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HOUSE FILE 520

BY COMMITTEE ON SMALL BUSINESS
AND COMMERCE

Place On Calendar

(Formerly House Study Bill 251)

Passed House, Date 3-27-87 (p. 913) Passed Senate, Date 4-13-87 (P. 1262)

Vote: Ayes 73 Nays 12 Vote: Ayes 47 Nays 2

Approved June 2, 1987

A BILL FOR

1 An Act relating to the regulation of membership campgrounds,
2 membership camping operators, and membership camping
3 contracts, requiring registration and disclosures, providing
4 for cancellation of membership camping contracts, providing
5 remedies, providing penalties, and providing properly related
6 matters.

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

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HF 520

1 Section 1. Section 502.102, subsection 2, paragraph a,
2 Code 1987, is amended to read as follows:

3 a. Effecting transactions in a security exempted by
4 section 502.202, subsection 1, 2, 3, 4, 6, 10, 11, or 12, or
5 17, or a security issued by an industrial loan company
6 licensed under chapter 536A;

7 Sec. 2. Section 502.202, Code 1987, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 17. Any security representing a
10 membership camping contract which is registered pursuant to
11 section 557B.2 or exempt under section 557B.4.

12 Sec. 3. Section 503.3, Code 1987, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 4. An association which sells membership
15 camping contracts which are registered or exempt under chapter
16 557B.

17 Sec. 4. Section 537.3310, Code 1987, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 5. Subsections 1 through 4 do not apply
20 to a membership camping contract which is subject to the
21 requirements of chapter 557B.

22 Sec. 5. NEW SECTION. 557B.1 DEFINITIONS.

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

25 1. "Advertisement" means an attempt by publication, dis-
26 semination, solicitation, or circulation to induce directly or
27 indirectly any person to enter into an obligation or acquire a
28 title or interest in a membership camping contract.

29 2. "Affiliate" means any person who, directly or
30 indirectly through one or more intermediaries, controls or is
31 controlled by or is under common control with the person
32 specified.

33 3. "Blanket encumbrance" means any mortgage, deed of
34 trust, option to purchase, vendor's lien or interest under a
35 contract or agreement of sale, judgment lien, federal or state

1 tax lien, or any other material lien or encumbrance which
2 secures or evidences the obligation to pay money or to sell or
3 convey all or part of a campground located in this state, made
4 available to purchasers by the membership camping operator,
5 and which authorizes, permits, or requires the foreclosure or
6 other disposition of the campground. "Blanket encumbrance"
7 also includes the lessor's interest in a lease of all or part
8 of a campground which is located in this state and which is
9 made available to purchasers by a membership camping operator.
10 "Blanket encumbrance" does not include a lien for taxes or
11 assessments levied by a public body which are not yet due and
12 payable.

13 4. "Business day" means any day except Saturday, Sunday,
14 or a legal holiday.

15 5. "Campground" means real property made available to
16 persons for camping, whether by tent, trailer, camper, cabin,
17 recreational vehicle, or similar device and includes the out-
18 door recreational facilities located on the real property.
19 "Campground" does not include a mobile home park as defined in
20 section 135D.1.

21 6. "Controlling persons of a membership camping operator"
22 means each director and officer and each owner of twenty-five
23 percent or more of the stock of the operator, if the operator
24 is a corporation; and each general partner and each owner of
25 twenty-five percent or more of the partnership or other inter-
26 ests, if the operator is a general or limited partnership; or
27 other person doing business as a membership camping operator.

28 7. "Membership camping contract" means an agreement
29 offered or sold within this state evidencing a purchaser's
30 right to use a campground of a membership camping operator for
31 more than thirty days during the term of the agreement.

32 8. "Membership camping operator" or "operator" means any
33 person other than one who is tax exempt under section
34 501(c)(3) of the Internal Revenue Code, as defined in section
35 422.3, who owns or operates a campground and offers or sells

1 membership camping contracts paid for by a fee or periodic
2 payments. "Membership camping operator" does not include the
3 operator of a mobile home park as defined in chapter 135D.

4 9. "Offer" means an inducement, solicitation, or attempt
5 to encourage a person to acquire a membership camping
6 contract.

7 10. "Purchaser" means a person who enters into a member-
8 ship camping contract with a membership camping operator and
9 obtains the right to use the campground owned or operated by
10 the membership camping operator.

11 Sec. 6. NEW SECTION. 557B.2 REGISTRATION REQUIREMENT.

12 A person shall not offer or sell a membership camping
13 contract in this state unless one of the following is
14 applicable:

15 1. The membership camping contract is covered by a mem-
16 bership camping registration as provided in this chapter.

17 2. The membership camping contract or the transaction is
18 exempted under section 557B.4.

19 Sec. 7. NEW SECTION. 557B.3 APPLICATION FOR REGISTRA-
20 TION.

21 1. Filing fees, as prescribed in section 557B.7, shall
22 accompany the application for registration, renewal of a
23 registration, or any amendment of a registration of membership
24 camping contracts.

25 2. The application for registration shall be filed with
26 the attorney general and shall include all of the following:

27 a. The membership camping operator's name and the address
28 of its principal place of business, the form, date of
29 organization, jurisdiction of its organization, and the name
30 and address of each of its offices in this state.

31 b. A copy of the membership camping operator's articles of
32 incorporation, partnership agreement, or joint venture
33 agreement as contemplated or currently in effect.

34 c. The name, address, and principal occupation for the
35 past five years of the membership camping operator and of each

1 controlling person of the membership camping operator and the
2 extent of each such person's interest in the membership
3 camping operator as of a specified date within thirty days
4 prior to the filing of the application.

5 d. A list of affiliates of the membership camping
6 operator, including the names and addresses of officers and
7 directors.

8 e. A legal description of each campground owned or oper-
9 ated by the membership camping operator which is represented
10 to be available for use by purchasers and a statement iden-
11 tifying the existing amenities at each campground and the
12 planned amenities represented as to be available for use by
13 purchasers in the future at each campground. If future
14 amenities are represented, the statement must include the
15 estimated cost and schedule for completion of those amenities.

16 f. A brief description of the membership camping
17 operator's ownership of or other right to use the campground
18 properties or facilities represented to be available for use
19 by purchasers, together with a brief description of any
20 material encumbrance, the duration of any lease, real estate
21 contract, license, franchise, reciprocal agreement, or other
22 agreement entitling the membership camping operator to use the
23 property and any material provisions of the agreements which
24 restrict a purchaser's use of the property.

25 g. If a blanket encumbrance materially adversely affects a
26 campground, a legal description of the encumbrance and a
27 description of the steps taken to protect purchasers in
28 accordance with section 557B.12 in case of failure to
29 discharge the encumbrance.

30 h. A brief description of all payments of a purchaser
31 under a membership camping contract, including initial fees
32 and any further fees, charges, or assessments, together with
33 any provision for changing the payments.

34 i. A description of any restraints on the transfer of
35 membership camping contracts, including a complete description

1 of any resale agreement or policy.

2 j. A brief description of the policies relating to the
3 availability of camping sites and whether reservations are
4 required.

5 k. A brief description of any grounds for forfeiture of a
6 purchaser's membership camping contract.

7 l. A sample copy of each membership camping contract to be
8 offered or sold in this state and the purchase price of each
9 type, and if the price varies, the reason for the variance.

10 m. A sample copy of each instrument which a purchaser will
11 be required to execute, and a copy of the disclosure statement
12 required by section 557B.8.

13 n. A statement of the total number of membership camping
14 contracts for each campground intended to be sold in this
15 state and the method used to determine this number, including
16 a statement of commitment that this number will not be
17 exceeded unless it is disclosed by an amendment to the
18 registration.

19 o. A summary or copy of the articles, bylaws, rules,
20 restrictions, or covenants regulating the purchaser's use of
21 each campground and the facilities located on each property,
22 including a statement of whether and how the articles, bylaws,
23 rules, restrictions, or covenants may be changed.

24 p. A brief description of any reciprocal agreement allow-
25 ing purchasers to use camping sites, facilities, or other
26 properties owned or operated by any person other than the
27 membership camping operator with whom the purchaser has
28 entered into a membership camping contract.

29 q. Financial statements of the membership camping operator
30 prepared in accordance with generally accepted accounting
31 principles which shall include a financial statement for the
32 most recent fiscal year audited by an independent certified
33 public accountant, and an unaudited financial statement for
34 the most recent fiscal quarter. The attorney general may
35 waive the requirement for an audited statement if the

1 statement has been prepared by an independent certified public
2 accountant and the attorney general is satisfied with the
3 reliability of the statement and with the ability of the
4 membership camping operator to meet future commitments.

5 The application shall be signed by the membership camping
6 operator or an officer or a general partner of the membership
7 camping operator, or by another person holding a power of
8 attorney for this purpose from the membership camping
9 operator. If the application is signed pursuant to a power of
10 attorney, a copy of the power of attorney must be included
11 with the application.

12 An application for registration shall be amended within
13 twenty-five days of any material change in the information
14 included in the application. A material change includes any
15 change which significantly reduces or terminates either the
16 applicant's or the purchaser's right to use the campground or
17 any of the facilities described in the membership camping
18 contract, but does not include minor changes covering the use
19 of the campground, its facilities, or the reciprocal program.

20 The registration of the membership camping operator must be
21 renewed annually by filing an application for renewal with the
22 required fee not later than thirty days prior to the an-
23 niversary of the current registration. The application shall
24 include all changes which have occurred in the information
25 included in the application previously filed.

26 Registration with the attorney general does not constitute
27 approval or endorsement by the attorney general of the
28 membership camping operator, the membership camping contract,
29 or the campground, and any attempt by the membership camping
30 operator to indicate that registration constitutes such
31 approval or endorsement is unlawful.

32 Sec. 8. NEW SECTION. 557B.4 EXEMPTIONS.

33 The following transactions are exempt from registration:

34 1. An offer, sale, or transfer by any one person of not
35 more than one membership camping contract in any twelve-month

1 period.

2 2. An offer or sale by a government, government agency, or
3 other subdivision of government.

4 3. A bona fide pledge of a membership camping contract.

5 4. Transactions subject to regulation pursuant to chapter
6 557A.

7 Sec. 9. NEW SECTION. 557B.5 EFFECTIVE DATE OF REGISTRA-
8 TION.

9 The application for registration automatically becomes
10 effective upon the expiration of forty-five calendar days
11 following filing of a completed application with the attorney
12 general unless one of the following occurs:

13 1. The application is denied under section 557B.6.

14 2. The attorney general grants the registration effective
15 as of an earlier date.

16 3. The applicant consents to a delay of the effective
17 date.

18 If the attorney general requests additional information
19 with respect to the application, the application becomes
20 effective upon the expiration of fifteen business days
21 following the filing with the attorney general of the
22 additional information unless an order pursuant to section
23 557B.6 is issued or unless declared effective on an earlier
24 date by order of the attorney general.

25 Sec. 10. NEW SECTION. 557B.6 REGISTRATION OR APPLICATION
26 -- DENIAL, SUSPENSION, OR REVOCATION.

27 The attorney general may by order deny, suspend, or revoke
28 a membership camping operator's application or registration or
29 impose a fine of not more than five thousand dollars or a
30 combination of suspension or revocation and fine, if the
31 attorney general finds that the order is for the protection of
32 prospective purchasers or purchasers of membership camping
33 contracts and that one of the following applies:

34 1. The membership camping operator's advertising or sales
35 techniques or trade practices have been or are deceptive,

1 false, or misleading.

2 2. The membership camping operator is not financially re-
3 sponsible or has insufficient capital to warrant its offering
4 or selling membership camping contracts in this state. The
5 attorney general may require a surety bond or, if one is
6 unobtainable, other evidence of financial assurances
7 satisfactory to the attorney general.

8 3. The membership camping operator's application for
9 registration or an amendment to the registration is incomplete
10 in a material respect.

11 4. The membership camping operator has failed to file
12 timely amendments to the application for registration as re-
13 quired by section 557B.3.

14 5. The membership camping operator has failed to comply
15 with any provision of this chapter that materially affects the
16 rights of purchasers, prospective purchasers, or owners of
17 membership camping contracts.

18 6. The membership camping operator has made a false or
19 misleading representation or concealed material facts in any
20 document or information filed with the attorney general.

21 7. The membership camping operator has represented or is
22 representing to purchasers in connection with the offer to
23 sell membership camping contracts that a particular facility
24 is planned, without reasonable expectation that the facility
25 will be completed within a reasonable time or without the
26 apparent means to ensure its completion.

27 An order denying, suspending, or revoking a registration or
28 imposing a fine shall be sent by certified mail, return re-
29 ceipt requested, to the applicant or registrant. The appli-
30 cant or registrant has thirty calendar days from the date of
31 mailing the order to request a hearing pursuant to chapter
32 17A. If a hearing is not requested within thirty days and is
33 not ordered by the attorney general, the order shall remain in
34 effect until modified or vacated by the attorney general.
35 However, if the attorney general finds that the public health,

1 safety, or welfare imperatively requires emergency action and
2 incorporates a finding to that effect in the order, summary
3 suspension of a membership camping operator's registration may
4 be ordered. If the membership camping operator desires to
5 contest the summary order, the membership camping operator
6 must request a hearing within fifteen calendar days of service
7 of the summary order. If so requested, the hearing must be
8 instituted within twenty calendar days of the request and the
9 contest of the summary order must be promptly determined.

10 Sec. 11. NEW SECTION. 557B.7 FEES.

11 Each application for registration of an offer or sale of
12 membership camping contracts and each application for
13 amendment or renewal of a registration shall be accompanied by
14 a fee determined by the attorney general which shall be
15 sufficient to defray the costs of administering this chapter.

16 Sec. 12. NEW SECTION. 557B.8 DISCLOSURES TO PURCHASERS.

17 A membership camping operator who is subject to the regis-
18 tration requirements of section 557B.3 shall provide a dis-
19 closure statement to a purchaser or prospective purchaser
20 before the person signs a membership camping contract or gives
21 any money or thing of value for the purchase of a membership
22 camping contract.

23 1. The front cover or first page of the disclosure state-
24 ment shall contain only the following, in the order stated:

25 a. "MEMBERSHIP CAMPING OPERATOR'S DISCLOSURE STATEMENT"
26 printed at the top in boldfaced type of a minimum size of ten
27 points.

28 b. The name and principal business address of the member-
29 ship camping operator and any material affiliate of the mem-
30 bership camping operator.

31 c. A statement that the membership camping operator is in
32 the business of offering for sale membership camping
33 contracts.

34 d. A statement, printed in boldfaced type of a minimum
35 size of ten points, which reads as follows:

1 THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT MATTERS TO BE
2 CONSIDERED IN THE EXECUTION OF A MEMBERSHIP CAMPING CONTRACT.
3 THE MEMBERSHIP CAMPING OPERATOR IS REQUIRED BY LAW TO DELIVER
4 TO YOU A COPY OF THIS DISCLOSURE STATEMENT BEFORE YOU EXECUTE
5 A MEMBERSHIP CAMPING CONTRACT. THE STATEMENTS CONTAINED IN
6 THIS DOCUMENT ARE ONLY SUMMARY IN NATURE. YOU AS A PROSPEC-
7 TIVE PURCHASER SHOULD REVIEW ALL REFERENCES, EXHIBITS,
8 CONTRACT DOCUMENTS, AND SALES MATERIALS. YOU SHOULD NOT RELY
9 UPON ANY ORAL REPRESENTATIONS AS BEING CORRECT. REFER TO THIS
10 DOCUMENT AND TO THE ACCOMPANYING EXHIBITS FOR CORRECT
11 REPRESENTATIONS. THE MEMBERSHIP CAMPING OPERATOR IS
12 PROHIBITED FROM MAKING ANY REPRESENTATIONS WHICH CONFLICT WITH
13 THOSE CONTAINED IN THE CONTRACT AND THIS DISCLOSURE STATEMENT.

14 e. A statement, printed in boldfaced type of a minimum
15 size of ten points, which reads as follows:

16 IF YOU EXECUTE A MEMBERSHIP CAMPING CONTRACT, YOU HAVE THE
17 UNQUALIFIED RIGHT TO CANCEL THE CONTRACT. THIS RIGHT OF CAN-
18 CELLATION CANNOT BE WAIVED. THE RIGHT TO CANCEL EXPIRES AT
19 MIDNIGHT ON THE THIRD BUSINESS DAY FOLLOWING THE DATE ON WHICH
20 THE CONTRACT WAS EXECUTED OR THE DATE OF RECEIPT OF THIS DIS-
21 CLOSURE STATEMENT, WHICHEVER EVENT OCCURS LATER. TO CANCEL
22 THE MEMBERSHIP CAMPING CONTRACT, YOU AS THE PURCHASER MUST
23 HAND DELIVER OR MAIL NOTICE OF YOUR INTENT TO CANCEL TO THE
24 MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS SHOWN IN THE MEM-
25 BERSHIP CAMPING CONTRACT, POSTAGE PREPAID. THE MEMBERSHIP
26 CAMPING OPERATOR IS REQUIRED BY LAW TO RETURN ALL MONEYS PAID
27 BY YOU IN CONNECTION WITH THE EXECUTION OF THE MEMBERSHIP
28 CAMPING CONTRACT, UPON YOUR PROPER AND TIMELY CANCELLATION OF
29 THE CONTRACT AND RETURN OF ALL MEMBERSHIP AND RECIPROCAL USE
30 PROGRAM MATERIALS FURNISHED AT THE TIME OF PURCHASE.

31 2. The following pages of the disclosure statement shall
32 contain all of the following in the order stated:

33 a. The name, principal occupation, and address of every
34 director, partner, or controlling person of the membership
35 camping operator.

1 b. A brief description of the nature of the purchaser's
2 right or license to use the campground and the facilities
3 which are to be available for use by purchasers.

4 c. A brief description of the membership camping oper-
5 ator's experience in the membership camping business, in-
6 cluding the length of time the operator has been in the
7 membership camping business.

