
Eric J. Linger, DBA
Sherwood Investment Services
Financial Planning & Investment Management
Registered Investment Advisor

425-898-8989
Sherwood-Investments.com
elinger@sherwood-investments.com

23705 NE 61st Street
Redmond, WA 98053

LETTER OF AGREEMENT

1. **PURPOSE**

This letter reflects our mutual understanding of the services that Eric J. Linger, doing business as *Sherwood Investment Services* (hereafter referred to as “we”, “us”, “SIS” or “Advisor”) will provide for you, our client (hereafter referred to as “you” or “Client”). It also details how SIS is to be paid for work performed on your behalf.

2. **SERVICES**

Sherwood Investment Services will evaluate your current investment portfolio and investment requirements and determine what changes might be required. We then develop an investment portfolio for you and manage this portfolio. SIS will arrange for the execution of securities transactions for the Account through brokers or dealers that SIS reasonably believes will provide best execution.

We will monitor your investment portfolio on an ongoing basis. Changes to your investment portfolio may be made by us because of changing economic, market and personal conditions, or other factors. Securities may be purchased and sold at our discretion by us without your specific authorization, other than this agreement.

Dynamic Financial Planning is performed on an ongoing, as-needed basis, as part of our investment management services, without an additional fee.

Client agrees to notify SIS promptly of any significant change in the information provided by the Client. SIS’s authority under this Agreement will remain in effect until changed or terminated by Client in writing.

3. **WHAT WE WILL NOT DO**

- a. We do not take possession of your funds or investments except for asset management fees that you have authorized through this agreement. All funds and investments remain in your name and held by a national brokerage firm, called the custodian.

Client Initials: _____

- b. We do not profess to be able to "time the markets" to achieve extraordinary returns. We do not believe that anyone can consistently project the next "hot market". We believe that proper asset allocation and careful security selection and consideration of the economic environment will lead to the best and most consistent investment returns.
- c. We do not provide legal or tax advice. However, we will work with your attorney and accountant to help assure that our efforts and theirs are coordinated.
- d. We do not guarantee a rate of return, or even that your portfolio will never lose money. We promise only good professional investment service. All investments carry a risk, including CDs and money market funds. At any point in time, your investments will be worth more or less than you originally invested. When you invest, you assume various risks, which depend on the assets selected. (See Section 6, Risk Considerations.)

4. PRIVACY STATEMENT

We do not disclose or sell any information about our clients, former clients, or prospects to anyone, except with their permission or as required by law or as required to conduct business, maintain our records and backup data, and to facilitate an orderly transition in the event of an emergency or unplanned transition of SIS. All information given to us is used strictly for administrative purposes and to help you achieve your objectives.

5. PROXIES AND CLASS ACTION LAWSUITS

We do not vote proxies for you. We do not any take action or give advice regarding voting of proxies of your securities or regarding any companies named in class action lawsuits.

6. RISK CONSIDERATIONS

Investments in mutual funds and individual securities involve risk. Some investment products have more risk than others, such as those investing in gold related securities, which are subject to market price movements, regulatory changes and economic conditions as well as adverse political and financial factors. REIT investments can be affected by interest rate moves, economic cycles and tax and regulatory requirements. There are additional risks associated with investing in non-US companies, high-yield bonds, emerging markets, aggressive growth stocks, non-diversified/concentrated funds and small-, mid- and micro-cap stocks which are more fully explained in the prospectuses. Bond investments are subject to interest-rate risk such that when interest rates rise, the prices of the bonds, and thus the value of the bond or bond fund, can decline and the investor can lose principal value. Convertible bonds are subject to all the bond risks mentioned above and have the risk that the convertible bond might get converted into stock at an unfavorable price. Individual stocks, stock options, bonds and other fixed income investments also carry the risk that the securities will become totally worthless.

