

OFFICE OF CHARITABLE AND REGULATORY PROGRAMS

Travel Clubs – Frequently Asked Questions

Registration Requirements

It is unlawful for any travel club to offer or cause to be executed in this Commonwealth by the purchaser any travel services agreement unless such travel club at the time of such offering or execution thereof has been properly registered with the Office of Charitable and Regulatory Programs (OCRP).

The travel club must register and pay a registration fee of \$350. The registration must be renewed annually.

Important Definitions:

“Travel Club” means a for-profit organization that provides, in return for either an advance fee for membership or an annual charge for membership of more than \$100, the privilege for its members or participants to arrange or obtain future travel services through or from the organization. Travel club shall exclude credit card issuers whose cards are honored at any one time by 100 or more merchants, other than the issuer.

“Travel services” means transportation by the carrier; accommodations; rental of motor vehicles; or any other service related to travel. For purposes of this chapter, “travel services” does not include investments in time shares.

“Travel services agreement” means the agreement executed in whole or in part in this Commonwealth between the travel club and the purchaser of the membership in such club and does not include arrangements or agreements for specific travel transportation, accommodation or other specific services.

Bond or letter of credit required

Every travel club must file and maintain surety in the form of either a bond with corporate surety from a company authorized to transact business in the Commonwealth; a letter of credit from a bank insured by the Federal Insurance Deposit Corporation; or cash in the amounts indicated below:

Number of Contracts	Penalty Amount
0 to 1500	\$60,000
1501 to 1750	\$70,000
1751 to 2000	\$80,000
2001 or more	\$100,000

Escrow of deposits

Any deposit made in connection with the execution of a travel services agreement shall be held in escrow. All cash deposits shall be held in a separate bank account labeled and designated solely for that purpose. The escrow account must be insured by an instrumentality of the federal government and located in Virginia. All deposits shall be held in escrow until (i) delivered to the travel club upon expiration of the purchaser's cancellation period, provided the purchaser's right of cancellation has not been exercised, or (ii) delivered to the travel club because of purchaser's default under the travel services agreement or (iii) refunded to the purchaser.

The travel club must also post a fidelity bond, written so as to protect all deposits escrowed, in favor of all purchasers. The bond must be in an amount equal to the total of the deposits in escrow at any given time or \$25,000 whichever is greater. The bond must be with a surety company authorized to do business in Virginia. The travel club may post cash (\$25,000) in lieu of the bond.

Travel services agreement; disclosure

The travel services agreement must contain a written disclosure of all limitations on and terms of the membership and must be provided to the purchaser at the time the agreement is executed. The disclosure must clearly and conspicuously include those requirements specified in §59.1-448 (A).

The purchaser may cancel the travel service agreement until midnight of the seventh calendar day after execution of the contract. Notice of cancellation must indicate the intention of the purchaser not to be bound. Notice of cancellation, if given by mail, shall be deemed given when deposited in a mailbox, properly addressed and postage prepaid.

The written disclosure must include in addition to the requirements of §59.1-448 (A)(B), the following statement which must appear immediately above the buyer's signature under the conspicuous caption, "**BUYER'S NONWAIVABLE RIGHT TO CANCEL**," which caption must be printed in no less than ten-point, boldfaced type:

YOU MAY CANCEL THIS TRANSACTION, WITHOUT ANY PENALTY OR OBLIGATION, WITHIN SEVEN CALENDAR DAYS FROM YOUR EXECUTION OF THIS CONTRACT UNLESS YOU HAVE ALREADY USED THE TRAVEL SERVICES PROVIDED IN CONNECTION WITH THIS TRAVEL SERVICES AGREEMENT. IF YOU HAVE ALREADY USED TH ETRAVEL SERVICES PROVIDED IN CONNECTION WITH THIS TRAVEL SERVICES AGREEMENT, YOU MAY STILL CANCEL THIS TRANSACTION WITHIN SEVEN CALENDAR DAYS FROM YOUR EXECUTION HEROF, BUT YOU ARE NOT ENTITLED TO A REFUND OF ANY PRIOR PAYMENTS MADE FOR TH SPECIFIC TRAVEL SERVICES UTILIZED. TO CANCEL THISTRANSACTION, MAIL OR DELIVER A SIGNED AND DATED COPY OF THIS CANCELLATION NOTICE OR ANY OTHER WRITTEN NOTICE OR SEND A TELEGRAM TO:

