



PRODUCER CONTRACTING CHECKLIST

Please be sure to **SIGN** the ***Producer Contracting Application, Direct Deposit Authorization Agreement (if requested), and the Contract to Represent.***

Attach the following forms:

CONTRACTING

- Producer Application (*must sign*)
- Contract to Represent (*must sign*)
- Commission Addendum**
- Direct Deposit Authorization Agreement (*must sign* if elected)
 - Voided Check
- Annualization Agreement (*must sign* if requested)

LICENSING

- Copy of current Resident Insurance License
 - Individual license if contracting as an individual or partnership
 - Individual license of the Corporation's Principal (Authorized Officer who signed the Contract to Represent)
 - Corporate license if required by the state of charter

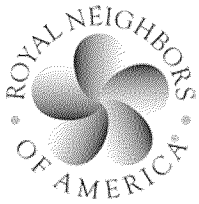
If you are requesting any Non-Resident appointments:

- Copy of current Non-Resident License(s)
- Non-Resident appointment fees for each requested appointment

Return ALL Forms to your Recruiting Agent →

NATIONAL SENIOR BENEFITS
William J (Joe) Moore
423-581-1004 or 1-800-226-1004
FAX: 915-990-8550 or 423-581-1401

Mailing: NATIONAL SENIOR BENEFITS
PO Box 1954
Morristown, TN 37816



PRODUCER CONTRACTING APPLICATION

I. Personal Information Section (authorized officer or partner if corporation or partnership)

First name MI Last name Suffix Social Security no.
Professional designation(s) Nickname Driver's license no./State
Male Female Date of birth State of birth Resident Insurance License no./State

II. Addresses (mailing address for all correspondence and supplies)

Send ALL mail (correspondence, commissions, supplies, etc.) to: Business Home
Business: Street Apt./Suite Telephone no.
City State ZIP
Home: Street Apt./Suite Telephone no.
City State ZIP
E-mail address Cell phone no. FAX

III. Partnership Information Section (if applicable)

Check if commissions are to be paid to the agency and income reported to the Federal Tax ID no. below.
Agency name Federal Tax ID no.
Full name of each general partner
Resident Insurance License no./State
Resident Insurance License no./State

IV. Corporation Information (if applicable)

Check if commissions are to be paid to the corporation and income reported to the Federal Tax ID no. below.
Corporation name Federal Tax ID no.
Resident Insurance License no./State Resident state does not require a corporate license

V. Insurance Licenses

I have attached a copy of the Resident Insurance License(s) shown above.
I also wish to be appointed in the following states, and all corresponding non-resident licenses and fees for such licenses are attached.

VI. Background Information

Have you ever represented, or are you currently representing Royal Neighbors of America? If "YES", Producer Code #
Have you ever had your insurance license or securities license suspended or revoked, or have you ever had an application for an insurance license denied or revoked by an insurance department?
Have you ever had a complaint filed against you with an insurance department or other regulatory agency?
Has any claim ever been made against you, your surety company, or errors & omissions insurer arising out of insurance sales or practices, or have you been refused surety bonding or errors & omission coverage?
Are you at present involved in any litigation or are there any unsatisfied judgments or liens (including tax liens) against you?
Do you currently have a pending bankruptcy or have you declared bankruptcy within the past seven years?
Have you pled guilty or nolo contendere to, or been found guilty of, a felony or a crime involving dishonesty or breach of trust?
Does any insurer, insured, or other person claim any indebtedness from you as a result of any insurance transactions or business?
PLEASE EXPLAIN ANY "YES" ANSWER(S)

Notice of Vector One Report

Royal Neighbors of America is a participant in the Vector One Program. Vector One is a cooperative service which provides member insurance companies information about agent debit account balances.