Client Initials: _____

7. TRADING AUTHORITY

- a. *Sherwood Investment Services* has discretionary authority to manage accounts on behalf of clients. This means that *Sherwood Investment Services* may determine, without obtaining your specific consent, the securities to be bought or sold and the amount of the securities to be bought or sold for all your accounts, except retirement accounts held by your employer. (See Section b, below.)

Discretionary trading authority expedites the placing of trades, thus allowing us to better manage your assets and meet your investment objectives.

- b. *Sherwood Investment Services* has non-discretionary authority of accounts restricted (usually by your employer) to your use. This may include your 401(k) or similar retirement accounts held by your employer. This means we will advise you of suggested changes and it is up to you to implement the changes. You agree to send us monthly statements showing account positions and balances for the close of each month. These statements will be sent by you within ten days of the end of each month. If the statements are not made available to *Sherwood Investment Services* in the specified time, quarterly management fees for these accounts will be based on a 1% monthly growth.

The reason we have non-discretionary authority of these accounts and rely on you to make the suggested changes is because most employers limit access to their retirement systems to their employees.

8. Retirement Plan Rollovers

When you leave (or have left) an employer, you have several choices of what to do with your qualified retirement plan such as a 401(k) or 403(b). Each choice has distinct advantages and disadvantages which we discuss here.

- a. Rollover assets to an IRA managed by yourself or by *Sherwood Investment Services*
- b. Leave assets in your former employer's plan
- c. Move assets to your new employer's plan
- d. Take a lump sum distribution

Some of the factors that should be considered and compared include taxes and penalties; services offered; the number and type of investment options; fees and expenses; treatment of employer stock; when minimum distributions may be required; and protection of assets from creditors and legal judgments.

a. Rollover to an IRA

Rolling over your assets to an IRA managed by *Sherwood Investment Services* or even one managed by yourself is a direct transfer and not a taxable event. Advantages of rolling over the assets to our management include consolidating your retirement account with other assets we manage for you. This will most likely reduce the total average cost of our professional management services to you since our management fee decreases as your assets increase.

We also offer a wider selection of investments than you will have available in an employer sponsored plan. You will also have the flexibility to convert the IRA to a Roth IRA, unavailable to you if you keep your assets in an employer sponsored plan. Your assets that are rolled over into an IRA can continue growing tax-deferred. You will, however, be required to take the mandatory Required Minimum Distributions (RMD), starting at age 70.5.

Client Initials: _____

b. Leave assets with your former employer

If you leave your investments with your employer, they will remain tax deferred (same as Option a, above) and there is no additional paperwork. Penalty-free withdrawals may be permitted if you separated from service after age 55 and there may be increased protection from creditors. The investment products may have a higher or lower cost.

Disadvantages include very limited investment choices; potentially limited access and control; your eligibility to rollover the assets may lapse; you typically are charged administrative fees or other charges.

c. Move assets to your new employer

The advantages and disadvantages are similar to Option b, above.

d. Take a lump sum distribution

If you take a lump sum distribution, all your money is immediately available to you. However, there are a number of significant disadvantages. The money no longer grows tax-deferred. Also, there is a mandatory 20% withholding for federal taxes if you are under age 59.5. There may be additional taxes (depending on your tax bracket) that you owe when you file your federal tax return. There may be state and local taxes on your distribution. There also is a 10% penalty if you under age 59.5. Because of these costs, this is usually the least desirable choice.

9. BILLING ARRANGEMENT

You have a choice of a) having the investment management fees deducted directly from your account by the custodian, TD Ameritrade or b) sending *Sherwood Investment Services* a separate check for these fees. If you choose Option "a" your monthly statements issued by TD Ameritrade will show the amount deducted. This information will not be shown by TD Ameritrade if you select Option "b". With either option, you will receive an invoice directly from *Sherwood Investment Services*, sent at the same time you are billed.

- a. Please deduct all investment management fees directly from my account so I do not have to send you a separate check.
- b. I (we) will send SIS a personal check. If payment is not received by SIS within 14 days of the invoice date or if the check is invalid, *Sherwood Investment Services* is authorized to deduct the fee from my account(s) at TD Ameritrade.

