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Transfer Agreement Delays

We have received a number of questions regarding gym closure procedures and the transfer of memberships to substantially similar facilities which are located within ten miles. When a gym is closing down and the memberships will be transferred to another facility, owners and, if involved in the chain of decision-making, corporate offices, should ensure that the members being transferred are provided with a substantially similar facility **immediately** after the gym closes. This means that transfer agreements should be executed between concerned parties before the facility closes to ensure that members always have a servicing facility. Should a facility close and there is no immediate information or decision made on the disposition of the memberships, those members **cannot be billed** for any time period in which there was no facility provided.

This is because Georgia law clearly states that **no payments** will be due to any party, whether a billing company, corporate office or the gym itself, should a fitness center close down but fail to provide a transfer to a substantially similar facility within ten miles. Therefore, if a gym owner or corporate office decides to transfer memberships for a closed facility, but waits a week until after the facility closes, State law will allow those members to cancel their contracts during that time period in which no suitable facility was provided.

Finally, if a transfer agreement is executed between two gym owners and the agreement states that members have the option of choosing to transfer their membership at their discretion, members who exercise their option not to use the new facility and request cancellation should be promptly terminated by the responsible gym owner, corporate office or billing company. As always, please contact us with questions on these or other matters.

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