

BAKER FINANCIAL SERVICES

ENGAGEMENT AGREEMENT

This Agreement is made between BAKER FINANCIAL SERVICES, a Registered Investment Adviser (hereinafter called the "Advisor"), and _____ (hereinafter called the "Client").

1. SERVICES OF ADVISOR

Advisor shall provide the following service(s). Client may select any or all of the services detailed below: (Please initial.)

_____ (a) **FINANCIAL PLANNING**

Advisor will collect the pertinent data, conduct personal interviews with the Client, prepare computer-assisted analyses of the financial data, and present a written financial plan to the Client based upon the objectives and priorities stated by the Client. The Advisor will be available to help the Client implement the recommendations.

_____ (b) **FINANCIAL CONSULTATION**

Advisor will provide financial planning and/or investment advice on an hourly basis for specific questions or situations, as requested by the Client.

_____ (c) **INVESTMENT ADVISORY SERVICES**

Investment advisory services will include investment selection recommendations and portfolio management advice for the Client's investment portfolio. Management may include the review, recommendations, and/or analysis of investment assets agreed to by Client and Advisor.

Portfolio management will be effected through discretionary trading authority (i.e., a limited power of attorney) on the Client's brokerage accounts or through investment recommendations on non-discretionary accounts. Investments utilized may include, but not be limited to, cash equivalents, stocks, bonds, mutual funds, and annuities. These services will also include regular quarterly reports.

Fees for the above referenced services are outlined in Section 8.

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2. RESPONSIBILITIES OF THE CLIENT

- (a) The Client agrees to provide information regarding his income, investments, assets, liabilities, business interests, income tax situation, estate plan, and other pertinent matters as requested by Advisor from time to time. The Client also agrees to discuss his financial objectives and any other issues necessary to allow Advisor to properly evaluate the Client's overall financial situation. The Client acknowledges that Advisor cannot adequately perform its services on the Client's behalf unless the Client performs this responsibility and that Advisor's analysis and recommendations depend upon and are based on the information provided by the Client. Client agrees to inform the Advisor promptly of any significant changes in the Client's financial circumstances or personal investment objectives.
- (b) The Client agrees to permit Advisor to consult with and obtain information about the Client from the Client's accountant, attorney, and other advisors. Advisor shall not be required to verify any information obtained from the Client, his attorney, his accountant, or his other advisors and is expressly authorized to rely thereon.
- (c) In regard to financial planning services, the Client is free at all times to accept or reject any recommendation from Advisor and the Client acknowledges that he has the sole authority with regard to the implementation, acceptance, or rejection of any recommendations or advice from Advisor.
- (d) The Client is free to obtain legal and accounting services from any professional source to implement the recommendations of Advisor.

3. CONFIDENTIALITY

All information and advice furnished by either party to the other, including their agents and employees, shall be treated as confidential and not disclosed to third parties except as agreed upon in writing, by verbal authorization, or as required by law or regulatory authorities.

The person or persons who perform the function of collecting and processing confidential financial data for analysis from the Client may be employees or agents of the Advisor. Such persons are strictly instructed to keep such information and data completely confidential.

4. INSIDER TRADING POLICY

Pursuant to Section 204A of the Investment Advisers Act of 1940, the Advisor has established written policy and procedures to prevent the misuse of material non-public information ("inside information"). In order to ensure compliance, it is the responsibility

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of the Client to notify Advisor if the Client is an insider, becomes an insider, or changes his status as an insider for any publicly traded entity. Trades executed by the Advisor in such securities in which the Client is an insider will be done only upon receipt of the Client's written direction affirming that such trades are not based on any inside information.

5. REPRESENTATION FOR THE CLIENT

It is understood that certain employees of the Advisor are also registered representatives with GRB Financial, registered Securities Broker-Dealers. In such capacity, as registered representatives, certain employees may participate in and receive the usual customary commissions or fees on the investments in which the Client invests. Certain employees of Advisor are licensed to sell insurance products suitable for Client's needs and goals. In this capacity, representatives will receive commissions from the purchase of these insurance products.

In the event certain employees of the Advisor are acting in either capacity, the potential for a conflict of interest could exist. However, it is the intent of the Advisor to act for the benefit of the Client. The Client is under no obligation to purchase investment or insurance products through the broker-dealer or any insurance company.

Clients are sometimes referred to the Advisor. Referral fees may be paid as a result of this referral. All Clients sign a disclosure acknowledgment letter detailing this relationship and the referral fee rate. The Client's fees are not increased or decreased in any way as a result of this referral.