Fair Credit Reporting Act Disclosure

This notice is provided to you pursuant to 15 U.S.C.A. §1681b(b) of the Fair Credit Reporting Act. Please be advised that Royal Neighbors of America may obtain your consumer report for use in evaluating you as an applicant and prospective producer. A consumer report is any written, oral, or other communication of any information by a consumer reporting agency bearing on your credit worthiness, credit standing, credit capacity, previous employment, character, general reputation, personal characteristics, mode of living, criminal records, or education records. Information obtained from a credit reporting agency will not be used for any impermissible purpose or in violation of any federal or state equal protection law or regulation.

By your signature below, you acknowledge that you have received and understand the contents of this notice, and authorize Royal Neighbors of America to obtain your consumer report from any credit reporting agency. You further release any employer, former employer, and each other person from any and all liability of whatever nature by reason of furnishing any of the above information. You recognize that you may be the subject of an investigative consumer report and to the extent permitted by law you waive any requirements of notification with respect to this investigation. You understand that you have the right to request a complete and accurate disclosure regarding the nature and scope of any consumer investigative report prepared on you. You further authorize Royal Neighbors of America to provide any report or information obtained in connection herewith to any other insurance company with whom you request appointment.

Check here if you wish to receive a copy of your consumer report.

Certification of Taxpayer Identification Number

By my signature below and under penalties of perjury, I certify that the number(s) shown on this form is/are the correct taxpayer identification number(s), and I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and I am a U.S. person (including a U.S. resident alien).

Application for General Membership

By my signature below, I am applying for general membership in the Society, Royal Neighbors of America. I support the purposes of the Society and will comply with its laws.

VII. This section must be completed.

DIRECT DEPOSIT AUTHORIZATION AGREEMENT

Attach voided check or encoded deposit slip here.

I hereby authorize Royal Neighbors of America to initiate credit entries and to initiate, if necessary, debit entries and adjustments for credit entries made in error to my:

- Checking – please enclose a copy of your voided check **OR**
- Savings account – please enclose an encoded deposit slip

Provide the information for your direct deposit account and financial institution below:

Bank name _____ Branch _____

Mailing address _____

City _____ State _____ ZIP _____

Account number _____ Routing transit number _____

This authority is to remain in full force and effect until terminated with written notification by me.

Signature _____ Date _____

Printed name _____

Conditions and Agreements

By my signature below, I hereby acknowledge I have read a specimen copy of the proposed contract and all applicable supplements and addendums thereto to be entered into between myself and Royal Neighbors of America. I agree to be bound by all of the terms and conditions of such contract, supplements, and addendums, a personalized copy of which will be subsequently forwarded to me by Royal Neighbors of America. I agree not to solicit business until I have been notified by Royal Neighbors of America that I am authorized to do so.

I represent and warrant that all information and answers to questions are true and complete. Any marketing materials which have not been provided by Royal Neighbors of America must be approved by the Home Office prior to their use. I understand that any specimen sales brochures and material I have received are provided only for my personal examination of product provisions and rates.

I further acknowledge that I am familiar with and will adhere to the Royal Neighbors of America Agent's Code of Ethics and that I have been trained and understand Royal Neighbors of America products.

Signature _____ Date _____

Printed name _____



CONTRACT TO REPRESENT WITH AUTHORITY TO RECRUIT Royal Neighbors of America

This Contract, with attachments, is entered into between You (the agent/agency) and Royal Neighbors of America, a fraternal benefit society whose Home Office is located in Rock Island, Illinois.

Agent/Agency Name *(as shown on the resident insurance license)*

A. Designation & Appointment

1. Designation

The Agent/Agency named above is herein referred to as You, Your or Agent. Royal Neighbors of America is herein referred to as the Society or It. This contract and all addendums and amendments attached are referred to as “the” or “this” contract, and are entered into between You and the Society in consideration for the mutual agreements set forth herein.

2. Appointment

Upon execution of this contract You are an agent of the Society for the purpose of soliciting applications for the Society’s insurance and annuity certificates in states where you are licensed and appointed to sell Royal Neighbors of America Products. In addition, You are granted authority to recruit and develop Agents to market the products and services of the Society, in accordance with the guidelines below, in any state of the United States in which the Society is duly licensed to sell insurance and annuity certificates and has filed and received approval for any product which the Society permits you to offer for sale. This contract does not grant exclusive rights in any territory or for any product. This contract is limited to the types of products offered by Royal Neighbors of America, shown in the Commission Addendum, attached hereto and made a part hereof by reference.

