



MEMO

To: Georgia Affiliate (“Resident”)
From: Total Gym Fitness, LLC (“Dealer”)
Re: Collection of Sales Tax in Georgia

The Tax Laws in the State of Georgia require the collection of sales tax by certain out-of-state Dealers selling to Georgia residents. The law enacted by the State of Georgia, Ga. Stat. Ann. § 48-8-2(8)(M), provides these Dealers create a nexus to Georgia thereby giving Georgia the right to collect and remit sales tax in the state.

According to the law, a Dealer is defined (and is presumed to be doing business in Georgia) as every person who:

- enters into an agreement with one or more other persons who are residents of this state under which the resident, for a commission or other consideration, based on completed sales, directly or indirectly refers potential customers, whether by a link on an Internet website, an in-person oral presentation, telemarketing, or otherwise, to the person, and
- if the cumulative gross receipts from sales by the person to customers in this state who are referred to the person by all residents with this type of an agreement with the person is in excess of \$50,000.00 during the preceding 12 months.

The presumption may be rebutted by proof that the Resident with whom the Dealer has an agreement did not engage in any activity within this state that was significantly associated with the person's ability to establish or maintain the person's market in the state during the preceding 12 months

Resident hereby certifies that it will not engage in any solicitation activities in the State of Georgia, and Resident will certify annually, under penalty of perjury, that it has not engaged in any prohibited solicitation activities on Dealer's behalf in Georgia at any time during the previous year. For the avoidance of doubt, Resident will continue to maintain Internet links to Dealer's website in exchange for commissions on sales generated through such links.

This Memo is intended to represent an agreement between Resident and Dealer satisfying the compliance provisions set forth in the amended law. Resident has been afforded the opportunity to consult with an attorney prior to signing below.

Agreed to by: _____
(Print Name of Resident)

By: _____
Name:
Title:

Dated: _____

Address: _____