8 d. The location of each of the campgrounds which is to be
9 available for use by purchasers and a brief description of the
10 facilities at each campground which are currently available
11 for use by purchasers. Facilities which are planned,
12 incomplete, or not yet available for use shall be clearly
13 identified as incomplete or unavailable. A brief description
14 of any facilities that are or will be available to
15 nonpurchasers shall also be provided. The description shall
16 include, but need not be limited to, the number of campsites
17 in each park, the number of campsites in each park with full
18 or partial hookups, swimming pools, tennis courts, recreation
19 buildings, restrooms and showers, laundry rooms, trading
20 posts, and grocery stores.

21 e. The fees and charges that purchasers are or may be re-
22 quired to pay for the use of the campground or any facilities.

23 f. Any initial or special fee due from the purchaser, to-
24 gether with a description of the purpose and method of calcu-
25 lating the fee.

26 g. A general description of any financing offered or
27 available through the membership camping operator.

28 h. The extent to which financial arrangements, if any,
29 have been provided for the completion of facilities, together
30 with a statement of the membership camping operator's obli-
31 gation to complete planned facilities. The statement shall
32 include a description of any restrictions or limitations on
33 the membership camping operator's obligation to begin or to
34 complete the facilities.

35 i. The names of the managing entity, if any, and the sig-

1 nificant terms of any management contract, including but not
2 limited to, the circumstances under which the membership camp-
3 ing operator may terminate the management contract.

4 j. A summary or copy, whether by way of supplement or
5 otherwise, of the rules, restrictions, or covenants regulating
6 the purchaser's use of the campground and the facilities which
7 are to be available for use by the purchaser, including a
8 statement of whether and how the rules, restrictions, or
9 covenants may be changed.

10 k. A brief description of the policies covering the avail-
11 ability of camping sites, the availability of reservations and
12 the conditions under which they are made.

13 l. A brief description of any grounds for forfeiture of a
14 purchaser's membership camping contract.

15 m. A statement of whether the membership camping operator
16 has the right to withdraw permanently from use, all or any
17 portion of any campground devoted to membership camping and,
18 if so, the conditions under which the withdrawal is to be per-
19 mitted.

20 n. A statement describing the material terms and
21 conditions of any reciprocal program to be available to the
22 purchaser, including a statement concerning whether the
23 purchaser's participation in any reciprocal program is
24 dependent on the continued affiliation of the membership
25 camping operator with that reciprocal program and whether the
26 membership camping operator reserves the right to terminate
27 such affiliation.

28 o. As to all memberships offered by the membership camping
29 operator at each campground, all of the following:

30 (1) The form of membership offered.

31 (2) The types of duration of membership along with a sum-
32 mary of the major privileges, restrictions, and limitations
33 applicable to each type.

34 (3) Provisions that have been made for public utilities at
35 each campsite including water, electricity, telephone, and

1 sewage facilities.

2 p. A statement of the assistance, if any, that the member-
3 ship camping operator will provide to the purchaser in the
4 resale of membership camping contracts and a detailed descrip-
5 tion of how any such resale program is operated.

6 q. The following statement, printed in boldfaced type of a
7 minimum size of ten points:

8 **REGISTRATION OF THE MEMBERSHIP CAMPING OPERATOR WITH THE**
9 **IOWA ATTORNEY GENERAL DOES NOT CONSTITUTE AN APPROVAL OR**
10 **ENDORSEMENT BY THE ATTORNEY GENERAL OF THE MEMBERSHIP CAMPING**
11 **OPERATOR, THE MEMBERSHIP CAMPING CONTRACT, OR THE CAMPGROUND.**

12 The membership camping operator shall promptly amend the
13 disclosure statement to reflect any material change and shall
14 promptly file any such amendments with the attorney general.

15 **Sec. 13. NEW SECTION. 557B.9 MEMBERSHIP CAMPING**
16 **CONTRACTS.**

17 The membership camping operator shall deliver to the pur-
18 chaser a fully executed copy of a membership camping contract,
19 in writing, which contract shall include at least the follow-
20 ing information:

21 1. The name of the membership camping operator and the
22 address of its principal place of business.

23 2. The actual date the membership camping contract is
24 executed by the purchaser.

25 3. The total financial obligation imposed on the purchaser
26 by the contract, including the initial purchase price and any
27 additional charge the purchaser may be required to pay.

28 4. A statement that the membership camping operator is re-
29 quired by law to provide each purchaser with a copy of the
30 membership camping operator's disclosure statement prior to
31 execution of the contract and that failure to do so is a vio-
32 lation of the law.

33 5. The full name of each salesperson involved in the
34 execution of the membership camping contract.

35 6. In immediate proximity to the space reserved for the

1 purchaser's signature, a conspicuous statement printed in
2 boldfaced type of a minimum size of ten points:

3 YOU THE PURCHASER MAY CANCEL THIS CONTRACT WITHOUT ANY
4 PENALTY OR OBLIGATION AT ANY TIME WITHIN THREE BUSINESS DAYS
5 FOLLOWING THE DATE OF EXECUTION OF THE CONTRACT OR THE RECEIPT
6 OF THE DISCLOSURE STATEMENT FROM THE MEMBERSHIP CAMPING
7 OPERATOR, WHICHEVER EVENT OCCURS LATER. TO CANCEL THE
8 CONTRACT, HAND DELIVER OR MAIL A POSTAGE PREPAID WRITTEN
9 CANCELLATION TO THE MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS
10 LISTED ON THIS CONTRACT. UPON CANCELLATION AND RETURN OF ALL
11 MEMBERSHIP AND RECIPROCAL USE PROGRAM MATERIALS FURNISHED AT
12 THE TIME OF PURCHASE, YOU WILL RECEIVE A REFUND OF ALL MONEY
13 PAID WITHIN THIRTY CALENDAR DAYS AFTER THE MEMBERSHIP CAMPING
14 OPERATOR RECEIVES NOTICE OF YOUR CANCELLATION.

15 Sec. 14. NEW SECTION. 557B.10 PURCHASER'S RIGHT OF
16 CANCELLATION.

17 A purchaser has the right to cancel a membership camping
18 contract within three business days following the date the
19 contract is executed or within three business days following
20 the date of delivery of the written disclosure statement
21 required by section 557B.8, whichever event is later.

22 1. The right to cancel may not be waived and any attempt
23 to obtain such a waiver is unlawful.

24 2. A purchaser may cancel the contract by hand delivering
25 a written statement of cancellation or by mailing such a
26 statement to the membership camping operator. The cancel-
27 lation is deemed effective upon mailing.

28 3. Upon cancellation and return of all membership and
29 reciprocal use materials furnished at the time of purchase,
30 the membership camping operator shall refund to the purchaser
31 all payment and other consideration given by the purchaser.
32 The refund shall be made within thirty calendar days after the
33 membership camping operator receives notice of the
34 cancellation and may, where payment has been made by credit
35 card, be made by an appropriate credit to the purchaser's

1 account. If the membership camping operator fails to refund
2 the payment or other consideration given within the thirty-day
3 period, it is presumed that the membership camping operator is
4 willfully and wrongfully retaining the payment or other
5 consideration. The willful retention of a payment or other
6 consideration in violation of this section renders the
7 membership camping operator liable for double the amount of
8 that portion of the payment or other consideration wrongfully
9 withheld from the purchaser together with reasonable attorney
10 fees and court costs.

11 4. The membership camping operator or salesperson shall
12 orally inform the purchaser at the time the contract is exe-
13 cuted of the right to cancel the contract as provided in this
14 section.

15 Sec. 15. NEW SECTION. 557B.11 PURCHASER'S REMEDIES.

16 A purchaser's remedy for errors in or omissions from the
17 membership camping contract, the materials delivered to the
18 purchaser at the time of sale, or any of the disclosures re-
19 quired in section 557B.13 is limited to a right of cancella-
20 tion and refund of the payment made or consideration given by
21 the purchaser. However, this limitation does not apply to
22 errors or omissions from the contract or disclosures or other
23 requirements of this chapter which are part of a scheme to
24 willfully misstate or omit the information required. Rea-
25 sonable attorney fees shall be awarded to the prevailing party
26 in any action under this section.

27 Sec. 16. NEW SECTION. 557B.12 NONDISTURBANCE PROVISIONS.

28 1. With respect to any property in this state acquired and
29 put into operation by a membership camping operator after the
30 effective date of this Act, the membership camping operator
31 shall not offer or execute a membership camping contract in
32 this state granting the right to use the property until the
33 following requirements are met:

- 34 a. Each person holding an interest in a voluntary blanket
35 encumbrance has executed and delivered a nondisturbance

1 agreement which includes all of the following provisions:

2 (1) That the rights of the holder or holders of the
3 blanket encumbrance in the affected campground are subordinate
4 to the rights of purchasers.

5 (2) That any person who acquires the affected campground
6 or any portion of the campground by the exercise of any right
7 of sale or foreclosure contained in the blanket encumbrance
8 takes the campground subject to the rights of purchasers.

9 (3) That the holder or holders of the blanket encumbrance
10 shall not use or cause the campground to be used in a manner
11 which interferes with the right of purchasers to use the
12 campground and its facilities in accordance with the terms and
13 conditions of the membership camping contract.

14 b. Each hypothecation lender which has a lien on, or
15 security interest in, the membership camping operator's
16 ownership interest in the campground has executed and de-
17 livered a nondisturbance agreement and recorded the agreement
18 in the office of the clerk of the district court of the county
19 in which the campground is located. In addition, each person
20 holding an interest in a blanket encumbrance superior to the
21 interest held by the hypothecation lender has executed,
22 delivered, and recorded an instrument stating that such person
23 will give the hypothecation lender notice of, and at least
24 thirty days to cure, any default under the blanket encumbrance
25 before the person commences any foreclosure action affecting
26 the campground. For the purposes of this section:

27 (1) "Hypothecation lender" means a financial institution
28 which provides a major hypothecation loan to a membership
29 camping operator.

30 (2) "Major hypothecation loan" is a loan or line of credit
31 secured by substantially all of the contracts receivable
32 arising from the membership camping operator's sale of
33 membership camping contracts.

34 (3) "Nondisturbance agreement" means an instrument by
35 which a hypothecation lender agrees to conditions substan-

1 tially the same as those set forth in paragraph "a".

2 2. In lieu of compliance with subsection 1, a surety bond
3 or letter of credit satisfying the requirements of this
4 subsection may be delivered to and accepted by the attorney
5 general. The surety bond or letter of credit shall be issued
6 to the attorney general for the benefit of purchasers and
7 shall be in an amount which is not less than one hundred five
8 percent of the remaining principal balance of every
9 indebtedness secured by a blanket encumbrance affecting the
10 campground. The bond shall be issued by a surety which is
11 authorized to do business in this state and which has suf-
12 ficient net worth to satisfy the indebtedness. The letter of
13 credit shall be irrevocable, shall be drawn upon a bank,
14 savings and loan, or financial institution, and shall be in
15 form and content acceptable to the attorney general. The bond
16 or letter of credit shall provide for payment of all amounts
17 secured by the blanket encumbrance including costs, expenses,
18 and legal fees of the lien holder, if for any reason the
19 blanket encumbrance is enforced. The bond or letter of credit
20 may be reduced at the option of the membership camping
21 operator periodically in proportion to the reductions of the
22 amounts secured by the blanket encumbrance.

23 3. The nondisturbance agreement shall be recorded in the
24 real estate records of the county in which the campground is
25 located.

26 Sec. 17. NEW SECTION. 557B.13 ADVERTISING PLANS -- DIS-
27 CLOSURES -- UNLAWFUL ACTS.

28 1. Any advertising, communication, or sales literature re-
29 lating to membership camping contracts, including oral state-
30 ments by a salesperson or any other person, shall not contain:

31 a. Any untrue statement of material fact or any omission
32 of material fact which would make the statements misleading in
33 light of the circumstances under which the statements were
34 made.

35 b. Any statement or representation that the membership

1 camping contracts are offered without risk or that loss is
2 impossible.

3 c. Any statement or representation or pictorial presen-
4 tation of proposed improvements or nonexistent scenes without
5 clearly indicating that the improvements are proposed and the
6 scenes do not exist.

7 2. A person shall not by any means, as part of an
8 advertising program, offer any item of value as an inducement
9 to the recipient to visit a location, attend a sales
10 presentation, or contact a sales agent, unless the person
11 clearly and conspicuously discloses in writing in the offer in
12 readily understandable language each of the following:

13 a. The name and street address of the owner of the real or
14 personal property or the provider of the services which are
15 the subject of such visit, sales presentation, or contact with
16 a sales agent.

17 b. A general description of the business of the owner or
18 provider identified and the purpose of any requested visit,
19 sales presentation, or contact with a sales agent, including a
20 general description of the facilities or proposed facilities
21 or services which are the subject of the sales presentation.

22 c. A statement of the odds, in arabic numerals, of re-
23 ceiving each item offered.

24 d. All restrictions, qualifications, and other conditions
25 that must be satisfied before the recipient is entitled to
26 receive the item, including all of the following:

27 (1) Any deadline by which the recipient must visit the
28 location, attend the sales presentation, or contact the sales
29 agent in order to receive the item.

30 (2) The approximate duration of any visit and sales pre-
31 sentation.

32 (3) Any other conditions, such as a minimum age qualifi-
33 cation, a financial qualification, or a requirement that if
34 the recipient is married both husband and wife must be present
35 in order to receive the item.

1 e. A statement that the owner or provider reserves the
2 right to provide a rain check or a substitute or like item, if
3 these rights are reserved.

4 f. A statement that a recipient who receives an offered
5 item may request and will receive evidence showing that the
6 item provided matches the item randomly or otherwise selected
7 for distribution to that recipient.

8 g. All other rules, terms, and conditions of the offer,
9 plan, or program.

10 3. A person making an offer subject to this section, or
11 the person's employee or agent, shall not offer any item if
12 the person knows or has reason to know that the offered item
13 will not be available in a sufficient quantity based on the
14 reasonably anticipated response to the offer.

15 4. A person making an offer subject to this section, or
16 the person's employee or agent, shall not fail to provide any
17 offered item which a recipient is entitled to receive, unless
18 the failure to provide the item is due to a higher than
19 reasonable anticipated response to the offer which caused the
20 item to be unavailable and the offer discloses the reservation
21 of a right to provide a rain check or a like or substitute
22 item if the offered item is unavailable.

23 5. If the person making an offer subject to this section
24 is unable to provide an offered item because of limitations of
25 supply not reasonably foreseeable or controllable by the
26 person making the offer, the person making the offer shall
27 inform the recipient of the recipient's right to receive a
28 rain check for the item offered or receive a like or
29 substitute item of equal or greater value at no additional
30 cost or obligation to the recipient.

31 6. If a rain check is provided, the person making an offer
32 subject to this section, within a reasonable time, and in any
33 event not later than ninety calendar days after the rain check
34 is issued, shall deliver the agreed item to the recipient's
35 address without additional cost or obligation to the

1 recipient, unless the item for which the rain check is
2 provided remains unavailable because of limitations of supply
3 not reasonably foreseeable or controllable by the person
4 making the offer. If the item is unavailable for these
5 reasons, the person, not later than thirty days after the
6 expiration of the ninety-day period, shall deliver a like or
7 substitute item of equal or greater retail value to the
8 recipient.

9 7. On the request of a recipient who has received or
10 claims a right to receive any offered item, the person making
11 an offer subject to this section shall furnish to the
12 recipient sufficient evidence showing that the item provided
13 matches the item randomly or otherwise selected for
14 distribution to that recipient.

15 8. A person making an offer subject to this section, or
16 the person's employee or agent, shall not do any of the
17 following:

18 a. Misrepresent the size, quantity, identity, or quality
19 of any prize, gift, money, or other item of value offered.

20 b. Misrepresent in any manner the odds of receiving a
21 particular gift, prize, amount of money, or other item of
22 value.

23 c. Represent directly or by implication that the number of
24 participants has been significantly limited or that any person
25 has been selected to receive a particular prize, gift, money,
26 or other item of value, unless this fact is true.

27 d. Label any offer a notice of termination or notice of
28 cancellation.

29 e. Misrepresent, in any manner, the offer, plan, or
30 program.

31 Sec. 18. NEW SECTION. 557B.14 REMEDIES.

32 1. A violation of this chapter or the commission of any
33 act declared to be unlawful under this chapter constitutes a
34 violation of section 714.16, subsection 2, paragraph "a", and
35 the attorney general has all the powers enumerated in that

1 section to enforce the provisions of this chapter.

2 2. In addition, the attorney general may seek civil pen-
3 alties of not more than ten thousand dollars for each viola-
4 tion of or the commission of any act declared to be unlawful
5 under this chapter. Each day of continued violation consti-
6 tutes a separate offense.

7 3. Any person who fails to pay the filing fees required by
8 this chapter and continues to sell membership camping
9 contracts is liable civilly in an action brought by the at-
10 torney general for a penalty in an amount equal to treble the
11 unpaid fees.

12 4. The provisions of this chapter are cumulative and
13 nonexclusive and do not affect any other available remedy at
14 law or equity, except as otherwise provided in sections
15 502.202, 503.3, and 537.3310.

16 Sec. 19. NEW SECTION. 557B.15 RULES.

17 The attorney general may prescribe rules in accordance with
18 this chapter as deemed necessary to carry out the provisions
19 of this chapter.

20 EXPLANATION

21 This bill provides that any person desiring to offer or
22 sell a membership camping contract must first register with
23 the attorney general. The application for registration must
24 be accompanied by a fee and must include disclosures of the
25 principals involved with the membership camping operator, any
26 material encumbrances on the property, and all fees which may
27 be imposed on a purchaser. Registration may be denied,
28 suspended, or revoked for failure to comply with the
29 requirements of the new law or for submitting false
30 information.