B. General Provisions

1. General

During the continuation of this contract, You agree to:

- (a) Be responsible for the prompt delivery of certificates sent to You in accordance with the Society’s rules and instructions.
- (b) Follow all Society bylaws, rules and regulations.
- (c) Solicit only in the state(s) in which You are licensed and appointed with the Society;
- (d) Comply with all State and Federal laws, orders, rules and regulations.

2. Relationship

Nothing contained herein is intended to create the relationship of employer and employee between You and the Society, and You shall at all times be an independent contractor. You shall be free to exercise your own judgment as to the time, place and means of performing all acts hereunder, subject to the rules, regulations and instructions concerning solicitation and delivery of insurance and annuity certificates set forth by the Society or any insurance department.

3. Prompt Remittance

You shall promptly submit any applications for insurance and annuity certificates and any premiums collected by You for the benefit of the Society. Applications and premiums collected should be mailed to the Division Office, whose address is shown on the signature page of this contract. All certificates issued by the Society, must be delivered to the certificateholder within ten (10) days of Your receipt. You shall obtain a signed delivery receipt for the certificate, and return it to the Society. If the health condition of the applicant has changed since the application date, You shall promptly return the certificate to the Society and no issuance or delivery will occur.

4. Limitations

You are not authorized to waive, alter, or change any provision or condition of the Society’s insurance or annuity certificates, Contract to Represent, literature, or receipts; modify or extend the amount of time of any premium payment due to the Society, or receive any money due or to become due to the Society except the initial premium. You shall not enter into any contract, incur any expense or obligation of any kind, nor shall you bind the Society to any coverage or risk. No coverage will be effective with respect to any application until approved by the Society. The Society reserves the right, based upon Its sole discretion and without liability to You, to approve or disapprove any application, limit the amount of coverage issued, or charge a higher premium based upon Its evaluation of the risks.

5. Hold Harmless

You agree to defend, at the Society’s request and through counsel acceptable to the Society, indemnify and hold the Society harmless from any claims, demands, losses, expenses, costs and damages arising or resulting directly or indirectly from any breach by You of any term or condition of this contract, or violation of any law or regulation or failure to comply with any court order.

You shall not institute any legal proceedings in the Society’s name. Should any claims or lawsuits be made by any third party against You or the Society as a result of alleged wrongdoings by You, then You shall hold the Society harmless from, and indemnify It for any claim,

loss, expense, cost, or liability which It may incur defending the action and for any settlement of, or judgment resulting from such action. The Society may, at Its sole discretion, defend or settle any such claim.

C. Compensation, Accounting & Indebtedness

1. Compensation

- (a) You shall be paid compensation according to the terms of this contract, the Commission Addendum and any Annualization Addendum that may be attached. The Commission and / or Annualization Addendums are subject to change by the Society upon notice in writing to You. However, any change shall not affect any certificates issued on applications solicited prior to the effective date of the change.
- (b) Commissions shall not be owed or paid on certificates continued in force under any waiver of premium provision of any certificate, or on collected premiums that are subsequently refunded by the Society. You shall promptly repay the Society any commissions paid prior to the refund.

2. Accounting

- (a) The Society shall provide to You a statement showing compensation and deductions made within the accounting period. Each statement is deemed to be correct and accurate unless You object in writing within thirty (30) days after it has been delivered or posted for review.
- (b) If commissions due to You total less than \$50 in any pay period, then the commission payable will be deferred until accrued commissions exceed \$50.
- (c) All accounting records maintained by You, relating to business conducted with the Society, are subject to inspection at any reasonable time by our authorized representative.

