



AAFD CHAPTER MANAGEMENT POLICY STATEMENT & AGREEMENT

Updated effective January 1, 2024

This declaration sets forth the AAFD's Membership and Management Services for AAFD managed chapters and constitutes our management services agreement between The Lash Lounge franchisees chapter (in formation, and hereafter the "Chapter") and American Association of Franchisees & Dealers (AAFD). For good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. AAFD will provide membership and management support services to the Chapter as follows:
 - A. **Base Support Services** – all managed chapters (forming, small group and Vested) as hereafter defined):
 1. Provide a tax-exempt legal entity to conduct Chapter business.
 2. Central office for written, telephone or other communication and storage of related business materials.
 3. Coordinate and administer Membership Recruitment.
 4. AAFD will maintain membership information and database and be responsible for billing and membership fulfillment.
 5. Establishment and administration of a chapter sponsored email listserv, as may be offered to AAFD chapters from time to time.
 6. Maintain books of the Chapter and perform bookkeeping functions.
 7. For internal chapters (technically internal chapters are divisions of the AAFD), tax reporting obligations are included in the AAFD's annual non-profit tax returns.
 8. Provide Chapter leadership with the AAFD's master Bylaws template.
 9. Coordinate and administer distribution of information to the membership through email communications and up to one (1) mailing or fax communication per month.
 - B. **Vested Chapter Management Support Services.** The AAFD will provide the following additional support services upon the Chapter achieving Vested Chapter Status as defined by the Trustees from time to time, and currently defined as a chapter whose National dues base is equivalent to at least 50 dues paying members:
 1. Coordinate with committee chairpersons of the Chapter and provide assistance when requested up to 4 hours per month.
 2. Consult with Chapter leaders to develop the Chapter governance and annual budget, including customized support for the development of the Chapter Bylaws, goals and objectives, and Chapter budget.
 3. Act as liaison to coordinate communication with the AAFD and with other AAFD chapters.
 4. Communicate with the Chapter officers on a regular schedule regarding status of the Chapter business regarding membership, administrative needs, etc.
 5. Coordinate and administer chapter specific membership services including Chapter newsletter, member benefits, agenda, goals and objectives.
 6. Organize and attend meetings of the managed chapters, based upon one physical annual meeting, if it is held in conjunction with the AAFD's Annual Meeting, and one monthly teleconference meeting. (This covers support time for attendance; the Chapter will bear all reasonable travel expenses.)

7. Coordinate an email publication of a quarterly Chapter Newsletter of up to 8 pages. Additional publications services are available as described in the attached Schedule A Menu of Services.
8. Administration and accounting for one (1) Legal or marketing trust fund that is established according to policies and procedures acceptable to the AAFD.
9. Vested chapters are accorded *AAFD Supporting Member (Supplier)* base membership status and need only pay for optional panel dues and marketing support services. (a \$500 annual value).

C. Additional Support Services. Schedule A to this agreement includes a menu of support services available from the AAFD for all affiliated chapters. The AAFD seeks to provide reasonable support for our managed chapters, but if a requested service is not covered by our included services or chapter exceeds our reasonable allowance for included services, the AAFD will advise the chapter leaders that additional charges may apply, which services are available upon such terms as are negotiated with the chapter and/or as set forth in Schedule A. All prices reflect special members only pricing.

2. **AAFD National Dues and Minimum Dues Requirements.** As consideration for services contemplated herein each member of the Chapter shall pay AAFD full National Dues, including applicable initiation fees, in the amount set by the AAFD Trustees from time to time. Only Vested Chapters are entitled to Vested Chapter Management Support services set forth in paragraph 1B above, and Vested Chapters shall guarantee payment of minimum of annual National dues to maintain Vested Chapter status, currently in the amount of \$15,000 per year, exclusive of any initiation fees and special assessments (such as separate legal and/or marketing funds).
3. Services which are not specifically included are outside the scope of this agreement and are subject to further negotiation between the parties. The AAFD offers a menu of typically requested services, and the standard charges for such services are set forth in Schedule A to this agreement. Unless compensation is provided in Schedule A, or otherwise negotiated, additional services will be charged at the following rates:
 - a. **\$30** per hour for database entry;
 - b. **\$45** per hour for administrative services; and
 - c. **\$175-\$400** per hour for consulting services and/or legal consultation services.
 - d. **Expenses** such as copies, telephone service, postage, travel, etc. are not included in management fee and will be billed at AAFD current rates.
4. **Chapter Dues.** Each chapter board of directors (or steering committee) may set an amount for Chapter Dues to pay for discretionary expenses and expense reimbursements. Until the chapter's governing body sets a chapter dues amount, the AAFD sets the default amount for chapter dues at \$7 per month (\$84 annually) per dues paying member (not including *Additional Members*). If your Chapter maintains Vested Chapter Status, the Chapter may assess Chapter Dues according to the Chapter's annual budget. *All dues (both National and Chapter Dues) are revenues of the AAFD. The Chapter has no rights of ownership with respect to the Chapter Dues Credit balance, except as provided in this paragraph. All Chapter Dues may be commingled with the AAFD's general funds. Chapter has unrestricted use of its Chapter Dues while the Chapter maintains Vested Chapter Status, and if the Chapter elects to terminate its affiliation with the AAFD as provided hereafter, the AAFD will transfer the remaining balance of Chapter Dues as instructed by duly elected Chapter leaders on the date of termination of affiliation; PROVIDED, the AAFD may look to the Chapter Dues available funds to fulfill the Chapter's obligations to the AAFD.*

