

Financial Planning, Investment Advisory and Passive Advice Services

Information and Agreements

Form ADV, Part II, January 2010

Introduction

Integrity and **independence** are our guiding principles at Financial Counselors of Virginia, Inc. (“FCVA”). As a fee-only independent financial counsel firm, we offer our clients the best in unbiased personal advice. You know that we *are* working solely for you and not for a brokerage firm or insurance company, whose interests at times may conflict with yours.

Each client should participate in the process of comprehensive financial planning prior to making any major financial decisions or undertaking complicated investment strategies and transactions. It is only through a deliberate and thoughtful analysis of your financial needs, wants, resources, liabilities and attitude toward risk that we can offer prudent, sound advice. Planning is the start of any complex undertaking, and your finances are no exception. Your financial future is determined by the investments you make along the way — investments in time and thought as well as financial investments. However, before you begin to invest your liquid assets, you should plan what your financial future should be and how best to achieve it. Comprehensive financial planning should be the first step you take in pursuing your financial goals.

You should first plan and save, but at some point you must actually invest time and money to achieve your financial goals. Managing investments in light of today's rapidly changing financial conditions and technology requires full time professional supervision supported by continuing research and constant assessment of rapidly changing circumstances. With instant access to business and financial information through the Internet, the least knowledgeable investor has more raw information at his fingertips today than did most professional investors only a few years ago. But, what do you do with the mounds of information and data available? To be able to properly analyze the information, temper that analysis with an historical perspective and apply it properly to the appropriate situations still requires the training, knowledge and experience of the professional investment counselor.

With FCVA, you are uniquely positioned to work with a team of experienced financial professionals who have your interests, and only your interests, at the forefront of everything we do. At FCVA, we have but one employer — you!

This publication contains the information found in Part II of Form ADV as required by the Securities Exchange Commission (SEC) pursuant to the Investment Advisors Act and by the Commonwealth of Virginia State Corporation Commission. Form ADV Part II gives information about the investment advisor and its business for the use of clients. The information has not been approved or verified by any governmental authority. Information included in this brochure is a part of the agreements that are attached to the brochure. Please carefully read this brochure.

We are pleased to welcome you as a Financial Counselors of Virginia, Inc. client!

Investment Advisory Information and Service Agreement

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Advisory Services and Fees

FCVA provides financial planning and investment advice and supervisory services to its clients. FCVA offers on-going investment advisory and portfolio management services to achieve results that are carefully matched to the client's personal overall financial requirements after ascertaining his or her ability and willingness to bear price volatility (risk). FCVA is an independent Registered Investment Advisor and has no affiliation with any company that manufactures and sells financial products. Our primary business is comprehensive financial planning and investment management for a fee. We direct investment transactions to brokerages who charge as little as possible to conduct our clients' business. We do not earn or collect commissions from investment purchases or sales transacted for our clients nor do we charge performance-based fees.

Portfolio management and investment advisory services are provided for a fee based on the value of the assets to be managed by the advisor, as agreed to by the client. Fees are established separately for each client. The typical fee is calculated monthly or quarterly at an annual rate of one and one quarter percent (1.25%) of the fair market value of all manageable assets up to and including two-hundred-fifty-thousand dollars (\$250,000), three quarters of one percent (0.75%) of the fair market value of all manageable assets from two-hundred-fifty-thousand-one dollars (\$250,001) up to and including one-million-five-hundred-thousand dollars (\$1,500,000), and one-tenth of one percent (0.1%) of all such assets in excess of that amount for the first 12-month period. Beginning with the 13th month of service, the fee shall be calculated monthly or quarterly at an annual rate of one percent (1.00%) of the fair market value of all manageable assets up to and including two-hundred-fifty-thousand dollars (\$250,000), three quarters of one percent (0.75%) of the fair market value of all manageable assets from two-hundred-fifty-thousand-one dollars (\$250,001) up to and including one-million-five-hundred-thousand dollars (\$1,500,000), and one-tenth of one percent (0.1%) of all such assets in excess of that amount. For sufficiently large portfolios, or in unusual circumstances, an individually calculated fee schedule may be negotiated that may be higher or lower than the fees just described. The applicable monthly fee for services rendered by the Advisor over the preceding month will be calculated as of the last business day of the month. If agreed to by the client, the applicable monthly fee will be electronically deducted from the appropriate cash or money market accounts held at the brokerage firm/custodian TD Ameritrade on or about the first of the following month. Written invoices may be submitted for quarterly fee arrangements on or about the 15th of the month following the last month of the billing quarter. FCVA expects a client to submit payment for the quarterly invoice within 30 days of its receipt. Quarterly fees are based on the value of assets under management as of the last business day of the last month of the billing quarter. While security prices should be accurate, some transactions that occur in accounts held in brokerage accounts other than TD Ameritrade may not be reflected in the current bill.

