

Bond No. _____

**HEALTH CLUB
SURETY BOND**

WE, _____, as Principal, doing business at _____ and _____, as Surety authorized to transact business in Colorado, are held and firmly bound unto the State of Colorado, Office of the Attorney General, for the use and benefit of all persons establishing legal rights hereunder, in the amount of \$_____, to the payment of which we hereby bind ourselves, our heirs, administrators, executors, representatives, successors and assign, firmly by this document.

WHEREAS, § 6-1-105(1)(t)(VI), C.R.S. (2006), requires a business engaged in the advertisement or sale of a health club membership contract which has an actual or financial duration, including any option to renew, which is longer than 24 months but not longer than 36 months with a buyer's option to renew annually thereafter, to be bonded for restitution or other financial loss to any buyer injured in the event the principal goes out of business prior to the expiration of the buyer's membership contract, in the amount of \$_____, and whereas such bond must be filed with and drawn in favor of the State of Colorado, Office of the Attorney General.

NOW, THEREFORE, the condition of this obligation is such that if the above-named principal continues to provide its health contracts, and continues to operate in accordance with the specific provisions of § 6-1-105(1)(t), C.R.S., this obligation is void; HOWEVER, if the Principal breaches its contract or otherwise ceases to operate its health club due to bankruptcy, business closure or other circumstances covered by § 6-1-105(1)(t)(III)(C), (D) and (E), C.R.S., and any members suffer losses or are injured as a result of such conduct by the Principal, this obligation remains in full force and effect.

THIS BOND shall become effective on the _____ day of _____, 2_____, and if these spaces are not completed, the date of execution shall be the effective date of the Bond.

IN ORDER to draw funds on this Bond, the State of Colorado through the Colorado Attorney General, shall first give the surety written notice by certified mail of principal's failure to make restitution to buyers or members who are injured as a result of the Principal's bankruptcy, business closure or other breaches of health club contracts as described herein, and shall demand payment or satisfaction of such restitution obligations. In the event the Surety fails to perform its obligation under this Bond within 30 days after said notice, the Colorado Attorney General may commence appropriate legal action against surety to recover the consumer restitution plus interest, costs and attorney fees.

THE SURETY shall have the right to terminate its liability hereunder only after a) giving the principal and the Colorado Attorney General written notice forty-five (45) days in advance of such termination and b) receiving the Attorney General's written consent to such termination. Notice shall be mailed by certified mail addressed to the Colorado Attorney General, Business Regulation Unit, 1525 Sherman Street, 5th Floor, Denver, Colorado 80203. Such termination shall not release Surety from any liability existing under this Bond at the time of the effective date of termination.

IN NO EVENT shall the aggregate liability of this Surety for all claims under this Bond exceed the amount of this Bond.

SIGNED, sealed and dated this _____ day of _____,
2_____.

(Principal)

(Authorized Signator)

(SURETY)

(Authorized Signator)