31 The bill requires the operator to give a complete dis-
32 closure statement prior to the time a purchaser signs a
33 membership camping contract. A "cooling-off period" is
34 provided whereby the purchaser may cancel the transaction for
35 any reason within three business days after signing the

1 contract. Upon cancellation the operator has thirty days in
2 which to provide a complete refund.

3 The bill requires disclosures and imposes limitations with
4 respect to advertising and offered gifts to entice persons to
5 visit the campground.

6 The bill also protects purchasers by imposing certain
7 nondisturbance provisions.

8 A violation of the new campground statute constitutes a
9 violation of the consumer fraud Act, and the attorney general
10 may use all the powers of that Act in enforcing the new
11 statute. In addition, the attorney general may seek civil
12 penalties of not more than \$10,000 for each violation.

13 Sections 1 through 4 of the bill amend the securities law,
14 the membership sales law, and the consumer credit code to
15 provide exemptions for membership camping contracts covered by
16 the new law.

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HOUSE FILE 520

H-3196

- 1 Amend House File 520 as follows:
2 1. Page 17, line 12, by inserting after the word
3 "indebtedness." the following: "The aggregate
4 liability of the surety for all damages shall not
5 exceed the amount of the bond."

H-3196 FILED MARCH 16, 1987 BY MCKINNEY of Dallas

Adopted 3/27/87 (p. 912)

HOUSE FILE 520

H-3252

- 1 Amend House File 520 as follows:
2 1. Page 11, line 22, by striking the words "of
3 any" and inserting the following: "or any".
4 2. Page 11, by striking lines 26 and 27.
5 3. Page 17, line 28, by striking the word
6 "advertising" and inserting the word "advertisement".
7 4. Page 19, line 10, by striking the words "this
8 section" and inserting the following: "registration
9 under sections 557B.2 and 557B.3".
10 5. Page 19, line 15, by striking the words "this
11 section" and inserting the following: "registration
12 under sections 557B.2 and 557B.3".
13 6. Page 19, line 19, by striking the word
14 "reasonable" and inserting the word "reasonably".
15 7. Page 19, line 23, by striking the words "this
16 section" and inserting the following: "registration
17 under sections 557B.2 and 557B.3".
18 8. Page 19, line 32, by striking the words "this
19 section" and inserting the following: "registration
20 under sections 557B.2 and 557B.3".
21 9. Page 20, line 11, by striking the words "this
22 section" and inserting the following: "registration
23 under sections 557B.2 and 557B.3".
24 10. Page 20, line 15, by striking the words "this
25 section" and inserting the following: "registration
26 under sections 557B.2 and 557B.3".
27 11. By relettering as necessary.

H-3252 FILED MARCH 23, 1987 BY MCKINNEY of Dallas

Adopted 3/27 (p. 912)

SENATE AMENDMENT TO HOUSE FILE 520

H-3774

1 Amend House File 520 as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 21, by inserting after line 18 the
4 following:

5 "Sec. 19. NEW SECTION. 557B.15 EXEMPTIONS BY
6 ATTORNEY GENERAL.

7 The attorney general may, by rule or order, exempt
8 any person from all or part of the requirements of
9 this chapter if the attorney general finds the
10 requirements unnecessary for the protection of
11 purchasers. In determining exemptions from this
12 chapter, the attorney general shall consider all of
13 the following:

14 1. The duration of the membership camping
15 contracts involved.

16 2. The number of membership camping contracts
17 being offered by the operator.

18 3. The amount of the purchase price of the
19 membership camping contracts."

20 2. Page 21, by striking line 19 and inserting the
21 following:

22 "Sec. 20. NEW SECTION. 557B.16 RULES."

H-3774 FILED APRIL 15, 1987 RECEIVED FROM THE SENATE

House concurred 4/27/87 (p 1685)

HOUSE FILE 520
BY COMMITTEE ON SMALL BUSINESS
AND COMMERCE

(As Amended and Passed by the House March 27, 1987)

Passed House, Date 4/27/87 (p. 1685) Passed Senate, Date 4-13-87 (p. 1262)
Vote: Ayes 80 Nays 15 Vote: Ayes 47 Nays 2
Approved June 2, 1987

A BILL FOR

1 An Act relating to the regulation of membership campgrounds,
2 membership camping operators, and membership camping
3 contracts, requiring registration and disclosures, providing
4 for cancellation of membership camping contracts, providing
5 remedies, providing penalties, and providing properly related
6 matters.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
HOUSE FILE 520

S-3528

1 Amend House File 520 as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 21, by inserting after line 18 the
4 following:

5 "Sec. 19. NEW SECTION. 557B.15 EXEMPTIONS BY
6 ATTORNEY GENERAL.

7 The attorney general may, by rule or order, exempt
8 any person from all or part of the requirements of
9 this chapter if the attorney general finds the
10 requirements unnecessary for the protection of
11 purchasers. In determining exemptions from this
12 chapter, the attorney general shall consider all of
13 the following:

14 1. The duration of the membership camping
15 contracts involved.

16 2. The number of membership camping contracts
17 being offered by the operator.

18 3. The amount of the purchase price of the
19 membership camping contracts."

20 2. Page 21, by striking line 19 and inserting the
21 following:

22 "Sec. 20. NEW SECTION. 557B.16 RULES."

S-3528

Filed April 13, 1987
ADOPTED (p. 1262)

BY AL STURGEON
DALE L. TIEDEN

1 Section 1. Section 502.102, subsection 2, paragraph a,
2 Code 1987, is amended to read as follows:

3 a. Effecting transactions in a security exempted by
4 section 502.202, subsection 1, 2, 3, 4, 6, 10, 11, or 12, or
5 17, or a security issued by an industrial loan company
6 licensed under chapter 536A;

7 Sec. 2. Section 502.202, Code 1987, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 17. Any security representing a
10 membership camping contract which is registered pursuant to
11 section 557B.2 or exempt under section 557B.4.

12 Sec. 3. Section 503.3, Code 1987, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 4. An association which sells membership
15 camping contracts which are registered or exempt under chapter
16 557B.

17 Sec. 4. Section 537.3310, Code 1987, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 5. Subsections 1 through 4 do not apply
20 to a membership camping contract which is subject to the
21 requirements of chapter 557B.

22 Sec. 5. NEW SECTION. 557B.1 DEFINITIONS.

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

25 1. "Advertisement" means an attempt by publication, dis-
26 semination, solicitation, or circulation to induce directly or
27 indirectly any person to enter into an obligation or acquire a
28 title or interest in a membership camping contract.

29 2. "Affiliate" means any person who, directly or
30 indirectly through one or more intermediaries, controls or is
31 controlled by or is under common control with the person
32 specified.

33 3. "Blanket encumbrance" means any mortgage, deed of
34 trust, option to purchase, vendor's lien or interest under a
35 contract or agreement of sale, judgment lien, federal or state

1 tax lien, or any other material lien or encumbrance which
2 secures or evidences the obligation to pay money or to sell or
3 convey all or part of a campground located in this state, made
4 available to purchasers by the membership camping operator,
5 and which authorizes, permits, or requires the foreclosure or
6 other disposition of the campground. "Blanket encumbrance"
7 also includes the lessor's interest in a lease of all or part
8 of a campground which is located in this state and which is
9 made available to purchasers by a membership camping operator.
10 "Blanket encumbrance" does not include a lien for taxes or
11 assessments levied by a public body which are not yet due and
12 payable.

13 4. "Business day" means any day except Saturday, Sunday,
14 or a legal holiday.

15 5. "Campground" means real property made available to
16 persons for camping, whether by tent, trailer, camper, cabin,
17 recreational vehicle, or similar device and includes the out-
18 door recreational facilities located on the real property.
19 "Campground" does not include a mobile home park as defined in
20 section 135D.1.

21 6. "Controlling persons of a membership camping operator"
22 means each director and officer and each owner of twenty-five
23 percent or more of the stock of the operator, if the operator
24 is a corporation; and each general partner and each owner of
25 twenty-five percent or more of the partnership or other inter-
26 ests, if the operator is a general or limited partnership; or
27 other person doing business as a membership camping operator.

28 7. "Membership camping contract" means an agreement
29 offered or sold within this state evidencing a purchaser's
30 right to use a campground of a membership camping operator for
31 more than thirty days during the term of the agreement.

32 8. "Membership camping operator" or "operator" means any
33 person other than one who is tax exempt under section
34 501(c)(3) of the Internal Revenue Code, as defined in section
35 422.3, who owns or operates a campground and offers or sells

1 membership camping contracts paid for by a fee or periodic
2 payments. "Membership camping operator" does not include the
3 operator of a mobile home park as defined in chapter 135D.

4 9. "Offer" means an inducement, solicitation, or attempt
5 to encourage a person to acquire a membership camping
6 contract.

7 10. "Purchaser" means a person who enters into a member-
8 ship camping contract with a membership camping operator and
9 obtains the right to use the campground owned or operated by
10 the membership camping operator.

11 Sec. 6. NEW SECTION. 557B.2 REGISTRATION REQUIREMENT.

12 A person shall not offer or sell a membership camping
13 contract in this state unless one of the following is
14 applicable:

15 1. The membership camping contract is covered by a mem-
16 bership camping registration as provided in this chapter.

17 2. The membership camping contract or the transaction is
18 exempted under section 557B.4.

19 Sec. 7. NEW SECTION. 557B.3 APPLICATION FOR REGISTRA-
20 TION.

21 1. Filing fees, as prescribed in section 557B.7, shall
22 accompany the application for registration, renewal of a
23 registration, or any amendment of a registration of membership
24 camping contracts.

25 2. The application for registration shall be filed with
26 the attorney general and shall include all of the following:

27 a. The membership camping operator's name and the address
28 of its principal place of business, the form, date of
29 organization, jurisdiction of its organization, and the name
30 and address of each of its offices in this state.

31 b. A copy of the membership camping operator's articles of
32 incorporation, partnership agreement, or joint venture
33 agreement as contemplated or currently in effect.

34 c. The name, address, and principal occupation for the
35 past five years of the membership camping operator and of each

1 controlling person of the membership camping operator and the
2 extent of each such person's interest in the membership
3 camping operator as of a specified date within thirty days
4 prior to the filing of the application.

5 d. A list of affiliates of the membership camping
6 operator, including the names and addresses of officers and
7 directors.

8 e. A legal description of each campground owned or oper-
9 ated by the membership camping operator which is represented
10 to be available for use by purchasers and a statement iden-
11 tifying the existing amenities at each campground and the
12 planned amenities represented as to be available for use by
13 purchasers in the future at each campground. If future
14 amenities are represented, the statement must include the
15 estimated cost and schedule for completion of those amenities.

16 f. A brief description of the membership camping
17 operator's ownership of or other right to use the campground
18 properties or facilities represented to be available for use
19 by purchasers, together with a brief description of any
20 material encumbrance, the duration of any lease, real estate
21 contract, license, franchise, reciprocal agreement, or other
22 agreement entitling the membership camping operator to use the
23 property and any material provisions of the agreements which
24 restrict a purchaser's use of the property.

25 g. If a blanket encumbrance materially adversely affects a
26 campground, a legal description of the encumbrance and a
27 description of the steps taken to protect purchasers in
28 accordance with section 557B.12 in case of failure to
29 discharge the encumbrance.

30 h. A brief description of all payments of a purchaser
31 under a membership camping contract, including initial fees
32 and any further fees, charges, or assessments, together with
33 any provision for changing the payments.

34 i. A description of any restraints on the transfer of
35 membership camping contracts, including a complete description

1 of any resale agreement or policy.

2 j. A brief description of the policies relating to the
3 availability of camping sites and whether reservations are
4 required.

5 k. A brief description of any grounds for forfeiture of a
6 purchaser's membership camping contract.

7 l. A sample copy of each membership camping contract to be
8 offered or sold in this state and the purchase price of each
9 type, and if the price varies, the reason for the variance.

10 m. A sample copy of each instrument which a purchaser will
11 be required to execute, and a copy of the disclosure statement
12 required by section 557B.8.

13 n. A statement of the total number of membership camping
14 contracts for each campground intended to be sold in this
15 state and the method used to determine this number, including
16 a statement of commitment that this number will not be
17 exceeded unless it is disclosed by an amendment to the
18 registration.

19 o. A summary or copy of the articles, bylaws, rules,
20 restrictions, or covenants regulating the purchaser's use of
21 each campground and the facilities located on each property,
22 including a statement of whether and how the articles, bylaws,
23 rules, restrictions, or covenants may be changed.

24 p. A brief description of any reciprocal agreement allow-
25 ing purchasers to use camping sites, facilities, or other
26 properties owned or operated by any person other than the
27 membership camping operator with whom the purchaser has
28 entered into a membership camping contract.

29 q. Financial statements of the membership camping operator
30 prepared in accordance with generally accepted accounting
31 principles which shall include a financial statement for the
32 most recent fiscal year audited by an independent certified
33 public accountant, and an unaudited financial statement for
34 the most recent fiscal quarter. The attorney general may
35 waive the requirement for an audited statement if the

1 statement has been prepared by an independent certified public
2 accountant and the attorney general is satisfied with the
3 reliability of the statement and with the ability of the
4 membership camping operator to meet future commitments.

5 The application shall be signed by the membership camping
6 operator or an officer or a general partner of the membership
7 camping operator, or by another person holding a power of
8 attorney for this purpose from the membership camping
9 operator. If the application is signed pursuant to a power of
10 attorney, a copy of the power of attorney must be included
11 with the application.

12 An application for registration shall be amended within
13 twenty-five days of any material change in the information
14 included in the application. A material change includes any
15 change which significantly reduces or terminates either the
16 applicant's or the purchaser's right to use the campground or
17 any of the facilities described in the membership camping
18 contract, but does not include minor changes covering the use
19 of the campground, its facilities, or the reciprocal program.

20 The registration of the membership camping operator must be
21 renewed annually by filing an application for renewal with the
22 required fee not later than thirty days prior to the an-
23 niversary of the current registration. The application shall
24 include all changes which have occurred in the information
25 included in the application previously filed.

26 Registration with the attorney general does not constitute
27 approval or endorsement by the attorney general of the
28 membership camping operator, the membership camping contract,
29 or the campground, and any attempt by the membership camping
30 operator to indicate that registration constitutes such
31 approval or endorsement is unlawful.

32 Sec. 8. NEW SECTION. 557B.4 EXEMPTIONS.

33 The following transactions are exempt from registration:

34 1. An offer, sale, or transfer by any one person of not
35 more than one membership camping contract in any twelve-month

1 period.

2 2. An offer or sale by a government, government agency, or
3 other subdivision of government.

4 3. A bona fide pledge of a membership camping contract.

5 4. Transactions subject to regulation pursuant to chapter
6 557A.

7 Sec. 9. NEW SECTION. 557B.5 EFFECTIVE DATE OF REGISTRA-
8 TION.

9 The application for registration automatically becomes
10 effective upon the expiration of forty-five calendar days
11 following filing of a completed application with the attorney
12 general unless one of the following occurs:

13 1. The application is denied under section 557B.6.

14 2. The attorney general grants the registration effective
15 as of an earlier date.

16 3. The applicant consents to a delay of the effective
17 date.

18 If the attorney general requests additional information
19 with respect to the application, the application becomes
20 effective upon the expiration of fifteen business days
21 following the filing with the attorney general of the
22 additional information unless an order pursuant to section
23 557B.6 is issued or unless declared effective on an earlier
24 date by order of the attorney general.

25 Sec. 10. NEW SECTION. 557B.6 REGISTRATION OR APPLICATION
26 - -DENIAL, SUSPENSION, OR REVOCATION.

27 The attorney general may by order deny, suspend, or revoke
28 a membership camping operator's application or registration or
29 impose a fine of not more than five thousand dollars or a
30 combination of suspension or revocation and fine, if the
31 attorney general finds that the order is for the protection of
32 prospective purchasers or purchasers of membership camping
33 contracts and that one of the following applies:

34 1. The membership camping operator's advertising or sales
35 techniques or trade practices have been or are deceptive,

1 false, or misleading.

2 2. The membership camping operator is not financially re-
3 sponsible or has insufficient capital to warrant its offering
4 or selling membership camping contracts in this state. The
5 attorney general may require a surety bond or, if one is
6 unobtainable, other evidence of financial assurances
7 satisfactory to the attorney general.

8 3. The membership camping operator's application for
9 registration or an amendment to the registration is incomplete
10 in a material respect.

11 4. The membership camping operator has failed to file
12 timely amendments to the application for registration as re-
13 quired by section 557B.3.

14 5. The membership camping operator has failed to comply
15 with any provision of this chapter that materially affects the
16 rights of purchasers, prospective purchasers, or owners of
17 membership camping contracts.

18 6. The membership camping operator has made a false or
19 misleading representation or concealed material facts in any
20 document or information filed with the attorney general.

21 7. The membership camping operator has represented or is
22 representing to purchasers in connection with the offer to
23 sell membership camping contracts that a particular facility
24 is planned, without reasonable expectation that the facility
25 will be completed within a reasonable time or without the
26 apparent means to ensure its completion.

27 An order denying, suspending, or revoking a registration or
28 imposing a fine shall be sent by certified mail, return re-
29 ceipt requested, to the applicant or registrant. The appli-
30 cant or registrant has thirty calendar days from the date of
31 mailing the order to request a hearing pursuant to chapter
32 17A. If a hearing is not requested within thirty days and is
33 not ordered by the attorney general, the order shall remain in
34 effect until modified or vacated by the attorney general.
35 However, if the attorney general finds that the public health,

1 safety, or welfare imperatively requires emergency action and
2 incorporates a finding to that effect in the order, summary
3 suspension of a membership camping operator's registration may
4 be ordered. If the membership camping operator desires to
5 contest the summary order, the membership camping operator
6 must request a hearing within fifteen calendar days of service
7 of the summary order. If so requested, the hearing must be
8 instituted within twenty calendar days of the request and the
9 contest of the summary order must be promptly determined.

