



# EntityBuilder™ Engagement Agreement

Version 15.0

Lincoln Tower  
10260 SW Greenburg Rd., Ste 1170  
Portland, Oregon 97223  
1-800-934-3303 ♦ Fax 503-452-4205  
[www.FPTransitions.com](http://www.FPTransitions.com)

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Business Transitions, LLC

## **EntityBuilder™ Engagement Agreement**

1. Business Transitions, dba FP Transitions (“FP Transitions”) will provide general business start-up guidance to Client on starting a business entity specifically designed to manage equity in the financial services industry.
2. FP Transitions agrees to provide such assistance to Client through a series of scheduled appointments with FP Transitions advisors regarding entity formation, continuity planning, and valuation. Such scheduled appointments generally consist of 2 to 3 separate calls totaling an hour each, along with e-mail communications and direction (some clients may require less time); unused time cannot be carried forward or assigned to another individual or program. These hours must be used within one year from the date of this agreement. Client agrees to provide 24 hours notice to cancel or reschedule an appointment.
3. EntityBuilder Clients will receive a package of services including:
  - a. An EntityBuilder Manual for advisors to use as a reference for the entire formation process, both while the entity is being formed and also to refer to in the future. This Manual will help advisors understand their entity choices, the benefits and detriments of each, proper usage of an entity and potential compliance concerns, and provide additional information on equity management and growth, valuation drivers, and methods to protect shareholder equity through implementation of a Continuity Agreement.
  - b. For advisors who choose to form a corporation, FP Transitions will provide and file State-specific Articles of Incorporation, provide securities industry customized bylaws, provide all information and support necessary to hold the first meeting of shareholders and elect directors and officers, including form resolutions, stock certificates and all other materials needed to properly form the corporation. We will also assist in filing Form 2553 with the IRS to obtain S-Corporation status, if desired (Client MUST inform FP Transitions within 30 days of this Engagement of the desire to file Form 2553 for an S-Corp election or such election may not be timely filed). Phone support to address questions and concerns will also be available as a part of the package price.
  - c. For advisors who choose to form a Limited Liability Company (“LLC”), FP Transitions will provide and file State-specific Articles of Organization and provide a securities industry customized Operating Agreement.
  - d. For both entity structures, FP Transitions will assist the advisor in obtaining an Employer Identification Number (EIN) from the IRS for the business.
  - e. FP Transitions will also provide a corporate or LLC binder to assist advisors in properly maintaining all information and organization documentation.
  - f. FP Transitions will perform a Comprehensive Valuation for each advisor under the EntityBuilder package. The valuation report will include hardbound, personalized report that is typically 60 to 70 pages, to help each advisor understand their starting equity position, and the value they have to protect and transfer in the Continuity Agreement. This determination of equity is integral to completing the death/disability plan for the business.
4. Fees: Client agrees to pay FP Transitions a flat fee of \$2,495. Fees are not refundable, assignable or transferable.
5. FP Transitions also offers an annual review each advisor’s corporate or LLC status and documentation for an annual fee of \$795 (in addition to the initial fee of \$2,495). The first annual review will be provided at no cost and is included in the initial payment of \$2,495. The review will encompass at least the following components: (1) a review of the entity status; (2) an update of any necessary corporate filings; (3) provide an updated valuation report of the equity value in the new business model; and, (4) update the continuity plan and any agreements that are in place.
6. Client understands and agrees that FP Transitions is not a law firm or an accounting firm and that nobody at FP Transitions, including but not limited to owners, principals, employees, managers, directors, or anyone else provides legal or tax advice. FP Transitions recommends that Client have all documents and information obtained from this engagement, including this Agreement, carefully reviewed by competent legal counsel before executing or implementing.

7. Client represents and warrants to us by signing below that Client has full authority to enter into this Agreement.
8. FP Transitions will pay for filing fees with Client's State Division of Corporations (or other state agency that registers business entities) up to \$250. Any fee in excess of \$250 will be the responsibility of the Client. FP Transitions neither provides local or county business license filing services, nor does it provide any securities filings with any government agencies. FP Transitions will not pay any franchise tax fee or other expense. It is up to Client and competent legal counsel to determine if any such filings are required for Client's particular situation. It is also your responsibility to talk to your legal and tax advisors (and your broker-dealer if applicable) to determine if an entity is advisable for your business and which business entity will work best for your particular situation. FP Transitions will not be responsible for determining if your chosen business name infringes upon any intellectual property rights of any third party. FP Transitions will not be responsible for making any updates to your U-4 or Form ADV if required. It is your responsibility to determine if your chosen business name will violate any state or federal intellectual property rights.
9. Client acknowledges that FP Transitions will rely on Client's representation of facts, figures, and other information, without making an investigation as to the accuracy of such representations. Client represents to FP Transitions that all such information supplied will be true and complete to the best of Client's knowledge, and indemnifies FP Transitions against any claims, costs, associated with this service.
10. Any controversy or claim arising out of or relating to this agreement, or the breach thereof, shall be settled and resolved by arbitration before one arbitrator, in Portland, Oregon, in accordance with the Federal Arbitration Act, 9 US Code §§ 1-16. The substantive law of Oregon will determine the interpretation of this agreement. Each party shall be responsible for its own attorney fees. Costs and arbitration fees shall be paid by the losing party.
11. LIMITATIONS OF LIABILITY. ANY LIABILITY OF BUSINESS TRANSITIONS ARISING OUT OF ANY SERVICES PROVIDED HEREUNDER SHALL NOT EXCEED THE TOTAL OF THE FEE PAID BY CLIENT OR ON CLIENT'S BEHALF UNDER THIS AGREEMENT. IN NO EVENT SHALL BUSINESS TRANSITIONS BE LIABLE FOR ANY INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE.
12. NOTE: IF YOU CHOOSE TO HAVE ANY TERM IN YOUR NAME RELATING TO FINANCIAL SERVICE THEN IT IS YOUR RESPONSIBILITY TO CHECK WITH YOU STATE TO MAKE CERTAIN THAT YOU ARE PERMITTED TO USE ANY TERM RELATING TO FINANCIAL SERVICE.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_