



SOMMERS FINANCIAL MANAGEMENT

**144 S. 14th Street - PO Box 1552 - Saint Helens, Oregon 97051
(503) 397-1545 - www.sommersfinancial.com**

Investment Advisory (Management) Agreement

This Agreement confirms Sommers Financial Management's ("we") and the Clients' ("you") understanding of the terms and objectives of our appointment and that you understand the nature and limitations of the services that we provide.

- 1. Appointment and Duties.** To provide such management services, you hereby appoint Sommers Financial Management as attorney-in-fact with discretionary trading authority to manage your assets. We are granted authority to open securities accounts and give instructions to buy, sell, or transfer stocks, bonds, mutual funds, options and other securities or financial instruments on your behalf. This authority does not grant us the right to take custody or possession of your funds or securities, except for payment of advisory fees, which may be deducted from your account. However, as long as it is within our fiduciary duty, we may take any action or non-action as we deem appropriate, without any further consent from you, and we may exercise our discretion as it pertains to your investments as fully and freely as you may do as owner. A separate Limited Power of Attorney agreement will be signed as required by the custodian of your choice. You acknowledge that you are at least 18 years of age and have legal capacity to enter into this agreement. If this is a joint account, then obligations under this agreement shall be joint and several.
- 2. Custodial and Broker Services.** We currently recommend that our clients use the custodial and broker services of TD Ameritrade Institutional (Ameritrade), whose stock trades on the NASDAQ under the symbol AMTD. If you utilize Ameritrade, the Securities Investor Protection Corporation (SIPC) and a private insurer will protect your account up to \$25,000,000. SIPC covers \$500,000 (\$100,000 in cash), and a private carrier covers the additional \$24,500,000. This insurance does not cover the loss of investment principal. You will receive prospectuses, confirmations and monthly statements from the broker and/or custodian processing your transactions. You understand that Sommers Financial Management's recommendation of Ameritrade was based on our judgment that Ameritrade provides the range and quality of brokerage services necessary to obtain the best available price and most favorable execution to you. The basis for selecting Ameritrade is based on the fact, in part, that they have capable brokers or traders, competent block trading coverage, good communication, ability to position, use of automation, administrative ability, and competitive commissions and fees. In our best judgment, we believe the services offered by Ameritrade are most adequate when compared to any other broker/custodian. While Sommers Financial Management recommends Ameritrade, you understand that you can and may use the custodial broker of your choice.
- 3. Client's Financial Circumstances and Market Risk.** You agree to provide information regarding your financial circumstances, investments, income, tax situation, estate plan, and other pertinent facts in order for us to perform services under this agreement. You agree to keep us informed of any changes in your financial circumstances, including but not limited to changes or loss in employment, assets, liabilities, net worth, family health or marital status. You may communicate these changes to us orally, by email, by facsimile, or by regular, registered or certified mail. If a dispute as to delivery of this communication arises, changes in financial circumstances will not be considered delivered to us unless it occurred by hand, registered or certified mail. You acknowledge the fact that we cannot adequately provide the services incorporated herein unless you provide such information regarding your financial circumstances completely and candidly. You acknowledge that the value of our analyses and recommendations depends entirely upon the adequacy and accuracy of the information provided by you. You acknowledge that we have discussed the various risks involved in our management of your investment portfolio. These risks include, but are not limited to investment risk, volatility risk, inflation risk, market risk, beta risk and changes in law. You understand that management of your investments is not a guarantee that you will earn a certain amount or that you will be able to meet your financial goals. You acknowledge that we perform investment advisory services for various clients. You agree that we may give advice and take action in the performance of our duties with respect to any of our other clients, which may differ with respect to our own, or your accounts.
- 4. Confidentiality.** Upon your written approval, we can obtain such information from your accountant, attorney, or other advisors and allow us to rely upon such information without verification and assume that said information is complete and candid. All information and advice furnished by any parties to the other, including their agents, attorneys, and employees, shall be treated as

confidential and not disclosed to third parties except as agreed upon in writing or required by law. You expressly permit us to discuss such information among members of our company, our affiliates, successors and potential successors.