6. MEDIATION

If a dispute arises out of our engagement and cannot be settled through negotiation, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association, the NASD, or another suitable group, before resorting to arbitration, litigation, or some other dispute resolution procedure.

This mediation clause does not constitute a waiver of the Client's rights under the Investment Adviser Act of 1940, including the right to choose the forum in which Client seeks dispute resolution.

7. LEGAL, ACCOUNTING, AND TAX SERVICES

Client agrees that Advisor and its employees will not render any legal, accounting, or tax advice nor prepare any legal, accounting, or tax documents for the implementation of Client's financial and investment plans. Client agrees that his personal attorney and/or accountant solely shall be responsible for providing the following: (a) all legal/accounting/tax advice; (b) all legal/accounting/tax opinions; and (c) all legal/accounting/tax documents.

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Any recommendations the Advisor provides for the Client having tax, accounting, or legal implications will be suggestions only and should be reviewed by the Client's attorney and accountant prior to implementation.

8. FEES TO ADVISOR

In consideration of the following services rendered by Advisor, including its agents, employees, and others, the Client shall pay to Advisor a fee payable as follows:

(Please initial the appropriate space.)

____ (a) **FINANCIAL PLANNING**

As compensation for the preparation of Client's initial financial plan, Client agrees to pay Advisor a fee based upon Advisor's estimate of the total time required. A Minimum Fee and Maximum Fee are stated below.

One-half of the Minimum Fee will be due upon Client's signing of this Agreement. The remaining fee will be billed to Client upon delivery of Client's plan. In no event, however, shall the total fee exceed the Maximum Fee, or shall the plan not be completed within six months.

Minimum Fee: \$ _____

Maximum Fee: \$ _____

Renewal fees are based on actual time required to provide review and updating of the Client's Financial Plan and to provide other services as requested by the Client. The fees will be based on an hourly rate of \$150 for Advisor time and \$50 for Staff time.

____ (b) **FINANCIAL CONSULTATION**

As compensation for the rendering of financial planning and/or investment advice for specific questions or situations as requested by the Client, the Advisor will bill the Client on an hourly basis.

The fees will be based upon an hourly rate of \$150 for the Advisor and \$50 for Staff time.

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_____ (c) **INVESTMENT ADVISORY SERVICES**

Advisor's fee for investment advisory services shall be at the current annual rate in effect at the time the services are performed as specified in the latest Form ADV Part II of the Advisor. The current annual rate as of the date of the Agreement is as follows:

<u>Total Assets Managed</u>	<u>Annual Fees</u>
\$0 to \$249,999	\$2,500 annually
\$250,000 to \$999,999	1%
\$1,000,000 to 2,499,999	.875%
\$2,500,000 to \$4,999,999	.75%
\$5,000,000 to \$10,000,000	.50%

The Advisor agrees to notify the Client promptly in writing if the Advisor's fees are adjusted. The advisor retains the right upon his/her discretion to give a discount or negotiate the above fees to potential or current clients.

This fee will be payable quarterly and will be based on the market value of the Client's portfolio at the end of the last trading day of the client's billing quarter at one-fourth of the above annual rate.

Advisor's management fee is payment for management of the account(s) by Advisor. Any fees, commissions, internal mutual fund or money market fund management expenses, transaction fees, etc. that are charged against the account(s) are separate from Advisor's management fee and will be deducted from the appropriate account(s) by the Custodian.

9. RIGHT TO CANCEL

Client acknowledges receipt of Part II of Form ADV, a disclosure statement containing the equivalent information, or a disclosure statement containing at least the information required by Schedule H of Form ADV if the Client is entering into a wrap fee program sponsored by the investment advisor. If the appropriate disclosure statement was not delivered to the Client at least 48 hours prior to the Client's entering into any written or oral advisory contract with this investment advisor, then the Client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding.

10. DURATION AND TERMINATION

This Agreement shall remain in full force and effect until terminated by either the Client or the Advisor. This Agreement may be terminated by either party upon receipt of written notice from the other party. The fees for the quarter in which termination of the

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Agreement occurs shall be refunded on a pro-rata basis. Upon termination of the Agreement, Advisor will have no obligation to take any action with regard to investments in the Client's account(s).

11. RISK ACKNOWLEDGMENT

Advisor does not guarantee the future performance of the Client's account(s) or any specific level of performance, the success of any investment decision or strategy that Advisor may use, or the success of Advisor's overall management of the Client's account(s). Market fluctuation will cause account values to be more, or less, than the original purchase price.