10 Sec. 11. NEW SECTION. 557B.7 FEES.

11 Each application for registration of an offer or sale of
12 membership camping contracts and each application for
13 amendment or renewal of a registration shall be accompanied by
14 a fee determined by the attorney general which shall be
15 sufficient to defray the costs of administering this chapter.

16 Sec. 12. NEW SECTION. 557B.8 DISCLOSURES TO PURCHASERS.

17 A membership camping operator who is subject to the regis-
18 tration requirements of section 557B.3 shall provide a dis-
19 closure statement to a purchaser or prospective purchaser
20 before the person signs a membership camping contract or gives
21 any money or thing of value for the purchase of a membership
22 camping contract.

23 1. The front cover or first page of the disclosure state-
24 ment shall contain only the following, in the order stated:

25 a. "MEMBERSHIP CAMPING OPERATOR'S DISCLOSURE STATEMENT"
26 printed at the top in boldfaced type of a minimum size of ten
27 points.

28 b. The name and principal business address of the member-
29 ship camping operator and any material affiliate of the mem-
30 bership camping operator.

31 c. A statement that the membership camping operator is in
32 the business of offering for sale membership camping
33 contracts.

34 d. A statement, printed in boldfaced type of a minimum
35 size of ten points, which reads as follows:

1 THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT MATTERS TO BE
2 CONSIDERED IN THE EXECUTION OF A MEMBERSHIP CAMPING CONTRACT.
3 THE MEMBERSHIP CAMPING OPERATOR IS REQUIRED BY LAW TO DELIVER
4 TO YOU A COPY OF THIS DISCLOSURE STATEMENT BEFORE YOU EXECUTE
5 A MEMBERSHIP CAMPING CONTRACT. THE STATEMENTS CONTAINED IN
6 THIS DOCUMENT ARE ONLY SUMMARY IN NATURE. YOU AS A PROSPEC-
7 TIVE PURCHASER SHOULD REVIEW ALL REFERENCES, EXHIBITS,
8 CONTRACT DOCUMENTS, AND SALES MATERIALS. YOU SHOULD NOT RELY
9 UPON ANY ORAL REPRESENTATIONS AS BEING CORRECT. REFER TO THIS
10 DOCUMENT AND TO THE ACCOMPANYING EXHIBITS FOR CORRECT
11 REPRESENTATIONS. THE MEMBERSHIP CAMPING OPERATOR IS
12 PROHIBITED FROM MAKING ANY REPRESENTATIONS WHICH CONFLICT WITH
13 THOSE CONTAINED IN THE CONTRACT AND THIS DISCLOSURE STATEMENT.

14 e. A statement, printed in boldfaced type of a minimum
15 size of ten points, which reads as follows:

16 IF YOU EXECUTE A MEMBERSHIP CAMPING CONTRACT, YOU HAVE THE
17 UNQUALIFIED RIGHT TO CANCEL THE CONTRACT. THIS RIGHT OF CAN-
18 CELLATION CANNOT BE WAIVED. THE RIGHT TO CANCEL EXPIRES AT
19 MIDNIGHT ON THE THIRD BUSINESS DAY FOLLOWING THE DATE ON WHICH
20 THE CONTRACT WAS EXECUTED OR THE DATE OF RECEIPT OF THIS DIS-
21 CLOSURE STATEMENT, WHICHEVER EVENT OCCURS LATER. TO CANCEL
22 THE MEMBERSHIP CAMPING CONTRACT, YOU AS THE PURCHASER MUST
23 HAND DELIVER OR MAIL NOTICE OF YOUR INTENT TO CANCEL TO THE
24 MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS SHOWN IN THE MEM-
25 BERSHIP CAMPING CONTRACT, POSTAGE PREPAID. THE MEMBERSHIP
26 CAMPING OPERATOR IS REQUIRED BY LAW TO RETURN ALL MONEYS PAID
27 BY YOU IN CONNECTION WITH THE EXECUTION OF THE MEMBERSHIP
28 CAMPING CONTRACT, UPON YOUR PROPER AND TIMELY CANCELLATION OF
29 THE CONTRACT AND RETURN OF ALL MEMBERSHIP AND RECIPROCAL USE
30 PROGRAM MATERIALS FURNISHED AT THE TIME OF PURCHASE.

31 2. The following pages of the disclosure statement shall
32 contain all of the following in the order stated:

33 a. The name, principal occupation, and address of every
34 director, partner, or controlling person of the membership
35 camping operator.

1 b. A brief description of the nature of the purchaser's
2 right or license to use the campground and the facilities
3 which are to be available for use by purchasers.

4 c. A brief description of the membership camping oper-
5 ator's experience in the membership camping business, in-
6 cluding the length of time the operator has been in the
7 membership camping business.

8 d. The location of each of the campgrounds which is to be
9 available for use by purchasers and a brief description of the
10 facilities at each campground which are currently available
11 for use by purchasers. Facilities which are planned,
12 incomplete, or not yet available for use shall be clearly
13 identified as incomplete or unavailable. A brief description
14 of any facilities that are or will be available to
15 nonpurchasers shall also be provided. The description shall
16 include, but need not be limited to, the number of campsites
17 in each park, the number of campsites in each park with full
18 or partial hookups, swimming pools, tennis courts, recreation
19 buildings, restrooms and showers, laundry rooms, trading
20 posts, and grocery stores.

21 e. The fees and charges that purchasers are or may be re-
22 quired to pay for the use of the campground or any facilities.

23 f. Any initial or special fee due from the purchaser, to-
24 gether with a description of the purpose and method of calcu-
25 lating the fee.

* 26 g. The extent to which financial arrangements, if any,
27 have been provided for the completion of facilities, together
28 with a statement of the membership camping operator's obli-
29 gation to complete planned facilities. The statement shall
30 include a description of any restrictions or limitations on
31 the membership camping operator's obligation to begin or to
32 complete the facilities.

33 h. The names of the managing entity, if any, and the sig-
34 nificant terms of any management contract, including but not
35 limited to, the circumstances under which the membership camp-

1 ing operator may terminate the management contract.

2 i. A summary or copy, whether by way of supplement or
3 otherwise, of the rules, restrictions, or covenants regulating
4 the purchaser's use of the campground and the facilities which
5 are to be available for use by the purchaser, including a
6 statement of whether and how the rules, restrictions, or
7 covenants may be changed.

8 j. A brief description of the policies covering the avail-
9 ability of camping sites, the availability of reservations and
10 the conditions under which they are made.

11 k. A brief description of any grounds for forfeiture of a
12 purchaser's membership camping contract.

13 l. A statement of whether the membership camping operator
14 has the right to withdraw permanently from use, all or any
15 portion of any campground devoted to membership camping and,
16 if so, the conditions under which the withdrawal is to be per-
17 mitted.

18 m. A statement describing the material terms and
19 conditions of any reciprocal program to be available to the
20 purchaser, including a statement concerning whether the
21 purchaser's participation in any reciprocal program is
22 dependent on the continued affiliation of the membership
23 camping operator with that reciprocal program and whether the
24 membership camping operator reserves the right to terminate
25 such affiliation.

26 n. As to all memberships offered by the membership camping
27 operator at each campground, all of the following:

28 (1) The form of membership offered.

29 (2) The types of duration of membership along with a sum-
30 mary of the major privileges, restrictions, and limitations
31 applicable to each type.

32 (3) Provisions that have been made for public utilities at
33 each campsite including water, electricity, telephone, and
34 sewage facilities.

35 o. A statement of the assistance, if any, that the member-

1 ship camping operator will provide to the purchaser in the
2 resale of membership camping contracts and a detailed descrip-
3 tion of how any such resale program is operated.

4 p. The following statement, printed in boldfaced type of a
5 minimum size of ten points:

6 REGISTRATION OF THE MEMBERSHIP CAMPING OPERATOR WITH THE
7 IOWA ATTORNEY GENERAL DOES NOT CONSTITUTE AN APPROVAL OR
8 ENDORSEMENT BY THE ATTORNEY GENERAL OF THE MEMBERSHIP CAMPING
9 OPERATOR, THE MEMBERSHIP CAMPING CONTRACT, OR THE CAMPGROUND.

10 The membership camping operator shall promptly amend the
11 disclosure statement to reflect any material change and shall
12 promptly file any such amendments with the attorney general.

13 Sec. 13. NEW SECTION. 557B.9 MEMBERSHIP CAMPING
14 CONTRACTS.

15 The membership camping operator shall deliver to the pur-
16 chaser a fully executed copy of a membership camping contract,
17 in writing, which contract shall include at least the follow-
18 ing information:

19 1. The name of the membership camping operator and the
20 address of its principal place of business.

21 2. The actual date the membership camping contract is
22 executed by the purchaser.

23 3. The total financial obligation imposed on the purchaser
24 by the contract, including the initial purchase price and any
25 additional charge the purchaser may be required to pay.

26 4. A statement that the membership camping operator is re-
27 quired by law to provide each purchaser with a copy of the
28 membership camping operator's disclosure statement prior to
29 execution of the contract and that failure to do so is a vio-
30 lation of the law.

31 5. The full name of each salesperson involved in the
32 execution of the membership camping contract.

33 6. In immediate proximity to the space reserved for the
34 purchaser's signature, a conspicuous statement printed in
35 boldfaced type of a minimum size of ten points:

1 YOU THE PURCHASER MAY CANCEL THIS CONTRACT WITHOUT ANY
2 PENALTY OR OBLIGATION AT ANY TIME WITHIN THREE BUSINESS DAYS
3 FOLLOWING THE DATE OF EXECUTION OF THE CONTRACT OR THE RECEIPT
4 OF THE DISCLOSURE STATEMENT FROM THE MEMBERSHIP CAMPING
5 OPERATOR, WHICHEVER EVENT OCCURS LATER. TO CANCEL THE
6 CONTRACT, HAND DELIVER OR MAIL A POSTAGE PREPAID WRITTEN
7 CANCELLATION TO THE MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS
8 LISTED ON THIS CONTRACT. UPON CANCELLATION AND RETURN OF ALL
9 MEMBERSHIP AND RECIPROCAL USE PROGRAM MATERIALS FURNISHED AT
10 THE TIME OF PURCHASE, YOU WILL RECEIVE A REFUND OF ALL MONEY
11 PAID WITHIN THIRTY CALENDAR DAYS AFTER THE MEMBERSHIP CAMPING
12 OPERATOR RECEIVES NOTICE OF YOUR CANCELLATION.

13 Sec. 14. NEW SECTION. 557B.10 PURCHASER'S RIGHT OF
14 CANCELLATION.

15 A purchaser has the right to cancel a membership camping
16 contract within three business days following the date the
17 contract is executed or within three business days following
18 the date of delivery of the written disclosure statement
19 required by section 557B.8, whichever event is later.

20 1. The right to cancel may not be waived and any attempt
21 to obtain such a waiver is unlawful.

22 2. A purchaser may cancel the contract by hand delivering
23 a written statement of cancellation or by mailing such a
24 statement to the membership camping operator. The cancel-
25 lation is deemed effective upon mailing.

26 3. Upon cancellation and return of all membership and
27 reciprocal use materials furnished at the time of purchase,
28 the membership camping operator shall refund to the purchaser
29 all payment and other consideration given by the purchaser.
30 The refund shall be made within thirty calendar days after the
31 membership camping operator receives notice of the
32 cancellation and may, where payment has been made by credit
33 card, be made by an appropriate credit to the purchaser's
34 account. If the membership camping operator fails to refund
35 the payment or other consideration given within the thirty-day

1 period, it is presumed that the membership camping operator is
2 willfully and wrongfully retaining the payment or other
3 consideration. The willful retention of a payment or other
4 consideration in violation of this section renders the
5 membership camping operator liable for double the amount of
6 that portion of the payment or other consideration wrongfully
7 withheld from the purchaser together with reasonable attorney
8 fees and court costs.

9 4. The membership camping operator or salesperson shall
10 orally inform the purchaser at the time the contract is exe-
11 cuted of the right to cancel the contract as provided in this
12 section.

13 Sec. 15. NEW SECTION. 557B.11 PURCHASER'S REMEDIES.

14 A purchaser's remedy for errors in or omissions from the
15 membership camping contract, the materials delivered to the
16 purchaser at the time of sale, or any of the disclosures re-
17 quired in section 557B.13 is limited to a right of cancella-
18 tion and refund of the payment made or consideration given by
19 the purchaser. However, this limitation does not apply to
20 errors or omissions from the contract or disclosures or other
21 requirements of this chapter which are part of a scheme to
22 willfully misstate or omit the information required. Rea-
23 sonable attorney fees shall be awarded to the prevailing party
24 in any action under this section.

25 Sec. 16. NEW SECTION. 557B.12 NONDISTURBANCE PROVISIONS.

26 1. With respect to any property in this state acquired and
27 put into operation by a membership camping operator after the
28 effective date of this Act, the membership camping operator
29 shall not offer or execute a membership camping contract in
30 this state granting the right to use the property until the
31 following requirements are met:

32 a. Each person holding an interest in a voluntary blanket
33 encumbrance has executed and delivered a nondisturbance
34 agreement which includes all of the following provisions:

35 (1) That the rights of the holder or holders of the

1 blanket encumbrance in the affected campground are subordinate
2 to the rights of purchasers.

3 (2) That any person who acquires the affected campground
4 or any portion of the campground by the exercise of any right
5 of sale or foreclosure contained in the blanket encumbrance
6 takes the campground subject to the rights of purchasers.

7 (3) That the holder or holders of the blanket encumbrance
8 shall not use or cause the campground to be used in a manner
9 which interferes with the right of purchasers to use the
10 campground and its facilities in accordance with the terms and
11 conditions of the membership camping contract.

12 b. Each hypothecation lender which has a lien on, or
13 security interest in, the membership camping operator's
14 ownership interest in the campground has executed and de-
15 livered a nondisturbance agreement and recorded the agreement
16 in the office of the clerk of the district court of the county
17 in which the campground is located. In addition, each person
18 holding an interest in a blanket encumbrance superior to the
19 interest held by the hypothecation lender has executed,
20 delivered, and recorded an instrument stating that such person
21 will give the hypothecation lender notice of, and at least
22 thirty days to cure, any default under the blanket encumbrance
23 before the person commences any foreclosure action affecting
24 the campground. For the purposes of this section:

25 (1) "Hypothecation lender" means a financial institution
26 which provides a major hypothecation loan to a membership
27 camping operator.

28 (2) "Major hypothecation loan" is a loan or line of credit
29 secured by substantially all of the contracts receivable
30 arising from the membership camping operator's sale of
31 membership camping contracts.

32 (3) "Nondisturbance agreement" means an instrument by
33 which a hypothecation lender agrees to conditions substan-
34 tially the same as those set forth in paragraph "a".

35 2. In lieu of compliance with subsection 1, a surety bond

1 or letter of credit satisfying the requirements of this
2 subsection may be delivered to and accepted by the attorney
3 general. The surety bond or letter of credit shall be issued
4 to the attorney general for the benefit of purchasers and
5 shall be in an amount which is not less than one hundred five
6 percent of the remaining principal balance of every
7 indebtedness secured by a blanket encumbrance affecting the
8 campground. The bond shall be issued by a surety which is
9 authorized to do business in this state and which has suf-
10 ficient net worth to satisfy the indebtedness. The aggregate
11 liability of the surety for all damages shall not exceed the
12 amount of the bond. The letter of credit shall be
13 irrevocable, shall be drawn upon a bank, savings and loan, or
14 financial institution, and shall be in form and content
15 acceptable to the attorney general. The bond or letter of
16 credit shall provide for payment of all amounts secured by the
17 blanket encumbrance including costs, expenses, and legal fees
18 of the lien holder, if for any reason the blanket encumbrance
19 is enforced. The bond or letter of credit may be reduced at
20 the option of the membership camping operator periodically in
21 proportion to the reductions of the amounts secured by the
22 blanket encumbrance.

23 3. The nondisturbance agreement shall be recorded in the
24 real estate records of the county in which the campground is
25 located.

26 Sec. 17. NEW SECTION. 557B.13 ADVERTISING PLANS -- DIS-
27 CLOSURES -- UNLAWFUL ACTS.

28 1. Any advertisement, communication, or sales literature
29 relating to membership camping contracts, including oral
30 statements by a salesperson or any other person, shall not
31 contain:

32 a. Any untrue statement of material fact or any omission
33 of material fact which would make the statements misleading in
34 light of the circumstances under which the statements were
35 made.

1 b. Any statement or representation that the membership
2 camping contracts are offered without risk or that loss is
3 impossible.

4 c. Any statement or representation or pictorial presen-
5 tation of proposed improvements or nonexistent scenes without
6 clearly indicating that the improvements are proposed and the
7 scenes do not exist.

8 2. A person shall not by any means, as part of an
9 advertising program, offer any item of value as an inducement
10 to the recipient to visit a location, attend a sales
11 presentation, or contact a sales agent, unless the person
12 clearly and conspicuously discloses in writing in the offer in
13 readily understandable language each of the following:

14 a. The name and street address of the owner of the real or
15 personal property or the provider of the services which are
16 the subject of such visit, sales presentation, or contact with
17 a sales agent.

18 b. A general description of the business of the owner or
19 provider identified and the purpose of any requested visit,
20 sales presentation, or contact with a sales agent, including a
21 general description of the facilities or proposed facilities
22 or services which are the subject of the sales presentation.

23 c. A statement of the odds, in arabic numerals, of re-
24 ceiving each item offered.

25 d. All restrictions, qualifications, and other conditions
26 that must be satisfied before the recipient is entitled to
27 receive the item, including all of the following:

28 (1) Any deadline by which the recipient must visit the
29 location, attend the sales presentation, or contact the sales
30 agent in order to receive the item.

31 (2) The approximate duration of any visit and sales pre-
32 sentation.

33 (3) Any other conditions, such as a minimum age qualifi-
34 cation, a financial qualification, or a requirement that if
35 the recipient is married both husband and wife must be present

1 in order to receive the item.

