

ADVISORY DISCLOSURE
Statement of Understanding

As required by our own set of high professional set of standards, clients are provided the following information regarding PERRY L. SMITH, CLU, ChFC, MS (Tax), Wealth ADVISOR, PERRY L. SMITH CONSULTING, LLC.

This may be supplemental to that provided by this Financial Advisory Firm and Financial Advisor disclosure may be receiving both a Wealth and Tax Planning Fee and an Advisory Fee and/or a securities sales commission from the same client. Clients will be provided, this additional disclosure 48 hours, in advance of signing a Wealth and Tax Planning Advisory Contract, or, if provided at the time a contract is signed an opportunity to terminate said contract within five (5) business days.

The Wealth and Tax Planning advice you receive will not include recommendations to purchase products or services for which the Financial Advisor receives additional compensation in the form of advisory fees or sales commissions. This could create a monetary incentive for the Financial Advisor that could bias his/her recommendations toward products or services having high commissions and to recommend more of such products or services than may be suitable for you. This monetary incentive to make biased recommendations while charging a fee for such recommendation constitutes a substantial conflict of interest. Financial Advisors nevertheless undertake to provide objective and unbiased recommendations for their customers. Any actual bias in the investment advice would constitute a breach of the undertaking to render objective advice for which the fee is paid.

1. While it may be possible to ascertain an exact fee for Wealth and Tax Planning services, until such time as more specific client data has been reviewed, we will try and disclose and outline the specific services. If a Wealth and Tax Plan includes preparation of a "financial plan" we will implement specific agreements for a financial plan as well as if we work with you in the management of your money through investment advisory services. The Wealth and Tax plan is just that as well as business advisory services, the proposed fee for preparing such a plan or advice is \$275.00 (two hundred seventy five dollars) per hour, plus expenses.
2. No client during the Financial Advisor's last fiscal year paid a fee for receiving financial advice (including that contained in financial plans) that recommended the client purchase products or services offered through the person or firm* rendering the advice and resulted in additional compensation to such person or firm for the sale of the recommended products or services.

*Including an affiliate or associate of such person or firm.

3. The undersigned Financial Advisor has fee-splitting arrangements with or is otherwise acting as an agent for the persons listed on Schedule B, attached to this form.
4. Perry L. Smith, CLU, ChFC, MS (Tax), Registered Wealth Advisor, PERRY L. SMITH CONSULTING, LLC, has no ownership or interest in any company offering the recommended financial products.

Note: Any material misstatement or omission in providing the above information may violate the anti-fraud provision of RCW 21.20.010 of the Securities Act of Washington and may give rise to a cause of action against the Investment Advisor in favor of the client under RCW 21.10.430.

I have read and understand the foregoing this _____ day of _____ 20____.

Investment Advisor

Client/Prospective Client

Client/Prospective Client

Fee Policy

When seeking a consultant's services, a client is not buying some standardized product off a dealer's shelf. Instead, he/she is seeking some particular result which is suited to his/her particular needs and circumstances. Since the services are different in each case, so are the factors that govern how a reasonable fee should be determined.

Obviously, you need to know what to expect when you engage me to represent you. My normal rate is \$275.00/hour. Charges occur in minimum .2 units of hours (approximately 10-minute intervals), and will be billed at the end of each month. We require a retainer of a minimum of ten hours, which I expect in advance as a retainer. These funds will be deposited in a trust account and we will bill against them on a monthly basis as services are rendered.

More difficult, matters call for a higher hourly rate. For example, I charge \$375 per hour where closely held corporate operations or multiple business entities and personal proprietorships are involved. Also, I normally add a 25% surcharge for work that must be completed within two weeks. Should I plan an entire day to work with you a fee of \$500 will be charged should you cancel or postpone with less than two working days' notice.

