

Assembly Bill No. 648

CHAPTER 1024

An act to amend Sections 1812.53, 1812.54, 1812.64, and 1812.69 of, and to repeal Section 1812.66 of, the Civil Code, relating to dance studio lessons.

[Became law without Governor's signature. Filed
with Secretary of State October 14, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

AB 648, Strickland. Dance studio lessons.

Existing law provides that a contract for dance studio lessons and other services, as specified, may not exceed a total sum of \$3,750, and prohibits payments or financing by the buyer that exceed a period of 2 years. Existing law also requires such a contract to provide for performance of the contract to begin within 12 months from the date the contract is entered into, and that the contract may be canceled within 180 days, as specified.

This bill would delete the provisions limiting the monetary amount of a contract for dance studio lessons and other services, would require such a contract to provide that performance of the contract will begin within 6 months, and would provide that the period of payments or financing by the buyer may not exceed one year.

The bill would revise the provisions regarding cancellation of the contract by providing that the contract may be canceled at any time by the student with written notice, as specified, and would require the dance studio to calculate the student's pro rata refund, if any, and to refund the money to the student within 10 days of receiving the written cancellation notice. However, the dance studio would be authorized to deduct any moneys it is owed by the student for services rendered prior to the cancellation from the amount owed on the refund to the student, as specified.

Existing law requires every dance studio to maintain a bond in a specified amount and to file a copy of the bond with the Secretary of State. Existing law also provides, however, that a dance studio may make a deposit in lieu of a bond, pursuant to specific provisions, and authorizes the Secretary of State to enforce provisions governing the filing and maintenance of bonds, and deposits in lieu thereof, and to charge a filing fee, as specified.

This bill would repeal the provisions providing for a deposit in lieu of a bond, and would make other related changes.

The people of the State of California do enact as follows:

SECTION 1. Section 1812.53 of the Civil Code is amended to read:

1812.53. (a) No contract for dance studio lessons and other services shall require payments or financing by the buyer over a period in excess of one year from the date the contract is entered into, nor shall the term of any contract be measured by the life of the buyer. However, the lessons and other services to be rendered to the buyer under the contract may extend over a period not to exceed seven years from the date the contract is entered into.

(b) All contracts for dance studio lessons and other services that may be in effect between the same seller and the same buyer, the terms of which overlap for any period, shall be considered as one contract for the purposes of this title.

SEC. 2. Section 1812.54 of the Civil Code is amended to read:

1812.54. (a) Every contract for dance studio lessons and other services shall provide that performance of the agreed-upon lessons will begin within six months from the date the contract is entered into.

(b) A contract for dance studio lessons and other services may be canceled by the student at any time provided he or she gives written notice to the dance studio at the address specified in the contract. When a contract for dance studio lessons and other services is canceled the dance studio shall calculate the refund on the contract, if any, on a pro rata basis. The dance studio shall refund any moneys owed to the student within 10 days of receiving the cancellation notice, unless the student owes the dance studio money for studio lessons or other services received prior to the cancellation, in which case any moneys owed the dance studio shall be deducted by the dance studio from the refund owed to the student and the balance, if any, shall be refunded as specified above. A dance studio shall not charge a cancellation fee, or other fee, for cancellation of the contract by the student.

(c) Every contract for dance studio lessons and other services shall contain a written statement of the hourly rate charged for each type of lesson for which the student has contracted. If the contract includes dance studio lessons that are sold at different per-hour rates, the contract shall contain separate hourly rates for each different type of lesson sold. All other services for which the student has contracted that are not capable of a per-hour charge shall be set forth in writing in specific terms. The statement shall be contained in the dance studio contract before the contract is signed by the buyer.

(d) Every dance studio subject to Sections 1812.64 and 1812.65 shall include in every contract for dance studio lessons or other services a statement that the studio is bonded and that information



concerning the bond may be obtained by writing to the office of the Secretary of State.

SEC. 3. Section 1812.64 of the Civil Code is amended to read:

1812.64. Every dance studio shall maintain a bond issued by a surety company admitted to do business in this state. The principal sum of the bond shall be 25 percent of the dance studio's gross income from the studio business in this state during the studio's last fiscal year, except that the principal sum of the bond shall not be less than twenty-five thousand dollars (\$25,000) in the first or any subsequent year of operation.

A copy of the bond shall be filed with the Secretary of State, together with a declaration under penalty of perjury signed by the owner of the studio stating the dance studio's gross income from the dance studio business in this state during the last fiscal year. The information contained in the declaration shall not be subject to public inspection. If the person in whose name the bond is issued severs his or her relationship with the bonded dance studio, the new owner shall, as a condition of doing business, notify the Secretary of State of the change of ownership and of proof of compliance with Sections 1812.64 and 1812.65.

SEC. 4. Section 1812.66 of the Civil Code is repealed.

SEC. 5. Section 1812.69 of the Civil Code is amended to read:

1812.69. (a) The Secretary of State shall enforce the provisions of this title that govern the filing and maintenance of bonds.

(b) The Secretary of State shall charge a filing fee not to exceed the cost of filing the bond.

