

## HBW ASSOCIATE & PARTNER AGREEMENT

This Agreement, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between HBW Insurance & Financial Services, Inc. dba HBW Partners and HBW Advisory Services, LLC (hereinafter “HBW”) and \_\_\_\_\_ (hereinafter “Associate”) serves to memorialize the agreement between the parties relating to the Associate’s solicitation of business and submission of applications for products offered through HBW and affiliated companies. Associate agrees to conduct business through HBW under the terms and conditions set forth in this Agreement.

### A. HBW & ASSOCIATE AGREE AS FOLLOWS:

1. During the terms of the Agreement, HBW authorizes Associate to represent HBW in transactions and advisory services in accordance with the terms, conditions, and covenants contained in this Agreement.
2. HBW agrees to provide access to products and services from various companies and carriers, including broker/dealer, investment advisory, tax preparation, life and other forms of insurance services, training and support, compliance and other common services available through our various relationships. HBW may, in its sole discretion, recommend various marketing programs, available technology, and support.
3. **Independent Contractor Status.** Associate acknowledges that he/she is an independent contractor. Nothing in this Agreement shall be construed to create the relationship of employer and employee, joint employer, partnership, joint venture and/or franchisor and franchisee between HBW and Associate. Associate agrees never to represent to the public that any relationship other than that of independent contractor for business and submission of applications for products and plans offered by HBW exists between Associate and HBW. HBW does not provide workspace or tools to Associate, nor supervise or evaluate Associate’s work, except as required by industry regulations and/or regulators. Associate, as an independent contractor, shall be free to determine, within the scope of this Agreement, the persons from whom to solicit business and the method, time, place and manner of Associate’s performance, subject to compliance with the requirements of all applicable Federal and State laws, any other applicable rules and regulations of applicable governmental or regulatory authorities, and the rules and procedures of HBW. Associate is not entitled to any fringe benefits from HBW, including, without limitation, vacation benefits, health, dental, or vision benefits, or any other benefit to which employees of HBW may otherwise be entitled.

4. **Commissions and Fees.** See SCHEDULE A. Commission and fee schedules are based on Associate's sales and income levels and are generally the same for Securities and Investment Advisory business. Life insurance, fixed and fixed indexed annuities, tax preparation and other lines of business may have their own compensation schedule. Associate commission and fee percentages will be reviewed at least annually. Compensation rates will be adjusted based upon the most recent twelve (12) month rolling earnings. HBW retains the right to unilaterally change or adjust compensation at their sole discretion.
  
5. **Use of Name.** Associate agrees to use his/her own name and/or fictitious corporate name in signing any binding contract relating to marketing or selling HBW products (e.g., for office rental or other contractual purposes). The terms "Helping Build Wealth," "HBW Insurance & Financial Services, Inc. dba HBW Partners," "HBW Advisory Services, LLC," and "HBW" are registered trademarks of HBW. Associate is authorized to use the HBW logo and other related HBW names only in connection with Associate's solicitation, sale, and servicing of HBW products and only after having obtained prior written approval from HBW for each such use. All pieces of advertising must be submitted for review and approval to the Compliance Department of HBW prior to use if said material mentions HBW's names or its affiliates in any way. The right to use terminates upon termination of this Agreement. All business cards, stationery, signs, websites and other materials using these names must be destroyed or returned to Associate's Managing Partner or the HBW home office upon termination of this Agreement.
  
6. **Confidential Information.** Associate agrees not to divulge, communicate or use to the detriment of HBW or to the benefit of HBW's competition any confidential information, including but not limited to trade secrets, including personnel information, secret processes, know-how, client lists or other technical data.
  
7. **Qualifications.**
  - a. **Background Check.** Associate agrees to submit to a background check.
  - b. **Associate Licensing.** Associate is responsible for maintaining proper licensing with any and all regulatory agencies with jurisdiction over the Associate's activities. Associates must be properly licensed before engaging in any work which would fall under the jurisdiction of such regulatory agencies. An Associate's failure to remain properly licensed terminates this Agreement.
  - c. **Insurance.** Associate agrees to purchase and maintain Errors & Omissions insurance, with limits of at least \$1,000,000.00, at his or her own cost, without reimbursement from HBW. Associate shall provide proof of said coverage to

HBW. Failure to maintain Errors & Omissions insurance will result in immediate termination of this Agreement.

