

Advisory Account Fees and Compensation

Fees charged on advisory accounts are based on the value of the account, and are expressed on an annualized basis. This is explained in greater detail below. The amount of the advisory fee is set by agreement between the advisor and the client. This applies to any advisory account at the firm. With respect to non-discretionary (client directed) accounts there are two options currently offered by Cresap Inc. to clients:

The first is Asset Advisor, a program that accommodates a broad range of investment recommendations. The fee is set based on negotiation between the client and the advisor. The firm's actual charges on Asset Advisor accounts are set at various levels at or below 1.5%. The fee is set based on negotiation between the client and the advisor.

The second non-discretionary option is Custom Choice, which provides a broad array of open-end mutual fund options.

The firm's actual charges on Custom Choice accounts are set at various levels at or below 1.2%. The fee is set based on negotiation between the client and the advisor.

With respect to advisor directed (discretionary) accounts, Cresap Inc. uses the Private Investment Management (PIM) product made available by Wells Fargo. The firm's actual charges on PIM are set at various levels at or below 2%. The fee is set based on negotiation between the client and the advisor.

For all advisory accounts held in the aforementioned programs at our clearing firm (Wells Fargo Clearing Services), fees are deducted at the time the account is opened (inception) and on a quarterly basis thereafter. Inception fees are pro-rated from the time the account is opened until the end of the calendar quarter in which it is opened. Quarterly fees are processed within the first 15 days of each quarter.

Fees are based on the value of assets held in the account on the last day of the quarter. If an account was worth \$400,000 on 12/31, and was subject to a 1% annual fee, the fee billed in January would be calculated as follows:

$\$400,000$ (value on 12/31) X 1% = \$4000 (annualized fee)

$\$4000$ (1/4 or one quarter) = \$1000 (quarterly fee)

Unlike regular brokerage accounts at Cresap, Inc., there are no commissions, or any other charges imposed on transactions that occur within fee based advisory accounts except as noted in #10 below. This applies to all securities, including mutual funds, purchased or sold in advisory accounts. There are no custody charges or inactivity charges. The only Cresap Inc. charge to the client is the advisory fee, negotiated by the client and advisor, and set forth in the account opening documents signed by the client. With certain mutual funds or ETF's held in an advisory account, there may be a management fee charged by the fund or product manager. Cresap Inc. does not receive any part of this fee.

The vast majority of our advisory and brokerage accounts are held at Wells Fargo Clearing Services. Client cash balances may be swept into money market shares or a bank deposit program. Wells Fargo Clearing charges fees for the cash sweep program, and may share a portion of

these fees with Cresap, Inc. The fee may vary depending on the sweep option chosen. Therefore, this firm usually derives a benefit based on the aggregate value of all brokerage and advisory client assets in cash sweep vehicles offered by the clearing firm. The benefit may decline or cease in an environment of very low interest rates. Because our financial advisors receive no direct benefit from this sharing arrangement, it does not influence the advice provided by our advisors to our clients.

In very limited circumstances, an advisor at Cresap who exercises discretion over an account may charge transaction commissions instead of a flat fee. In these accounts, other fees normally charged in a brokerage account may be imposed. Such fees could include fees for account transfer (charged to transfer the account to another firm), optional exchanges, wire transfers, cash management accounts, retirement plan accounts, delivery of U.S. Government securities, abandoned property/dormant account, returned checks, internet account access (if applicable), fees on foreign securities, annual inactive or maintenance fees, and postage and handling fees. Commission rates are negotiable.