Either party may terminate the agreement between FCVA and client for the provision of services *at any time* upon written notice. Fees will be prorated to the date of termination, and the client shall be responsible for the payment of only those fees covering services already rendered by the advisor at the time of termination.

FCVA may provide financial planning and investment advice through occasional consultation, that is, not on a continuous basis, to clients who choose such services. Compensation for periodic advice is based upon time for services calculated at hourly rates ranging from \$75.00 to \$200.00. The specific rate and range of charges will be agreed to in advance. However determined, financial planning, investment advisory and portfolio management fees are always billed in the arrears.

In addition to investment advice and portfolio management, FCVA offers comprehensive financial planning, counseling and management services consisting of:

- a.) an initial review and analysis of the client's:
 - ① current financial circumstances
 - ① income and expenses
 - ① assets and liabilities
 - ① financial goals
 - ① ability and willingness to bear risk
 - ① existing insurance and appropriate insurance coverage
 - ① income tax situation and planning
 - ① plans and provisions for housing, education and other major expenditures
 - ① plans and provisions for retirement
 - ① estate planning
- b.) continuing advice and counsel to help the client achieve his or her financial objectives.

Planning services are made available primarily to investment advisory clients. The client provides the information used in preparing their financial plan. We may use various computer software packages to help calculate and format reports.

Retainer Services and Fees _____

In order to offer the services of FCVA to those not otherwise eligible for or in a position to benefit from FCVA's regular client structure, FCVA offers a retainer service for a fixed annual fee of \$500.00 payable in advance. The services provided for this fee are more restrictive than those offered to full-service clients.

FCVA's web site, www.FCVA.net, includes both public and private portions. The public portion of the web site offers generic information about and links to other Internet sites that discuss various financial issues. The private portion of the web site, available only to clients, offers, but is not limited to, the philosophy of FCVA's investment approach, information about specific investments, guidance in specific financial planning areas, electronic financial document storage, and the ability to permanently record and display written dialogue between the client and FCVA. A person who chooses to retain FCVA under this Service (henceforth known as the **Retainer Client**) will have 24-hour access to the public portion of www.FCVA.net and will have their own *Private Virtual Office* through which they will access the client portions of the web site. The **Retainer Client** will have the opportunity to post questions to FCVA through their *Private Virtual Office* at any time and expect a prompt answer from FCVA. The **Retainer Client** will have the opportunity to schedule one (1) 90-minute personal consultation with the principals of FCVA each calendar year. The **Retainer Client** will have limited access to FCVA by telephone but all written communication will be restricted to the *Private Virtual Office* discussion area. The Service provided by FCVA to the **Retainer Client** is understood to be information only and not advice. The **Retainer Client** will **not** receive specific investment advice. FCVA will **not** effect any transactions on behalf of the **Retainer Client** or make any specific recommendations to the **Retainer Client**. The **Retainer Client** will **not** receive specific financial planning advice. The **Retainer Client** should **not** expect FCVA to initiate any contact or to schedule any consultations. The **Retainer Client** has access to FCVA through their *Private Virtual Office* web site and through the once-per-year in-person consultation. These are the most restrictive conditions applied to this service. FCVA, at its sole discretion, may opt to grant additional services to specific clients as it sees fit.

The \$500.00 retainer fee is due in advance at the time this Agreement is signed. The 12-month life of the retainer will begin on the date the new *Private Virtual Office* is made "live" usually within 3 to 5 days of signing the Agreement (the "Begin" date). Subsequent retainer years begin on the anniversary of that "Begin" date just mentioned. If, within the first 30 days after the "Begin" date, the **Retainer Client** decides to end the Service Agreement, all monies will be refunded. No refunds are offered after 30 days from the "Begin" date or in subsequent retainer years.

Types of Clients _____

FCVA offers its services to individuals, whether single, married, or in partner status with shared goals, to trusts, estates, and charitable organizations, and to small business owners and employees. While FCVA does not discriminate based on age, sex, race, persuasion or religion, we reserve the right to refuse service to anyone.