I will try to give you an estimate of my fee at the close of our first meeting. If I forget, please remind me. You have a right to know what to expect. If you decide not to have me represent you, there will be no charge the first hour. On occasion, my estimate will be inaccurate. If it is too high, I will charge only for the work that was done. If it is too low, I will contact you to discuss what further arrangements should be made as soon as I become aware of the fact. However, please remember that any figures I present you with are estimates only. I do not work on a fixed fee basis.

I am in the business of Wealth and Tax Planning and consulting ...not granting credit. If you are on a budget and cannot pay the entire amount in one lump sum, please notify me when we discuss fees and I will make arrangements for equal monthly payments over 90 days. Payments that are more than 60 days past due, will bear a late payment penalty of 1-1/2% per month until paid.

Please feel free to discuss fees with me at any time.

Wealth and Tax Planner

Client

Client

**DISCLOSURE FORM 101
SCHEDULE A**

Listed below are all products we have available and the commission that is earned from the sale of such products.

MUTUAL FUNDS: DIRECT	No Load - 3.5%
LIMITED PARTNERSHIPS: PRIVATE	No Load To 9.0%
LIMITED PARTNERSHIPS: PUBLIC	No Load To 8.0%
NUMISMATICS/TANGIBLES	7% To 10%
MUNICIPAL BOND FUNDS	1.5% To 5%
HIGH GRADE GOVERNMENT FUNDS	1.5% To 5%
GNMA	2% To 4%
GOVERNMENT ~ HIGH YIELD FUNDS (Includes Money Market & T-Bills)	1.5% To 4%
EQUITIES (OTC, NYSE, AMEX)	3% Maximum
LIFE INSURANCE	20% - 91% of 1 st Year Premiums
DISABILITY INSURANCE	30% - 85% of 1 st Year Premiums
MANAGED ACCOUNTS – RIA Representative	1.25% – 2.5%

BROKER/DEALER does not share in insurance commissions, except variable Life Products.

NOTE: Licensed with Real Estate. BROKER/DEALER does not participate.

COMMISSIONS in R/E are flexible, depending on type of business transactions and market place of businesses - e.g. Real Property Business Brokerage, Land Development, Trades and/or Assignments.

BROKER/DEALER, 10%
PERRY L. SMITH, 90%
AGENTS, (none), 65%

Broker/dealer agrees to pay according to the following schedule; certain portions of the designated sales credit for transactions of clients of administration:

MUTUAL FUNDS	93%
MUTUAL FUNDS, DIRECT	93%
LIMITED PARTNERSHIP	93%
LIMITED PARTNERSHIP, PUBLIC/PRIVATE	93%
MUNICIPAL BOND FUNDS	93%
HIGH GRADE GOVERNMENT FUNDS	93%
GNMA	93%
GRANT HIGH YIELD FILE <i>includes MONEY MARKET and 'T' BILLS</i>	93%
EQUITIES and BONDS	93%
MANAGED ACCOUNTS – RIA Rep.	93%

DISCLOSURE FORM 101
SCHEDULE A.1

BUSINESS/TAX ADVISORY & CONSULTING	\$375/hr.- Principal Complex/Time Sensitive Issues 275/hr.- Principal Ordinary Business/Financial Issues 150.00-Principal Standard Issues 125/hr.- Research 45/hr.- Administrative Staff 30/hr.- Programming 25/hr.- Miscellaneous
FINDERS FEE & LOANS	1% to 15% for Real Estate 1% to 15% for Business 1% to 15% for Notes
REAL ESTATE BROKERAGE FEES Coldwell Banker Bain, Inc.	1.5% to 10%
MANAGED ACCOUNTS – RIA Representative	1.25% to 2.75%

NOTE: BROKER/DEALER does not participate in Wealth and Business/Tax Advisory and finder's fees; nor does BROKER/DEALER share with income.

