

ROMANIAN FRANCHISE ASSOCIATION

General Conditions of Membership

In joining the Romanian Franchise Association Members, Associate and Full, commit themselves to comply with the terms of the following, policies and procedures as published by the Association:

The Code of Ethical Conduct ; The Disciplinary Procedure ; The Complaints Procedure; The Appeals Procedure

In addition Members also agree to provide to the Association any non-confidential information relating to their franchise business or relating to the standing and qualifications of its Directors, as may be requested by an authorized official of the Association.

Members also agree to provide a full-time official of the Association, so authorized by Council, access (at reasonable times and on reasonable notice) to confidential information relating, to the franchise and its standing (on the understanding, that such information remains confidential to the authorized official).

The Association offers a conciliation service and an Arbitration Scheme under the auspices of the COMMISSION of MEDIATION which is available to franchisors and franchisees who jointly agree to use the service.

Members of the Association also seek to comply with the spirit and intent of the Guidelines to Best Practice as published by the Association from time to time. In respect of both the foregoing general conditions of Membership, and the following specific terms, whilst the Association will use its best endeavors to establish the eligibility of an applicant, the onus for demonstrating that the criteria have been met on initial accreditation or re-accreditation lies finally with the applicant.

Summary of Membership Criteria and Categories

Associate and Full Members:

· Viable / Franchisable / Ethical / Disclosed

Full Members:

· Proven trading, and franchising record

The following specific terms of Membership apply to both Associate and Full Members. Each term sets out a general condition that the applicant must fulfill. Each general condition is followed by examples of how applicants **will** ordinarily be expected to demonstrate that the condition has been met.

1. Viable: All members of the ARF will have provided evidence to show that their product or service is **saleable**, and furthermore saleable at a profit that will support a franchised network.
2. Franchiseable: All members of the ARF will have demonstrated that they have the means to transfer their know-how to a new operator at arm's length. Most will have done so at their own risk through at least one managed **pilot** franchise operation.
3. Ethical: The ARF has joined with its sister bodies in Europe and around the world to devise a new and expanded code of ethics which all members commit themselves to abide by. The code requires standards of conduct in advertising for franchisees and in recruiting and selecting them, and sets minimum conditions for the terms of franchise agreements. Those terms are both critical and complex.
4. Disclosure: All ARF members agree that they will, in advance of any lasting **contractual** agreement, disclose without ambiguity to prospective franchisees the information on their business which is material to the franchise agreement.

Members submit their then current offer documents to the association as part of the accreditation procedure.

The Romanian Franchise Association (ARF) is a non-profit organization established in the beginning of 2006. Since the "franchise" idea is a new one in Romania, the ARF aim is to "learn" the Romanian entrepreneurs about it. ARF wants to give them a chance to do business and also to find out about the advantages of using a franchise.