Types of Investments _____

FCVA Advisors can offer advice on any of the following types of investment vehicles:

- Exchange-listed securities
- Over-the-counter securities
- Foreign Issues
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Equity-Linked Certificates of Deposit
- Municipal securities
- Investment companies including:
 - mutual funds
 - variable life insurance
 - variable annuities
 - index-linked annuities
- Exchange traded funds (ETFs)
- United States government securities
- Options contracts
- Real estate limited partnerships
- Oil and gas limited partnerships
- Other public limited partnerships as appropriate
- Real estate investment trusts (REITs)
- Precious metals
- Structured Products
- Fixed annuities
- Closed-end funds
- Unit trusts
- Real property
- Derivatives
- Mortgage backed securities

Advice, Analysis, Information and Implementation _____

FCVA's approach to security analysis and portfolio management is carried out in light of the contemporary understanding of capital markets, finance and modern portfolio theory. Purchase and sale decisions are made primarily on the basis of a fundamental analysis of specific business and general economic circumstances, although market conditions and their implications are always taken into consideration.

FCVA draws investment information from a diverse set of sources including, but not limited to:

- 🕒 Federal, state and local government publications
- 🕒 Brokerage house research
- 🕒 Computer data bases
- 🕒 Internet resources
- 🕒 Direct inquiry and investigation

FCVA's investment purpose is to achieve the maximum attainable after-tax returns for its clients, always consistent with their stated risk tolerance. The timing of investment transactions is based upon the client's particular holding period, or planning horizon, tax and other relevant personal and family financial circumstances. We may use long-term and short-term investment strategies and tactics as well as short term trading and short sale techniques. Some clients may employ margin lending as a part of the overall investment strategy. In addition, considerations peculiar to the actual investments involved and the markets in which they are traded, as well as general business and economic conditions are taken into account. Options, short positions and other carefully chosen hedge strategies may be employed to improve the risk-to-return potential of the client's portfolio, given that the purpose for such procedures is *both understood and agreed to* by the client affected.

Education and Business Standards _____

It is the intention of the management of Financial Counselors of Virginia, Inc. to employ as financial planners and investment managers only those people having the special knowledge, training, skills and experience sufficient to undertake the work and responsibilities of financial planning, securities analysis and portfolio management. Any representative of FCVA engaged in giving investment advice or providing financial planning to clients is expected to have, or attain within a reasonable period of time, the designations of Certified Financial Planner (CFP®) or Chartered Financial Analyst (CFA), or be otherwise qualified by reason of education and experience.

The current investment committee and principals of the corporation are:

LOUIS H. HIBBITTS, JR.

Born: June 30, 1931

Education:

1974-1975: graduate studies in economics, Washington University, St. Louis, Missouri

1973-1974: undergraduate and graduate studies in mathematics, statistics and economics, University of Louisville, Louisville, Kentucky

1969-1971: study and research in portfolio management, Vanderbilt University, Nashville, Tennessee

1956-1957: graduate studies in English and philosophy, Vanderbilt University, Nashville, Tennessee

1949-1953: undergraduate studies and BA degree with honors in English, Virginia Military Institute, Lexington, Virginia

Experience:

1985 - senior investment officer and principal, Financial Counselors of Virginia, Inc., Portsmouth, VA

1983-1984: analyst and consultant for Ballard Properties and Atlantic Financial Corp., Norfolk, Virginia

1980-1983: investment analyst and principal, Real Estate Investors' Group, St. Louis, Missouri

1975-1980: adjunct faculty, School of Business, Southern Illinois University at Edwardsville, Edwardsville, IL

1974 : graduate research and teaching assistant, School of Business, University of Louisville, Louisville, Kentucky

1973 investment manager, Capital Holding Corp., Louisville, Kentucky

1972-1973: financial analyst and registered representative, Robinson-Humphrey Corp., Inc., Atlanta, Georgia

1969-1972: portfolio manager and principal, John C. Neff & Associates, Inc., Nashville, Tennessee

1957-1969: security analyst to Second Vice President and Manager of Securities Division, Investment Department, Life & Casualty Insurance Company of Tennessee, Nashville, Tennessee

MICHAEL B. BROADHURST, CFP®

Born: December 18, 1948

Education:

