

## CHAPTER 172

## (HB 507)

AN ACT relating to consumer protection.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 367.397 is amended to read as follows:

- (1) Any person who has elected to become a member of a club may cancel such membership by ~~[-~~
  - ~~(a) ]~~giving written notice any time before midnight of the ~~third~~~~[thirtieth]~~ business day following the date on which ***the person signs a contract containing the notice of "Members' Right to Cancel" required by Section 2 of this Act***~~[membership was attained]~~. Such cancellation shall be without liability on the part of the member and shall entitle the member to a refund of the entire consideration paid for the contract~~[- or~~
    - ~~(b) — Giving written notice any time after the thirtieth business day following the date on which membership was attained. Such cancellation shall be on a pro rata daily basis, the member being responsible only for that portion of the contract consideration representing the time elapsed on the contract and being entitled to a refund of that portion of the fee representing the days remaining on the contract at date of cancellation. If the contract duration is for the life of the member, the daily value shall be determined by standard actuarial tables].~~
- (2) Notice of cancellation shall be in writing and delivered personally or by mail. If given by mail, the notice is effective upon deposit in a mailbox, properly addressed and postage paid. Notice of cancellation need not take a particular form and is sufficient if it indicates, by any form of written expression, the intention of the member not to be bound by the contract. If delivered personally, the notice is to be accepted by any agent or employee of the club, and a receipt for the notice shall be given by that agent or employee to the person canceling.
- (3) The entitled refund shall be delivered to the member within ten (10) days after notice of cancellation is given.
- (4) Rights of cancellation may not be waived or otherwise surrendered.
- (5) Cancellation shall not relieve the member from paying for any vacation or merchandise actually used by the consumer prior to the date of cancellation.

➔Section 2. KRS 367.399 is amended to read as follows:

- (1) A copy of every contract shall be delivered to the member at the time the contract is signed. Every contract shall be in writing, shall be signed by the member, shall designate the date on which the member signed the contract, and shall state, clearly and conspicuously in boldface type of a minimum size of fourteen (14) points, the following:

**"MEMBERS' RIGHT TO CANCEL"**

***"KENTUCKY LAW GIVES YOU THREE (3) DAYS TO CANCEL YOUR AGREEMENT WITH US.*** If you wish to cancel this contract, you may cancel by delivering or mailing a written notice to the company. Certified mail would provide greater protection than first-class mail, but is not necessary. If you deliver the notice personally, you are entitled to a receipt. Your notice must make known that you do not wish to be bound by the contract. If the notice is delivered or mailed before midnight of the ~~third~~~~[thirtieth]~~ business day after you sign this contract, you are entitled to a refund of the entire consideration paid for the contract.~~[ Other cancellation entitles you to a pro rata refund for those days remaining on the contract.]~~ The notice must be delivered or mailed to (insert name and mailing address of company). If you cancel, the club is required to return, within ten (10) days of the date on which you give notice of cancellation, any payments you have made."

- (2) Until the buying club or vacation club has complied with this section, the member may cancel the contract by notifying the club in any manner and by any means of ***the member's***~~[his]~~ intention to cancel and is then entitled to a refund of the entire consideration paid for the contract.

**Signed by Governor April 24, 2008.**