2 e. A statement that the owner or provider reserves the
3 right to provide a rain check or a substitute or like item, if
4 these rights are reserved.

5 f. A statement that a recipient who receives an offered
6 item may request and will receive evidence showing that the
7 item provided matches the item randomly or otherwise selected
8 for distribution to that recipient.

9 g. All other rules, terms, and conditions of the offer,
10 plan, or program.

11 3. A person making an offer subject to registration under
12 sections 557B.2 and 557B.3, or the person's employee or agent,
13 shall not offer any item if the person knows or has reason to
14 know that the offered item will not be available in a
15 sufficient quantity based on the reasonably anticipated
16 response to the offer.

17 4. A person making an offer subject to registration under
18 sections 557B.2 and 557B.3, or the person's employee or agent,
19 shall not fail to provide any offered item which a recipient
20 is entitled to receive, unless the failure to provide the item
21 is due to a higher than reasonably anticipated response to the
22 offer which caused the item to be unavailable and the offer
23 discloses the reservation of a right to provide a rain check
24 or a like or substitute item if the offered item is
25 unavailable.

26 5. If the person making an offer subject to registration
27 under sections 557B.2 and 557B.3 is unable to provide an
28 offered item because of limitations of supply not reasonably
29 foreseeable or controllable by the person making the offer,
30 the person making the offer shall inform the recipient of the
31 recipient's right to receive a rain check for the item offered
32 or receive a like or substitute item of equal or greater value
33 at no additional cost or obligation to the recipient.

34 6. If a rain check is provided, the person making an offer
35 subject to registration under sections 557B.2 and 557B.3,

1 within a reasonable time, and in any event not later than
2 ninety calendar days after the rain check is issued, shall
3 deliver the agreed item to the recipient's address without
4 additional cost or obligation to the recipient, unless the
5 item for which the rain check is provided remains unavailable
6 because of limitations of supply not reasonably foreseeable or
7 controllable by the person making the offer. If the item is
8 unavailable for these reasons, the person, not later than
9 thirty days after the expiration of the ninety-day period,
10 shall deliver a like or substitute item of equal or greater
11 retail value to the recipient.

12 7. On the request of a recipient who has received or
13 claims a right to receive any offered item, the person making
14 an offer subject to registration under sections 557B.2 and
15 557B.3 shall furnish to the recipient sufficient evidence
16 showing that the item provided matches the item randomly or
17 otherwise selected for distribution to that recipient.

18 8. A person making an offer subject to registration under
19 sections 557B.2 and 557B.3, or the person's employee or agent,
20 shall not do any of the following:

21 a. Misrepresent the size, quantity, identity, or quality
22 of any prize, gift, money, or other item of value offered.

23 b. Misrepresent in any manner the odds of receiving a
24 particular gift, prize, amount of money, or other item of
25 value.

26 c. Represent directly or by implication that the number of
27 participants has been significantly limited or that any person
28 has been selected to receive a particular prize, gift, money,
29 or other item of value, unless this fact is true.

30 d. Label any offer a notice of termination or notice of
31 cancellation.

32 e. Misrepresent, in any manner, the offer, plan, or
33 program.

34 Sec. 18. NEW SECTION. 557B.14 REMEDIES.

35 1. A violation of this chapter or the commission of any

1 act declared to be unlawful under this chapter constitutes a
2 violation of section 714.16, subsection 2, paragraph "a", and
3 the attorney general has all the powers enumerated in that
4 section to enforce the provisions of this chapter.

5 2. In addition, the attorney general may seek civil pen-
6 alties of not more than ten thousand dollars for each viola-
7 tion of or the commission of any act declared to be unlawful
8 under this chapter. Each day of continued violation consti-
9 tutes a separate offense.

10 3. Any person who fails to pay the filing fees required by
11 this chapter and continues to sell membership camping
12 contracts is liable civilly in an action brought by the at-
13 torney general for a penalty in an amount equal to treble the
14 unpaid fees.

15 4. The provisions of this chapter are cumulative and
16 nonexclusive and do not affect any other available remedy at
17 law or equity, except as otherwise provided in sections
18 502.202, 503.3, and 537.3310.

19 Sec. 19. NEW SECTION. 557B.15 RULES.

20 The attorney general may prescribe rules in accordance with
21 this chapter as deemed necessary to carry out the provisions
22 of this chapter.

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SENATE/HOUSE FILE _____

BY (PROPOSED DEPARTMENT OF JUSTICE 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 membership campgrounds,
2 membership camping operators, and membership camping
3 contracts, requiring registration and disclosures, providing
4 for cancellation of membership camping contracts, providing
5 remedies, providing penalties, and providing properly related
6 matters.

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

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SUB COMMITTEE ASSIGNMENTS

CHAIR: *Chapman*

COMMITTEE: *Small Business*

3/9/87

1 Section 1. Section 502.102, subsection 2, paragraph a,
2 Code 1987, is amended to read as follows:

3 a. Effecting transactions in a security exempted by
4 section 502.202, subsection 1, 2, 3, 4, 6, 10, 11, or 12, or
5 17, or a security issued by an industrial loan company
6 licensed under chapter 536A;

7 Sec. 2. Section 502.202, Code 1987, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 17. Any security representing a
10 membership camping contract which is registered pursuant to
11 section 557B.2 or exempt under section 557B.4.

12 Sec. 3. Section 503.3, Code 1987, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 4. An association which sells membership
15 camping contracts which are registered or exempt under chapter
16 557B.

17 Sec. 4. Section 537.3310, Code 1987, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 5. Subsections 1 through 4 do not apply
20 to a membership camping contract which is subject to the
21 requirements of chapter 557B.

22 Sec. 5. NEW SECTION. 557B.1 DEFINITIONS.

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

25 1. "Advertisement" means an attempt by publication, dis-
26 semination, solicitation, or circulation to induce directly or
27 indirectly any person to enter into an obligation or acquire a
28 title or interest in a membership camping contract.

29 2. "Affiliate" means any person who, directly or
30 indirectly through one or more intermediaries, controls or is
31 controlled by or is under common control with the person
32 specified.

33 3. "Blanket encumbrance" means any mortgage, deed of
34 trust, option to purchase, vendor's lien or interest under a
35 contract or agreement of sale, judgment lien, federal or state

1 tax lien, or any other material lien or encumbrance which
2 secures or evidences the obligation to pay money or to sell or
3 convey all or part of a campground located in this state, made
4 available to purchasers by the membership camping operator,
5 and which authorizes, permits, or requires the foreclosure or
6 other disposition of the campground. "Blanket encumbrance"
7 also includes the lessor's interest in a lease of all or part
8 of a campground which is located in this state and which is
9 made available to purchasers by a membership camping operator.
10 "Blanket encumbrance" does not include a lien for taxes or
11 assessments levied by a public body which are not yet due and
12 payable.

13 4. "Business day" means any day except Saturday, Sunday,
14 or a legal holiday.

15 5. "Campground" means real property made available to
16 persons for camping, whether by tent, trailer, camper, cabin,
17 recreational vehicle, or similar device and includes the out-
18 door recreational facilities located on the real property.
19 "Campground" does not include a mobile home park as defined in
20 section 135D.1.

21 6. "Controlling persons of a membership camping operator"
22 means each director and officer and each owner of twenty-five
23 percent or more of the stock of the operator, if the operator
24 is a corporation; and each general partner and each owner of
25 twenty-five percent or more of the partnership or other inter-
26 ests, if the operator is a general or limited partnership; or
27 other person doing business as a membership camping operator.

28 7. "Membership camping contract" means an agreement
29 offered or sold within this state evidencing a purchaser's
30 right to use a campground of a membership camping operator for
31 more than thirty days during the term of the agreement.

32 8. "Membership camping operator" or "operator" means any
33 person other than one who is tax exempt under section
34 501(c)(3) of the Internal Revenue Code, as defined in section
35 422.3, who owns or operates a campground and offers or sells

1 membership camping contracts paid for by a fee or periodic
2 payments. "Membership camping operator" does not include the
3 operator of a mobile home park as defined in chapter 135D.

4 9. "Offer" means an inducement, solicitation, or attempt
5 to encourage a person to acquire a membership camping
6 contract.

7 10. "Purchaser" means a person who enters into a member-
8 ship camping contract with a membership camping operator and
9 obtains the right to use the campground owned or operated by
10 the membership camping operator.

11 Sec. 6. NEW SECTION. 557B.2 REGISTRATION REQUIREMENT.

12 A person shall not offer or sell a membership camping
13 contract in this state unless one of the following is
14 applicable:

15 1. The membership camping contract is covered by a mem-
16 bership camping registration as provided in this chapter.

17 2. The membership camping contract or the transaction is
18 exempted under section 557B.4.

19 Sec. 7. NEW SECTION. 557B.3 APPLICATION FOR REGISTRA-
20 TION.

21 1. Filing fees, as prescribed in section 557B.7, shall
22 accompany the application for registration, renewal of a
23 registration, or any amendment of a registration of membership
24 camping contracts.

25 2. The application for registration shall be filed with
26 the attorney general and shall include all of the following:

27 a. The membership camping operator's name and the address
28 of its principal place of business, the form, date of
29 organization, jurisdiction of its organization, and the name
30 and address of each of its offices in this state.

31 b. A copy of the membership camping operator's articles of
32 incorporation, partnership agreement, or joint venture
33 agreement as contemplated or currently in effect.

34 c. The name, address, and principal occupation for the
35 past five years of the membership camping operator and of each

1 controlling person of the membership camping operator and the
2 extent of each such person's interest in the membership
3 camping operator as of a specified date within thirty days
4 prior to the filing of the application.

5 d. A list of affiliates of the membership camping
6 operator, including the names and addresses of officers and
7 directors.

8 e. A legal description of each campground owned or oper-
9 ated by the membership camping operator which is represented
10 to be available for use by purchasers and a statement iden-
11 tifying the existing amenities at each campground and the
12 planned amenities represented as to be available for use by
13 purchasers in the future at each campground. If future
14 amenities are represented, the statement must include the
15 estimated cost and schedule for completion of those amenities.

16 f. A brief description of the membership camping
17 operator's ownership of or other right to use the campground
18 properties or facilities represented to be available for use
19 by purchasers, together with a brief description of any
20 material encumbrance, the duration of any lease, real estate
21 contract, license, franchise, reciprocal agreement, or other
22 agreement entitling the membership camping operator to use the
23 property and any material provisions of the agreements which
24 restrict a purchaser's use of the property.

25 g. If a blanket encumbrance materially adversely affects a
26 campground, a legal description of the encumbrance and a
27 description of the steps taken to protect purchasers in
28 accordance with section 557B.12 in case of failure to
29 discharge the encumbrance.

30 h. A brief description of all payments of a purchaser
31 under a membership camping contract, including initial fees
32 and any further fees, charges, or assessments, together with
33 any provision for changing the payments.

34 i. A description of any restraints on the transfer of
35 membership camping contracts, including a complete description

1 of any resale agreement or policy.

2 j. A brief description of the policies relating to the
3 availability of camping sites and whether reservations are
4 required.

5 k. A brief description of any grounds for forfeiture of a
6 purchaser's membership camping contract.

7 l. A sample copy of each membership camping contract to be
8 offered or sold in this state and the purchase price of each
9 type, and if the price varies, the reason for the variance.

10 m. A sample copy of each instrument which a purchaser will
11 be required to execute, and a copy of the disclosure statement
12 required by section 557B.8.

13 n. A statement of the total number of membership camping
14 contracts for each campground intended to be sold in this
15 state and the method used to determine this number, including
16 a statement of commitment that this number will not be
17 exceeded unless it is disclosed by an amendment to the
18 registration.

19 o. A summary or copy of the articles, bylaws, rules,
20 restrictions, or covenants regulating the purchaser's use of
21 each campground and the facilities located on each property,
22 including a statement of whether and how the articles, bylaws,
23 rules, restrictions, or covenants may be changed.

24 p. A brief description of any reciprocal agreement allow-
25 ing purchasers to use camping sites, facilities, or other
26 properties owned or operated by any person other than the
27 membership camping operator with whom the purchaser has
28 entered into a membership camping contract.

29 q. Financial statements of the membership camping operator
30 prepared in accordance with generally accepted accounting
31 principles which shall include a financial statement for the
32 most recent fiscal year audited by an independent certified
33 public accountant, and an unaudited financial statement for
34 the most recent fiscal quarter. The attorney general may
35 waive the requirement for an audited statement if the

1 statement has been prepared by an independent certified public
2 accountant and the attorney general is satisfied with the
3 reliability of the statement and with the ability of the
4 membership camping operator to meet future commitments.

5 The application shall be signed by the membership camping
6 operator or an officer or a general partner of the membership
7 camping operator, or by another person holding a power of
8 attorney for this purpose from the membership camping
9 operator. If the application is signed pursuant to a power of
10 attorney, a copy of the power of attorney must be included
11 with the application.

12 An application for registration shall be amended within
13 twenty-five days of any material change in the information
14 included in the application. A material change includes any
15 change which significantly reduces or terminates either the
16 applicant's or the purchaser's right to use the campground or
17 any of the facilities described in the membership camping
18 contract, but does not include minor changes covering the use
19 of the campground, its facilities, or the reciprocal program.

20 The registration of the membership camping operator must be
21 renewed annually by filing an application for renewal with the
22 required fee not later than thirty days prior to the an-
23 niversary of the current registration. The application shall
24 include all changes which have occurred in the information
25 included in the application previously filed.

26 Registration with the attorney general does not constitute
27 approval or endorsement by the attorney general of the
28 membership camping operator, the membership camping contract,
29 or the campground, and any attempt by the membership camping
30 operator to indicate that registration constitutes such
31 approval or endorsement is unlawful.

32 Sec. 8. NEW SECTION. 557B.4 EXEMPTIONS.

33 The following transactions are exempt from registration:

34 1. An offer, sale, or transfer by any one person of not
35 more than one membership camping contract in any twelve-month

1 period.

2 2. An offer or sale by a government, government agency, or
3 other subdivision of government.

4 3. A bona fide pledge of a membership camping contract.

5 4. Transactions subject to regulation pursuant to chapter
6 557A.

7 Sec. 9. NEW SECTION. 557B.5 EFFECTIVE DATE OF REGISTRA-
8 TION.

9 The application for registration automatically becomes
10 effective upon the expiration of forty-five calendar days
11 following filing of a completed application with the attorney
12 general unless one of the following occurs:

13 1. The application is denied under section 557B.6.

14 2. The attorney general grants the registration effective
15 as of an earlier date.

16 3. The applicant consents to a delay of the effective
17 date.

18 If the attorney general requests additional information
19 with respect to the application, the application becomes
20 effective upon the expiration of fifteen business days
21 following the filing with the attorney general of the
22 additional information unless an order pursuant to section
23 557B.6 is issued or unless declared effective on an earlier
24 date by order of the attorney general.

25 Sec. 10. NEW SECTION. 557B.6 REGISTRATION OR APPLICATION
26 -- DENIAL, SUSPENSION, OR REVOCATION.

27 The attorney general may by order deny, suspend, or revoke
28 a membership camping operator's application or registration or
29 impose a fine of not more than five thousand dollars or a
30 combination of suspension or revocation and fine, if the
31 attorney general finds that the order is for the protection of
32 prospective purchasers or purchasers of membership camping
33 contracts and that one of the following applies:

34 1. The membership camping operator's advertising or sales
35 techniques or trade practices have been or are deceptive,

1 false, or misleading.

2 2. The membership camping operator has failed to file
3 copies of its advertisements with the attorney general as
4 required by section 557B.13, subsection 9.

5 3. The membership camping operator is not financially re-
6 sponsible or has insufficient capital to warrant its offering
7 or selling membership camping contracts in this state. The
8 attorney general may require a surety bond or, if one is
9 unobtainable, other evidence of financial assurances
10 satisfactory to the attorney general.

11 4. The membership camping operator's application for
12 registration or an amendment to the registration is incomplete
13 in a material respect.

14 5. The membership camping operator has failed to file
15 timely amendments to the application for registration as re-
16 quired by section 557B.3.

17 6. The membership camping operator has failed to comply
18 with any provision of this chapter that materially affects the
19 rights of purchasers, prospective purchasers, or owners of
20 membership camping contracts.

21 7. The membership camping operator has made a false or
22 misleading representation or concealed material facts in any
23 document or information filed with the attorney general.

24 8. The membership camping operator has represented or is
25 representing to purchasers in connection with the offer to
26 sell membership camping contracts that a particular facility
27 is planned, without reasonable expectation that the facility
28 will be completed within a reasonable time or without the
29 apparent means to ensure its completion.

30 An order denying, suspending, or revoking a registration or
31 imposing a fine shall be sent by certified mail, return re-
32 ceipt requested, to the applicant or registrant. The appli-
33 cant or registrant has thirty calendar days from the date of
34 mailing the order to request a hearing pursuant to chapter
35 17A. If a hearing is not requested within thirty days and is

1 not ordered by the attorney general, the order shall remain in
2 effect until modified or vacated by the attorney general.
3 However, if the attorney general finds that the public health,
4 safety, or welfare imperatively requires emergency action and
5 incorporates a finding to that effect in the order, summary
6 suspension of a membership camping operator's registration may
7 be ordered. If the membership camping operator desires to
8 contest the summary order, the membership camping operator
9 must request a hearing within fifteen calendar days of service
10 of the summary order. If so requested, the hearing must be
11 instituted within twenty calendar days of the request and the
12 contest of the summary order must be promptly determined.

13 Sec. 11. NEW SECTION. 557B.7 FEES.

14 Each application for registration of an offer or sale of
15 membership camping contracts and each application for
16 amendment or renewal of a registration shall be accompanied by
17 a fee determined by the attorney general which shall be
18 sufficient to defray the costs of administering this chapter.