3. Indebtedness

- (a) Any compensation due under this contract may be applied to payment of any indebtedness You may have to the Society. Indebtedness includes any monetary claim the Society may have against you, including but not limited to advances paid, overpayment of commissions, reversal of commissions, the Society's membership fees, indebtedness of your sub-agents which has been deemed uncollectible, and other miscellaneous charges that you have authorized.
- (b) As additional security for the payment of indebtedness under this contract, the Society shall have a first and prior lien against the compensation due You under this contract. The Society's lien is superior to all other liens under this contract. The Society may, at any time, offset any such indebtedness against compensation due You under the contract or any contract You have with the Society. If the Society does elect to offset, the offset shall not constitute an election by the Society to forego any other available remedies to collect the indebtedness.
- (c) You shall reimburse the Society and / or indemnify the Society, for any loss, including attorney's fees, that the Society may incur in recovering from You any indebtedness due the Society.

D. Advertising Guidelines

All representations or references to Royal Neighbors of America, its products or agents, in any advertising or marketing material, shall be submitted to the Society prior to its use or distribution, and shall not be utilized until You receive written approval from an authorized employee of the Society. Advertising includes any material which is designed to create public interest in Royal Neighbors of America, its products or agents. This includes, but is not limited to, consumer material designed to induce the public to purchase, increase, modify, retain, renew, or reinstate a certificate, as well as agent recruiting and training materials. You are responsible for submitting all advertising and marketing material to the Society for approval. Furthermore, You shall maintain a file copy of all such advertising and marketing materials utilized, for a minimum of three years, and provide a copy to the Society upon request.

1. "Agent Use Only" Advertising

All agent directed advertising, training, or recruiting material must display the disclaimer "FOR AGENT USE ONLY" prominently and in bold type.

2. Consumer Directed Advertising

All materials that make reference to Royal Neighbors of America products, directly or indirectly, must include the full Society name and product form number.

3. Contractual Language

Guarantees or promises beyond the guarantee in the certificate are not permitted. Any use of investment type language is not permitted.

E. Termination

If this contract is terminated "without cause" or "with basis", any first year commissions or renewal commissions earned by You shall be fully vested and payable until such commission amounts are less than \$600 in any one calendar year. Servicing fees due in the eleventh (11th) and subsequent certificate years are not vested.

1. Termination "Without Cause"

- (a) At any time, either You or the Society may terminate this contract "without cause" by giving fifteen (15) days written notice, sent to the last known address of the other.
- (b) If You are an individual, this contract shall immediately terminate "without cause" upon Your death.
- (c) If You are a partnership, this contract shall immediately terminate "without cause" upon the death of any partner, unless the surviving partners shall elect by written notice to the Society, within thirty (30) days of the death of the partner, to continue this contract in force and in effect.
- (d) If You are a partnership, this contract shall immediately terminate "without cause" upon the dissolution of the partnership.

(e) If You are a corporation, this contract shall immediately terminate "without cause" upon Your sale, bankruptcy or insolvency.

2. Termination "With Basis"

Without notice, this contract shall immediately terminate "with basis" if the Society has reasonable cause to believe,

- (a) You have breached any provision of this contract;
- (b) You have willfully failed to obey any rule or procedure set-forth by the Society;
- (c) You have knowingly or intentionally induced or attempted to induce any Society certificateholder to surrender or discontinue paying premiums, where such recommendation is not in the best interest of the certificateholder;
- (d) You have committed any other willful act with the intent to injure the Society in Its public relations;
- (e) You have failed to maintain an active insurance license;
- (f) You have failed to maintain membership in the Society.

3. Termination "With Cause"

Without notice, this contract shall immediately terminate "with cause" if You,

- (a) commit a fraudulent, illegal or dishonest act, which adversely affects the Society, including but not limited to any misrepresentation as to the terms or provisions of an authorized certificate; any alteration, falsification or withholding of information, whether written or oral, about an applicant or prospective insured; any alteration of any application materials; withholding of any required underwriting material;
- (b) violate any insurance law, regulation, or rules of any jurisdiction in which You transact business.
- (c) Personally engage in or cause or permit agents under your control to engage in a pattern or practice of replacing, twisting or rewriting of the Society's life or health certificates. It is understood that the occasional unintentional replacement of a certificate does not constitute a pattern or practice. Any dispute regarding this matter that cannot be resolved by the parties to this agreement will be submitted to arbitration pursuant to paragraph G. 1. of this Agreement

If this contract is terminated "with cause", You shall forfeit to the Society all right, title and interest in any compensation under this contract. Forfeiture under this paragraph shall not constitute an election by the Society to forego any and all other claims or remedies it may have against You.