**DISCLOSURE FORM 101
SCHEDULE B**

OPEN AND FAIR DISCLOSURE:

Commissions received on investments placed are:

Perry L. Smith, individual 93%

Cambridge Investment Research, Inc., or
Cambridge Investment Research Advisors, Inc. 7%

Custodian – Pershing, LLC – a subsidiary of BNYM (Bank of
New York Mellon)

Consulting and Financial Advisory Fees received are:

PERRY L. SMITH CONSULTING, LLC - firm 100%
Business and Tax Services – Asset and Estate – Wealth Planning

- Commissions/Fees paid to Perry L. Smith (individual) are 100% owned by Perry L. Smith as an individual.
- CIR2 Co., (Cambridge Investment Research, Inc. and Cambridge Investment Research Advisors, Inc. are wholly owned by the CIR2 Group) Pershing LLC, is the Custodian and is wholly owned by the Bank of New York – Mellon and solely independent as custodian. Any management fees or brokerage concession are paid to Cambridge at 100% then paid to my various companies at the disclosed amounts, which Perry L. Smith (individual), does not participate in any ownership capacity.
- CIR2, Cambridge pays Perry L. Smith individually 93% commission.

DISCLOSURE FORM 101
SCHEDULE C

Advisor has a broker-dealer relationship with Cambridge Investment Research, Inc./ Cambridge Investment Research Advisors, Inc. is a nationwide network of financial services professionals who are supported by this organization and its substantial assets and experience.

All accounts are carried by our clearing/custodian Pershing, LLC, hereafter referred to as Pershing, LLC, a member of the New York Stock Exchange.

Under a contractual agreement, CIR2 acts in the capacity of our clearing/custodian, which simply means that under this arrangement CIR2 performs centralized cashiering, bookkeeping and execution functions for the cash accounts which we service.

Specifically, CIR2 handles the delivery and receipt of securities purchased or sold by our clients; receives and distributes payments therefore; and maintains custody of all securities and funds through Pershing, LLC, that are received. In addition, CIR2 receives and distributes dividends and other distributions and processes exchange offers, rights offerings, warrants, tender offers and redemptions, though Pershing, LLC

Your confirmations and monthly or quarterly statements will all be prepared by CIR2 through Pershing, LLC, with the CIR2 and Pershing, LLC, properly disclosed on each. Securities in your account carried by Pershing, LLC, are protected for up to \$5,000,000 (\$500,000 provided by SIPC and the remainder by LLOYDs of London).

Please refer to Schedule - A for commission arrangements. Fees received for Financial Advising, Business or Individual Consulting services will be paid to Perry L. Smith Consulting, LLC. Advisor will receive 100% of the fee, less overhead and applicable expenses.

DISCLOSURE FORM 101
SCHEDULE C.1

OPEN AND FAIR DISCLOSURE:

I, Perry L. Smith, am an affiliate of CIR2/Pershing, LLC and do maintain an active interest in certain investment(s) as an individual with my investment firm. I have recommended to my clients these investment(s) for their portfolio, they are:

1. _____
2. _____
3. _____
4. _____
5. _____

FINANCIAL ADVISORY DISCLOSURE FORM
PART II

Perry Lyle Smith, CLU, ChFC MS (Tax), Registered Principal, Perry L. Smith Consulting, derives approximately 75% of total advisory billings from furnishing investment advice through consultations come from either investment supervisory services or management of investment advisory accounts involving investment supervisory services. Approximately 35% of total advisory billings are derived from furnishing Business/Tax Wealth Planning Advisory services to clients on matters not involving securities. These services may be called Business/Tax Wealth Planning Advisory services, Business or Individual Consulting.

Advisor offers business/tax wealth planning advisory services for hourly charges or tax management fees.

Advisor generally provides wealth advisory advice to the following types of clients: individuals; businesses; pension and profit sharing plans; trusts, estates, or charitable organizations.

Advisor offers advice on the following types of investments: equity securities (exchange listed securities and securities traded over-the-counter); warrants; corporate debt securities (other than commercial paper); certificates of deposits; municipal securities; investment company securities (variable life insurance, variable annuities mutual fund shares, life insurance and disability coverage); United States government securities; interests in partnerships investing in real estate, oil and gas interests.

Advisors' security analysis includes charting, fundamental, technical and cyclical methods.

