

## AFFILIATION CHARTER

This Charter, effective the first day of September 2006 is made between the National Association of Personal Financial Advisors, an Indiana nonprofit corporation with its principal place of business at 3250 North Arlington Heights Road, Suite 109, Arlington Heights, IL 60004 ("NAPFA") and [Name of Region], South Region a nonprofit corporation (the REGION).

WHEREAS, NAPFA's mission is to promote the public interest by advancing the financial planning profession and supporting our members consistent with our core values;

WHEREAS, NAPFA's members are currently assigned to a REGION based upon geographic location;

WHEREAS, THE REGION's mission is to promote, develop, recruit, educate and represent members within a geographic area with the goal of implementing NAPFA's strategic plan through mutually supportive interaction.

WHEREAS, in order to provide maximum flexibility to respond to future relations between the national organization and the regions, the Board of Directors (BOD) will determine policies and procedures to implement the spirit of this affiliation. Each region will have a voice in these policies and procedures through their representation on the BOD.

THEREFORE, in furtherance of the mutual promises and consideration in this Charter, the parties agree as follows:

1. GRANT OF CHARTER

NAPFA hereby grants a charter to the REGION to affiliate with NAPFA, and the REGION shall be authorized to use the trademark "NAPFA" in its name, subject to the following terms and conditions.

2. MEMBERSHIP

All Members of NAPFA will belong to a REGION determined by geographic location. Members can only belong to a single Region at any time, and all members of a Region must be members of NAPFA.

3. OBLIGATIONS OF NAPFA

NAPFA's obligations under this Charter shall be to provide administrative and other support to the REGION, including the following:

- a. paying agreed-upon expenses of the REGION chair to participate on the NAPFA BOD (travel, hotel and food);

- b. paying the REGION's portion of NAPFA strategic planning costs and Presidents' Council expenses;
- c. facilitating the REGION conference calls;
- d. providing administrative support at REGION meetings;
- e. maintaining records related to the REGION's members, educational programs, standards, mailings of publications, use of educational materials, and other activities and operations;
- f. maintaining financial books and records for the region;
- g. providing monthly financial reports to the REGION;
- h. providing and paying filing fees for legally required filings, such as annual corporate returns and tax filings, as may affect its corporate or tax status, based on information provided by the REGION;
- i. providing Directors and Officers Insurance for the REGION, based on cost and availability;
- j. providing a member allotment, described below.

#### 4. MEMBER ALLOTMENT AND SPECIAL INITIATIVES FUNDING

The REGION will be allocated an amount for an upcoming fiscal year (e.g., 2006-2007) to pay for certain expenditures as provided herein.

4.1 The member allotment will equal the number of members and affiliates in the REGION as of May 1 of the current fiscal year (e.g., 2005-2006) multiplied by 20% of the annual dues for each membership category as of May 1 of the current fiscal year with a minimum of \$100 per NAPFA-Registered Financial Advisor and Provisional Member. Allotment dollars for Corporate Firm memberships will be paid at 20% of total firm dues paid.

4.2. The REGION shall submit a budget to NAPFA showing intended uses of the member allotment. The budget shall be subject to advance written approval by the Board of Directors of NAPFA. After approval, the REGION may spend its member allotment in accordance with the approved budget but may be changed with approval by the REGION Board of Directors. As long as expenditures are within the total approved budget, no further approval from the Board of Directors of NAPFA is needed. However, expenditures in excess of the total approved budget shall be subject to advance written approval by the Board of Directors of NAPFA. Expenditures may be made for activities that will occur in a subsequent fiscal year but the expenditure will be charged against the fiscal year in which the activity occurs and thus will be accounted for as expenditure against the membership allotment for the subsequent fiscal year. Any amount not expended by the end of the fiscal year in accordance with the approved budget or approved amendments to the budget will revert to NAPFA within 30 days after the end of the fiscal year.

4.3 The member allotment is intended but not limited to covering such expenses as study groups, scholarships, and special projects and initiatives. It is a goal of NAPFA to bring consistency and best practices to the activities of its REGIONS.

4.4 Upon written request by the REGION, the REGION will be allocated up to \$10,000 each fiscal year for special projects and initiatives. Any amount not expended by the end of the fiscal year will revert to NAPFA within 30 days after the end of the fiscal year.