5. Services Covered by AAFD individual members National Dues:

- a. Full AAFD Franchisee membership, including all individual member benefits, for each of the Chapter's members.
- b. The pro-rated hourly charges of AAFD executive personnel, administrative and secretarial employees.
- c. The Chapter's pro-rated building occupancy charges, use of office facilities and basic office equipment, all pro-rated charges of employee hiring, training and retention, all employee benefits, and related heat, light, utilities and other related overhead costs for AAFD.

6. Services Not Covered by National Dues:

- a. Direct costs such as postage, office supplies, specific Chapter needs, copies, transportation or lodging, or the like.
- b. The preparation, stuffing, addressing, inserting, and collating of mass mailing,
- c. The chapter specific services of other related specialists, such as legal counsel, government relations, advertising or public relations counsel,
- d. Specific services such as printing, layout, typesetting, or other contracted outside services.
- e. Expenses related to Chapter telephone line(s).

The Chapter's Board of Directors will assess additional Chapter Dues as provided in Paragraph 4 above to cover these and all other expenses budgeted by the Chapter.

7. Chapter Reimbursement Should Chapter Fail to Launch

For a chapter to successfully launch, the AAFD requires a minimum of five (5) members to join. If a group decides to organize and form an Independent Chapter of the AAFD, but a fifth franchisee owner of your Trademark Chapter does not join within the first sixty (60) days of the exploratory call, those owners who did join will automatically be converted to an Associate Member (Value: \$79) for one year and the AAFD will refund everything but \$149 of the dues paid upon joining. The \$149 covers the Associate Membership plus the one-time, non-refundable initiation fee (\$70).

8. Vested Chapters are entitled to share in rebates and other patronage revenues generated from AAFD supplier programs in accordance with the AAFD's policies regarding such revenues as may be established by the trustees from time to time.
9. The AAFD offers a franchise system grading service to grade the current franchise disclosure document (UFOC or FDD) for the Chapter's franchise system against the AAFD's Fair Franchising Standards (value of \$9000) during the first year of this agreement at a special member rate of just \$6500 for forming chapters and \$6000 for Chapters that have achieved Vested Chapter Status. The AAFD will update the grading annually, or as required, at a special member only rate as may be established from time to time.
10. The Chapter is required to send a minimum of two delegates to the AAFD's Annual Meeting, and the Chapter's chapter fund will be charged for the registration of such two delegates regardless of actual attendance. The two required registrations will be charged at a special discounted rate as determined by the AAFD Board of Trustees. The Chapter is entitled to two voting delegates for every one hundred plus (100+) Chapter members as reported to the AAFD. For example, if the Chapter has 101 members, it is entitled to 4 voting delegates.
11. AAFD shall provide, in addition to its own office, all personnel, equipment, and facilities needed by it to perform such services and same shall be subject to its exclusive control.

12. Neither AAFD nor any of its employees shall be considered an employee of the Chapter within the purview of the Worker's Compensation Law, the Social Security Act, or in any other regard. AAFD agrees to indemnify and hold harmless from and against any claim for payment made by any government agency or authority, for withholding income taxes, social security payments, worker's compensation payments or similar payments based on the assertion that any employee of AAFD was an employee of the Chapter.
13. Unless otherwise agreed in writing, all written materials produced by AAFD in the performance of services for the Chapter hereunder shall be the sole property of the Chapter, and the Chapter shall have the sole right to obtain statutory copyright protection for such writings and AAFD shall exercise its best efforts to preserve and protect the right of the Chapter to obtain such copyright protection.
14. This Agreement may not be assigned by either party without prior written approval of the other party. However, AAFD shall have the right to use such of its personnel as it deems appropriate to complete its obligations under this Agreement, providing that the Chapter approves of such personnel.
15. This Agreement shall be for an initial term of one year from the date of this agreement and through the last day of month of the following year in which this agreement is made. Thereafter, this Agreement shall be and continue in full force and effect until terminated by either party on 90 days written notice of intention to terminate.
16. Notices and communications under this Agreement shall be sent by first class, prepaid mail to Association at the address provided by the Association, and to AAFD c/o Richard Stroiney, CEO, at Richard.stroiney@aafd.org. Substitution of the address for service of either party may be made by notice as set forth in this Paragraph 14.

