



BrightStar® Independent Franchisee Association
an Affiliated Chapter of the
American Association of Franchisees & Dealers
The Center for Total Quality Franchising®

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October 11, 2018

Shelly Sun, CEO
BrightStar Franchising, LLC
1125 Tri State Parkway #700
Gurnee, IL 60031

Dear Ms. Sun:

The BrightStar Independent Franchisee Association (BIFA) has engaged the American Association of Franchisees and Dealers to grade the BrightStar franchise system to the AAFD's Fair Franchising Standards. Pursuant to our engagement, the AAFD has evaluated the BrightStar 2018 version franchise agreement and a focus group of BrightStar Care franchisees are in the process comparing BrightStar's actual practices to the AAFD Standards.

STANDARD 2.0. GENERAL STANDARD. *A franchise agreement should grant a franchisee the right, subject to stated obligations, to own and operate a business in a defined market or territory under the franchisor's trade name, trademarks, trade dress and in conformity with the franchisor's business and marketing system as it may exist from time to time. A franchise relationship should be based upon mutual respect and recognition among the franchisor and its franchisees of the respective rights and interests of one another, as those rights and interests may be expressed in a franchise agreement that conforms with these Standards, or that has been negotiated on a system-wide basis taking into account these Standards.*

A group of 11 BrightStar franchise owners invested more than 250 man-hours to evaluate every aspect of the BrightStar franchise system. Although we hoped to have this project completed by the BrightStar annual conference, we determined a thoughtful and careful assessment of each element was more important than meeting a deadline. We now expect to complete the final report in November.

The resulting report will provide context and insight that no owners have had to date. More importantly, we hope this effort will launch a serious dialogue with BrightStar management aimed at capitalizing on what we do well and achieving improvement that will benefit all stakeholders in the BrightStar community. We expect these improvements to make the franchise terms more attractive and financially viable for prospective franchisees and restore new unit sales to the levels achieved in 2009 – 2014.

Quite simply, our ultimate goal is that our BrightStar brand earns the AAFD's Fair Franchising Seal. By meeting these standards the franchise will have achieved a level of equitability that respects and acknowledges the risk assumed and equity built by franchisees.

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It should be noted that the AAFD's Fair Franchising Standards have been developed over more than 20 years to provide a basis for fair and balanced Franchise agreements that recognize and fulfill the legitimate business needs of both franchisors and franchisees. The AAFD Standards are themselves the product of negotiation between franchisors, franchisees and franchise attorneys, with equal weighted voting. The AAFD Standards Committee is divided into a franchisor division, a franchisee division and an attorney division. During many of our sessions we also had participation from representatives of the North American Association of Securities Administrators (NAASA). In order to approve a standard, each division must approve the standard by a majority vote, and two-thirds of the entire committee must vote in favor of the standard. Almost all of our standards receive a near unanimous approval. It is important to note that the AAFD Standards are intended to respect the needs of both franchisors and franchisees.

The AAFD now offers accreditation in the form of our *Fair Franchising Seal* to franchise companies that recognize independent franchisee associations and have negotiated Franchise agreements that substantially comply with the AAFD Standards. It is the AAFD's purpose to place Fair Franchising Seal recipients on a pedestal in the franchising marketplace.

We invite you to join us for a task force meeting in November to discuss the findings and the path to earning the AAFD Fair Franchising Seal. Please let us know your availability after November 10th.

Sincerely,

Tim Golden, GA

Patricia Preztunik, NJ

David Evans, GA

Amy Adaniel, FL

Paul Wichman, CA

Lynn Berberich, MD

Ignacio Cespedes, CA

Mechell Vieira, CA

Katherine Ross, TX

Kathy Lyons, WA

Jim Flickinger, IL

Bob Brueckman, MD

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CC: Franchise Advisory Council