Article 31.

Membership Camping Act.

§ 66-230. Title.

This Article shall be known and may be cited as the "Membership Camping Act". (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-231. Applicability.

This Article shall apply to each membership camping contract executed at least in part in this State after January 1, 1993, regardless of the location of the membership camping operator's principal office or his campground or recreational facilities. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-232. Definitions.

For purposes of this Article the following definitions apply:

(1) "Agreement" means a membership camping agreement.

(2) "Blanket encumbrance" means any mortgage, deed of trust, option to purchase, vendor's lien or interest under a contract or agreement of sale, judgment lien, federal or State tax lien, or other material lien or encumbrance which secures or evidences the obligation to pay money or to sell or convey all or part of a campground located in this State, made available to purchasers by the membership camping operator and which authorizes, permits, or requires the foreclosure or other disposition of the campground. Blanket encumbrance shall include the lessor's interest in a lease of all or part of a campground which is located in this State and which is made available to purchasers by a membership camping operator. Blanket encumbrance shall not include a lien for taxes or assessments levied by a public body which are not yet due and payable.

(3) "Business day" means any day except Sunday or a legal holiday.

(4) "Camping site" means a space designed and promoted for the purpose of locating a trailer, tent, tent trailer, recreational vehicle, pickup camper, van or other similar device used for camping.

(5) "Campground" means any single tract or parcel of real property within the State on which there are at least 10 camping sites.

(6) "Contract" means a membership camping contract.

(7) "Contract cost" means the total consideration paid by a purchaser pursuant to a contract including but not limited to:

a. Any initiation or nonrecurring fee charged;

b. All periodic fees required by the contract;

c. All dues or maintenance fees; and

d. All finance charges, time-price differentials, interest, and other similar fees and charges.

(8) "Facility" means an amenity within a campground set aside or otherwise made available to purchasers for their use and enjoyment of the campground, and may include campsites, swimming pools, tennis courts, recreational buildings, boat docks, restrooms, showers, laundry rooms, and trading posts or grocery stores.

(9) "Membership camping contract" or "membership camping agreement" means any written agreement of more than one year's duration, executed in whole or in

part within this State, which grants to a purchaser a right or license to use the campground of a membership camping operator or any portion thereof. Any agreement which constitutes a "timeshare instrument" as defined in G.S. 93A-41 is excluded from this definition.

(10) "Membership camping operator" means any person who owns or operates a campground and offers or sells membership camping contracts. A membership camping operator shall not include:
   a. An enterprise that is exempt from federal income tax under § 501(c) of the Internal Revenue Code;
   b. An enterprise that is exempt from State income tax under Article 4 of Chapter 105 of the General Statutes; or
   c. Mobile home parks wherein the residents occupy the premises as their primary homes or have leased or purchased a lot for their exclusive use.

(11) "Offer," "offer to sell," "offer to execute" or "offering" means any offer, solicitation, advertisement, or inducement to execute a membership camping agreement.

(12) "Person" means any individual, corporation, partnership, company, unincorporated association, or any other legal entity other than a government or agency or a subdivision thereof.

(13) "Purchaser" means a person who enters into a membership camping contract with the membership camping operator.

(14) "Purchase money" means any money, currency, note, security, or other consideration paid by the purchaser for a membership camping agreement.

(15) "Reciprocal program" means any arrangement under which a purchaser is permitted to use camping sites or facilities at one or more campgrounds not owned or operated by the membership camping operator with whom the purchaser has entered into a membership camping contract.

(16) "Salesperson" means an individual, other than a membership camping operator, who offers to sell a membership camping contract by means of a direct sales presentation, but does not include a person who merely refers a prospective purchaser to a salesperson without making any direct sales presentation. (1991 (Reg. Sess., 1992), c. 1009, s. 4; 2021-163, s. 2(c).)

§ 66-233. Administration; unlawful offer or execution of membership camping contract.

(a) This Article shall be administered by the Secretary of State of North Carolina or his designee, and shall be enforced by the Attorney General of North Carolina or his designee.

(b) It shall be unlawful for any membership camping operator to offer to sell any membership camping contract in this State unless he is registered with the Secretary of State. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-234. Registration of membership camping operator.