IN WITNESS WHEREOF, all AAFD Franchisee Members are required to acknowledge the foregoing AAFD Management Policy Statement & Agreement as a condition of electing to be members of the AAFD, effective of the date of submitting their membership application to the AAFD. The AAFD may also require all chapters to acknowledge and approve this Chapter Management Policy Statement and Agreement by their respective representatives who have been duly authorized to acknowledge and approve this Agreement as of the effective date.



**American Association of Franchisees and Dealers
Menu of Management Services Available to AAFD Chapters
Schedule A**

Service	Cost for Forming and Small Chapters	Cost for Vested Chapters
1. Provide a tax-exempt legal entity to conduct Chapter business.	Included	Included
2. Provide a central office for written telephone or walk-in communication and storage of related business materials.	Included	Included
3. Coordinate and administer Membership Recruitment.	Included	Included
4. Maintain membership database.	Included	Included
5. Administer billing and membership fulfillment.	Included	Included
6. Establish and administer a chapter sponsored email listserv.	Included	Included
7. Maintain books of the chapter and perform bookkeeping functions.	Included	Included
8. Tax reporting obligations are included in the AAFD's annual non-profit tax returns. (Technically internal chapters are divisions of the AAFD).	Included	Included
9. Provide Chapter leadership with the AAFD's master Bylaws template.	Included	Included
10. Coordinate and administer distribution of information to the membership through email communications and up to one (1) mailing or fax communication per month.	Included	Included
11. Coordinate with committee chairpersons of the Chapter and provide assistance when requested up to 4 hours per month.	\$100 per hour	Included
12. Consult with Chapter leaders to develop the Chapter governance and annual budget, including customized support for the development of the Chapter Bylaws, goals and objectives, and Chapter budget.	\$175 per hour	Included
13. Act as liaison with all AAFD Chapters. Communicate with the Chapter officers on a regular schedule regarding status of the Chapter business regarding membership, administrative needs, etc.	\$100 per hour	Included
14. Coordinate and administer chapter specific membership services including Chapter newsletter, member benefits, agenda, goals and objectives.	\$45 per hour	Included
15. Organize and attend meetings of the managed chapters, based upon one physical annual meeting, if it is held in conjunction with the AAFD's Annual Meeting, and four quarterly teleconference meetings. (This covers support time for attendance. The Chapter will bear all reasonable travel expenses.)	\$50 - 150 per hour, depending upon personnel assigned	Included
16. Coordinate an email publication of a semi-annual Chapter Newsletter of up to 8 pages, or as negotiated.	\$75 per hour	Included
17. Administration and accounting for one (1) legal or marketing fund trust that is established according to AAFD policies and procedures.	\$250 per month	Included
18. Vested chapters are accorded AAFD Supporting (Supplier) Member status and can cross market their products and services to other AAFD members and chapters without paying Supporting Member base dues. (Other charges may apply)	\$500 per year	Included

19. Design and draft one (1) legal fund trust that is established in accordance with AAFD policies and procedures. (Standard program up to 5 hours of design and drafting services; other trust or entity design services as negotiated).	\$2000	\$2000
20. Dedicated Phone line and/or 800 #	Actual Cost	Actual Cost
21. Event Management - assistance with the planning of meetings content, and contract negotiation.	As negotiated	As negotiated
22. Management of vendor rebate programs	As negotiated	As negotiated
23. Marketing - graphic design	Actual Cost	Actual Cost
24. Marketing - market research and surveys of members needs	\$75 per hour	\$75 per hour
25. Marketing - public relations, including management of press releases	\$250 per release	\$250 per release
26. Marketing - chapter website (aafd.org subdomain setup)	\$500	\$500
27. Marketing - website maintenance/renewal	\$175/yr	\$175/yr
28. Marketing - web hosting	Actual Cost	Actual Cost
29. Support - attending board and committee meetings and maintaining minutes.	\$50 per hour	\$50 per hour
30. Support - provide assistance in development of issues and solution strategies.	\$175 per hour	\$175 per hour
31. Legal and Mediation Services.	\$400 per hour	\$400 per hour
35. Conference Call Bridge (unsecured bridges)	Free	Free
36. Statistical Services	As negotiated	As negotiated
37. Transcription Services	As negotiated	As negotiated
38. Other Administrative Support Services	\$45 per hour or as negotiated	\$45 per hour or as negotiated
39. Business Consulting	\$175 per hour	\$175 per hour