10. INVESTMENT RESTRICTIONS

Please indicate if you have any special investment restrictions.

- There are no restrictions placed on the type or quantity of any security that SIS may purchase or hold in the investment portfolio.
- The following restrictions are placed on the type or quantity of securities that SIS may purchase or sell on my behalf.

Client Initials: _____

11. ALTERNATE CONTACTS

Please indicate if we may contact others.

- If *Sherwood Investment Services* notices a decline in your functioning or there are unusual actions taken by you, you give us permission to contact your spouse, children, attorney and/or accountant to protect your interests. In particular, SIS may contact the following individuals:
- Even if *Sherwood Investment Services* notices a decline in your functioning or there are unusual actions taken by you, you do not want us to contact others.

12. ABILITY TO READ EMAIL

Please indicate if you are able to read email

- I **do** have the ability to read Email and Adobe Acrobat attachments, commonly called "pdf files". Therefore, *Sherwood Investment Services* may send me information and legally required material such as Privacy Statements, Part 2A of Form ADV and billing statements via Email and pdf attachments, rather than through the U.S. Postal Service.
- I do **not** have the ability to read Email and Adobe Acrobat attachments, commonly called "pdf files". Therefore, *Sherwood Investment Services* should send me legally required material such as Privacy Statements, Part 2A of Form ADV and billing statements through the U.S. Postal Service.

13. DISPUTE RESOLUTION

If a dispute arises out of our engagement and cannot be settled through negotiation, and if both parties agree, the dispute will be settled by voluntary mediation or voluntary arbitration before resorting to litigation or some other dispute resolution procedure. If voluntary mediation or arbitration is employed, it will occur in the state of Washington in accordance with the then existing rules of the state of Washington and the American Arbitration Association. If settled in a court of law, any suit or legal action commenced against either party must be brought in the appropriate state or federal court in the state of Washington.

14. TERMINATION OF AGREEMENT

Services may be terminated by you or us within five business days of the date of acceptance of this agreement without penalty to you. After five business days, this agreement may be terminated by either party by providing the other party with a 30-day advance written notice. If termination occurs prior to the conclusion of any quarter, you will be billed the pro-rata portion of the annual fee, including the 30-day notice period. If fees are paid in advance, *Sherwood Investment Services* will refund the pro-rata portion of the unearned fee to you within 30 days of the termination date.

Client Initials: _____

15. CONTINUITY OF SERVICE

To assure that service to you is uninterrupted and continuous, this contract can be assigned to another Registered Investment Advisor or investment firm in the event of incapacitation or death of the principal or termination of *Sherwood Investment Services*.

16. UNDERSTANDING AND AGREEMENT

I have read this contract, understand its contents and agree to its terms. I have received a copy of it, Form ADV Parts 2A & 2B, and *Sherwood Investment Services' Privacy Statement*.

Client Authority. If you are an individual, you represent that you are of the age of majority. If Client is a corporation, the person signing this Agreement for the Client represents that he or she has been authorized to do so by appropriate corporate action. If this Agreement is entered into by a trustee or other fiduciary, the trustee or fiduciary represents that Advisor's investment management strategies, allocation procedures, and investment management services are authorized under the applicable plan, trust, or law and that the person signing this Agreement has the authority to negotiate and enter into this Agreement. Client will inform Advisor of any event that might affect this authority or the propriety of this Agreement.

Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Washington and the Securities Act of Washington (RCW 21.20), provided that nothing in this Agreement will be construed in any manner inconsistent with the Advisors Act or any rule or order of the Securities and Exchange Commission under the Advisors Act. Nothing in this agreement will waive or limit any right a client may have under federal and state securities law.

(Client Signature and Date)

(Client Signature and Date)

(Client Email Address)

(Client Email Address)

Principal, Sherwood Investment Services

ADV Part 2A Provided:

Privacy Statement Provided:

Client Initials: _____