

John M. Smartt, Jr., CPA
Financial Counseling & Administration
Registered Investment Advisor

2001 Partridge Run Lane
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(phone & FAX: 1-865-5884159)
(Email: johnsmarttcpa@yahoo.com)

Date:

Client name:

Address:

Address:

Address:

Dear _____ :

Re: Investment Management Services

Thank you for your request for investment management services. This letter constitutes our understanding of the services I will provide, our aims and expectations in this process, and the fee to be charged.

I. General aims and expectations:

A. Most investments will be made within the Vanguard family of indexed and other mutual funds. I have chosen this group based on its no sales commission ("no-load") policy, its history of leadership in the area of low annual operating expenses, its experience with indexed mutual funds and the variety of investment options offered. Investments will be held in custody by TD Ameritrade brokerage ("TDA"). I am neither a Vanguard nor a TDA employee and receive no compensation from them.

Your funds will be invested in mutual funds with which you are familiar. Additional money will be moved from existing accounts to mutual funds in which you are already invested, or you will be consulted prior to commitment of money to other mutual funds.

You are the only person who can withdraw money or securities from your investment accounts. I have no access to your funds other than: (1) the ability to transfer funds within your accounts at TDA, and (2) quarterly fee deduction from your TDA account. You are responsible for paying account costs and commissions levied by TDA.

B. I am a Registered Investment Advisor (RIA) with the State of Tennessee. A copy of "Required Disclosure by Registered Investment Advisors", a four-page

document, is attached to this letter. It describes, among other matters, my experience, approach to providing investment advisory services, services provided and fees charged. In signing this letter you agree that you have received this document, have read and understand its content. Any important changes in the way my business is conducted will be reported to you.

C. You are responsible for notifying me on a timely basis of changes in your ability to accept investment risk, your need for funds currently included within this investment management service, and other conditions which directly affect the suitability of the mutual funds in which your money is invested.

II. General Service Expectations:

A. I will provide a quarterly summary of, and comment on, your investments. As considered necessary, I will make recommendations for change in (1) risk levels and (2) specific investments.

B. I will be reasonably available, without further charge, to answer your questions and to provide general information about your investments.

C. I will assist in determining that information in the form of transaction notices, monthly account statements and other information is received directly by you from TDA.

D. I will provide a quarterly general client news and information letter ("newsletter").

E. "Market timing" is not a part of this investment management service. My investment philosophy does NOT support the effectiveness of attempts to "time the market." I recommend, with gradual investment of newly committed investment funds, a "fully invested" condition, keeping money market funds available for your use only for agreed, short-term cash and emergency needs.

F. Although I am a CPA, I am not your tax preparer. Although I am conversant with the basic rules of taxation of investments and retirement plans, you are to obtain your primary advice regarding income and other taxes from your own tax professional. I assume no responsibility for income tax withholding, nor providing 1099 Forms, nor for any other tax reporting.

If investment management is of an IRA or other qualified plan funds, I am not responsible for qualification issues regarding the IRA or qualified plan. I am not an ERISA fiduciary with regard to administrative issues.

The federally-mandated privacy policy is attached to this letter. In signing this letter, you agree that you have received it.

G. Any controversy or claim arising out of or relating to this contract or engagement letter, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

III. Fees:

The fee charged for the investment management services described above is 1/8% of the total calendar quarter ending market value of assets (including money market balances) under management for each calendar quarter. On an annual basis this is one-half of a percent, or 50 basis points. Fees will be billed and are payable promptly at the end of each calendar quarter (Initial quarterly fees will be prorated based on days in the quarter for which services were provided.).

This agreement is cancelable at the end of any calendar quarter, with 30 days written notice, by either party.

More active management of your investment funds (e.g. selection and trading of individual stocks, closed-end mutual funds and open end mutual funds other than within the Vanguard group) is available for a higher level of management fee.

IV. Specifics of your investments:

This agreement covers the following accounts:

Other provisions/agreements/understandings:

Closing:

I look forward to serving you with investment management services. Please let me know your questions and concerns, as well as changes referred to in section I. (C) of this letter.

Yours truly,

John M. Smartt, Jr., CPA

Attachments:

- (1) "Required Disclosure by Registered Investment Advisors"
- (2) FCA Privacy Policy

To: John M. Smartt, Jr.
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2001 Partridge Run Lane
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I have read and understand the above letter and attachments and agree to be bound by the general understandings contained therein.

(Client name)

(Joint client name)

(Date)

updated 5/22/06