8. **Contact Information.** Associate agrees to maintain an e-mail address at all times in order for the HBW home office to be able to contact the Associate. Associates must keep HBW apprised of their current home and business addresses, telephone numbers and their current e-mail address. Associate agrees to update HBW with changes within twenty (20) days of each change made.
9. **Record Keeping.** Associate agrees to keep complete and accurate records of all transactions and accounts associated with products offered through HBW or their contracted affiliated companies. Associate agrees that HBW shall have the right to immediately audit and inspect such accounts upon written requests.
10. **Incoming Associate.** Associate acknowledges that HBW has not induced, coerced or encouraged any behavior by Associate which may be a violation of any Associate's existing contractual obligations. Further, Associate agrees to indemnify, defend and hold HBW harmless for any conduct by Associate, which may be a violation of Associate's existing contracts.
11. **Best Practices.** Associates are encouraged to "focus on the mission, not the commission." HBW operates on the common-sense method of doing business and expects Associates to use their common sense to consider the needs of their clients, their affiliated companies, their fellow associates, and HBW. Associate agrees to act as they would want others to act and to strive to do the right thing.
12. **Best Efforts.** Associate agrees to use Associate's best efforts in the solicitation of the purchase and offering of products from affiliated companies of HBW and will take no action to injure HBW or its reputation. Associate and HBW agree that they will never recommend or take any action that is not in the best interests of the client. Associate shall not make any untrue statements, misrepresentations, or omit material facts concerning any product. Associate agrees to know what is suitable for the client. Associate will be liable for any financial losses or damages to HBW or its affiliates, or to any third party arising from any negligence or intentional misconduct.
13. **Indemnification.** Provided that HBW is not in material breach of the terms of this Agreement and has fully performed its obligations hereunder, Associate agrees to hold HBW harmless and to indemnify and defend HBW, its successors, licensees, assignees, shareholders, directors, officers, principals, employees and representatives against any and all claims, charges, court actions, costs, expenses and liabilities including reasonable

attorney's fees and costs (collectively "claims") instituted against Associate and/or HBW by any person or entity including, without limitation, any governmental agency and/or any person or entity with which Associate has or had a relationship, incurred as a result of Associate's action, inaction, omission, negligence, conduct or failure to perform any of the conditions of this Agreement or any other agreement to which Associate is or was a party. Any resulting penalties, fines, decisions, awards or settlements shall be borne solely by Associate, unless determined to be owed due to an act or omission by HBW. Notwithstanding anything to the contrary in this section, HBW shall indemnify and hold Associate harmless from any claims incurred as a result of HBW's failure to perform any of the conditions of this Agreement or of any agreement with a carrier or affiliated company represented by HBW. HBW shall have the right to withhold all compensation then due or to become due to Associate under this Agreement or a predecessor agreement, and to apply the withheld compensation against the indemnified obligations of Associate to the extent determined by HBW.

14. **Chargebacks.** Associate agrees to repay immediately and without demand any unearned compensation or debit balance. Associate authorizes HBW to deduct the amount due HBW from any compensation due and payable from HBW to Associate where applicable. Refusal to repay any unearned compensation or debit balance is grounds for HBW to terminate this Agreement.
  
15. **No Non-Captive and Non-Compete Clauses.** HBW does not have a non-compete clause in their contracts. Associate agrees that Associate's clients are those that Associate is entirely responsible for acquiring and Associate further agrees that Associate is entirely responsible for costs involved in acquiring client, including all marketing costs (i.e. training, seminars, etc.). HBW and Associate understand and agree Associate is free and independent and able to contract with any company whether or not HBW has a contract with that company. Restrictions may occur according to applicable state and federal law.
  
16. **Website & Internet Search Guidelines.** Associate agrees to abide by the following rules in setting up his/her websites, social networking sites and any internal search marketing.
  - a. Associate agrees to refer to himself/herself in setting up the title of his/her website, social networking site or internal search marketing by listing the Associate's first and last name preceding agency title with disclosure of independent contractor's status and full corporate name (e.g., "John Doe, Independently Contracted Partner of HBW Insurance & Financial Services, Inc. dba HBW Partners"). This must appear any time an internet search for HBW Insurance & Financial Services, Inc. or HBW Partners is attempted.

- b. Associate agrees to adhere to the above format for all permutations and combinations of internet searches of the corporate name (e.g., HBW, HBW Partners, etc.).