(a) The application for registration shall be on a form prescribed by the Secretary of State and shall include the following:

(1) The applicant's name, address, and the organizational form of the business, including the date, and jurisdiction under which the business was organized; the address of each of its offices in this State; and the name and address of each

campground located in this State, which is owned or operated, in whole or in part, by the applicant;

(2) The name, address, and principal occupation for the past five years of every officer of the applicant, including its principal managers, and the extent and nature of the interest of each person at the time the application is filed;

(3) A list of all owners of ten percent (10%) or more of the capital stock of the applicant, except that this list is not required if the applicant is a company required to report under the Securities and Exchange Act of 1934;

(4) A brief description of and a certified copy of the instrument which creates the applicant's ownership of, or other right to use the campground and the facilities at the campground which are to be available for use by purchasers, and a brief description of any material encumbrance, together with a copy of any lease, license, franchise, reciprocal agreement or other agreement entitling the applicant to use such campground and facilities, and any material provision of the agreement which restricts a purchaser's use of such campground or facilities;

(5) A sample copy of each instrument which will be delivered to a purchaser to evidence his membership in the campground and a sample copy of each agreement which a purchaser will be required to execute;

(6) A list of special taxes or assessments, whether current or proposed, which affect the campground;

(7) A copy of the disclosure statement required by this Article;

(8) A narrative description of the promotional plan for the sale of the membership camping contracts;

(9) A statement of the relationship, if any, between the applicant and other parties owning, controlling or managing the campground and the expected duration of that relationship. If the relationship is a contractual one, a statement of the methods and conditions under which the relationship can be terminated prior to the expected termination of the relationship;

(10) A complete list of locations and addresses of any and all sales offices located within the State;

(11) The names of any other states or foreign countries in which an application for registration of the membership camping operator or the membership camping contract or any similar document has been filed; and

(12) A brief description of the membership camping operator's experience in the membership camping business, including the length of time such operator has been in the membership camping business; and a statement detailing whether the applicant within the past five years has been convicted of any misdemeanor or felony involving theft, fraud, dishonesty, or moral turpitude, or whether the applicant has been enjoined from, had any civil penalty assessed for, or been found to have engaged in any violation of any law designed to protect consumers. If the applicant is a corporation, this statement shall be provided for each officer of the corporation.

(b) The application shall be signed by the membership camping operator, an officer or general partner thereof or by another person holding a power of attorney for this purpose from the

membership camping operator. If the application is signed pursuant to a power of attorney, a copy of the power of attorney shall be included with the application.

(c) The application shall be submitted along with the appropriate application fee.

(d) The registration of the membership camping operator shall be renewed annually with the fee required in G.S. 66-236 not later than 30 days prior to the anniversary of the current registration. The application shall include all changes which have occurred in the information included in the application previously filed.

(e) Registration with the Secretary of State shall not be deemed to be an approval or endorsement by the Secretary of State of the membership camping operator, his membership camping contract, or his campground, and any attempt by the membership camping operator to indicate that registration constitutes such approval or endorsement shall be unlawful. (1991 (Reg. Sess., 1992), c. 1009, s. 4; 1995 (Reg. Sess., 1996), c. 742, s. 34.)

§ 66-235. Time of effect of registration.

Upon receipt of the original application for registration in proper form, the Secretary of State shall, within 10 business days, issue a notice to the applicant that the Secretary of State has received the registration. Within 30 days thereafter, the Secretary of State shall notify the operator that the registration has been accepted or rejected, and if rejected, a brief statement explaining the reason. Registration shall be effective upon notice of acceptance by the Secretary of State. Renewal of registration shall be effective upon the anniversary of the current registration or 30 days after receipt, whichever date occurs last, unless otherwise rejected. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-236. Registration fees.

An applicant for registration under this Article must include the fee set out in the following table with the application for registration:

Application	Amount
Initial registration as a membership camping operator	$1,500
Renewal of registration as a membership camping operator	1,000
Initial registration as a salesperson	10
Renewal of registration as a salesperson	10

Fees collected under this section shall be applied to the cost of administering this Article. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-237. Registration of salespersons.

(a) It shall be unlawful for any salesperson to offer to sell any membership camping contract in this State unless he is registered with the Secretary of State. The application of a salesperson for registration shall be on a form prescribed by the Secretary of State and shall include the following:

(1) A statement detailing whether the applicant within the past five years has been convicted of any misdemeanor or felony involving theft, fraud, dishonesty, or moral turpitude, or whether the applicant has been enjoined from, had any civil penalty assessed for, or been found to have engaged in any violation of any law designed to protect consumers, and

(2) A statement describing the applicant's employment history for the past five years and whether any termination of employment during the last five years was occasioned by any theft, fraud, or act of dishonesty.

(b) Registration shall be effective for a period of one year. Registration shall be renewed annually by the filing of a form prescribed by the Secretary of State for such purpose. The registration application or the renewal application shall automatically become effective upon the expiration of seven business days following the filing with the Secretary of State. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-238. Membership camping operator's disclosure statement.