#### 5. OBLIGATIONS OF THE REGION

The obligations of the REGION under this Charter shall, without limitation, include the following:

5.1 The REGION shall conduct all of its activities under this Charter in accordance with the highest legal and ethical standards, and in accordance with policies and procedures set forth in NAPFA's policy manual concerning Region organizations.

5.2 The REGION is governed by a set of duly approved Bylaws. Any proposed amendments to the Bylaws of the REGION must be submitted to the Board of Directors of NAPFA for prior approval.

5.3 The REGION shall submit, annually prior to each July 31, its budget (prepared in accordance with NAPFA's format).

5.4 The REGION shall provide a written description of any other activities the REGION has undertaken pursuant to this Charter by each July 31<sup>st</sup>.

5.5 The REGION shall submit minutes from all membership and Board meetings within 60 days after the meeting for posting to NAPFA's "Members Only" portion of the web site.

## 6. CONFERENCES

6.1 The NAPFA Board of Directors is responsible for the master planning of all NAPFA conferences. Conferences will be scheduled by the NAPFA Board of Directors for rolling three-year periods. The NAPFA Board of Directors shall seek input from and collaborate with REGIONS Board of Directors during this process. The NAPFA Board of Directors will attempt to accommodate REGION requests relating to conferences but conflicts will be resolved by the NAPFA Board of Directors. The NAPFA Board of Directors shall approve each conference budget. Profits from each conference will be paid to and owned by NAPFA.

## 7. CONFIDENTIAL INFORMATION

The REGION shall, during the term of this Charter and thereafter, maintain the confidentiality of any or all of NAPFA's confidential or proprietary information or data (collectively, "Confidential Information"). Such Confidential Information shall at all times remain the property of NAPFA and shall be deemed to be furnished to the REGION in confidence and solely in connection with the REGION's obligation under this Charter. Upon termination of this Charter for any reason, the REGION shall immediately deliver to NAPFA all written documentation, including copies, of or concerning such Confidential Information, shall make no further use thereof, and shall make reasonable efforts to ensure that no further use is made by the REGION. The REGION's confidentiality obligations under this section shall survive the expiration or termination of this Charter.

## 8. RESERVES

The REGION shall transfer any reserves to NAPFA within 30 days of the end of the 2005-2006 fiscal year.

9. TERM OF CHARTER

Term of Charter. This Charter shall be operative and in full force and effect and will remain in force unless terminated by either party under procedures outlined in Section 10 of this Charter.

10. TERMINATION OF CHARTER

Either party may terminate this charter, with all of its attendant rights and obligations upon thirty (30) days notice to the other party in the event of a material breach of this Charter or upon 180 days notice for other cause, as determined by the terminating party's Board of Directors. Upon termination, the REGION shall cease all use of NAPFA's name in the name of the REGION, shall cease the usage of NAPFA's logos and other intellectual property, and shall cease identifying itself as a region of or as affiliated with NAPFA.

11. MISCELLANEOUS

11.1 Entire Charter. This Charter together with any exhibits hereto constitutes the entire Charter between NAPFA and the REGION with respect to the subject matter hereof. This Charter may be amended by written agreement between the parties.

11.2 Controlling Law. This Charter shall be governed by and construed in accordance with the laws of the State of Illinois.

11.3 Waiver. Any waivers by either party to this Charter of any provision shall not be construed as a waiver of any other provision of this Charter, nor shall such waiver be construed as a waiver of such provision with respect to any other event or circumstance, whether past, present, or future.

11.4 Severability. If any provision of this Charter is determined to be invalid or unenforceable in whole or in part, the remaining provisions shall be enforceable to the maximum extent possible.

11.5 Successors and Assigns. This Charter shall inure to the benefit of the parties and their successors and assigns. Neither party may sublicense or assign any of its rights or obligations under this Charter without the prior written consent of the other party.

11.6 Notice. Any notice contemplated by, or made pursuant to, this Charter shall be in writing and made by courier or mail, (postage prepaid) addressed or directed to NAPFA at its headquarters and to the REGION at the address of its then current President or Chairman, as shown on NAPFA's records.

IN WITNESS WHEREOF, the parties have caused this Charter to be executed by their duly authorized representatives, effective as of the date first written above.

THE REGION

Carolyn McClanahan, CFP

By Carolyn McClanahan

Title South Region Chair

Date May 13, 2008

NAPFA

By Ellen Juy

Title CEO

Date 5/13/08