



**MEMO**

**To:** North Carolina Affiliate (“Resident”)  
**From:** Total Gym Fitness, LLC (“Retailer”)  
**Re:** Collection of Sales Tax in North Carolina

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The Tax Laws in the State of North Carolina require the collection of sales tax by certain out-of-state Retailers selling to North Carolina residents. The law enacted by the State of North Carolina, N.C. Gen. Stat. Sec. 105-164.8(b)(3), provides these Retailers create a nexus to North Carolina thereby giving North Carolina the right to collect and remit sales tax in the state.

According to the law, a Retailer is presumed to be soliciting or transacting business by an independent contractor, agent, or other representative if:

- the Retailer enters into an agreement with a resident of North Carolina under which the resident, for a commission or other consideration, directly or indirectly refers potential customers by a link on an Internet website or any other means to the Retailer; and
- the Retailer’s cumulative gross receipts from sales made by the Retailer to purchasers in North Carolina who are referred to the Retailer by all Residents with this type of an agreement with the Retailer exceed \$10,000 during the preceding four quarterly periods.

The presumption may be rebutted by proof that the Resident with whom the Retailer has an agreement did not engage in any solicitation in the State on behalf of the Retailer that would satisfy the nexus requirements of the United States Constitution during the four quarterly periods in question.

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

This Memo is intended to represent an agreement between Resident and Retailer 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: \_\_\_\_\_  
\_\_\_\_\_