limited to, the hours of operation.

Sec. 7. NEW SECTION. 552.7 BUYER'S CANCELLATION.

If a buyer cancels a physical exercise club contract pursuant to the three-day cancellation provision, the physical exercise club shall send the buyer a written confirmation of cancellation, together with the buyer's refund and any negotiable instruments executed by the buyer, within forty-five days after receipt by the physical exercise club of the buyer's cancellation notice. If the physical exercise club fails to send the written confirmation to the buyer within forty-five days after receiving a timely cancellation, the physical exercise club is deemed to have accepted the cancellation.

Sec. 8. NEW SECTION. 552.8 DURATION OF CONTRACT -- RENEWAL.

A physical exercise club contract shall not have a duration longer than thirty-six months. If a physical exercise club offers a contract of more than twelve-months' duration, it shall also offer a twelve-month contract. A physical exercise club contract shall not contain an automatic renewal clause.

Sec. 9. NEW SECTION. 552.9 NOTICE OF MEMBERSHIP PLANS, PRICES, AND RIGHT OF CANCELLATION.

The physical exercise club shall orally inform the buyer prior to the buyer's entering into a physical exercise club contract of the three-day cancellation provision and provide the buyer with a written list of all membership plans and their respective prices.

Sec. 10. NEW SECTION. 552.10 STATEMENT REGARDING ASSIGNABILITY OF BUYER'S OBLIGATION.

If the buyer's obligation is in a form that may be assigned, the contract shall state in boldface type on the front page of the contract that the contract may be discounted and sold to third parties to whom the buyer will become obligated to make full payment.

Sec. 11. NEW SECTION. 552.11 BUYER'S RIGHTS UPON ASSIGNMENT.

1. A physical exercise club contract is not assignable by the physical exercise club without written notice of the assignment mailed to the buyer at the buyer's address as stated in the contract. The notice shall identify the contract, state the name and address of the assignee, the amount payable by the buyer and the number, amounts, and due dates of any payments, and shall contain a conspicuous notice to the buyer of the provisions of subsection 2.

2. If the physical exercise club assigns the buyer's obligation, the buyer has thirty days from the date of the mailing of the notice of the assignment within which to notify the assignee in writing of any claims or defenses the buyer may have against the physical exercise club. If written notification of the claims or defenses is not received by the assignee within the thirty-day period, the assignee has the right to enforce the contract free of any claims or defenses the buyer may have against the physical exercise club.

Sec. 12. NEW SECTION. 552.12 LISTING OF EQUIPMENT AND SERVICES.

A physical exercise club, which accepts prepayments as defined in section 552.1, subsection 5, shall compile a written list which shall be available to a buyer upon request showing:

1. The equipment by kind and quantity that is or will be made available.
2. Each service which the physical exercise club intends to have available for use by the buyers.

Subject to section 552.16, subsection 3, paragraph "a", a physical exercise club that accepts prepayments shall not be considered fully open for business until all of the equipment and services so listed are actually available for use by the buyers.

Sec. 13. NEW SECTION. 552.13 REMEDIES -- VIOLATIONS.

1. If a physical exercise club violates a provision of this chapter, the buyer may cancel the physical exercise club contract. The buyer also has a right of action against the physical exercise club for recovery of the amount the buyer paid to the physical exercise club under the contract. In addition to any judgment awarded to the buyer, the court may allow reasonable attorney's fees.

2. A violation of any of the provisions of this chapter shall be deemed an unlawful practice under section 714.16, subsection 2, paragraph "a".

3. Unless displaced by the particular provisions of this chapter and the principles of law and equity supplement the provisions of this chapter.

Sec. 14. NEW SECTION. 552.14 PROHIBITED ACTIVITIES.

1. It is unlawful for a physical exercise club to make any misrepresentation to current members, prospective buyers, or buyers of physical exercise club contracts regarding:

- a. Qualifications of staff.
- b. Availability, quality, or extent of facilities or services.

c. Results obtained through exercise, dieting, or weight control programs.

d. Membership rights.

e. The period that a special offer or discount will be available.

2. It is unlawful for a physical exercise club to fail or refuse to:

a. File or update the registration statement required by section 552.15.

b. Establish the escrow account required by section 552.16.

3. It is unlawful for a physical exercise club to advertise, state, or represent that it is approved by the state or that it has complied with this chapter.

Sec. 15. NEW SECTION. 552.15 REGISTRATION.

1. A person operating or intending to open or operate a physical exercise club within this state shall file a registration statement with the attorney general's consumer protection division. The registration shall be filed at least thirty days before the use of any services or facilities is offered for sale by the physical exercise club. The registration statement shall be updated annually, on or before the anniversary date of the initial registration, and shall include the following:

a. The name and address of the physical exercise club.

b. The names and addresses of the officers and directors of the physical exercise club and its parent corporation, if one exists.

c. The type of available facilities.

d. The approximate size of the physical exercise club measured in square feet.

e. Two copies of each type of physical exercise club contract which the physical exercise club is currently using or intends to use.

2. A physical exercise club registering pursuant to this chapter shall maintain in the files of the physical exercise club a copy of its registration statement filed pursuant to

this section. This registration statement shall be made available upon request for inspection by current physical exercise club members or prospective buyers of physical exercise club services.