(a) Every membership camping operator, salesperson, or other person who is in the business of offering for sale or transfer the rights under existing membership camping contracts for a fee shall disclose the following information to a purchaser before the purchaser signs a contract or gives any money or thing of value for the purchase of a contract. The disclosures shall be delivered to the purchaser prior to the time the contract is signed and must be presented in a clear, legible format prescribed by the Secretary of State.

(b) The disclosures shall consist of the following:

(1) A cover page containing only the following in the order stated:

a. The words "MEMBERSHIP CAMPING OPERATOR'S DISCLOSURE STATEMENT": printed in boldface type of a minimum size of 10 points, followed by;

b. The name and principal business address of the membership camping operator, followed by;

c. A statement that the membership camping operator is in the business of offering for sale membership camping contracts, followed by;

d. The following, printed in boldface type of a minimum size of 10 points:
IMPORTANT! READ THIS DISCLOSURE STATEMENT BEFORE YOU SIGN ANYTHING. THE LAW REQUIRES THAT YOU GET A COPY OF THIS DISCLOSURE STATEMENT BEFORE YOU SIGN. IF YOUR SALESPERSON TELLS YOU ANYTHING DIFFERENT FROM WHAT IS WRITTEN, THEN DO NOT SIGN. DO NOT BUY THIS MEMBERSHIP ASSUMING THAT YOU WILL BE ABLE TO RESELL IT, followed by;

e. The following language, printed in boldface type of a minimum size of 10 points:
YOU HAVE A 3-DAY RIGHT TO CANCEL A CAMPING MEMBERSHIP CONTRACT. THIS RIGHT OF CANCELLATION CANNOT BE WAIVED. YOUR RIGHT TO CANCEL ENDS AT MIDNIGHT ON THE 3RD BUSINESS DAY FOLLOWING THE DATE ON WHICH THE CONTRACT WAS SIGNED. IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS, CONTACT THE NORTH CAROLINA ATTORNEY GENERAL'S OFFICE.

(2) The following pages of the disclosure statement shall contain all of the following:

a. The name of the operator and the address of the operator's principal place of business in North Carolina, or if the operator has no place of business in North Carolina, the operator's principal place of business;
b. A brief description of the nature of the purchaser's right or license to use the campground and the facilities which are to be available for use by purchasers;
c. A brief description of the membership camping operator's experience in the membership camping business, including the length of time such operator has been in the membership camping business;
d. The location of each of the campgrounds which is to be available for use by purchasers, excluding campgrounds which will be available to a purchaser only if he is a member in good standing of a reciprocal program; and a description of the facilities at each campground then available for use by purchasers and those which are represented to purchasers as being planned, together with a brief description of any facilities that are or will be available to nonpurchasers or nonmembers;
e. As to all memberships offered by the membership camping operator at each campground:
    1. The form of membership offered;
    2. The types of duration of membership along with a summary of the major privileges, restrictions, and limitations applicable to each type;
    3. Provisions, if any, that have been made for public utilities at each campsite including water, electricity, telephone, and sewage facilities; and
    4. The maximum number of current memberships to be sold per site at that campground.
f. Any initial, additional, or special fee due from the purchaser together with a description of the purpose and method of calculating the fee;
g. A general description of any financing offered or available through the membership camping operator;
h. Any schedule of fees or charges that purchasers are or may be required to pay for use of the campground or any facilities or reciprocal program;
i. The extent to which financial arrangements, if any, have been provided for the completion of facilities, together with a statement of the membership camping operator's obligation to complete planned facilities. The statement shall include a description of any restrictions or limitations on the membership camping operator's obligation to begin or to complete the facilities;
j. Any services which the membership camping operator currently provides or expenses he pays which are expected to become the responsibility of the purchasers, including the projected liability which each such service or expense may impose on each purchaser;
k. A summary or copy, whether by way of supplement or otherwise, of the rules, restrictions, or covenants regulating the purchaser's use of the campground and the facilities which are to be available for use by the

purchasers, including a statement of whether and how the rules, restrictions, or covenants may be changed;

l. A description of any restraints on the transfer of the membership camping contract;

m. A statement of the policies covering the availability of campsites, the availability of reservations, and the conditions under which they are made;

n. A statement of any grounds for forfeiture of a purchaser's membership camping contract;

o. A statement describing the material terms and conditions of any reciprocal program to be available to the purchaser including a statement concerning whether the purchaser's participation in any reciprocal program is dependent upon the continued affiliation of the membership camping operator with that reciprocal program and whether the membership camping operator reserves the right to terminate such affiliation.

