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October 27, 2005

**Re: EFFECTIVE JANUARY 1, 2006 – SENATE BILL 581 AMENDS
CONTRACTS FOR HEALTH STUDIO SERVICES ACT**

Are your membership contracts in compliance with Senate Bill 581 (SB 581)?

The California Legislature has enacted new law (SB 581) that amends the Contracts for Health Studio Services Act (California *Civil Code* Section 1812.80, et seq.) and requires health clubs to include certain mandatory language in all health club contracts. The new law takes effect on January 1, 2006.

SB 581 requires, among other things, that health club membership contracts add new language regarding the following issues:

- **Time Period For Cancellation.** SB 581 increases the time in which the consumer may exercise the statutory right to cancel a membership agreement (from 5 days to as long as 45 days depending upon the fees charged for membership);
- **Membership Fees.** SB 581 raises the statutory cap on the price that may be charged for a membership contract (from \$1,000 per year to \$3,000 per year; cap will be increased to \$4,400 per year in 2010);
- **Description of Services.** SB 581 requires that your membership contracts describe the services, facilities and hours of access to which the member is entitled; and
- **Membership Sales.** SB 581 imposes strict requirements when selling memberships to a health club that has not yet opened for business.

Re: Effective January 1, 2006 – Senate Bill 581
Amends Contracts for Health Studio Services Act
October 27, 2005
Page 2

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As the failure to amend your membership contracts could expose your club to statutory violations, you should have legal counsel conduct a comprehensive review of your club's membership contracts to ensure compliance with SB 581.

Bradley & Gmelich is an AV-rated law firm that specializes in representing health and fitness facilities throughout California. The firm is also an associate member of both California Clubs of Distinction (CCD) and the International Health, Racquet & Sportsclub Association (IHRSA).

If you need assistance in this endeavor, please contact either Frederick B. Hayes, or his partner, Thomas P. Gmelich. Both Tom and Fred can be reached at 818-243-5200, or by email at: fhayes@bglawyers.com (Fred) or tgmelich@bglawyers.com (Tom).

Sincerely,
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