19 Sec. 12. NEW SECTION. 557B.8 DISCLOSURES TO PURCHASERS.

20 A membership camping operator who is subject to the regis-
21 tration requirements of section 557B.3 shall provide a dis-
22 closure statement to a purchaser or prospective purchaser
23 before the person signs a membership camping contract or gives
24 any money or thing of value for the purchase of a membership
25 camping contract.

26 1. The front cover or first page of the disclosure state-
27 ment shall contain only the following, in the order stated:

28 a. "MEMBERSHIP CAMPING OPERATOR'S DISCLOSURE STATEMENT"
29 printed at the top in boldfaced type of a minimum size of ten
30 points.

31 b. The name and principal business address of the member-
32 ship camping operator and any material affiliate of the mem-
33 bership camping operator.

34 c. A statement that the membership camping operator is in
35 the business of offering for sale membership camping

1 contracts.

2 d. A statement, printed in boldfaced type of a minimum
3 size of ten points, which reads as follows:

4 THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT MATTERS TO BE
5 CONSIDERED IN THE EXECUTION OF A MEMBERSHIP CAMPING CONTRACT.
6 THE MEMBERSHIP CAMPING OPERATOR IS REQUIRED BY LAW TO DELIVER
7 TO YOU A COPY OF THIS DISCLOSURE STATEMENT BEFORE YOU EXECUTE
8 A MEMBERSHIP CAMPING CONTRACT. THE STATEMENTS CONTAINED IN
9 THIS DOCUMENT ARE ONLY SUMMARY IN NATURE. YOU AS A PROSPEC-
10 TIVE PURCHASER SHOULD REVIEW ALL REFERENCES, EXHIBITS,
11 CONTRACT DOCUMENTS, AND SALES MATERIALS. YOU SHOULD NOT RELY
12 UPON ANY ORAL REPRESENTATIONS AS BEING CORRECT. REFER TO THIS
13 DOCUMENT AND TO THE ACCOMPANYING EXHIBITS FOR CORRECT
14 REPRESENTATIONS. THE MEMBERSHIP CAMPING OPERATOR IS
15 PROHIBITED FROM MAKING ANY REPRESENTATIONS WHICH CONFLICT WITH
16 THOSE CONTAINED IN THE CONTRACT AND THIS DISCLOSURE STATEMENT.

17 e. A statement, printed in boldfaced type of a minimum
18 size of ten points, which reads as follows:

19 IF YOU EXECUTE A MEMBERSHIP CAMPING CONTRACT, YOU HAVE THE
20 UNQUALIFIED RIGHT TO CANCEL THE CONTRACT. THIS RIGHT OF CAN-
21 CELLATION CANNOT BE WAIVED. THE RIGHT TO CANCEL EXPIRES AT
22 MIDNIGHT ON THE THIRD BUSINESS DAY FOLLOWING THE DATE ON WHICH
23 THE CONTRACT WAS EXECUTED OR THE DATE OF RECEIPT OF THIS DIS-
24 CLOSURE STATEMENT, WHICHEVER EVENT OCCURS LATER. TO CANCEL
25 THE MEMBERSHIP CAMPING CONTRACT, YOU AS THE PURCHASER MUST
26 HAND DELIVER OR MAIL NOTICE OF YOUR INTENT TO CANCEL TO THE
27 MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS SHOWN IN THE MEM-
28 BERSHIP CAMPING CONTRACT, POSTAGE PREPAID. THE MEMBERSHIP
29 CAMPING OPERATOR IS REQUIRED BY LAW TO RETURN ALL MONEYS PAID
30 BY YOU IN CONNECTION WITH THE EXECUTION OF THE MEMBERSHIP
31 CAMPING CONTRACT, UPON YOUR PROPER AND TIMELY CANCELLATION OF
32 THE CONTRACT AND RETURN OF ALL MEMBERSHIP AND RECIPROCAL USE
33 PROGRAM MATERIALS FURNISHED AT THE TIME OF PURCHASE.

34 2. The following pages of the disclosure statement shall
35 contain all of the following in the order stated:

1 a. The name, principal occupation, and address of every
2 director, partner, or controlling person of the membership
3 camping operator.

4 b. A brief description of the nature of the purchaser's
5 right or license to use the campground and the facilities
6 which are to be available for use by purchasers.

7 c. A brief description of the membership camping oper-
8 ator's experience in the membership camping business, in-
9 cluding the length of time the operator has been in the
10 membership camping business.

11 d. The location of each of the campgrounds which is to be
12 available for use by purchasers and a brief description of the
13 facilities at each campground which are currently available
14 for use by purchasers. Facilities which are planned,
15 incomplete, or not yet available for use shall be clearly
16 identified as incomplete or unavailable. A brief description
17 of any facilities that are or will be available to
18 nonpurchasers shall also be provided. The description shall
19 include, but need not be limited to, the number of campsites
20 in each park, the number of campsites in each park with full
21 or partial hookups, swimming pools, tennis courts, recreation
22 buildings, restrooms and showers, laundry rooms, trading
23 posts, and grocery stores.

24 e. The fees and charges that purchasers are or may be re-
25 quired to pay for the use of the campground of any facilities.

26 f. Any initial or special fee due from the purchaser, to-
27 gether with a description of the purpose and method of calcu-
28 lating the fee.

29 g. A general description of any financing offered or
30 available through the membership camping operator.

31 h. The extent to which financial arrangements, if any,
32 have been provided for the completion of facilities, together
33 with a statement of the membership camping operator's obli-
34 gation to complete planned facilities. The statement shall
35 include a description of any restrictions or limitations on

1 the membership camping operator's obligation to begin or to
2 complete the facilities.

3 i. The names of the managing entity, if any, and the sig-
4 nificant terms of any management contract, including but not
5 limited to, the circumstances under which the membership camp-
6 ing operator may terminate the management contract.

7 j. A summary or copy, whether by way of supplement or
8 otherwise, of the rules, restrictions, or covenants regulating
9 the purchaser's use of the campground and the facilities which
10 are to be available for use by the purchaser, including a
11 statement of whether and how the rules, restrictions, or
12 covenants may be changed.

13 k. A brief description of the policies covering the avail-
14 ability of camping sites, the availability of reservations and
15 the conditions under which they are made.

16 l. A brief description of any grounds for forfeiture of a
17 purchaser's membership camping contract.

18 m. A statement of whether the membership camping operator
19 has the right to withdraw permanently from use, all or any
20 portion of any campground devoted to membership camping and,
21 if so, the conditions under which the withdrawal is to be per-
22 mitted.

23 n. A statement describing the material terms and
24 conditions of any reciprocal program to be available to the
25 purchaser, including a statement concerning whether the
26 purchaser's participation in any reciprocal program is
27 dependent on the continued affiliation of the membership
28 camping operator with that reciprocal program and whether the
29 membership camping operator reserves the right to terminate
30 such affiliation.

31 o. As to all memberships offered by the membership camping
32 operator at each campground, all of the following:

33 (1) The form of membership offered.

34 (2) The types of duration of membership along with a sum-
35 mary of the major privileges, restrictions, and limitations

1 applicable to each type.

2 (3) Provisions that have been made for public utilities at
3 each campsite including water, electricity, telephone, and
4 sewage facilities.

5 p. A statement of the assistance, if any, that the member-
6 ship camping operator will provide to the purchaser in the
7 resale of membership camping contracts and a detailed descrip-
8 tion of how any such resale program is operated.

9 q. The following statement, printed in boldfaced type of a
10 minimum size of ten points:

11 REGISTRATION OF THE MEMBERSHIP CAMPING OPERATOR WITH THE
12 IOWA ATTORNEY GENERAL DOES NOT CONSTITUTE AN APPROVAL OR
13 ENDORSEMENT BY THE ATTORNEY GENERAL OF THE MEMBERSHIP CAMPING
14 OPERATOR, THE MEMBERSHIP CAMPING CONTRACT, OR THE CAMPGROUND.

15 The membership camping operator shall promptly amend the
16 disclosure statement to reflect any material change and shall
17 promptly file any such amendments with the attorney general.

18 Sec. 13. NEW SECTION. 557B.9 MEMBERSHIP CAMPING
19 CONTRACTS.

20 The membership camping operator shall deliver to the pur-
21 chaser a fully executed copy of a membership camping contract,
22 in writing, which contract shall include at least the follow-
23 ing information:

24 1. The name of the membership camping operator and the
25 address of its principal place of business.

26 2. The actual date the membership camping contract is
27 executed by the purchaser.

28 3. The total financial obligation imposed on the purchaser
29 by the contract, including the initial purchase price and any
30 additional charge the purchaser may be required to pay.

31 4. A statement that the membership camping operator is re-
32 quired by law to provide each purchaser with a copy of the
33 membership camping operator's disclosure statement prior to
34 execution of the contract and that failure to do so is a vio-
35 lation of the law.

1 5. The full name of each salesperson involved in the
2 execution of the membership camping contract.

3 6. In immediate proximity to the space reserved for the
4 purchaser's signature, a conspicuous statement printed in
5 boldfaced type of a minimum size of ten points:

6 YOU THE PURCHASER MAY CANCEL THIS CONTRACT WITHOUT ANY
7 PENALTY OR OBLIGATION AT ANY TIME WITHIN THREE BUSINESS DAYS
8 FOLLOWING THE DATE OF EXECUTION OF THE CONTRACT OR THE RECEIPT
9 OF THE DISCLOSURE STATEMENT FROM THE MEMBERSHIP CAMPING
10 OPERATOR, WHICHEVER EVENT OCCURS LATER. TO CANCEL THE
11 CONTRACT, HAND DELIVER OR MAIL A POSTAGE PREPAID WRITTEN
12 CANCELLATION TO THE MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS
13 LISTED ON THIS CONTRACT. UPON CANCELLATION AND RETURN OF ALL
14 MEMBERSHIP AND RECIPROCAL USE PROGRAM MATERIALS FURNISHED AT
15 THE TIME OF PURCHASE, YOU WILL RECEIVE A REFUND OF ALL MONEY
16 PAID WITHIN THIRTY CALENDAR DAYS AFTER THE MEMBERSHIP CAMPING
17 OPERATOR RECEIVES NOTICE OF YOUR CANCELLATION.

18 Sec. 14. NEW SECTION. 557B.10 PURCHASER'S RIGHT OF
19 CANCELLATION.

20 A purchaser has the right to cancel a membership camping
21 contract within three business days following the date the
22 contract is executed or within three business days following
23 the date of delivery of the written disclosure statement
24 required by section 557B.8, whichever event is later.

25 1. The right to cancel may not be waived and any attempt
26 to obtain such a waiver is unlawful.

27 2. A purchaser may cancel the contract by hand delivering
28 a written statement of cancellation or by mailing such a
29 statement to the membership camping operator. The cancel-
30 lation is deemed effective upon mailing.

31 3. Upon cancellation and return of all membership and
32 reciprocal use materials furnished at the time of purchase,
33 the membership camping operator shall refund to the purchaser
34 all payment and other consideration given by the purchaser.
35 The refund shall be made within thirty calendar days after the .

1 membership camping operator receives notice of the
2 cancellation and may, where payment has been made by credit
3 card, be made by an appropriate credit to the purchaser's
4 account. If the membership camping operator fails to refund
5 the payment or other consideration given within the thirty-day
6 period, it is presumed that the membership camping operator is
7 willfully and wrongfully retaining the payment or other
8 consideration. The willful retention of a payment or other
9 consideration in violation of this section renders the
10 membership camping operator liable for double the amount of
11 that portion of the payment or other consideration wrongfully
12 withheld from the purchaser together with reasonable attorney
13 fees and court costs.

14 4. The membership camping operator or salesperson shall
15 orally inform the purchaser at the time the contract is exe-
16 cuted of the right to cancel the contract as provided in this
17 section.

18 Sec. 15. NEW SECTION. 557B.11 PURCHASER'S REMEDIES.

19 A purchaser's remedy for errors in or omissions from the
20 membership camping contract, the materials delivered to the
21 purchaser at the time of sale, or any of the disclosures re-
22 quired in section 557B.13 is limited to a right of cancella-
23 tion and refund of the payment made or consideration given by
24 the purchaser. However, this limitation does not apply to
25 errors or omissions from the contract or disclosures or other
26 requirements of this chapter which are part of a scheme to
27 willfully misstate or omit the information required. Rea-
28 sonable attorney fees shall be awarded to the prevailing party
29 in any action under this section.

30 Sec. 16. NEW SECTION. 557B.12 NONDISTURBANCE PROVISIONS.

31 1. With respect to any property in this state acquired and
32 put into operation by a membership camping operator after the
33 effective date of this Act, the membership camping operator
34 shall not offer or execute a membership camping contract in
35 this state granting the right to use the property until the

1 following requirements are met:

2 a. Each person holding an interest in a voluntary blanket
3 encumbrance has executed and delivered a nondisturbance
4 agreement which includes all of the following provisions:

5 (1) That the rights of the holder or holders of the
6 blanket encumbrance in the affected campground are subordinate
7 to the rights of purchasers.

8 (2) That any person who acquires the affected campground
9 or any portion of the campground by the exercise of any right
10 of sale or foreclosure contained in the blanket encumbrance
11 takes the campground subject to the rights of purchasers.

12 (3) That the holder or holders of the blanket encumbrance
13 shall not use or cause the campground to be used in a manner
14 which interferes with the right of purchasers to use the
15 campground and its facilities in accordance with the terms and
16 conditions of the membership camping contract.

17 b. Each hypothecation lender which has a lien on, or
18 security interest in, the membership camping operator's
19 ownership interest in the campground has executed and de-
20 livered a nondisturbance agreement and recorded the agreement
21 in the office of the clerk of the district court of the county
22 in which the campground is located. In addition, each person
23 holding an interest in a blanket encumbrance superior to the
24 interest held by the hypothecation lender has executed,
25 delivered, and recorded an instrument stating that such person
26 will give the hypothecation lender notice of, and at least
27 thirty days to cure, any default under the blanket encumbrance
28 before the person commences any foreclosure action affecting
29 the campground. For the purposes of this section:

30 (1) "Hypothecation lender" means a financial institution
31 which provides a major hypothecation loan to a membership
32 camping operator.

33 (2) "Major hypothecation loan" is a loan or line of credit
34 secured by substantially all of the contracts receivable
35 arising from the membership camping operator's sale of

1 membership camping contracts.

2 (3) "Nondisturbance agreement" means an instrument by
3 which a hypothecation lender agrees to conditions substan-
4 tially the same as those set forth in paragraph "a".

5 2. In lieu of compliance with subsection 1, a surety bond
6 or letter of credit satisfying the requirements of this
7 subsection may be delivered to and accepted by the attorney
8 general. The surety bond or letter of credit shall be issued
9 to the attorney general for the benefit of purchasers and
10 shall be in an amount which is not less than one hundred five
11 percent of the remaining principal balance of every
12 indebtedness secured by a blanket encumbrance affecting the
13 campground. The bond shall be issued by a surety which is
14 authorized to do business in this state and which has suf-
15 ficient net worth to satisfy the indebtedness. The letter of
16 credit shall be irrevocable, shall be drawn upon a bank,
17 savings and loan, or financial institution, and shall be in
18 form and content acceptable to the attorney general. The bond
19 or letter of credit shall provide for payment of all amounts
20 secured by the blanket encumbrance including costs, expenses,
21 and legal fees of the lien holder, if for any reason the
22 blanket encumbrance is enforced. The bond or letter of credit
23 may be reduced at the option of the membership camping
24 operator periodically in proportion to the reductions of the
25 amounts secured by the blanket encumbrance.

26 3. The nondisturbance agreement shall be recorded in the
27 real estate records of the county in which the campground is
28 located.

29 Sec. 17. NEW SECTION. 557B.13 ADVERTISING PLANS -- DIS-
30 CLOSURES -- UNLAWFUL ACTS.

31 1. Any advertising, communication, or sales literature re-
32 lating to membership camping contracts, including oral state-
33 ments by a salesperson or any other person, shall not contain:

34 a. Any untrue statement of material fact or any omission
35 of material fact which would make the statements misleading in

1 light of the circumstances under which the statements were
2 made.

3 b. Any statement or representation that the membership
4 camping contracts are offered without risk or that loss is
5 impossible.

6 c. Any statement or representation or pictorial presen-
7 tation of proposed improvements or nonexistent scenes without
8 clearly indicating that the improvements are proposed and the
9 scenes do not exist.

10 2. A person shall not by any means, as part of an
11 advertising program, offer any item of value as an inducement
12 to the recipient to visit a location, attend a sales
13 presentation, or contact a sales agent, unless the person
14 clearly and conspicuously discloses in writing in the offer in
15 readily understandable language each of the following:

16 a. The name and street address of the owner of the real or
17 personal property or the provider of the services which are
18 the subject of such visit, sales presentation, or contact with
19 a sales agent.

20 b. A general description of the business of the owner or
21 provider identified and the purpose of any requested visit,
22 sales presentation, or contact with a sales agent, including a
23 general description of the facilities or proposed facilities
24 or services which are the subject of the sales presentation.

25 c. A statement of the odds, in arabic numerals, of re-
26 ceiving each item offered.

27 d. All restrictions, qualifications, and other conditions
28 that must be satisfied before the recipient is entitled to
29 receive the item, including all of the following:

30 (1) Any deadline by which the recipient must visit the
31 location, attend the sales presentation, or contact the sales
32 agent in order to receive the item.

33 (2) The approximate duration of any visit and sales pre-
34 sentation.

35 (3) Any other conditions, such as a minimum age qualifi-

1 cation, a financial qualification, or a requirement that if
2 the recipient is married both husband and wife must be present
3 in order to receive the item.

4 e. A statement that the owner or provider reserves the
5 right to provide a rain check or a substitute or like item, if
6 these rights are reserved.

7 f. A statement that a recipient who receives an offered
8 item may request and will receive evidence showing that the
9 item provided matches the item randomly or otherwise selected
10 for distribution to that recipient.

11 g. All other rules, terms, and conditions of the offer,
12 plan, or program.