## **B. PARTNER STATUS**

1. **Attaining Partner Status.** Associates who achieve and maintain certain minimum production levels and other requirements may qualify as a “Partner” and may be given access to additional HBW opportunities. See SCHEDULE A. Partners are provided with support for recruiting and training their own associates. For the purposes of this agreement HBW uses the term “Partner” as a business concept and not as a legal definition of Partner. Partner-status does not establish any ownership, shares, or voting rights in HBW. HBW reserves the right to unilaterally modify, at any time, the criteria for attaining Partner status.
2. **Maintaining Partner Status.** Partner agrees to meet and maintain the minimum income requirements (see SCHEDULE A) and adhere to all provisions of this agreement in order to retain eligibility for HBW Partner designation. Exceptions must be approved by express written permission from HBW. HBW reserves the right to unilaterally change the criteria for maintaining Partner status at any time upon fifteen (15) days’ notice.
3. **Partner Responsibilities.** An Associate attaining the status of Partner has the following responsibilities: recruiting, training and supporting advisors for the purpose of developing their business. We view the recruiting Partner’s primary responsibility as training. Training includes licensing and registration support, product training, developing and modeling proper business practices, understanding compensation and business expense planning, client relations, affiliated vendor relations, office processes and procedures, employer/employee relations, etc., as well as marketing their business to clients, generating referrals and other marketing programs that generate new clients.

A Partner need not utilize any particular marketing strategy but should know various strategies in order to properly mentor their new advisor. Partners should be relied upon to support advisors where needed for most aspects of their business. This support might include financial planning support, case design, general business questions, product and service provider, best practices and compliance guidance. Partner should set a strong business example, provide regularly scheduled meetings, act as an extension of the HBW home office in maintaining relationships, and keeping their advisors connected to HBW Partners. HBW does not control or supervise how a

Partner chooses to recruit or train their advisors. Failure to perform these types of duties may result in forfeiture of Partner status at the sole discretion of HBW. HBW reserves the right to reject any candidates for Associate.

4. **Transfers.** Transfers of associates between one Partner to another Partner must be agreed upon by both Partners. If both Partners fail to mutually agree to the transfer, the Associate may resign for a minimum of six (6) months and then reapply with the new Partner.
5. **No Improper Inducement.** Regarding the recruitment of currently licensed individuals, there are several factors to consider. HBW does not target particular companies or groups of advisors in its recruiting efforts. HBW does not and will not encourage or recommend that any person violate an existing contractual agreement. If a recruit or potential recruit asks an HBW associate for advice regarding any existing contractual obligations, the HBW associate should advise the inquirer to seek legal counsel. Any Associate who induces or attempts to induce any other HBW Associate or any other leaving Partner to move to another entity, or who induces or attempts to induce a client to replace their existing HBW affiliated program with a competitor is in violation of this Agreement and is subject to immediate termination for cause.
6. **No Joint Employment.** Partner agrees that all employees hired or retained by Partner are hired or retained by Partner only. HBW shall have no employment relationship with Partner's employees.
7. HBW has the right to deny Partner status to anyone at any time within its sole discretion.

## C. GENERAL PROVISIONS

1. **Entire Agreement.** This constitutes the entire agreement between the parties. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties.
2. **Modifications.** Associate agrees that HBW may unilaterally change any portion of this Agreement or HBW's policies, rules, procedures, and directives. Any such modifications shall be communicated to Associate at least fifteen (15) days in advance of the effective date thereof.
3. **Waiver.** A waiver of a provision of this Agreement shall not constitute a waiver of any other provision of this Agreement. A waiver shall not be binding unless made in writing by the party waiving the provision.

4. **Third Party Rights.** Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the signed parties. Further, this Agreement is not intended to relieve or discharge the obligations or liabilities of any third persons to any party to this Agreement. The provisions of this Agreement shall not give any third person any right of subrogation or action against any party to this Agreement.
5. **Applicable Law & Jurisdiction.** It is intended by all parties to this Agreement that the laws of California are to be used in the interpretation of the rights and duties of the parties under this Agreement.
6. **Arbitration.** Any controversy, claim, or cause of action arising out of this Agreement shall be settled by binding arbitration in accordance with the rules of JAMS Mediation, Arbitration, and ADR Services at the time of the claim. The Parties agree that the proper venue in regard to arbitration shall be Ventura County, California. The Parties further agree that the arbitrator fees associated with arbitration shall be evenly split between the Parties. A judgment or arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.
7. **Attorney Fees.** If any legal action or other proceeding is brought for the enforcement of this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorney fees and costs incurred in the action or proceeding. Such recovery shall be in addition to any and all other relief to which the prevailing party may be entitled.
8. **Termination.** This Agreement may be terminated with or without cause at any time by either HBW or Associate by sending written notice of such termination to the last known address of Associate or HBW.