Please refer to attached copy of Schedule D for education and business experience of advisor. Advisor is actively engaged in a business other than giving investment advice. Advisor sells products or services other than investment advice to clients. The principal business of advisor involves financial planning, business and individual consulting for an hourly charge.

Advisor is registered as a securities broker. Advisor has arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, other investment advisor, financial planning firm, insurance company or agency and pension consultant.

Advisor effects securities transactions for compensation for any client and buys or sells for himself securities that he also recommends to clients.

REVIEW OF ACCOUNTS

Frequency of review is contingent upon client's overall objectives and goals. Advisor is the only reviewer. Levels of review depend upon the phase of client's plan and according to client's objectives. The triggering factor for a review is the accomplishment of one phase, as advisor and client move to next phase.

Securities accounts are handled by Broker-Dealer on a monthly basis. Insurance accounts are handled by appropriate company's administrative offices on a monthly basis, or as fitting. Comprehensive financial plan reports are based upon whatever is negotiated or termed feasible in Letter of Agreement between applicant and client, over his authorization.

Schedule D

Applicant: SMITH, PERRY LYLE	SEC File Number: 801 -	Date: 2/6/98
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Page 1

1. Applicant investment advisor: (See Part 1 Item 1A) PERRY LYLE SMITH, CLU, ChFC, MS (Tax), Registered Principal	IRS Empl. Ident. No: 425-502-9058
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2. Individual's full name for whom this Schedule is being completed: Perry Lyle Smith	Social Security No.: 425-502-9058	CRD No., if any: 1279211	IRS Empl. Ident. No: 425-502-9058
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3. (a) Residence of Individual: (Number and Street) 16531 NE 48 th Street	(City) Redmond	(State) WA	(Zip Code) 98052
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3. (b) Birth Date: 10/29/49	(c) City: Grangeville	(d) State or Province Idaho	(e) Country: USA
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4. NAMES USED: List all the names other than the one given in Item 2 above that the individual has used, including maiden names. N/A

5. EDUCATION. Start with last high school attended. If no degree received, state "none."			
School: (Name, City and State)	Years Attended	Years Graduated	For College and Above Degree Major
The American College, Bryn Mawr, Pennsylvania	4	1982	CLU Insurance
The American College, Bryn Mawr, Pennsylvania	2	1989	ChFC Financial Services

6. BUSINESS BACKGROUND. Provide complete consecutive statement of all employment for the past then years, beginning with the most recent position first.

Name of Firm and Address	Kind of Business	Exact Nature of Connection or Employment	Beginning Date		Ending Date
Perry L. Smith & Associates, Inc. / to P & P Investments Spokane, WA/moved to Bellevue, WA 8/89	Financial	Broker/President	01	87	present
Perry L. Smith Consulting Spokane, WA/moved to Bellevue, Wa 8/89	Financial Advisors	Owner/Operator	08	89	present
P & L Enterprises, Inc. moved to Bellevue, WA 8/89	Financial Advisors	Owner/Operator	11	84	Present
Perry L. Smith Spokane, WA/moved to Bellevue, WA 8/89	Insurance Broker Financial Advisor	Owner/Operator		71	Present
Skyline Properties, Inc. 925 116 th NE, Suite 100 Bellevue, WA 98004	Real Estate	Agent	05	95	06 02
1717 Capital Management Co. PO Box 15626, Wilmington, DE 19850	Securities	Broker/Dealer	01	96	12 07
Cambridge Investment research, Inc. 1776 Pleasant Plain Rd. Fairfield, IA 52556-8757	Securities	Broker/Dealer	12	07	Present

7. EXAMINATIONS/PROFESSIONAL DESIGNATED. List all jurisdiction, self-regulatory organization, and professional examinations and designations. Give examination or designation name (include any examination's title and number), body giving it, and date taken or conferred. If examination was waived, give details.