(3) The membership camping operator shall promptly amend his membership camping operator's disclosure statement to reflect any material change in the campground or its facilities. He shall also file within 30 days any such amendments with the Secretary of State. Each disclosure statement provided to a prospective purchaser must contain the most recent date when the statement was revised. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-239. Contract terms.

(a) The membership camping operator shall deliver to the purchaser a fully executed copy of a membership camping contract in writing, which contract shall include at least the following information:

(1) The name of the membership camping operator and the address of its principal place of business;

(2) The actual date the membership camping contract was executed by the purchaser;

(3) The total financial obligation imposed on the purchaser by the contract, including the initial purchase price and any additional charge the purchaser may be required to pay;

(4) A description of the nature and duration of the membership being purchased;

(5) A statement that the membership camping operator is required by law to provide each purchaser with a copy of the membership camping operator's disclosure statement prior to execution of the contract and that failure to do so is a violation of the law;

(6) The full name of each salesperson involved in the promotion and sale of the membership camping contract; and

(7) In immediate proximity to the space reserved in the contract for the signature of the purchaser and in boldface type of a minimum size of 10 points, a statement in substantially the following form: "You the buyer, may cancel this contract at any time prior to midnight of the third business day after the date of this

contract. See the attached notice of cancellation form for an explanation of this right." (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-240. Cancellation.

In addition to any other right to revoke an offer or cancel a sale or contract, the purchaser has the right to cancel a membership camping contract sale until midnight of the third business day after the purchaser signs the contract.

(1) The membership camping operator must furnish the purchaser, at the time the purchaser signs the membership camping contract or otherwise agrees to buy services from the membership camping operator, a completed form in duplicate, captioned "NOTICE OF CANCELLATION" which shall contain in 10 point boldface type the following information and statements in the same language, e.g., Spanish, as that used in the contract:

"NOTICE OF CANCELLATION

(Enter date of transaction)_____
(date)

You, the purchaser, may cancel this transaction, without any penalty or obligation, within three business days from the date above. Business days are all days other than Sundays and legal holidays. You must cancel in writing. If given by mail, notice of cancellation is given when it is deposited in the United States mail properly addressed and postage prepaid.

If you cancel, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 30 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to

_____
(Name of membership camping operator)

at _____
(Membership camping operator's mailing and physical address)

not later than midnight of

_____
(date)

I hereby cancel this transaction.

_____
(date)

_____
(Purchaser's signature)"

(2) The membership camping operator shall, before furnishing copies of the "Notice of Cancellation" to the purchaser, complete both copies by entering the name of the membership camping operator, the address of the membership camping operator's place of business, the date of the transaction, and the date,

not earlier than the third business day following the day of the transaction, by which the purchaser may give notice of cancellation.

(3) The membership camping operator shall orally inform each purchaser, at the time he signs a contract or purchases the services, of his three-day right to cancel; provided, that no oral notice is required in any case in which the membership camping operator does not solicit the purchaser's business in person and the purchaser signs the contract outside the presence of the membership camping operator and returns the signed contract to the membership camping operator by mail.

(4) Cancellation occurs when the purchaser gives written notice of cancellation to the membership camping operator at the address stated in the contract or in the notice of cancellation.

(5) Notice of cancellation, if given by mail, is given when it is deposited in the United States mail properly addressed and postage prepaid.

(6) Notice of cancellation by the purchaser is sufficient if it indicates by any form of written expression the intention of the purchaser not to be bound by the contract.

(7) Upon cancellation, the membership camping operator shall refund to the purchaser all payments made pursuant to the canceled membership camping contract and any notes or security instruments. The refund shall be made within 30 days and where payment has been made by credit card, may be made by an appropriate credit to the purchaser's account.

(8) Failure of the membership camping operator to honor a purchaser's cancellation is a violation of this Article. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-241. Escrow account.

(a) All purchase money received from or on behalf of a purchaser in connection with the execution of a membership camping contract shall be deposited in an escrow account designated solely for that purpose, which may be the membership camping operator's own escrow or trust account or that of his attorney's, until 10 calendar days after the date the contract was executed, unless a later time is provided in the membership camping contract. If the membership camping operator has not received notice of the purchaser's cancellation within 10 calendar days after the execution of the contract, any purchase money may be released to the membership camping operator upon the conveyance, in writing, to the purchaser of the right or license to use the campground and facilities as required in the membership camping contract.

(b) A copy of the escrow agreement creating the escrow account shall be filed with the Secretary of State prior to the sale of membership camping contracts. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-242. Advertising, solicitations.

A membership camping operator shall disclose in all advertising programs which seek to induce prospective purchasers to visit the campground that the program is conducted by a membership camping operator and the purpose of any requested visit. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-243. Provision of records to the Secretary of State.