The Agreement shall automatically terminate upon the death of Associate or upon dissolution of Associate if Associate is a corporation or partnership. Said partnership and/or corporation must notify HBW immediately upon dissolution. If the corporation reorganizes and wishes to recontract or the owner of the corporation wishes to recontract, the Associates within the Associate or Partner's group will follow the corporation and/or owner. In spite of the above-indicated automatic termination provision, HBW may accept a business continuity plan, transition plan, or succession plan. Associate shall submit in writing any proposed plan to HBW, and HBW shall either approve or deny the plan within fifteen (15) days. To be effective, any proposed plan must be approved by HBW prior to Associate's death or dissolution.

Termination of this Agreement ceases any obligation of HBW to Associate for any status, rank, or bonus eligibility in HBW. HBW will not pay Associate any commissions generated after the termination of this Agreement.

9. **Severability.** The provisions of this Agreement are severable. If any provision of this Agreement is determined to be invalid or unenforceable, the remaining provisions of this Agreement will be in full force and effect.

10. **Effectiveness.** This Agreement shall become effective immediately following execution by each of the parties. This Agreement may be executed in counterparts by the parties hereto and will become effective and binding upon the parties at such time as all signatories hereto have signed a counterpart of this Agreement. All counterparts so executed shall constitute one Agreement binding on all the parties hereto, notwithstanding that all parties are not signatory to the original or the same counterpart.

ACCEPTED AND AGREED UPON ON THE DATE SET FORTH BELOW.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Associate

Dated: \_\_\_\_\_

\_\_\_\_\_  
HBW

## SCHEDULE A

### I. Compensation Overview

As earnings, Partners and Associates receive a set percentage of gross compensation for securities, advisory, and life insurance lines of business. Partners are responsible for setting this percentage for Associates within their office. HBW will then pay to the Associate the sum equivalent to the set percentage.

### II. Partner Base Compensation

Gross compensation includes Gross Dealer Concession (GDC), Gross Advisory Fees, and life insurance compensation. Life insurance compensation is unique to each carrier and product (please refer to the compensation page at [hbwpartners.com](http://hbwpartners.com)). Associates receive the following percentage of gross compensation as base compensation:

Earnings	Percentage
\$100,000 – 149,999	85%
\$150,000 – 199,999	86%
\$200,000 – 299,999	87%
\$300,000+	88%

**It is the Associate's responsibility to provide evidence of trailing income (the most recent twelve (12) months of earnings) that qualifies for each level.**

### III. Attaining & Retention of Partner Status

An Associate who achieves a minimum earning threshold of \$150,000 is eligible for promotion to Partner status. Unless an Associate agrees to stay in a Partner's group, HBW has the right and obligation to promote an Associate who has achieved Partner status based on his or her income. When calculating Partner eligibility, HBW will use the amount an Associate would have earned if his or her compensation rate were at eighty-five percent (85%). HBW does this to adjust for the varying rates under which Associates work.

In order to remain eligible for Partner status, an Associate must meet a yearly minimum earning of \$100,000.

HBW reserves the right to deny Partner status to an Associate or Partner at any time.

### IV. Partner Revenue Share

A Partner that reaches the \$250,000 earning level (and provides verification to HBW) is eligible to participate in HBW's revenue sharing enhancement. The revenue share is one percent (1%) of the company's gross compensation in securities and advisory services. One percent (1%) of the gross revenue is shared proportionally among the qualifiers based on their own compensation level. For the purpose of the revenue share calculation, certain business expenses may be

excluded, at HBW's sole discretion, from the gross revenue number, including fees paid to third party money managers and the supervision fee paid to HBW's broker-dealer affiliate.

A Partner must be appropriately registered and have income in each line of business in order to participate. No bonus is paid on life insurance, but life and annuity income through HBW Insurance & Financial Services, Inc. counts toward compensation levels and bonus eligibility.

## **V. Amendments**

HBW reserves the right to unilaterally change this schedule at any time, upon fifteen (15) days' notice. Notice of any amendment shall be given to Associates and/or Partners by posting said amendment information on HBW's website or any other method HBW deems prudent.