1990 - 1993: College for Financial Planning, Denver, CO
1974 - 1977: Electrical engineering and economics, Old Dominion University, Norfolk, VA
1966 - 1970: Undergraduate studies in secondary education concentrating in instrumental music, Old Dominion College, Norfolk, VA

Experience:

2002 - Senior investment officer and principal, Financial Counselors of Virginia, Inc., Portsmouth, Virginia
1986 - 2002: Financial Advisor, IDS/American Express Financial Advisors Inc., Portsmouth/Hampton/Virginia Beach, VA

Other Business Activities/Conflicts of Interest _____

FCVA provides its clients both financial and investment counseling and management. As part of its financial counseling and management service, FCVA offers:

- Financial Planning
- Retirement planning
- Estate planning
- Budget planning
- Insurance planning
- Liability management
- Tax planning
- Small business financial and employee benefits planning
- Investment management consulting for trusts, foundations, endowments, retirement plans

The intent of FCVA is to offer unbiased investment advice for a fee and to minimize conflicts arising from affiliations with financial product companies.

As a convenience to those clients who seek or need life, disability or long-term care insurance, Mr. Broadhurst is a licensed life and health insurance agent, and may earn a commission from the sales of insurance products. If such commission is earned, it will be disclosed prior to asking the client to enter into such transaction. We do not seek to earn commissions from the sales of insurance products. Consequently, we seek those insurance companies that provide excellent products but pay no commissions to agents. In the situations where we refer clients to other insurance agents for specific products, we do not accept commission splits.

As a separate but closely related business, FCVA offers income tax preparation services to clients. Services are billed for on a charge-per-form basis after preparation is completed. Payment may be rendered either by check or if agreed to by the client, by electronic deduction from an appropriate cash or money market account held at TD Ameritrade.

Approximately 92% of FCVA's income is derived from investment advisory fees. The remainder comes from income tax preparation.

Privacy Policy _____

Financial Counselors of Virginia, Inc. is a Fee-Only Virginia Registered Investment Advisor and financial planning firm. We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to our firm in the strictest confidence. This information includes all personal information that we collect from the client or receive from other firms in connection with any of the financial services provided by our firm. Our offices and computers are secure. We do not disclose information to nonaffiliated third parties except as may be required by law. We do not provide any personally identifiable information to mailing list vendors or solicitors for any purpose. We will maintain client personal information for as long as that person is a client and for as long thereafter as is required by law. After that period of time, the information will be destroyed.

We post personally identifiable information including applications, statements and other legal and financial documents to each client's individual secure web site. Each client web site, known as the *Client Virtual Office*, and all such information, are encrypted using 256-bit encryption and Trusted Root servers. Any client may opt out of this service.

Participation or Interest in Client Transactions _____

All officers and employees of FCVA must report to the senior investment officer any and all personal transactions involving securities recommended to clients. Employees and officers must conduct their personal investment transactions in such a manner that client transactions *always take priority* over personal transactions. Further, personal transactions must never adversely affect the interests of clients. A client must always be given ample opportunity to act on investment recommendations before any officer or employee of the applicant acts on his own behalf if such actions would have any material effect on the actions taken by the client.

Conditions for Managing Accounts _____

Under some circumstances, FCVA may charge a minimum annual investment advisory fee of one thousand dollars (\$1,000.00). Subsequently, Advisory clients having manageable assets of less than one-hundred-thousand dollars (\$100,000.00) may, in effect, pay a fee greater than one percent (1.00%) of managed assets. The client would be notified well in advance of imposition of any such minimum fee.

Similarly, there may be circumstances where the fee to FCVA generated by the Assets Under Management (AUM) model described on page 3 of this document in the section titled *Advisory Services and Fees* would be insufficient to compensate FCVA for the work required for a certain client. In such case, an additional fee may be imposed on the account(s) in question. The client will be informed of and will agree to any such additional fee prior to its imposition.

Review Process _____

Clients' accounts are under continuing review by a senior investment officer and separate reviews are scheduled as follows:

- ④ upon opening a new account, by both investment officers
- ④ quarterly, by the investment officer most directly associated with the account
- ④ annually, by both investment officers
- ④ upon revision of a client's financial plan, by both investment officers
- ④ as requested by a client or by either investment officer

Minimally, each client shall receive annual investment reviews providing at least current market values for all positions held. Reviews may be posted to your Private Virtual Office. More frequent reviews can be provided upon request.