F. Membership in the Fraternal Society

You are required to maintain membership in the Society, at all times. If You are a corporation, all officers are required to maintain memberships. If You are a limited liability company, all members are required to maintain memberships. If You are a partnership, all general partners are required to maintain membership.

G. Miscellaneous Provisions

1. Arbitration / Governing Law

Any dispute arising between You and the Society shall be governed by and construed and enforced pursuant to the laws of the state of Illinois. In consideration of the execution of this contract, You agree that any dispute arising between You and the Society regarding the terms, the applicability or the enforcement of this contract, which cannot be resolved amicably, shall be first submitted to the American Arbitration Association for binding resolution. The rules of the American Arbitration Association shall govern any dispute under this paragraph. The prevailing party shall be entitled to recovery of reasonable attorney's fees and costs including the cost of the mediation and/or arbitration. The arbitrator shall determine the prevailing parties, the costs and the amount of the attorneys' fees.

2. Supersede & Waiver

This contract supersedes and replaces any contract or agreement previously entered into between You and the Society on behalf of the Society with respect to any future transactions. However, any rights You and the Society have under any previous contract are otherwise unaffected except as expressly provided in this contract. The Society's failure to enforce any provision of this contract shall not constitute a waiver of any other provision of this contract.

3. Assignment & Modification

No assignment of this contract or any compensation due hereunder shall be valid unless in writing and approved, in advance, by the Society. No modification of this contract shall be binding on the Society unless in writing and signed and approved by an authorized officer of the Society.

4. Savings Clause

If any provision of this contract shall be contrary to the laws of the particular state, county, or jurisdiction where used, such contrary provision shall not entirely invalidate this contract, and this contract shall be construed as not containing the particular provision held to be invalid in such state, county, or jurisdiction and the rights and obligations of You and the Society shall be construed and enforced in such a manner as nearly as possible to effect the intent and purposes of the contract.

5. Entire Contract

This contract and all addendums attached herein, which have been approved by the Society, contain the entire agreement between You and the Society. This contract shall become effective only when first executed by You and thereafter accepted by the Society.

6. Copies & Electronic Retention of this Contract

You agree that the Society may retain this contract solely as an imaged or electronic version and may destroy any original signed version of this contract; provided the imaged or electronic version accurately represents this contract including the

parties' signatures. You and the Society agree that a facsimile or other electronic reproduction of this contract shall be deemed as valid as the original.

7. Privacy Act Notice

By your signature below You acknowledge you have received a copy of the Privacy Notice, attached to and made a part of this contract. You acknowledge and agree You are acting as a third party service provider to the Society, as contemplated under §503 of the Gramm-Leach-Bliley Privacy Act and are therefore bound by the stated policy of the Society regarding the release of nonpublic information derived by, or for, the Society in Its normal course and conduct of business.

This contract becomes effective on the date it is accepted by the Society.

By: _____ Executed this _____ day of _____, _____
Your Signature
(if Corporation, authorized officer)

NATIONAL SENIOR BENEFITS

William J (Joe) Moore
423-581-1004 or 1-800-226-1004
FAX: 915-990-8550 or 423-581-1401

Accepted this _____ day of _____, _____

By: _____
Signature for Royal Neighbors of America

MAILING: NATIONAL SENIOR BENEFITS
PO Box 1954
Morristown, TN 37816

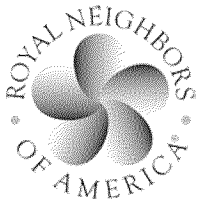
Printed name
Royal Neighbors of America • Austin Division
5910 Courtyard Drive, Ste 240
Austin, Texas 78731
(866) 733-9758

**Royal Neighbors of America
CODE OF ETHICS**

Royal Neighbors of America believes that serving the needs of our customers with integrity is of utmost importance. All employees and agents are expected to conduct themselves at all times with the highest degree of ethical business practices and in accordance with all state insurance laws and Society regulations.