Any membership camping operator shall maintain accurate records of the escrow account. These records shall be open to inspection to the Secretary of State at any time during normal business hours. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-244. Limitation on duration of contract term.

A membership camping contract shall clearly state the duration of the contract. A contract shall either have a duration of no more than 30 years or give the purchaser the right to cancel the contract at any time after 30 years without further obligation and without a refund of any of the contract cost. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-245. Prohibited practices.

It shall be unlawful for any membership camping operator or salesperson to state or imply in attempting to sell a membership or to persuade a member to make payment that the purchaser will be able to sell the contract and thereby eliminate his obligation or recoup all or a substantial part of his purchase price. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-246. Nondisturbance provisions.

(a) With respect to any property in this State acquired and put into operation by a membership camping operator on or after January 1, 1993, the membership camping operator shall not offer or execute a membership camping contract in this State granting the right to use the property until the following requirements are met:

(1) Each person holding an interest in a voluntary blanket encumbrance has executed and delivered to the Secretary of State a nondisturbance agreement and recorded the agreement in the real estate records of the county in which the campground is located. The agreement shall include all of the following:

a. That the rights of the holder or holders of the blanket encumbrance in the affected campground are subordinate to the rights of purchasers;

b. That any person who acquires the affected campground or any portion of the campground by the exercise of any right of sale or foreclosure contained in the blanket encumbrance takes the campground subject to the rights of purchasers; and

c. That the holder or holders of the blanket encumbrance shall not use or cause the campground to be used in a manner which interferes with the right of purchasers to use the campground and its facilities in accordance with the terms and conditions of the membership camping contract; and

(2) Each hypothecation lender which has a lien on or security interest in the membership camping operator's ownership interest in the campground has executed and delivered to the Secretary of State a nondisturbance agreement and recorded the agreement in the real estate records of the county in which the campground is located. In addition, each person holding an interest in a blanket encumbrance superior to the interest held by the hypothecation lender has executed, delivered, and recorded an instrument stating that such person will give the hypothecation lender notice of, and at least 30 days to cure, any default under the blanket encumbrance before the person commences any foreclosure action affecting the campground. For the purposes of this section:

a. Hypothecation lender shall mean a financial institution which provides a major hypothecation loan to a membership camping operator;
b. Major hypothecation loan shall mean a loan or line of credit secured by substantially all of the contracts receivable arising from the membership camping operator's sale of membership camping contracts; and
c. Nondisturbance agreement shall mean an instrument by which a hypothecation lender agrees to conditions substantially the same as those set forth in subdivision (1) of this subsection.

(b) In lieu of compliance with subsection (a) of this section, a surety bond or letter of credit satisfying the requirements of this subsection may be delivered and accepted by the Secretary of State. The surety bond or letter of credit shall be issued to the Secretary of State for the benefit of purchasers and shall be in an amount which is not less than one hundred five percent (105%) of the remaining principal balance of every indebtedness secured by a blanket encumbrance affecting the campground. The bond shall be issued by a surety which is authorized to do business in this State and which has sufficient net worth to satisfy the indebtedness. The aggregate liability of the surety for all damages shall not exceed the amount of the bond. The letter of credit shall be irrevocable, shall be drawn upon an insured bank, savings and loan association, or other financial institution, and shall be in a form and content acceptable to the Secretary of State. The bond or letter of credit shall provide for payment of all amounts secured by the blanket encumbrance, including costs, expenses, and legal fees of the lienholder, if for any reason the blanket encumbrance is enforced. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-247. Remedies.

(a) Any purchaser injured by any violation of this Article may bring an action for rescission and restitution or for recovery of damages and for reasonable attorney's fees.

(b) The remedies herein shall be in addition to any other remedies provided for by law or in equity, but the damages assessed shall not exceed the largest amount of damages available by any single remedy.

(c) In addition to any other remedies provided for by law or in equity, the Secretary of State may bring an action to:

(1) Revoke the registration of a membership camping operator or a salesperson and seek an injunction to enjoin him from engaging in the business of offering for sale or selling camping membership contracts in this State, or
(2) Enforce a final court order from any state or federal jurisdiction restricting or enjoining the acts or practices of a membership camping operator or a salesperson pertaining to the business of offering or selling membership camping contracts.

(d) The violation of any provisions of this Article shall constitute an unfair practice under G.S. 75-1.1. (1991 (Reg. Sess., 1992), c. 1009, s. 4.)

§ 66-248. Reserved for future codification purposes.

§ 66-249. Reserved for future codification purposes.