13 3. A person making an offer subject to this section, or
14 the person's employee or agent, shall not offer any item if
15 the person knows or has reason to know that the offered item
16 will not be available in a sufficient quantity based on the
17 reasonably anticipated response to the offer.

18 4. A person making an offer subject to this section, or
19 the person's employee or agent, shall not fail to provide any
20 offered item which a recipient is entitled to receive, unless
21 the failure to provide the item is due to a higher than
22 reasonable anticipated response to the offer which caused the
23 item to be unavailable and the offer discloses the reservation
24 of a right to provide a rain check or a like or substitute
25 item if the offered item is unavailable.

26 5. If the person making an offer subject to this section
27 is unable to provide an offered item because of limitations of
28 supply not reasonably foreseeable or controllable by the
29 person making the offer, the person making the offer shall
30 inform the recipient of the recipient's right to receive a
31 rain check for the item offered or receive a like or
32 substitute item of equal or greater value at no additional
33 cost or obligation to the recipient.

34 6. If a rain check is provided, the person making an offer
35 subject to this section, within a reasonable time, and in any

1 event not later than ninety calendar days after the rain check
2 is issued, shall deliver the agreed item to the recipient's
3 address without additional cost or obligation to the
4 recipient, unless the item for which the rain check is
5 provided remains unavailable because of limitations of supply
6 not reasonably foreseeable or controllable by the person
7 making the offer. If the item is unavailable for these
8 reasons, the person, not later than thirty days after the
9 expiration of the ninety-day period, shall deliver a like or
10 substitute item of equal or greater retail value to the
11 recipient.

12 7. On the request of a recipient who has received or
13 claims a right to receive any offered item, the person making
14 an offer subject to this section shall furnish to the
15 recipient sufficient evidence showing that the item provided
16 matches the item randomly or otherwise selected for
17 distribution to that recipient.

18 8. A person making an offer subject to this section, or
19 the person's employee or agent, shall not do any of the
20 following:

21 a. Misrepresent the size, quantity, identity, or quality
22 of any prize, gift, money, or other item of value offered.

23 b. Misrepresent in any manner the odds of receiving a
24 particular gift, prize, amount of money, or other item of
25 value.

26 c. Represent directly or by implication that the number of
27 participants has been significantly limited or that any person
28 has been selected to receive a particular prize, gift, money,
29 or other item of value, unless this fact is true.

30 d. Label any offer a notice of termination or notice of
31 cancellation.

32 e. Misrepresent, in any manner, the offer, plan, or
33 program.

34 9. A person shall not use any advertisement as defined in
35 section 557B.1 unless a copy of the advertisement has first

1 been filed with the attorney general.

2 Sec. 18. NEW SECTION. 557B.14 REMEDIES.

3 1. A violation of this chapter or the commission of any
4 act declared to be unlawful under this chapter constitutes a
5 violation of section 714.16, subsection 2, paragraph "a", and
6 the attorney general has all the powers enumerated in that
7 section to enforce the provisions of this chapter.

8 2. In addition, the attorney general may seek civil pen-
9 alties of not more than ten thousand dollars for each viola-
10 tion of or the commission of any act declared to be unlawful
11 under this chapter. Each day of continued violation consti-
12 tutes a separate offense.

13 3. Any person who fails to pay the filing fees required by
14 this chapter and continues to sell membership camping
15 contracts is liable civilly in an action brought by the at-
16 torney general for a penalty in an amount equal to treble the
17 unpaid fees.

18 4. The provisions of this chapter are cumulative and
19 nonexclusive and do not affect any other available remedy at
20 law or equity, except as otherwise provided in sections 502.2,
21 503.3, and 537.3310.

22 Sec. 19. NEW SECTION. 557B.15 RULES.

23 The attorney general may prescribe rules in accordance with
24 this chapter as deemed necessary to carry out the provisions
25 of this chapter.

26 EXPLANATION

27 This bill provides that any person desiring to offer or
28 sell a membership camping contract must first register with
29 the attorney general. The application for registration must
30 be accompanied by a fee and must include disclosures of the
31 principals involved with the membership camping operator, any
32 material encumbrances on the property, and all fees which may
33 be imposed on a purchaser. Registration may be denied,
34 suspended, or revoked for failure to comply with the
35 requirements of the new law or for submitting false

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1 information.

2 The bill requires the operator to give a complete dis-
3 closure statement prior to the time a purchaser signs a
4 membership camping contract. A "cooling-off period" is
5 provided whereby the purchaser may cancel the transaction for
6 any reason within three business days after signing the
7 contract. Upon cancellation the operator has thirty days in
8 which to provide a complete refund.

9 The bill requires disclosures and imposes limitations with
10 respect to advertising and offered gifts to entice persons to
11 visit the campground. An advertisement may not be used unless
12 a copy is first filed with the attorney general.

13 The bill also protects purchasers by imposing certain
14 nondisturbance provisions.

15 A violation of the new campground statute constitutes a
16 violation of the consumer fraud Act, and the attorney general
17 may use all the powers of that Act in enforcing the new
18 statute. In addition, the attorney general may seek civil
19 penalties of not more than \$10,000 for each violation.

20 Sections 1 through 4 of the bill amend the securities law,
21 the membership sales law, and the consumer credit code to
22 provide exemptions for membership camping contracts covered by
23 the new law.

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HOUSE FILE 520

AN ACT

RELATING TO THE REGULATION OF MEMBERSHIP CAMPGROUNDS, MEMBERSHIP CAMPING OPERATORS, AND MEMBERSHIP CAMPING CONTRACTS, REQUIRING REGISTRATION AND DISCLOSURES, PROVIDING FOR CANCELLATION OF MEMBERSHIP CAMPING CONTRACTS, PROVIDING REMEDIES, PROVIDING PENALTIES, AND PROVIDING PROPERLY RELATED MATTERS.

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

Section 1. Section 502.102, subsection 2, paragraph a, Code 1987, is amended to read as follows:

a. Effecting transactions in a security exempted by section 502.202, subsection 1, 2, 3, 4, 6, 10, 11, or 12, or 17, or a security issued by an industrial loan company licensed under chapter 536A;

Sec. 2. Section 502.202, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 17. Any security representing a membership camping contract which is registered pursuant to section 557B.2 or exempt under section 557B.4.

Sec. 3. Section 503.3, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. An association which sells membership camping contracts which are registered or exempt under chapter 557B.

Sec. 4. Section 537.1310, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Subsections 1 through 4 do not apply to a membership camping contract which is subject to the requirements of chapter 557B.

Sec. 5. NEW SECTION. 557B.1 DEFINITIONS.

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

1. "Advertisement" means an attempt by publication, dissemination, solicitation, or circulation to induce directly or indirectly any person to enter into an obligation or acquire a title or interest in a membership camping contract.

2. "Affiliate" means any person who, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person specified.

3. "Blanket encumbrance" means any mortgage, deed of trust, option to purchase, vendor's lien or interest under a contract or agreement of sale, judgment lien, federal or state tax lien, or any other material lien or encumbrance which secures or evidences the obligation to pay money or to sell or convey all or part of a campground located in this state, made available to purchasers by the membership camping operator, and which authorizes, permits, or requires the foreclosure or other disposition of the campground. "Blanket encumbrance" also includes the lessor's interest in a lease of all or part of a campground which is located in this state and which is made available to purchasers by a membership camping operator. "Blanket encumbrance" does not include a lien for taxes or assessments levied by a public body which are not yet due and payable.

4. "Business day" means any day except Saturday, Sunday, or a legal holiday.

5. "Campground" means real property made available to persons for camping, whether by tent, trailer, camper, cabin, recreational vehicle, or similar device and includes the outdoor recreational facilities located on the real property. "Campground" does not include a mobile home park as defined in section 135D.1.

6. "Controlling persons of a membership camping operator" means each director and officer and each owner of twenty-five

percent or more of the stock of the operator, if the operator is a corporation; and each general partner and each owner of twenty-five percent or more of the partnership or other interests, if the operator is a general or limited partnership; or other person doing business as a membership camping operator.

7. "Membership camping contract" means an agreement offered or sold within this state evidencing a purchaser's right to use a campground of a membership camping operator for more than thirty days during the term of the agreement.

8. "Membership camping operator" or "operator" means any person other than one who is tax exempt under section 501(c)(3) of the Internal Revenue Code, as defined in section 422.3, who owns or operates a campground and offers or sells membership camping contracts paid for by a fee or periodic payments. "Membership camping operator" does not include the operator of a mobile home park as defined in chapter 135D.

9. "Offer" means an inducement, solicitation, or attempt to encourage a person to acquire a membership camping contract.

10. "Purchaser" means a person who enters into a membership camping contract with a membership camping operator and obtains the right to use the campground owned or operated by the membership camping operator.

Sec. 6. NEW SECTION. 557B.2 REGISTRATION REQUIREMENT.

A person shall not offer or sell a membership camping contract in this state unless one of the following is applicable:

1. The membership camping contract is covered by a membership camping registration as provided in this chapter.
2. The membership camping contract or the transaction is exempted under section 557B.4.

Sec. 7. NEW SECTION. 557B.3 APPLICATION FOR REGISTRATION.

1. Filing fees, as prescribed in section 557B.7, shall accompany the application for registration, renewal of a

registration, or any amendment of a registration of membership camping contracts.

2. The application for registration shall be filed with the attorney general and shall include all of the following:

- a. The membership camping operator's name and the address of its principal place of business, the form, date of organization, jurisdiction of its organization, and the name and address of each of its offices in this state.
- b. A copy of the membership camping operator's articles of incorporation, partnership agreement, or joint venture agreement as contemplated or currently in effect.
- c. The name, address, and principal occupation for the past five years of the membership camping operator and of each controlling person of the membership camping operator and the extent of each such person's interest in the membership camping operator as of a specified date within thirty days prior to the filing of the application.
- d. A list of affiliates of the membership camping operator, including the names and addresses of officers and directors.
- e. A legal description of each campground owned or operated by the membership camping operator which is represented to be available for use by purchasers and a statement identifying the existing amenities at each campground and the planned amenities represented as to be available for use by purchasers in the future at each campground. If future amenities are represented, the statement must include the estimated cost and schedule for completion of those amenities.
- f. A brief description of the membership camping operator's ownership of or other right to use the campground properties or facilities represented to be available for use by purchasers, together with a brief description of any material encumbrance, the duration of any lease, real estate contract, license, franchise, reciprocal agreement, or other agreement entitling the membership camping operator to use the

property and any material provisions of the agreements which restrict a purchaser's use of the property.

g. If a blanket encumbrance materially adversely affects a campground, a legal description of the encumbrance and a description of the steps taken to protect purchasers in accordance with section 557B.12 in case of failure to discharge the encumbrance.

h. A brief description of all payments of a purchaser under a membership camping contract, including initial fees and any further fees, charges, or assessments, together with any provision for changing the payments.

i. A description of any restraints on the transfer of membership camping contracts, including a complete description of any resale agreement or policy.

j. A brief description of the policies relating to the availability of camping sites and whether reservations are required.

k. A brief description of any grounds for forfeiture of a purchaser's membership camping contract.

l. A sample copy of each membership camping contract to be offered or sold in this state and the purchase price of each type, and if the price varies, the reason for the variance.

m. A sample copy of each instrument which a purchaser will be required to execute, and a copy of the disclosure statement required by section 557B.8.

n. A statement of the total number of membership camping contracts for each campground intended to be sold in this state and the method used to determine this number, including a statement of commitment that this number will not be exceeded unless it is disclosed by an amendment to the registration.

o. A summary or copy of the articles, bylaws, rules, restrictions, or covenants regulating the purchaser's use of each campground and the facilities located on each property, including a statement of whether and how the articles, bylaws, rules, restrictions, or covenants may be changed.

p. A brief description of any reciprocal agreement allowing purchasers to use camping sites, facilities, or other properties owned or operated by any person other than the membership camping operator with whom the purchaser has entered into a membership camping contract.

q. Financial statements of the membership camping operator prepared in accordance with generally accepted accounting principles which shall include a financial statement for the most recent fiscal year audited by an independent certified public accountant, and an unaudited financial statement for the most recent fiscal quarter. The attorney general may waive the requirement for an audited statement if the statement has been prepared by an independent certified public accountant and the attorney general is satisfied with the reliability of the statement and with the ability of the membership camping operator to meet future commitments.

The application shall be signed by the membership camping operator or an officer or a general partner of the membership camping operator, or by another person holding a power of attorney for this purpose from the membership camping operator. If the application is signed pursuant to a power of attorney, a copy of the power of attorney must be included with the application.

An application for registration shall be amended within twenty-five days of any material change in the information included in the application. A material change includes any change which significantly reduces or terminates either the applicant's or the purchaser's right to use the campground or any of the facilities described in the membership camping contract, but does not include minor changes covering the use of the campground, its facilities, or the reciprocal program.

The registration of the membership camping operator must be renewed annually by filing an application for renewal with the required fee not later than thirty days prior to the anniversary of the current registration. The application shall

include all changes which have occurred in the information included in the application previously filed.

Registration with the attorney general does not constitute approval or endorsement by the attorney general of the membership camping operator, the membership camping contract, or the campground, and any attempt by the membership camping operator to indicate that registration constitutes such approval or endorsement is unlawful.

Sec. 8. NEW SECTION. 557B.4 EXEMPTIONS.

The following transactions are exempt from registration:

1. An offer, sale, or transfer by any one person of not more than one membership camping contract in any twelve-month period.
2. An offer or sale by a government, government agency, or other subdivision of government.
3. A bona fide pledge of a membership camping contract.
4. Transactions subject to regulation pursuant to chapter 557A.

Sec. 9. NEW SECTION. 557B.5 EFFECTIVE DATE OF REGISTRATION.

The application for registration automatically becomes effective upon the expiration of forty-five calendar days following filing of a completed application with the attorney general unless one of the following occurs:

1. The application is denied under section 557B.6.
2. The attorney general grants the registration effective as of an earlier date.
3. The applicant consents to a delay of the effective date.

If the attorney general requests additional information with respect to the application, the application becomes effective upon the expiration of fifteen business days following the filing with the attorney general of the additional information unless an order pursuant to section 557B.6 is issued or unless declared effective on an earlier date by order of the attorney general.

Sec. 10. NEW SECTION. 557B.6 REGISTRATION OR APPLICATION - DENIAL, SUSPENSION, OR REVOCATION.

The attorney general may by order deny, suspend, or revoke a membership camping operator's application or registration or impose a fine of not more than five thousand dollars or a combination of suspension or revocation and fine, if the attorney general finds that the order is for the protection of prospective purchasers or purchasers of membership camping contracts and that one of the following applies:

1. The membership camping operator's advertising or sales techniques or trade practices have been or are deceptive, false, or misleading.
2. The membership camping operator is not financially responsible or has insufficient capital to warrant its offering or selling membership camping contracts in this state. The attorney general may require a surety bond or, if one is unobtainable, other evidence of financial assurances satisfactory to the attorney general.
3. The membership camping operator's application for registration or an amendment to the registration is incomplete in a material respect.
4. The membership camping operator has failed to file timely amendments to the application for registration as required by section 557B.3.
5. The membership camping operator has failed to comply with any provision of this chapter that materially affects the rights of purchasers, prospective purchasers, or owners of membership camping contracts.
6. The membership camping operator has made a false or misleading representation or concealed material facts in any document or information filed with the attorney general.
7. The membership camping operator has represented or is representing to purchasers in connection with the offer to sell membership camping contracts that a particular facility is planned, without reasonable expectation that the facility

will be completed within a reasonable time or without the apparent means to ensure its completion.

An order denying, suspending, or revoking a registration or imposing a fine shall be sent by certified mail, return receipt requested, to the applicant or registrant. The applicant or registrant has thirty calendar days from the date of mailing the order to request a hearing pursuant to chapter 17A. If a hearing is not requested within thirty days and is not ordered by the attorney general, the order shall remain in effect until modified or vacated by the attorney general. However, if the attorney general finds that the public health, safety, or welfare imperatively requires emergency action and incorporates a finding to that effect in the order, summary suspension of a membership camping operator's registration may be ordered. If the membership camping operator desires to contest the summary order, the membership camping operator must request a hearing within fifteen calendar days of service of the summary order. If so requested, the hearing must be instituted within twenty calendar days of the request and the contest of the summary order must be promptly determined.

Sec. 11. NEW SECTION. 557B.7 FEES.

Each application for registration of an offer or sale of membership camping contracts and each application for amendment or renewal of a registration shall be accompanied by a fee determined by the attorney general which shall be sufficient to defray the costs of administering this chapter.

Sec. 12. NEW SECTION. 557B.8 DISCLOSURES TO PURCHASERS.

A membership camping operator who is subject to the registration requirements of section 557B.3 shall provide a disclosure statement to a purchaser or prospective purchaser before the person signs a membership camping contract or gives any money or thing of value for the purchase of a membership camping contract.