3. A physical exercise club that files an initial registration or update shall pay a fee in an amount determined by the attorney general to be sufficient to cover the cost of registration and administration of this chapter. The fees shall be deposited in the general fund of the state.

Sec. 16. NEW SECTION. 552.16 ESCROW.

1. A physical exercise club or its assignee or agent that accepts prepayments shall deposit all of the funds received as prepayments in an escrow account established with a financial institution located in this state whose accounts are insured by the federal deposit insurance corporation, the national credit union administration, or the federal savings and loan insurance corporation, which shall hold the funds as escrow agent for the benefit of the buyers that prepay. The physical exercise club shall deposit all prepayments received at least biweekly and shall make the first deposit not later than the fourteenth day after the day on which the physical exercise club accepts the first prepayment. Not later than the fourteenth day after the day on which the first prepayment is received, the physical exercise club shall submit to the attorney general's consumer protection division a notarized statement that identifies the financial institution in which the prepayments are held in escrow and the name and account number in which the account is held. The prepayments shall be held in escrow until the thirtieth day after the date that the physical exercise club fully opens for business.

2. If the physical exercise club does not fully open for business before the two hundred eleventh day after the date it enters into the first physical exercise club contract or if the club does not remain fully open for thirty days, the buyers whose payments are held in escrow under this section shall receive a full refund, including the buyer's pro rata share of any interest earned thereon, from the escrow agent.

Refunds pursuant to this section shall be made not later than the two hundred forty-first day after the date the first physical exercise club contract was signed. If the escrow agent fails to make a full refund as provided for in this section, the attorney general shall hold a hearing and determine whether the physical exercise club has fully opened and has remained open for thirty days, and if not, determine those persons who, as buyers, are entitled to a refund and, if appropriate, distribute the escrow proceeds. Notice shall be provided to the physical exercise club at its place of business as shown on its registration statement and to all buyers who have funds in the escrow account. All hearings held under this section shall be held in accordance with chapter 17A.

3. For the purposes of this section, the date on which a physical exercise club fully opens for business is the date on which all of the equipment and services of the physical exercise club that were advertised before the opening or promised to be made available, whether or not contained in the contract, are actually available for use by buyers. The attorney general may upon application certify that a physical exercise club is fully open for business if substantially all of the promised equipment and services are available for use, and the physical exercise club has made a diligent effort to provide the remaining equipment and services.

4. The buyer retains ownership of all moneys and interest held in escrow under this section.

5. In lieu of establishing the escrow account described in subsections 1 through 4, a physical exercise club may post a one hundred fifty thousand dollar bond with the office of the attorney general, in a form deemed acceptable by the attorney general to protect the interest of buyers. Notice of the existence of the bond must be disclosed to the buyer in the physical exercise club contract. Either the attorney general or a buyer shall be entitled to collect on the bond in the same manner and on the same terms as provided for an escrow account in subsections 1 through 4. The aggregate liability

of the surety for all damages shall not exceed the amount of the bond.

Sec. 17. NEW SECTION. 552.17 CONSUMER CREDIT SALES.

A physical exercise club contract where a finance charge is made or where payment is required or permitted by agreement to be made in more than four periodic payments, excluding a down payment, is a consumer credit sale within the meaning of section 537.1301, subsection 12, and is subject to chapter 537. If any periodic payment, other than the down payment under an agreement requiring or permitting two or more periodic payments, is more than twice the amount of any other periodic payment other than the down payment, a transaction is "payable in installments" within the meaning of section 537.1301, subsection 30.

The provisions of this chapter providing rights and protections to buyers are in addition to the provisions of chapter 537.

Sec. 18. NEW SECTION. 552.18 WAIVER OF PROVISIONS.

A waiver by the buyer of any of the provisions of this chapter is void as contrary to public policy.

Sec. 19. NEW SECTION. 552.19 IMMUNITY.

Notwithstanding chapter 25A, there is no liability on behalf of the state of Iowa, the attorney general, or the employees of the attorney general, for damages for failure to execute, or for negligently executing, the duties or authority conferred upon them by this chapter, or the rules adopted pursuant to this chapter.

Sec. 20. NEW SECTION. 552.20 RULES.

The attorney general may adopt rules in accordance with chapter 17A to carry out the provisions of this chapter.

Sec. 21. NEW SECTION. 552.21 CONSTRUCTION OF CHAPTER.

This chapter does not limit the power or authority of the attorney general to seek administrative, legal, or equitable relief as provided by other statutes or at common law.

Sec. 22. NEW SECTION. 552.22 APPLICABILITY.

This chapter applies to all physical exercise club contracts entered into in this state on or after July 1, 1988.

concerning physical exercise club facilities located, or services to be provided, in this state.

Sec. 23. This Act takes effect July 1, 1988, but a person operating a physical exercise club on the effective date of this Act has ninety days in which to file a registration statement as required by section 15 of this Act.

---

JO ANN ZIMMERMAN  
President of the Senate

---

DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 464, Seventy-second General Assembly.

---

JOHN F. DWYER  
Secretary of the Senate

Approved May 12, 1988

---

TERRY E. BRANSTAD  
Governor