(Name of Seller) _____ at **(Address of Seller)** _____

Place of Business

NOT LATER THAN MIDNIGHT OF THE
SEVENTH DAY AFTER RECEIPT OF
THIS DISCLOSURE

(DATE) _____

I HEREBY CANCEL THIS TRANSACTION

(DATE) _____

(Purchaser's Signature)

The travel club must refund to the purchaser any payments made by the purchaser pursuant to the travel services agreement within 455 days after notice of cancellation is received. The travel club may retain payments made for specific travel services utilized. The refund may be made by crediting the purchaser's credit card account if a credit card was used to make a payment and if the travel club informs the purchaser in writing that the credit card account has been credited.

The right of cancellation afforded the purchaser is nonwaivable and any provision in any instrument to the contrary shall be null and void.

Public offering statement

The travel club must prepare and distribute to any prospective purchaser, before execution of a travel services agreement, a public offering statement which discloses fully and accurately the characteristics of the travel club and its travel services, the membership offered and shall make known to prospective purchasers all material circumstances affecting the travel club and its travel services. The public offering statement must be filed with OCRP as part of the registration packet and must include the items identified, if applicable, under §59.1-448.1 (A) of the Act.

If any prospective purchaser of a travel club membership is offered the opportunity to subscribe to or participate in any exchange program registered under the Virginia Real Estate Time-Share Act (§55-360 et seq.), the public offering statement must include as an exhibit or supplement, the disclosure document prepared by the exchange company in accordance with §55-374.2 and a brief narrative description of the exchange program which shall include the required items detailed in §59.1-448.1(B).

The travel club must amend the public offering statement to reflect any material change in the travel club membership and must file the amended public offering statement with OCRP. OCRP

may at any time require the travel club to alter or supplement the form or substance of the public offering statement to assure full and fair disclosure to prospective purchasers.

Prohibited practices by travel club

It is unlawful for any travel club to engage in any or all of the following practices:

1. Offer any other type of promotional inducement where the cost of the package equals or exceeds the cost which would have been incurred without the travel club membership;
2. Misrepresent the type or size of aircraft, vehicle, ship or train; time of departure or arrival; points served; route to be traveled; stops to be made; total trip-time from point of departure to destination; type or size of lodging or other accommodation; availability of lodging or other accommodation; or other services available, reserved or contracted for in connection with any trip, tour or other travel services, unless such misrepresentation resulted from a reasonable belief as to the services available based upon representations made by the person offering such services;
3. Misrepresent the fares and charges for transportation or services in connection therewith, unless the misrepresentation resulted from a reasonable belief as to the fares and charges applicable based upon representations made by the person offering such services;
4. Misrepresent that special priorities for reservations are available when such special considerations are in fact granted to members of the public generally;
5. Sell transportation to any person on a reservation or charter basis for specified space, flight or time or represent that such definite reservation or charter s or will be available or has been arranged, without a binding commitment with a carrier for the furnishing of such definite reservation or charter as represented or sold;
6. Sell or issue tickets or other documents to be exchanged or used for transportation if the tickets or other documents will not be or cannot be legally honored by carriers for transportation;
7. Misrepresent the requirements that must be met by a person in order to qualify for charter or group fare rates, unless such misrepresentation resulted from a reasonable belief as to the requirements applicable based upon representations made by the person offering the charter or group fare;
8. Offer accommodations in lodgings when the travel club has no written evidence of its legal right to possession of such lodgings; or
9. Use in any offering, advertisement, or promotion of any type or description the following terms: "time-share," "vacation ownership," "interval ownership," "time-share benefit" or "incidental benefit."

Exemptions

The Act does not apply to:

1. Any agreement which meets the definition of “contract” under, and is subject to, the provisions of the Virginia Real Estate Time-Share Act (§55-360 et seq.) or the Virginia Membership Camping Act (§59.1-311 et seq.); or
2. An “exchange program” as defined by the Virginia Real Estate Time-Share Act (§55-360 et seq.) and offered by an exchange company registered under the Virginia Real Estate Time-Share Act; or
3. A “product” as defined in the Virginia Real Estate Time-Share Act which is registered in accordance with its provisions.