As a Royal Neighbors of America agent, I agree to:

- Adhere to all provisions contained in the Agent's contract.
- Fully comply, at all times, with all laws and regulations regarding the solicitation and sale of any Royal Neighbors of America product.
- Make a conscientious effort to ascertain and understand the needs and financial circumstances of my clients, and make every effort to render the same quality of service to my clients which, in the same circumstances, I would expect myself.
- Not place the Society under any legal obligation that is not within the scope of my authority.
- Not accept risks of any kind, make, modify, or discharge contracts; extend the time for paying the premiums; waive forfeitures or any of the Society's rights or requirements; bind the Society by any statement, promise, or representation; or collect any monies other than as provided in the Contract to Represent.
- Use only appropriate sales materials approved by the Society and include all appropriate disclaimers.
- Make sure all signatures on applications or other documents submitted by me are authentic.
- Deliver all certificates and contracts to the respective owner in an expedient manner.
- Not enter into any contracts for the solicitation of insurance or annuities or to share commissions with anyone not licensed and under contract with the Society.
- Not represent the Society in any manner whatsoever before any state insurance department or official thereof, or any governmental agency, without the knowledge and approval of the Society.



LIFE Persistency Bonus Agreement

This is an addendum to the Contract to which it is attached, and is subject to all provisions contained therein. Any change or termination of any provision of this Bonus Agreement will only be effective for certificates issued from the effective date of the change or termination.

Summary

A Persistency Bonus will be paid to You on all Qualifying Certificates, as soon as reasonable after March 1 of the calendar year following qualification, if You meet the Minimum Qualifications and Bonus Level Requirements set forth below.

Definitions

- Production Amount: All life certificates issued, net of Not-Taken, at a weighted percentage. The weighted percentage is: 100% of 1st year Annualized Premium on traditional and term life insurance; 100% of 1st year Annualized Premium to Target on universal life insurance; 15% of Single Premium life insurance and 1st year Excess universal life premium.
- Qualifying Plans: Simplified Issue Whole Life (*form series 200612A*)
Graded Death Benefit Whole Life (*form series 200613A*)
Level Premium Whole Life, 20-Pay whole life, and Life Paid-up at 65
- Qualifying Certificates: Qualifying Plan certificates reaching 13th-monthiversary, 25-monthiversary or 37th-monthiversary in the prior calendar year.
- 13-Month Persistency: Ratio of all life certificates paying premium beyond 1st year (2nd annual premium; 3rd semi-annual premium; 5th quarterly premium; 13th monthly premium) as compared to all life certificates issued 13-months prior.
- 25-Month Persistency: Ratio of all life certificates paying premium beyond 2nd year (3rd annual premium; 5th semi-annual premium; 9th quarterly premium; 25th monthly premium) as compared to all life certificates issued 25-months prior.
- 37-Month Persistency: Ratio of all life certificates paying premium beyond 3rd year (4th annual premium; 7th semi-annual premium; 13th quarterly premium; 37th monthly premium) as compared to all life certificates issued 37-months prior.

Minimum Qualifications

- You must be an active agent with Royal Neighbors of America (Society) at the time any bonus due is paid.
- You must have been continuously contracted with the Society for at least 2 years.
- You must have Production Amount of at least 25,000 in the prior calendar year.
- You must have qualified for the prior Level of a Persistency Bonus to be eligible for the next Level.
- The Persistency Ratio must be calculated with a minimum of 5 certificates.