Communication _____

Communication between the Principals and staff of FCVA and the client may be accomplished by U.S. Mail, any of the recognized delivery/courier services including but not limited to, FedEx, DHL, UPS or local couriers, by telephone, by e-mail, or by posting messages on your Private Virtual Office.

The mailing address for FCVA is:

355 Crawford Street, Suite 802
Portsmouth, VA 23704-2825

The telephone numbers are 757 399 7499 and 757 399 8376

The email addresses are:

info@FCVA.net – for general information,
Michael@FCVA.net – Michael B. Broadhurst, CFP
Louis@FCVA.net – Louis H. Hibbitts, Jr.
Linda@FCVA.net – Linda L. Torres

The Private Virtual Office is offered for each client as an encrypted *sub site* of our general web site www.FCVA.net and is accessible only by entering unique client numbers, user names and passwords. An example of the Private Virtual Office may be found on our web site: www.FCVA.net/pages/clients.htm

Investment or Brokerage Discretion _____

New clients are advised to initiate investment management services on a *non-discretionary* basis. Under a non-discretionary arrangement, the applicant's investment management services take the form of recommendations only. No actions can be taken by the advisor without the client's *explicit prior approval*. After a sufficient period of time, generally one year, a client may elect to have services provided on a limited or fully discretionary basis. If the client chooses discretionary investment management, he delegates to FCVA the authority to initiate transactions on his behalf either completely or conditioned upon limitations set by the client. Once authorization for discretion, either limited or full, is granted by the client, no subsequent approval by the client is required for FCVA to make transactions on behalf of the client. Actual investment decisions for all discretionary arrangements are to be made by the investment committee. The investment committee shall be comprised of no less than two officers of FCVA with additional qualified members used as needed or warranted.

Selection of broker-dealers and the determination of commission rates to be paid on securities transactions are made in concert with clients on either a discretionary, limited or full, or non-discretionary basis in the same manner as the determination of the identity and quantity of securities to be bought or sold.

Choice of Custodian or Brokerage _____

FCVA is an independent Registered Investment Advisor and has no affiliation with any company that manufactures and/or sells financial products. Our primary business is comprehensive financial planning and investment management for a fee. FCVA does not at any time have custody of any client's assets. FCVA has chosen TD Ameritrade as the primary and preferred custodian for our clients' assets. TD Ameritrade is the surviving company from the merger of TD Waterhouse and Ameritrade brokerage companies. TD Ameritrade is a large enough company to be able to handle client assets efficiently and effect trades at a steep discount compared to *full-service* brokerages. While TD Ameritrade is FCVA's preferred custodian, no client is required to have his or her assets held by TD Ameritrade.

We direct investment transactions to brokerages who charge as little as possible to conduct our clients' business. We do not earn or collect commissions from investment purchases or sales transacted for our clients. Brokers will be selected to effect securities transactions and/or to hold client's cash and securities on the basis of a careful and continuing assessment of their ability to provide competitive transaction charges, commission charges, comprehensive brokerage, research, accounting, safekeeping and investment banking services. At times, commissions and other transaction based charges may be paid which exceed those available elsewhere in order to secure products, research, underwriting, record keeping and related services from selected brokers. Such services and/or products are usually proprietary or sufficiently unique as to be otherwise difficult, more costly or impossible to obtain. Research services are generally used to the benefit of all clients. Ordinarily, commissions for services peculiar to any one client, or group of clients would come solely from transactions involving that client's, or clients', account or accounts. However, at times commissions charged a client, or group of clients, may reflect research or other services from which that particular client, or group of clients, did not directly benefit. Every effort is made by FCVA to utilize the full range of resources provided by the brokers with whom it handles transactions for its clients primarily for the benefit of those clients.

INVESTMENT ADVISORY AGREEMENT

The undersigned ("Client") employs Financial Counselors of Virginia, Inc. ("Advisor") as investment advisor for the Account and Advisor agrees to serve in that capacity on the following terms and conditions:

Authority to Act

Check and initial the applicable authorization that specifies the extent to which the Advisor is authorized to act on behalf of the Client.

DISCRETIONARY _____

Advisor shall have full power to supervise and direct the investment of the account, making and implementing investment decisions, all without prior consultation with the Client, in accordance with such objectives as agreed upon by the Client and Advisor, and subject only to such written limitations, which are attached hereto, as Client may impose and Advisor accepts.

