

Verde Wealth Group's Business Alliance

Explaining the differences between Insurance, Broker Dealer and Investment Advisory Services





INDEPENDENT CONTRACTOR RELATIONSHIP WITH VALMARK COMPANIES


Verde Wealth Group, LLC ("Verde") is an independent financial advisory firm owned by Founder and President, Geordie M. Hrdlicka, JD, LL.M, CFP®. Patricia A. Moore MBA, CFP® serves as **Verde's** Senior Vice President. **Verde's** philosophy is to work collaboratively on behalf of each client. Geordie and Trish ("We") along with the **Verde** team apply a unified approach to each client relationship. As part of our collaborative approach, we have chosen to affiliate with **ValMark Companies** because we believe that providing holistic planning includes analyzing and making available a variety of financial solutions that may be appropriate to help clients meet their financial goals.


ValMark Financial Group allows **Verde** to access certain products and services for our clients. Based on the services recommended, we, along with the **ValMark** companies described in this document, can fulfill your wealth management and risk management needs in our capacities as investment adviser representatives (advisory services), as registered representatives (brokerage services), agents (insurance services), or any combination of these roles that we believe best serves you.

Each of these services imposes different legal duties and specific regulatory requirements that are outlined in this document. As CFPs®, we have a higher ethical duty to our clients that supersedes these regulatory duties. The CFP Board's *Code of Ethics and Professional Responsibility* require us to place the interest of our client ahead of our own. We have also pledged to disclose all affiliations and conflicts to our clients in advance of providing service. We are affiliated with the **ValMark Financial Group** (also collectively referred to as "**ValMark**") in the following ways:

 We serve clients in a fiduciary capacity when we offer planning advice through **Verde Wealth Group, LLC** registered with the State of Texas when providing a financial plan or consultative services for a fee.

 We serve clients in a fiduciary capacity when we offer investment advice through **ValMark Advisers, Inc.**, registered with the U.S. Securities and Exchange Commission (SEC). When managing assets for a fee, we are affiliated with **ValMark** as registered investment advisory representatives.

 We are also **Registered Representatives of ValMark Securities, Inc.**, a national, introducing broker-dealer, registered with the Financial Industry Regulatory Authority (FINRA). When selling variable life and annuity products, we offer these products through the broker-dealer.

 We are contracted through **Executive Insurance Agency, Inc.** to provide general account life insurance products through multiple insurance companies that are regulated by state insurance departments.

Our firm has chosen to affiliate with the **ValMark** companies to offer certain financial product solutions through them to our clients. **Verde Wealth Group** is likewise not owned or controlled by **ValMark**, nor are we employees of **ValMark**. As independent contractors, we pay all or our own expenses including staffing, rent, medical and retirement benefits.

It is important to understand that insurance, brokerage and investment advisory services are separate and distinct services and each is governed by different laws, legal standards and separate contracts with you. While there are similarities, depending on the capacity in which we act, our contractual relationship and legal duties to you are subject to a number of important differences that we wish to disclose.

We encourage you to review this information carefully and discuss it with us further if you have any questions.

ADVISORY SERVICES DISCLOSURES

INVESTMENT ADVISORY SERVICES, COMPENSATION AND POSSIBLE CONFLICTS:

We are investment advisory representatives with **Verde Wealth Group, LLC** for financial planning and consultative services. We are investment advisory representatives with **ValMark Advisers, Inc.** for investment advisory services. Through the **ValMark Advisers'** affiliation, we may offer a number of non-proprietary investment advisory programs to our clients. These services may include limited discretionary investment advisory programs and advice on the selection of investment managers and investment offerings such as stocks, bonds, mutual funds and exchange traded funds offered through our investment advisory programs. When serving in either capacity under **Verde Wealth Group** or **ValMark Advisers**, we are fiduciaries.

When we act as your investment adviser, we will enter into a written agreement with you expressly acknowledging our fiduciary advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will supply you with our Form ADV Part 2A and Part 2B brochure(s) that provide detailed information about, among other things, the advisory services we provide, our fees, our code of ethics, our other business activities and financial industry affiliations and any conflicts between our interests and your interests. Your money is not directly held at **ValMark** but is instead, custodied at firms including **Charles Schwab, TD Ameritrade or Pershing LLC**.

More information can be found in our **Verde** ADV Part 2A found on the **Verde** website www.verdewealth.com in the "**VWG ADV Disclosure**" link.

CHARGES FOR INVESTMENT ADVISORY SERVICES:

Planning and consultative fees are charged for the initial planning and consultative services provided by us through **Verde**. Fees may be charged for additional planning or consultative services after the initial engagement depending on the specific situation and request. The fees are documented in the **Verde Wealth Group, LLC** Financial Planning Contract. **Verde** receives the entirety of this fee.

For asset management accounts, we will typically charge a fee that is paid from the investment account under management. It is billed quarterly and based on a percentage of the assets held in your advisory account. We will receive most of the fee paid with a portion retained by **ValMark Advisers, Inc.**







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FIDUCIARY ROLE AND RESPONSIBILITIES AS AN INVESTMENT ADVISER:

As a registered investment adviser, we and **ValMark Advisers, Inc.** are held to legal standards under the Investment Advisers Act of 1940 and state laws, where applicable, that reflect this high standard of a fiduciary. This standard includes:

-  Obligations to disclose to you all material conflicts between our interests and your interests.
-  If we or our affiliates receive additional compensation from you or a third-party as a result of our relationship with you, we must disclose that to you.
-  We must obtain your informed consent before engaging in transactions with you when we act in an advisory capacity.
-  We must treat you and our other advisory clients fairly and equitably and cannot unfairly advantage one client to the disadvantage of another.
-  The investment decisions or recommendations we make for you must be suitable and appropriate for you and consistent with your investment objectives and goals and any restrictions you have placed on us.
-  We must act in what we reasonably believe to be your best interests and in the event of a conflict of interest, we must place your interests before our own.