8. PROCEEDINGS. For each 'yes' answer to Part I Item 11 involving the individual, give the following details of any court regulatory action:

- the advisor and individuals named
- the title and date of the action
- the court or body taking the action, and
- a description of the action

Applicant:
SMITH, PERRY LYLE

SEC File Number:
801 -

Date:
2/6/98

Complete amended pages in full, circle amended Items and file with execution page (page 1).

Applicant:
SMITH, PERRY LYLE

SEC File Number:

Date:
2/6/98

801 -

1. Applicant investment advisor: (See Part 1Item 1A) PERRY LYLE SMITH, CLU, ChFC, RFC®, M (Tax), R®, Registered Principal		IRS Empl. Ident. No: 425-502-9058		
2. Individual's full name for whom this Schedule is being completed: Perry Lyle Smith	Social Security No.: 425-502-9058	CRD No., if any: 1279211	IRS Empl. Ident. No: 425-502-9058	
3. (a) Residence of Individual: (Number and Street) 16531 NE 48th Street		(City) Redmond	(State) WA	
		(Zip Code) 98052		
3. (b) Birth Date: 10/29/49	(c) City: Grangeville	(d) State or Province Idaho	(e) Country: USA	
4. NAMES USED: List all the names other than the one given in Item 2 above that the individual has used, including maiden names. N/A				
5. EDUCATION. Start with last high school attended. If no degree received, state "none."				
School: (Name, City and State)		Years Attended	Years Graduated	
			For College and Above Degree Major	
Golden Gate University MS of Science in Taxation (MS. TAX) School of Taxation 1425 4th Avenue, Suite 404 Seattle, WA 98101-2218		Present	MS Tax 2007	
Preparing to set for CFP Boards College for Financial Planning		Present	CFP® College of Financial Planning MRFC International Association of Registered Financial Consultants	
Preparing for the Master Registered Financial Consultant Designation		Present		
Certified Wealth Preservation Planner CWPP™ The Wealth Preservation Institute (WPI)		1/05	1/06	
Certified Asset Protection Planner CAPP™ 378 River Run Dr. St. Joseph, MI 49085		5/06	8/06	
6. BUSINESS BACKGROUND. Provide complete consecutive statement of all employment for the past then years, beginning with the most recent position first.				
Name of Firm and Address	Kind of Business	Exact Nature of Connection or Employment	Beginning Date	Ending Date
Hawks Prairie Realty Investment 800 Bellevue Way NE, #400, Bellevue	Real Estate	Agent	06 91	05 95
PML Securities Company 220 Continental Dr. #400, Newark DE	Broker/Dealer	Agent	03 93	01 96
Smith & Co. Real Estate Consultants 800 Bellevue Way NE, Suite 400 Bellevue, WA 98004-4208	Real Estate	Partner	06 02	03/05
Realty Executives Professionals 12207 NE 8th Street Bellevue, WA 98005	Real Estate	Agent	03 05	11 07
Coldwell Banker Bain, Inc. 7808 SE 28th St., Suite 300 Bellevue, WA 98040	Real Estate	Broker	11 07	Present

Applicant:
SMITH, PERRY LYLE

SEC File Number:

801 -

Date:
2/6/98

7. EXAMINATIONS/PROFESSIONAL DESIGNATED. List all jurisdiction, self-regulatory organization, and professional examinations and designations. Give examination or designation name (include any examination's title and number), body giving it, and date taken or conferred. If examination was waived, give details.

Preparing to set for the CFP Boards (Certified Financial Planner)

College of Financial Planning

Denver, CO. 80202-4809

Certified Wealth Preservation Planner CWPP™ 1/06

The Wealth Preservation Institute (WPI)

378 River Run Dr.

St. Joseph, MI 49085

Certified Asset protection Planner CAPP™ 8/06

The Wealth Preservation Institute (WPI)

378 River Run Dr.

St. Joseph, MI 49085

Preparing for the Master Registered Financial Consultant Designation

146 N. Breiel Blvd.

P.O. Box 506

Middletown, Ohio 45042-05065

8. PROCEEDINGS. For each 'yes' answer to Part I Item 11 involving the individual, give the following details of any court regulatory action:

- the advisor and individuals named – n/a
- the title and date of the action – n/a
- the court or body taking the action, - n/a and
- a description of the action n/a

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule D

Applicant: SMITH, PERRY LYLE	SEC File Number: 801 -	Date: 2/6/98
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page 3

1. Applicant investment advisor: (See Part I Item 1A) PERRY LYLE SMITH, CLU, ChFC, RFC®, MS (Tax), R®, Registered Principal	IRS Empl. Ident. No: 425-502-9058
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2. Individual's full name for whom this Schedule is being completed: Perry Lyle Smith	Social Security No.: 425-502-9058	CRD No., if any: 1279211	IRS Empl. Ident. No: 425-502-9058
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3. (a) Residence of Individual: (Number and Street) 16531 NE 48th Street	(City) Redmond	(State) WA	(Zip Code) 98052
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4. NAMES USED: List all the names other than the one given in Item 2 above that the individual has used, including maiden names.
N/A

5. EDUCATION. Start with last high school attended. If no degree received, state "none."

School: (Name, City and State)	Years Attended	Years Graduated	For College and Above Degree Major
Kennewick High School, Kennewick, WA	1965	1968	Diploma
Gonzaga University, Spokane, WA	1968	1970	Accredited Transfer
Eastern WA University, Cheney, WA	1970	1972	BA, Marketing, Finance

6. BUSINESS BACKGROUND. Provide complete consecutive statement of all employment for the past then years, beginning with the most recent position first.

Name of Firm and Address	Kind of Business	Exact Nature of Connection or Employment	Beginning Date		Ending Date	
			Month	Year	Month	Year
Kentucky Central Life, Spokane, WA	Life Insurance	Agent	09	71	11	71
Security Mutual Life General Agency, Spokane, WA	Life Insurance	General Agent	11	71	06	72
Burns-Smith & Associates, Inc. Partnership, Spokane, WA	Life Insurance	Partnership	05	75	05	77
Perry L. Smith Associates, Inc. Spokane, WA	Insurance Broker	Owner/Operator	05	77	05	77
Perry L. Smith Consulting Spokane, WA	Financial Advisors	Sole Owner	07	77	08	89
Perry L. Smith & Associates, Inc. / to P&L Enterprises, Inc. Spokane, WA	Financial Advisors	Firm Owner	77	84	08	89
First Affiliated Securities	Securities	Principle/Broker	01	85	06	90
Laney & Co. 800 Bellevue Way NE Suite 400 Bellevue, WA	Securities	Principle/Broker	07	90	06/93	

7. EXAMINATIONS/PROFESSIONAL DESIGNATED. List all jurisdiction, self-regulatory organization, and professional examinations and designations. Give examination or designation name (include any examination's title and number), body giving it, and date taken or conferred. If examination was waived, give details.

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|--|---|
| <ol style="list-style-type: none"> 1. CLU - Chartered Life Underwriter 10/82 2. NASD - S7 and S63, Jan., 1985 3. Gen. Sec. Principal, 11/02/85 (Series 24) 4. ChFC, Chartered Financial Consultant 4/89 5. RFP, Registered Financial Planner 2/85 | <ol style="list-style-type: none"> 6. Member of Financial Service Professionals, CLU, ChFC, PACE 7. Licensed, R/E - 07/21/90 – National Association of Realtors R® 8. RFC®, Registered Financial Consultant 1/96 9. CWPP™, Certified Wealth Preservation Planner 1/06 10. CAPP™, Certified Asset Protection Planner 8/06 11. MS (Tax) Masters of Science in Taxation 7/08 |
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8. PROCEEDINGS. For each 'yes' answer to Part I Item 11 involving the individual, give the following details of any court regulatory action:

- the advisor and individuals named
- the title and date of the action
- the court or body taking the action, and
- a description of the action

Complete amended pages in full, circle amended items and file with execution page (page 1).