NON-DISCRETIONARY _____

Advisor shall make investment recommendations to Client, and Client will make all investment decisions with respect to investment of the account. Advisor is authorized to place orders for the execution of securities transactions for the account in order to implement Client's decisions.

Custody of Accounts

Advisor shall *not* be the custodian for the account, nor take possession of, nor have access to any of the assets of the Account.

Transactions with Brokers

Advisor may place orders for the execution of transactions with or through such brokers, dealers, banks, investment companies, insurance companies or other financial institutions as Advisor may select; and, complying with Section 25(e) of the Securities Exchange Act of 1934, may arrange for the payment of a commission or transaction fee in excess of the amount of commission another broker, dealer or other agent would have charged.

Reports to Client

Advisor will send Client an inventory of the investments of the account as soon as reasonably possible after the end of each *quarterly* period. Advisor will arrange to have copies of confirmations of executed transactions sent promptly to the custodian of the account. The Advisor will use all reasonable means to ensure the accuracy of the information furnished to the Client but the Advisor does not assume *responsibility* for the accuracy of information that it or any other party furnishes to the Client.

Voting of Account Securities

Advisor will not be required to take any action, or render any advice, with respect to the voting of securities in the account. The Advisor will not be required to forward proxies or similar materials received by it on behalf of the Client.

Confidentiality of Relationship

All advice and other information furnished by either party to the other shall be treated as *confidential*, and shall not be disclosed to third parties except as required by law or with the express written consent of the other party.

Non-Exclusive Contract

Advisor acts as advisor to other clients and may give advice and take action which, with respect to any of those other clients, may differ from the advice given or the timing or nature of the action taken, with respect to the Account. Advisor shall have no obligation to purchase or sell for the account any security that Advisor, its principals, affiliates or employees may purchase or sell for themselves or for any other clients.

Liability of Advisor

Except for negligence or malfeasance, or violation of *applicable law*, neither Advisor nor any of its officers, directors or employees shall be liable hereunder for any action taken or omitted to be taken or for any errors of judgment in managing the account. State and federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing agreed to herein shall in any way constitute a waiver or limitation of any rights which the undersigned may have under any state or federal securities laws.

If any loss is suffered due to the acts or omissions of a custodian, broker, dealer, investment company, general partner, investment sponsor or underwriter to which Advisor has given investment instructions pursuant to the authority granted herein, the undersigned will look to the custodian, broker, dealer, investment company, general partner, investment sponsor or underwriter, and not to the Advisor, to make good such loss; unless it is alleged that Advisor was guilty of negligence or malfeasance, or violation of applicable laws in the selection of such person or persons.

Agreement Not Assignable

No assignment, as that term is defined in the Investment Advisers Act of 1940, of this agreement may be made by Advisor without written consent of Client.

Termination

Either party may terminate this agreement *at any time* upon written notice. Fees will be prorated to the date of termination, and the Client shall be responsible for the payment of only those fees covering services already rendered by the Advisor at the time of termination.

Representations of the Parties

Advisor represents that it is registered as an investment adviser under the Investment Advisers Act of 1940 with the State Corporation Commission of the Commonwealth of Virginia, and that such registration is currently effective.

Client represents and warrants that the appointment of Advisor and the authority granted to it under this Agreement are authorized by law, corporate action or other appropriate and legally effective action as may be required; that the Client is the beneficial owner of all of the assets in the Account, and that there are no restrictions or limitations on the investment, reinvestment, location, management or any other activity contemplated by this Agreement other than as specifically provided for herein. Client agrees to indemnify Advisor and hold it harmless against any and all losses, costs, claims and liabilities which Advisor may suffer or incur arising out of a breach of any of the representations or warranties set out in this paragraph.

Communications

Instructions with respect to securities transactions may be given orally either in person or by telephone and, if deemed necessary, may be confirmed in writing as soon as practicable. The Advisor can rely and act upon such verbal instructions without subsequent written confirmation. Facsimile and/or e-mail instructions are not acceptable.