1. The front cover or first page of the disclosure statement shall contain only the following, in the order stated:

a. "MEMBERSHIP CAMPING OPERATOR'S DISCLOSURE STATEMENT" printed at the top in boldfaced type of a minimum size of ten points.

b. The name and principal business address of the membership camping operator and any material affiliate of the membership camping operator.

c. A statement that the membership camping operator is in the business of offering for sale membership camping contracts.

d. A statement, printed in boldfaced type of a minimum size of ten points, which reads as follows:

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN THE EXECUTION OF A MEMBERSHIP CAMPING CONTRACT. THE MEMBERSHIP CAMPING OPERATOR IS REQUIRED BY LAW TO DELIVER TO YOU A COPY OF THIS DISCLOSURE STATEMENT BEFORE YOU EXECUTE A MEMBERSHIP CAMPING CONTRACT. THE STATEMENTS CONTAINED IN THIS DOCUMENT ARE ONLY SUMMARY IN NATURE. YOU AS A PROSPECTIVE PURCHASER SHOULD REVIEW ALL REFERENCES, EXHIBITS, CONTRACT DOCUMENTS, AND SALES MATERIALS. YOU SHOULD NOT RELY UPON ANY ORAL REPRESENTATIONS AS BEING CORRECT. REFER TO THIS DOCUMENT AND TO THE ACCOMPANYING EXHIBITS FOR CORRECT REPRESENTATIONS. THE MEMBERSHIP CAMPING OPERATOR IS PROHIBITED FROM MAKING ANY REPRESENTATIONS WHICH CONFLICT WITH THOSE CONTAINED IN THE CONTRACT AND THIS DISCLOSURE STATEMENT.

e. A statement, printed in boldfaced type of a minimum size of ten points, which reads as follows:

IF YOU EXECUTE A MEMBERSHIP CAMPING CONTRACT, YOU HAVE THE UNQUALIFIED RIGHT TO CANCEL THE CONTRACT. THIS RIGHT OF CANCELLATION CANNOT BE WAIVED. THE RIGHT TO CANCEL EXPIRES AT MIDNIGHT ON THE THIRD BUSINESS DAY FOLLOWING THE DATE ON WHICH THE CONTRACT WAS EXECUTED OR THE DATE OF RECEIPT OF THIS DISCLOSURE STATEMENT, WHICHEVER EVENT OCCURS LATER. TO CANCEL THE MEMBERSHIP CAMPING CONTRACT, YOU AS THE PURCHASER MUST HAND DELIVER OR MAIL NOTICE OF YOUR INTENT TO CANCEL TO THE MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS SHOWN IN THE MEM-

BERSHIP CAMPING CONTRACT, POSTAGE PREPAID. THE MEMBERSHIP CAMPING OPERATOR IS REQUIRED BY LAW TO RETURN ALL MONEYS PAID BY YOU IN CONNECTION WITH THE EXECUTION OF THE MEMBERSHIP CAMPING CONTRACT, UPON YOUR PROPER AND TIMELY CANCELLATION OF THE CONTRACT AND RETURN OF ALL MEMBERSHIP AND RECIPROCAL USE PROGRAM MATERIALS FURNISHED AT THE TIME OF PURCHASE.

2. The following pages of the disclosure statement shall contain all of the following in the order stated:

a. The name, principal occupation, and address of every director, partner, or controlling person of the membership camping operator.

b. A brief description of the nature of the purchaser's right or license to use the campground and the facilities which are to be available for use by purchasers.

c. A brief description of the membership camping operator's experience in the membership camping business, including the length of time the operator has been in the membership camping business.

d. The location of each of the campgrounds which is to be available for use by purchasers and a brief description of the facilities at each campground which are currently available for use by purchasers. Facilities which are planned, incomplete, or not yet available for use shall be clearly identified as incomplete or unavailable. A brief description of any facilities that are or will be available to nonpurchasers shall also be provided. The description shall include, but need not be limited to, the number of campsites in each park, the number of campsites in each park with full or partial hookups, swimming pools, tennis courts, recreation buildings, restrooms and showers, laundry rooms, trading posts, and grocery stores.

e. The fees and charges that purchasers are or may be required to pay for the use of the campground or any facilities.

f. Any initial or special fee due from the purchaser, together with a description of the purpose and method of calculating the fee.

g. The extent to which financial arrangements, if any, have been provided for the completion of facilities, together with a statement of the membership camping operator's obligation to complete planned facilities. The statement shall include a description of any restrictions or limitations on the membership camping operator's obligation to begin or to complete the facilities.

h. The names of the managing entity, if any, and the significant terms of any management contract, including but not limited to, the circumstances under which the membership camping operator may terminate the management contract.

i. A summary or copy, whether by way of supplement or otherwise, of the rules, restrictions, or covenants regulating the purchaser's use of the campground and the facilities which are to be available for use by the purchaser, including a statement of whether and how the rules, restrictions, or covenants may be changed.

j. A brief description of the policies covering the availability of camping sites, the availability of reservations and the conditions under which they are made.

k. A brief description of any grounds for forfeiture of a purchaser's membership camping contract.

l. A statement of whether the membership camping operator has the right to withdraw permanently from use, all or any portion of any campground devoted to membership camping and, if so, the conditions under which the withdrawal is to be permitted.

m. A statement describing the material terms and conditions of any reciprocal program to be available to the purchaser, including a statement concerning whether the purchaser's participation in any reciprocal program is dependent on the continued affiliation of the membership camping operator with that reciprocal program and whether the membership camping operator reserves the right to terminate such affiliation.

n. As to all memberships offered by the membership camping operator at each campground, all of the following:

- (1) The form of membership offered.
- (2) The types of duration of membership along with a summary of the major privileges, restrictions, and limitations applicable to each type.
- (3) Provisions that have been made for public utilities at each campsite including water, electricity, telephone, and sewage facilities.
- o. A statement of the assistance, if any, that the membership camping operator will provide to the purchaser in the resale of membership camping contracts and a detailed description of how any such resale program is operated.
- p. The following statement, printed in boldfaced type of a minimum size of ten points:

REGISTRATION OF THE MEMBERSHIP CAMPING OPERATOR WITH THE IOWA ATTORNEY GENERAL DOES NOT CONSTITUTE AN APPROVAL OR ENDORSEMENT BY THE ATTORNEY GENERAL OF THE MEMBERSHIP CAMPING OPERATOR, THE MEMBERSHIP CAMPING CONTRACT, OR THE CAMPGROUND.

The membership camping operator shall promptly amend the disclosure statement to reflect any material change and shall promptly file any such amendments with the attorney general.

Sec. 13. NEW SECTION. 557B.9 MEMBERSHIP CAMPING CONTRACTS.

The membership camping operator shall deliver to the purchaser a fully executed copy of a membership camping contract, in writing, which contract shall include at least the following information:

1. The name of the membership camping operator and the address of its principal place of business.
2. The actual date the membership camping contract is executed by the purchaser.
3. The total financial obligation imposed on the purchaser by the contract, including the initial purchase price and any additional charge the purchaser may be required to pay.

4. A statement that the membership camping operator is required by law to provide each purchaser with a copy of the membership camping operator's disclosure statement prior to execution of the contract and that failure to do so is a violation of the law.

5. The full name of each salesperson involved in the execution of the membership camping contract.

6. In immediate proximity to the space reserved for the purchaser's signature, a conspicuous statement printed in boldfaced type of a minimum size of ten points:

YOU THE PURCHASER MAY CANCEL THIS CONTRACT WITHOUT ANY PENALTY OR OBLIGATION AT ANY TIME WITHIN THREE BUSINESS DAYS FOLLOWING THE DATE OF EXECUTION OF THE CONTRACT OR THE RECEIPT OF THE DISCLOSURE STATEMENT FROM THE MEMBERSHIP CAMPING OPERATOR, WHICHEVER EVENT OCCURS LATER. TO CANCEL THE CONTRACT, HAND DELIVER OR MAIL A POSTAGE PREPAID WRITTEN CANCELLATION TO THE MEMBERSHIP CAMPING OPERATOR AT THE ADDRESS LISTED ON THIS CONTRACT. UPON CANCELLATION AND RETURN OF ALL MEMBERSHIP AND RECIPROCAL USE PROGRAM MATERIALS FURNISHED AT THE TIME OF PURCHASE, YOU WILL RECEIVE A REFUND OF ALL MONEY PAID WITHIN THIRTY CALENDAR DAYS AFTER THE MEMBERSHIP CAMPING OPERATOR RECEIVES NOTICE OF YOUR CANCELLATION.

Sec. 14. NEW SECTION. 557B.10 PURCHASER'S RIGHT OF CANCELLATION.

A purchaser has the right to cancel a membership camping contract within three business days following the date the contract is executed or within three business days following the date of delivery of the written disclosure statement required by section 557B.8, whichever event is later.

1. The right to cancel may not be waived and any attempt to obtain such a waiver is unlawful.
2. A purchaser may cancel the contract by hand delivering a written statement of cancellation or by mailing such a statement to the membership camping operator. The cancellation is deemed effective upon mailing.

3. Upon cancellation and return of all membership and reciprocal use materials furnished at the time of purchase, the membership camping operator shall refund to the purchaser all payment and other consideration given by the purchaser. The refund shall be made within thirty calendar days after the membership camping operator receives notice of the cancellation and may, where payment has been made by credit card, be made by an appropriate credit to the purchaser's account. If the membership camping operator fails to refund the payment or other consideration given within the thirty-day period, it is presumed that the membership camping operator is willfully and wrongfully retaining the payment or other consideration. The willful retention of a payment or other consideration in violation of this section renders the membership camping operator liable for double the amount of that portion of the payment or other consideration wrongfully withheld from the purchaser together with reasonable attorney fees and court costs.

4. The membership camping operator or salesperson shall orally inform the purchaser at the time the contract is executed of the right to cancel the contract as provided in this section.

Sec. 15. NEW SECTION. 557B.11 PURCHASER'S REMEDIES.

A purchaser's remedy for errors in or omissions from the membership camping contract, the materials delivered to the purchaser at the time of sale, or any of the disclosures required in section 557B.13 is limited to a right of cancellation and refund of the payment made or consideration given by the purchaser. However, this limitation does not apply to errors or omissions from the contract or disclosures or other requirements of this chapter which are part of a scheme to willfully misstate or omit the information required. Reasonable attorney fees shall be awarded to the prevailing party in any action under this section.

Sec. 16. NEW SECTION. 557B.12 NONDISTURBANCE PROVISIONS.

1. With respect to any property in this state acquired and put into operation by a membership camping operator after the effective date of this Act, the membership camping operator shall not offer or execute a membership camping contract in this state granting the right to use the property until the following requirements are met:

a. Each person holding an interest in a voluntary blanket encumbrance has executed and delivered a nondisturbance agreement which includes all of the following provisions:

(1) That the rights of the holder or holders of the blanket encumbrance in the affected campground are subordinate to the rights of purchasers;

(2) That any person who acquires the affected campground or any portion of the campground by the exercise of any right of sale or foreclosure contained in the blanket encumbrance takes the campground subject to the rights of purchasers;

(3) That the holder or holders of the blanket encumbrance shall not use or cause the campground to be used in a manner which interferes with the right of purchasers to use the campground and its facilities in accordance with the terms and conditions of the membership camping contract.

b. Each hypothecation lender which has a lien on, or security interest in, the membership camping operator's ownership interest in the campground has executed and delivered a nondisturbance agreement and recorded the agreement in the office of the clerk of the district court of the county in which the campground is located. In addition, each person holding an interest in a blanket encumbrance superior to the interest held by the hypothecation lender has executed, delivered, and recorded an instrument stating that such person will give the hypothecation lender notice of, and at least thirty days to cure, any default under the blanket encumbrance before the person commences any foreclosure action affecting the campground. For the purposes of this section:

(1) "Hypothecation lender" means a financial institution which provides a major hypothecation loan to a membership camping operator.

(2) "Major hypothecation loan" is a loan or line of credit secured by substantially all of the contracts receivable arising from the membership camping operator's sale of membership camping contracts.

(3) "Nondisturbance agreement" means an instrument by which a hypothecation lender agrees to conditions substantially the same as those set forth in paragraph "a".

2. In lieu of compliance with subsection 1, a surety bond or letter of credit satisfying the requirements of this subsection may be delivered to and accepted by the attorney general. The surety bond or letter of credit shall be issued to the attorney general for the benefit of purchasers and shall be in an amount which is not less than one hundred five percent of the remaining principal balance of every indebtedness secured by a blanket encumbrance affecting the campground. The bond shall be issued by a surety which is authorized to do business in this state and which has sufficient net worth to satisfy the indebtedness. The aggregate liability of the surety for all damages shall not exceed the amount of the bond. The letter of credit shall be irrevocable, shall be drawn upon a bank, savings and loan, or financial institution, and shall be in form and content acceptable to the attorney general. The bond or letter of credit shall provide for payment of all amounts secured by the blanket encumbrance including costs, expenses, and legal fees of the lienholder, if for any reason the blanket encumbrance is enforced. The bond or letter of credit may be reduced at the option of the membership camping operator periodically in proportion to the reductions of the amounts secured by the blanket encumbrance.

3. The nondisturbance agreement shall be recorded in the real estate records of the county in which the campground is located.

Sec. 17. NEW SECTION. 557B.13 ADVERTISING PLANS -- DISCLOSURES -- UNLAWFUL ACTS.

1. Any advertisement, communication, or sales literature relating to membership camping contracts, including oral statements by a salesperson or any other person, shall not contain:

a. Any untrue statement of material fact or any omission of material fact which would make the statements misleading in light of the circumstances under which the statements were made.

b. Any statement or representation that the membership camping contracts are offered without risk or that loss is impossible.

c. Any statement or representation or pictorial presentation of proposed improvements or nonexistent scenes without clearly indicating that the improvements are proposed and the scenes do not exist.

2. A person shall not by any means, as part of an advertising program, offer any item of value as an inducement to the recipient to visit a location, attend a sales presentation, or contact a sales agent, unless the person clearly and conspicuously discloses in writing in the offer in readily understandable language each of the following:

a. The name and street address of the owner of the real or personal property or the provider of the services which are the subject of such visit, sales presentation, or contact with a sales agent.

b. A general description of the business of the owner or provider identified and the purpose of any requested visit, sales presentation, or contact with a sales agent, including a general description of the facilities or proposed facilities or services which are the subject of the sales presentation.

c. A statement of the odds, in arabic numerals, of receiving each item offered.

d. All restrictions, qualifications, and other conditions that must be satisfied before the recipient is entitled to receive the item, including all of the following:

(1) Any deadline by which the recipient must visit the location, attend the sales presentation, or contact the sales agent in order to receive the item.

(2) The approximate duration of any visit and sales presentation.

(3) Any other conditions, such as a minimum age qualification, a financial qualification, or a requirement that if the recipient is married both husband and wife must be present in order to receive the item.

e. A statement that the owner or provider reserves the right to provide a rain check or a substitute or like item, if these rights are reserved.

f. A statement that a recipient who receives an offered item may request and will receive evidence showing that the item provided matches the item randomly or otherwise selected for distribution to that recipient.

g. All other rules, terms, and conditions of the offer, plan, or program.

3. A person making an offer subject to registration under sections 557B.2 and 557B.3, or the person's employee or agent, shall not offer any item if the person knows or has reason to know that the offered item will not be available in a sufficient quantity based on the reasonably anticipated response to the offer.

4. A person making an offer subject to registration under sections 557B.2 and 557B.3, or the person's employee or agent, shall not fail to provide any offered item which a recipient is entitled to receive, unless the failure to provide the item is due to a higher than reasonably anticipated response to the offer which caused the item to be unavailable and the offer discloses the reservation of a right to provide a rain check or a like or substitute item if the offered item is unavailable.

5. If the person making an offer subject to registration under sections 557B.2 and 557B.3 is unable to provide an offered item because of limitations of supply not reasonably foreseeable or controllable by the person making the offer, the person making the offer shall inform the recipient of the recipient's right to receive a rain check for the item offered or receive a like or substitute item of equal or greater value at no additional cost or obligation to the recipient.

6. If a rain check is provided, the person making an offer subject to registration under sections 557B.2 and 557B.3, within a reasonable time, and in any event not later than ninety calendar days after the rain check is issued, shall deliver the agreed item to the recipient's address without additional cost or obligation to the recipient, unless the item for which the rain check is provided remains unavailable because of limitations of supply not reasonably foreseeable or controllable by the person making the offer. If the item is unavailable for these reasons, the person, not later than thirty days after the expiration of the ninety-day period, shall deliver a like or substitute item of equal or greater retail value to the recipient.

7. On the request of a recipient who has received or claims a right to receive any offered item, the person making an offer subject to registration under sections 557B.2 and 557B.3 shall furnish to the recipient sufficient evidence showing that the item provided matches the item randomly or otherwise selected for distribution to that recipient.

8. A person making an offer subject to registration under sections 557B.2 and 557B.3, or the person's employee or agent, shall not do any of the following:

a. Misrepresent the size, quantity, identity, or quality of any prize, gift, money, or other item of value offered.

b. Misrepresent in any manner the odds of receiving a particular gift, prize, amount of money, or other item of value.

c. Represent directly or by implication that the number of participants has been significantly limited or that any person has been selected to receive a particular prize, gift, money, or other item of value, unless this fact is true.

d. Label any offer a notice of termination or notice of cancellation.

e. Misrepresent, in any manner, the offer, plan, or program.

Sec. 18. NEW SECTION. 557B.14 REMEDIES.

1. A violation of this chapter or the commission of any act declared to be unlawful under this chapter constitutes a violation of section 714.16, subsection 2, paragraph "a", and the attorney general has all the powers enumerated in that section to enforce the provisions of this chapter.

2. In addition, the attorney general may seek civil penalties of not more than ten thousand dollars for each violation of or the commission of any act declared to be unlawful under this chapter. Each day of continued violation constitutes a separate offense.

3. Any person who fails to pay the filing fees required by this chapter and continues to sell membership camping contracts is liable civilly in an action brought by the attorney general for a penalty in an amount equal to treble the unpaid fees.

4. The provisions of this chapter are cumulative and nonexclusive and do not affect any other available remedy at law or equity, except as otherwise provided in sections 502.202, 503.3, and 537.3310.

Sec. 19. NEW SECTION. 557B.15 EXEMPTIONS BY ATTORNEY GENERAL.

The attorney general may, by rule or order, exempt any person from all or part of the requirements of this chapter if the attorney general finds the requirements unnecessary for the protection of purchasers. In determining exemptions from this chapter, the attorney general shall consider all of the following:

1. The duration of the membership camping contracts involved.

2. The number of membership camping contracts being offered by the operator.

3. The amount of the purchase price of the membership camping contracts.

Sec. 20. NEW SECTION. 557B.16 RULES.

The attorney general may prescribe rules in accordance with this chapter as deemed necessary to carry out the provisions of this chapter.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 520, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved  , 1987

TERRY E. BRANSTAD
Governor

HF 520