BROKERAGE SERVICES DISCLOSURES

BROKERAGE PROFESSIONAL SERVICES, COMPENSATION AND POSSIBLE CONFLICTS:

As an introducing broker-dealer, **ValMark Securities, Inc.** is able to take customer orders and execute securities transactions either by you writing a check to an insurance company, mutual fund company, or other investment directly or through our clearing firm, Pershing LLC. We consider any recommendations of securities in this capacity to be part of our brokerage services and do not charge a separate fee for this advice. In accordance with FINRA rules, recommendations must be suitable for each client in light of the client's particular financial circumstances, goals and tolerance for risk. The advice and service we provide to our clients with respect to their brokerage accounts are an integral part of services offered as a broker dealer. When serving in this capacity the insurance company, mutual fund, or investment company pays **ValMark Securities, Inc.** a commission, most of which is reallocated to us as registered representatives.

VARIABLE LIFE AND ANNUITY PRODUCTS:

Some insurance products are dually regulated; by the state insurance commissioner and by FINRA because they provide options to invest in sub-accounts that contain securities. These products are filed with the SEC through a prospectus. The prospectus contains information on costs and risks associated with the investment. When these products are recommended to the client, we are acting in the capacity of a Registered Representative of the broker-dealer. Compensation is in the form of commissions, overrides and bonuses similar to general account life products and may vary based on the product recommended. These transactions are supervised by **ValMark Securities, Inc.** and must be deemed suitable for the client, based on information you provided.

CHARGES AND POSSIBLE CONFLICTS:

If you choose to establish a brokerage account with us, you will pay a commission for our brokerage services each time we execute a transaction with for your account. This commission for brokerage is negotiable and will be disclosed in every confirmation statement. In the case of mutual funds, group annuities, variable life and annuities, we will be paid a commission from the issuer of the security. **ValMark Securities, Inc.** pays a large portion of commissions to us as registered representatives of the broker dealer.

We are under no obligation to recommend any specific company's products. Our firm has agreed to minimum production requirements, in aggregate, to maintain a relationship with **ValMark Securities, Inc.**'s buying group and as our production increases we receive an increasing percentage of the amount paid to **ValMark**. Further details about specific brokerage service pricing and special compensation arrangements may be found by visiting our website at www.verdewealth.com.

ROLE AND RESPONSIBILITY AS YOUR BROKER DEALER:

When we act as your broker for securities transactions, we and **ValMark Securities, Inc.** are held to the legal standards of the Securities Exchange Act of 1934, the Securities Act of 1933, the rules of self-regulatory organizations such as the FINRA and state laws where applicable.

As your brokers and broker-dealer, **ValMark Securities, Inc.** and the registered representatives at **Verde** have a duty to deal fairly with you. Consistent with our duty of fairness, we are obligated to make sure that the prices you receive when we execute transactions for you are reasonable and fair in light of prevailing market conditions. We must have a reasonable basis for believing that any securities recommendations we make to you are suitable and appropriate for you, given your individual financial circumstances, needs and goals. It is important to note that when we act as your broker, we do not enter into a fiduciary relationship with you, as we do when providing investment advisory services. Our legal obligations to disclose detailed information to you about the nature and scope of our business, fees, and conflicts between our interests and your interests are more limited than when we have fiduciary duties with you. However, our goal is to ensure that you are fully informed and aware of the product solution offered for your consideration along with the fees and/or commissions associated with the solution.

INSURANCE SERVICES DISCLOSURES

INSURANCE PROFESSIONAL SERVICES, COMPENSATION AND POSSIBLE CONFLICTS:

We are licensed with certain state departments of insurance as life agents and appointed with several insurance companies to offer a wide variety of insurance products such as life insurance, disability insurance, long-term care insurance, annuity products and group insurance.

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When serving as an insurance agent, our compensation is exclusively in the form of commissions, overrides and bonuses paid to us directly or through **Executive Insurance Agency, Inc.** While we are under no obligation to use any specific company's products, our firm has agreed to minimum production requirements, in aggregate, to maintain a relationship with **ValMark's** buying group. While compensation is similar among products of various companies, it can differ between products and we may make more on some products than others.

INSURANCE AND BROKERAGE SERVICES INDIRECT COMPENSATION DISCLOSURES

Executive Insurance Agency, Inc. and **ValMark Securities, Inc.** have certain companies with which they have selling agreements, to have access to products, expertise and systems, and maintain buying leverage with these carriers for our clients. As a result of direct contracts and a large volume of business contracts between these select insurance companies, there may be higher compensation than with insurance companies where there is little volume or carriers that chose to also pay a wholesaler or an insurance company general agent. Select carriers may subsidize software, training, meetings, and trips and other benefits, but the value of these items in no cases exceeds 5% of our total compensation.

FOR MORE INFORMATION

Understanding the ways in which we can conduct business under applicable laws and regulations is essential to our relationship with you and part of our ethical duty as a professional to disclose. The investment advisory programs, brokerage accounts and insurance solutions we offer differ in other ways than those summarized; therefore, it is important you carefully read the agreements and disclosures provided to you with respect to the products or services under consideration.

While we strive to make sure the nature of our services is clear in the materials we publish, if at any time you would like clarification on the nature of your accounts or the services you are receiving, please feel free to contact us.