Fees

Portfolio management and investment advisory services are provided for a fee based on the value of the assets to be managed by the advisor, as agreed to by the client. Fees are established separately for each client. The typical fee is calculated monthly or quarterly at an annual rate of one and one quarter percent (1 1/4%) of the fair market value of all manageable assets up to and including two-hundred-fifty-thousand dollars (\$250,000), three quarters of one percent (0.75%) of the fair market value of all manageable assets from two-hundred-fifty-thousand-one dollar (\$250,001) up to and including one-million-five-hundred-thousand dollars (\$1,500,000), and one-tenth of one percent (0.01%) of all such assets in excess of that amount for the first 12-month period. Beginning with the 13th month of service, the fee shall be calculated monthly or quarterly at an annual one percent (1.00%) of the fair market value of all manageable assets up to and including two-hundred-fifty-thousand dollars (\$250,000), three quarters of one percent (0.75%) of the fair market value of all manageable assets from two-hundred-fifty-thousand-one dollars (\$250,001) up to and including one-million-five-hundred-thousand dollars (\$1,500,000), and one-tenth of one percent (0.01%) of all such assets in excess of that amount. The initial date subject to fee calculation will be no sooner than the beginning of the calendar month after the month in which this agreement is signed.

Fee frequency preference: **Monthly (automatic deduction)** **Quarterly (direct invoice)**

For sufficiently large portfolios, or in unusual circumstances, an individually calculated fee schedule may be negotiated. In those unusual cases where a negotiated fee arrangement exists, the fee will be as follows:

That maximum fee will be: \$ _____ or _____ %.

A minimum fee may be charged regardless of the amount resulting from the calculations described above. The resulting annual fee cannot be more than the otherwise calculated annual fee except that it may be subject to a minimum annual fee of \$1,000.00 as discussed on page 6 of this agreement. Clients having manageable assets of less than eighty-thousand dollars (\$80,000.00) may, in effect, pay a fee greater than one and one quarter percent (1.25%) of managed assets. The client would be notified well in advance of imposition of any such minimum fee.

If requested, notices of fees may be rendered at the end of each calendar month or quarter period following the date of commencement of services under this Agreement. Generally, a sample of how your fee is calculated is available to you at any time and may be posted on your Private Virtual Office web page. If service is terminated prior to the end of a month or quarter, the fee shall be prorated and calculated from the beginning of service or beginning of the current month or quarter, whichever is applicable, to the date of termination.

Disclosure Statement Received by Client

Client acknowledges receipt and explanation of Advisor's Disclosure Statement and/or Securities and Exchange Commission Form ADV, Part II more than 48 hours prior to the date of execution of this Agreement, as required by Rule 204-3 under the Investment Advisers Act of 1940.

If the above documents have not been so received, Client shall have the right to terminate this agreement without charge or penalty within seven (7) business days after date of execution of this Agreement; provided, however, that any investment action taken by Advisor with respect to the Client's Account prior to the effective date of such termination shall be solely at the Client's risk.

Governing Law and Extent of the Agreement

This Agreement, together with any documents attached hereto, constitutes the entire agreement between the Client and Advisor, and can be amended only by a written agreement signed by both parties. The Agreement shall be governed by the law of the Commonwealth of Virginia.

By signing below, I acknowledge that I have received and read the publication entitled **Investment Advisory Information and Service Agreement** that contains information from Part II of Form ADV as well as this service agreement. I hereby consent to the terms and conditions with full knowledge and understanding of the information contained herein.

INVESTMENT ADVISORY AGREEMENT

Dated this _____ day of _____, 20 _____

Client Copy

Client's Signature: _____ Discretionary? N Y

Client's Printed Name: _____ Billing? M Q

Social Security Number: _____ Max Fee? _____% or \$_____ (If different from published fee)

Client's Signature: _____

Client's Printed Name: _____

Social Security Number: _____

Accepted this _____ day of _____, 20 _____

Signature: _____

Financial Counselors of Virginia, Inc.

A minimum fee may be charged regardless of the amount resulting from the calculations described above. The resulting annual fee cannot be more than the otherwise calculated annual fee except that it may be subject to a minimum annual fee of \$1,000.00 as discussed on page 6 of this agreement. Clients having manageable assets of less than eighty-thousand dollars (\$80,000.00) may, in effect, pay a fee greater than one and one quarter percent (1.25%) of managed assets. The client would be notified well in advance of imposition of any such minimum fee.

If requested, notices of fees may be rendered at the end of each calendar month or quarter period following the date of commencement of services under this Agreement. Generally, a sample of how your fee is calculated is available to you at any time and may be posted on your Private Virtual Office web page. If service is terminated prior to the end of a month or quarter, the fee shall be prorated and calculated from the beginning of service or beginning of the current month or quarter, whichever is applicable, to the date of termination.