- 5. Transactions Initiated By Client.** If you initiate transactions on your own, you are responsible for all transactions you execute, the cost of their execution, and their impact on your overall investment portfolio. If you instruct us to liquidate or initiate a transaction that we believe is not appropriate, we will require a written statement. Without such written instructions, Sommers Financial Management can refuse to initiate the transaction and immediately terminate our agreement and we will not be responsible for principal loss whether or not it was caused by our intentional delay.
- 6. Legal Advice and Limit of Liability.** You will indemnify and hold us, our affiliates, directors, officers, and employees, successors, assignors and assignees, harmless from all losses, claims, damages, liabilities and costs, including attorney fees, which we may incur by relying on your representations. We will not be held responsible for any loss incurred by reason of any act or omission of you, a custodian, or any broker-dealer. You understand that investments including stocks, bonds and mutual funds are neither FDIC-insured nor guaranteed by the U.S. Government and are not deposits or obligations of, or guaranteed by, any bank, or us, and are subject to market risks including possible loss of principal. You acknowledge that we obtain a wide variety of publicly available information from numerous sources including but not limited to SEC filings, Value Line, Standard & Poor's, Morningstar, and various newspapers and periodicals and that we do not verify such information, and that we do not claim to have sources of inside or private information. **Sommers Financial Management does not guarantee the investment performance or results of any recommendation or advice.** You bear the risk of all investment losses even if Sommers Financial Management recommended them to you. You acknowledge and it is agreed that we are not qualified to and will not render any legal advice nor prepare any legal documents for use in connection with your financial, investment or estate plans. You are encouraged to obtain legal services from professional sources to implement any of our recommendations or consult with your attorney as it pertains to this agreement.
- 7. Fees and Lien on Account.** You agree to pay our fees as designated in Exhibit A of this Agreement. You are responsible for the costs of all transaction costs including stock and bond trades, transfer fees and for any fees including load and 12b-1 fees, which are charged directly by the mutual fund companies. You agree that we can liquidate your investments to the extent necessary to pay our fee should insufficient cash not be available in your account. This may result in a loss of principal for which you bear the responsibility.
- 8. Technologies Limitations.** You understand that your broker and we utilize various technologies to manage your investments, including the Internet. Although we take reasonable steps to ensure security of your personal information, we are not responsible for the failure of any technology or encryption service that we use that results in a breach of security. We pledge that we will take all steps to ensure that your personal information is not compromised. You acknowledge that any communication to you or us via the use of e-mail or facsimile is inherently not secure and that we can take no steps to ensure that your information is private.
- 9. Transfers, Assignments, Termination and Other.** Sommers Financial Management retains the right to transfer our obligations, rights and interests herein under this agreement. If we assign the contract, we must obtain consent from you. This agreement is binding on all heirs, executors, administrators, legal representatives, successors and assigns of the respective parties. Either you or we may terminate this agreement upon written notice to the other. If this agreement is terminated prior to completion of advisory services, you agree to pay all fees for services rendered and we agree to refund all unearned prepaid fees. You have the right to rescind this agreement with no penalty within five business days from the date you signed this contract. By signing this agreement, you acknowledge that you have received a true copy of the investment advisory statement (Form ADV) and all exhibits as filed with the Oregon Department of Consumer and Business Services.
- 10. Disputes between Parties and Legal Provisions.** This agreement represents the complete agreement of the parties with regard to the subject matter and supersedes any prior understanding of agreements, oral or written. This agreement may be amended or revised only by an instrument signed by Sommers Financial Management and you. This agreement and its enforcement shall be governed by the Laws of the State of Oregon, provided that nothing herein shall be construed in any manner inconsistent with any rule, regulation, or order of the Securities and Exchange Commission promulgated there under. Any controversy or claim arising out of or relating to this agreement or to construction or breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment of the award rendered by the arbitrators shall be final and may be entered in any court having jurisdiction thereof. You agree that all arbitrator hearings can be heard in the State of Oregon. You acknowledge that we are entitled to reasonable fees and reimbursement of out of pocket expenses should you desire our presence at any court, administration, legal hearing or similar venue. If any provision or condition of this agreement shall be held to be invalid or unenforceable by any court, or regulatory or self-regulating body, such invalidity or unenforceability shall attach only to such provisions or condition. The validity of the remaining provisions and conditions shall not be affected thereby, and this agreement shall be carried out as if such invalid or unenforceable provision or condition were not contained herein.

EXHIBIT A

1. **SCHEDULE OF FEES.** Sommers Financial Management charges quarterly management fees in arrears, based on the account’s market value as of the last day of the preceding quarter.

<u>Client’s Aggregate Balance</u>	<u>Approximate Annual Fee Rate</u>	<u>Quarterly multiplier</u>
<input type="checkbox"/> Up to \$100,000	1.2% of Assets Under Management	0.0030
<input type="checkbox"/> \$100,000 to \$1,000,000	1.0% of Assets Under Management	0.0025
<input type="checkbox"/> \$1,000,000 to \$3,000,000	0.8% of Assets Under Management	0.0020
<input type="checkbox"/> \$3,000,000 to \$5,000,000	0.6% of Assets Under Management	0.0015
<input type="checkbox"/> \$5,000,000 to \$10,000,000	0.4% of Assets Under Management	0.0010
<input type="checkbox"/> More than \$10,000,000	0.2% of Assets Under Management	0.0005
<input type="checkbox"/> Non-Profit Account	0.2% of Assets Under Management	0.0005
<input type="checkbox"/> Certificate of Deposit Only Account	0.6% of Assets Under Management	0.0015

Example: Client has a Roth IRA valued at \$24,870 and a Traditional IRA valued at 342,121, for an aggregate balance of \$366,991 as of March 31st. The fee for the quarter ended March 31st, billed on April 1st, would be calculated as \$366,991 x .0025 = \$917.48.

2. **Payment of Fees.** Unless the box below is checked, invoices for investment advisory services pertaining to this agreement will be submitted to the custodian and paid directly from your managed investment account.
- The client and SFM have agreed to bill the client directly, with payment due upon receipt of invoice.*
3. **Deposits.** All deposits and monthly contributions to client accounts must be made to the custodian/broker of the account. Please DO NOT make checks for deposit into your account payable to Sommers Financial Management.
4. **Client’s Estimated Aggregate Balance** to be managed as of the date of signing this agreement:

\$ _____

I hereby acknowledge the terms of this Agreement and the disclosures made above.

_____/_____
Client’s Signature / Date

_____/_____
Client’s Signature / Date

Client’s Printed Name

Client’s Printed Name

_____/_____
SFM Authorized Signature / Date