12. EXECUTION OF INVESTMENT ACCOUNT TRANSACTIONS

Advisor will arrange for the execution of securities transactions for the Client's account(s) through brokers or dealers. In selecting a broker or dealer, the Advisor may consider, among other things, the broker or dealer's execution capabilities, reputation, and access to the markets for the securities being traded. The Advisor generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions for the Client's account(s).

Advisor may direct transactions to brokers in return for research services furnished by them to the Advisor. Such research generally will be used to service all of the Advisor's clients, but brokerage commissions paid by the Client may be used to pay for research that is not used in managing the Client's account(s). The Advisor may, in its discretion, cause the Client's account(s) to pay brokers a commission greater than another qualified broker might charge to effect the same transaction where the Advisor determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

13. REQUIRED DISCLOSURES

The Advisor is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and with the State Securities Board of the State of Texas. The Advisor has delivered information providing disclosures regarding the Advisor's background and business practices.

14. RETIREMENT OR EMPLOYEE BENEFIT PLAN ACCOUNTS

This section applies if the investment portfolio contains property of: (i) a pension or other employee benefit plan (including a 401(k) plan) governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) a tax-qualified retirement plan (including a Keogh plan) under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and not covered by ERISA; or (iii) an individual retirement account ("IRA") under Section 408 of the Code.

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If the investment portfolio contains property of a plan subject to ERISA, the Client appoints the Advisor, and the Advisor accepts its appointment, as an “investment manager” for purposes of ERISA and the Code, and the Advisor acknowledges that it is a “fiduciary” within the meaning of Section 3(21) of ERISA and Section 4975(e)(3) of the Code (but only with respect to the provision of services described in Section 1 of this Agreement). The Advisor represents that it is registered as an investment advisor with the Securities and Exchange Commission.

The Client represents that the Advisor has been furnishing true and complete copies of all documents establishing and governing the plan and evidencing Client’s authority to retain the Advisor. The Client will furnish promptly to the Advisor any amendments to the plan, and the Client agrees that, if any amendment affects the rights or obligations of the Advisor, such amendment will be binding on the Advisor only when agreed to by the Advisor in writing. If the account contains only a part of the assets of the plan, the Client understands that the Advisor will have no responsibility for the diversification of all of the plan’s investments, and that the Advisor will have no duty, responsibility, or liability for the Client’s assets that are not in the account.

15. OTHER LEGAL ACTIONS

The Client agrees that the Advisor will not advise or act for the Client in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the account or involving the issuers of these securities (“Legal Proceedings”).

16. PROXY VOTING

The Client agrees that: (check applicable box)

/ / The Advisor **will vote** proxies for securities held in the account. The Advisor is authorized and directed to instruct the Custodian to forward promptly to the Advisor copies of all proxies and shareholder communications relating to securities held in the account (other than materials relating to Legal Proceedings). The Client agrees that the Advisor will not be responsible or liable for failing to vote any proxies where it has not received such proxies or related shareholder communications on a timely basis.

/ / The Advisor **will not vote**, or give any advice about how to vote, proxies for securities held in the account. If the account is for a pension or other employee benefit plan governed by ERISA, the Client directs the Advisor **not** to vote proxies for securities held in the account because the right to vote such proxies has been expressly reserved to: (check applicable box)

/ / The plan’s trustees

/ / The following named fiduciary: _____

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17. MISCELLANEOUS

- (a) The Advisor may not assign, convey, or otherwise transfer any of its rights, obligations, or interests herein without the prior express written consent of the Client. This Agreement shall be binding on the heirs, executors, administrators, legal representatives, successors, and assigns of the respective parties.
- (b) This Agreement represents the complete Agreement of the parties with regard to the subject matter and supersedes any prior understanding or agreements, oral or written.
- (c) This Agreement may be amended or revised only by an instrument in writing signed by the Client and by an officer of the Advisor.
- (d) If any provision of this Agreement is or should become inconsistent with any law or rule of any governmental or regulatory body having jurisdiction over the subject matter of this Agreement, the provision will be deemed to be rescinded or modified in accordance with any such law or rule. In all other respects, this Agreement will continue and remain in full force and effect.
- (e) The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by the laws of the State of Texas. Any suit upon this Agreement may be brought in the courts of Dallas, Dallas County, Texas.
- (f) This Agreement may be executed in several counterparts, each of which shall be deemed an original.

Executed and effective on this ____ day of _____, _____.

CLIENT:

Signature

Social Security or Tax ID Number

Signature

Social Security or Tax ID Number

Address

City, State, Zip Code

ADVISOR: Baker Financial Services

By _____