Disclosure Statement Received by Client

Client acknowledges receipt and explanation of Advisor's Disclosure Statement and/or Securities and Exchange Commission Form ADV, Part II more than 48 hours prior to the date of execution of this Agreement, as required by Rule 204-3 under the Investment Advisers Act of 1940.

If the above documents have not been so received, Client shall have the right to terminate this agreement without charge or penalty within seven (7) business days after date of execution of this Agreement; provided, however, that any investment action taken by Advisor with respect to the Client's Account prior to the effective date of such termination shall be solely at the Client's risk.

Governing Law and Extent of the Agreement

This Agreement, together with any documents attached hereto, constitutes the entire agreement between the Client and Advisor, and can be amended only by a written agreement signed by both parties. The Agreement shall be governed by the law of the Commonwealth of Virginia.

By signing below, I acknowledge that I have received and read the publication entitled **Investment Advisory Information and Service Agreements** that contains information from Part II of Form ADV as well as this service agreement. I hereby consent to the terms and conditions with full knowledge and understanding of the information contained herein.

INVESTMENT ADVISORY AGREEMENT

Dated this _____ day of _____, 20_____

FCVA Copy

Client's Signature: _____

Discretionary? N Y

Client's Printed Name: _____

Billing? M Q

Social Security Number: _____

Max Fee? _____% or \$_____

Client's Signature: _____

Client's Printed Name: _____

Social Security Number: _____

Accepted this _____ day of _____, 20_____

Signature: _____

Financial Counselors of Virginia, Inc.

RETAINER SERVICE AGREEMENT

In order to offer the services of FCVA to those not otherwise eligible for or in a position to benefit from FCVA's regular client structure, FCVA offers a retainer service for a fixed annual fee of \$500.00 payable in advance. The services provided for this fee are more restrictive than those offered to full-service clients.

FCVA's web site, www.FCVA.net, includes both public and private portions. The public portion of the web site offers generic information about and links to other Internet sites that discuss various financial issues. The private portion of the web site, available only to clients, offers, but is not limited to, the philosophy of FCVA's investment approach, information about specific investments, guidance in specific financial planning areas, electronic financial document storage, and the ability to permanently record and display written dialogue between the client and FCVA. A person who chooses to retain FCVA under this Service (henceforth known as the **Retainer Client**) will have 24-hour access to the public portion of www.FCVA.net and will have their own *Private Virtual Office* through which they will access the client portions of the web site. The **Retainer Client** will have access to FCVA's web-based simulation software. FCVA will offer limited assistance setting up the simulation scenarios. The **Retainer Client** will have the opportunity to post questions to FCVA through their *Private Virtual Office* at any time and expect a prompt answer from FCVA. The **Retainer Client** will have the opportunity to schedule one (1) 90-minute personal consultation with the principals of FCVA each calendar year. The **Retainer Client** will have limited access to FCVA by telephone but all written communication will be restricted to the *Private Virtual Office* discussion area. The Service provided by FCVA to the **Retainer Client** is understood to be information only and not advice. The **Retainer Client** will **not** receive specific investment advice. FCVA will **not** effect any transactions on behalf of the **Retainer Client** or make any specific recommendations to the **Retainer Client**. The **Retainer Client** will **not** receive specific financial planning advice. The **Retainer Client** should **not** expect FCVA to initiate any contact or to schedule any consultations. The **Retainer Client** has access to FCVA through their *Private Virtual Office* web site and through the once-per-year in-person consultation. These are the most restrictive conditions applied to this service. FCVA, at its sole discretion, may opt to grant additional services to specific clients as it sees fit.

The \$500.00 retainer fee is due in advance at the time this Agreement is signed. The 12-month life of the retainer will begin on the date the new Private Virtual Office is made "live" usually within 3 to 5 days of signing the Agreement (the "Begin" date). Subsequent retainer years begin on the anniversary of that "Begin" date just mentioned. If, within the first 30 days after the "Begin" date, the **Retainer Client** decides to end the Service Agreement, all monies will be refunded. No refunds are offered after 30 days from the "Begin" date or in subsequent retainer years.

Dated this _____ day of _____, 20 _____

Client Copy

Client's Signature: _____

Client's Printed Name: _____

Social Security Number: _____

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