



American Association of Franchisees & Dealers *The Center for Total Quality FranchisingSM*

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February 22, 2020

Asm. Chris Holden
Capitol Office, Room 5132
P.O. Box 942849
Sacramento, CA 94249-0041

RE: AB-2672, California Franchise Relations Act

Dear Asm. Holden,

On behalf of the members of the American Associations of Franchisees and Dealer (AAFD), we thank you for authoring and introducing AB-2672, a bill that will provide technical updates and improvements to your previously authored and passed AB-525.

AAFD is the oldest and largest national not for profit trade association advocating the rights and interests of franchisees and independent dealer networks. The AAFD supports more than 40 independent franchisee associations and trademark specific chapters, representing thousands of franchisee operated business outlets. Since our establishment in 1992, the AAFD has focused on its mission to define, identify and promote collaborative franchise cultures that respect the legitimate interests of both franchisors and franchisees, cultures we describe as embracing our vision of *Total Quality FranchisingSM*. The AAFD came into existence in response to a franchising community that has been evolving towards increasingly one-sided and controlling franchise agreements and cultures whereby franchisee equity and business ownership has been continually eroding such that many modern franchise systems have lost all vestiges of business ownership.

AB-2672 includes three important updates to the California Franchise Relations Act. First, it will make previously passed AB-525 improvements included on all contracts **amended** since January 1, 2016, in addition to the previously passed new or renewed contracts. Second, it will ensure on a non-renewal or termination, when the franchisor takes possession of the outlet, that any offsets to the amount owed to the

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franchisee aren't unilaterally determined by the franchisor. And third, it will allow all the transfer language gained from AB-525 is required on all transfers where the buyer is required to sign a new franchisee agreement.

The AAFD enthusiastically endorses this legislation and will put its full support behind its passage. We appreciate your continued leadership on franchise issues. Thank you for supporting the local franchise owners by introducing AB-2672.

Respectfully submitted,



Robert L. Purvin, Jr,
Chair, Board of Trustees
American Association of Franchisees and Dealers



Keith R. Miller
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