Bonus Level Requirements and Percentage

Level 1: 13-Month Persistency Bonus

Prerequisite: None
 Minimum ratio: 85%
 Bonus Percentage: If your prior year Production Amount is 25,000 to 49,999 then Bonus Percentage is 1%
 If your prior year Production Amount is 50,000 and greater then Bonus Percentage is 2%

Level 2: 25-Month Persistency Bonus

Prerequisite: Earned a Level 1 Bonus for the Prior Year
 Minimum ratio: 80%
 Bonus Percentage: If your prior year Production Amount is 25,000 to 49,999 then Bonus Percentage is .25%
 If your prior year Production Amount is 50,000 and greater then Bonus Percentage is .50%

Level 3: 37-Month Persistency Bonus

Prerequisite: Earned a Level 2 Bonus for the Prior Year
 Minimum ratio: 75%
 Bonus Percentage: If your prior year Production Amount is 25,000 to 49,999 then Bonus Percentage is .05%
 If your prior year Production Amount is 50,000 and greater then Bonus Percentage is .10%

Calculations

Bonus Percentage X Annualized Premium of Qualifying Certificates = Bonus Amount

Example:

Agent "A" qualified for a 13-Month Persistency Bonus in 2005

Agent "A" qualified for a 13-Month Persistency Bonus and a 25-Month Persistency Bonus in 2006

Agent "A" 2007 performance is:

Production Amount - 60,000

13-Month Persistency - 86%; 60 certificates, \$42,000 annualized premium

25-Month Persistency - 81%; 50 certificates, \$35,000 annualized premium

37-Month Persistency - 75%; 40 certificates, \$28,000 annualized premium

2007 Bonus Amount = (42,000 X 2%) + (35,000 X .50%) + (28,000 X .10%) = 840 + 175 + 28 = \$1,043



Annuity Persistency Bonus Agreement

This is an addendum to the Contract to which it is attached, and is subject to all provisions contained therein.

Summary

An Annuity Persistency Bonus will be paid to You as soon as reasonable after March 1 of the calendar year following qualification, equal to .05% of the aggregate total of Cash Value of Qualifying Plans on their Qualifying Anniversary, subject to the Minimum Qualifications set forth below.

Definitions

- Production Amount: All life and annuity certificates issued, net of Not-Taken, at a weighted percentage. The weighted percentage is: 100% of 1st year Annualized Premium on traditional and term life insurance; 100% of 1st year Annualized Premium to Target on universal life insurance; 15% of Single Premium life insurance and 1st year Excess universal life premium; and 10% of single and 1st year flexible annuity premium.
- Qualifying Plans: Single Premium Deferred Annuities
 Flexible Premium Deferred Annuities
- Qualifying Anniversary: A certificate anniversary at least 1-year elapsed from the cessation of the surrender charge period.
- Cash Value: Account/Accumulated Value

Minimum Qualifications

- You must be an active agent with Royal Neighbors of America (Society) at the time any bonus due is paid.
- You must have Production Amount of at least 25,000 in the prior calendar year.

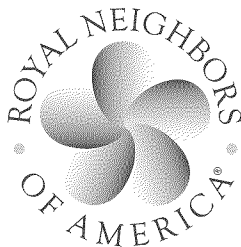
Bonus Calculation Example

Certificate AAA reaches a Qualifying Anniversary in the calendar year. The Cash Value on the anniversary is \$250,000
Certificate BBB reaches a Qualifying Anniversary in the calendar year. The Cash Value on the anniversary is \$300,000
Certificate CCC reaches a Qualifying Anniversary in the calendar year. The Cash Value on the anniversary is \$1,000,000
Certificate DDD reaches a Qualifying Anniversary in the calendar year. The Cash Value on the anniversary is \$500,000

The aggregate total of Cash Value of Qualifying Plans is \$2,050,000.

The Bonus Calculation would be 2,050,000 X .05%

The Annuity Persistency Bonus is \$1,025.



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIESSM

ANNUALIZED FINANCIAL AGREEMENT

In order to assist you in the development of business as a representative of Royal Neighbors of America, we will provide the financial arrangement described below. We may, however, terminate this financial arrangement at any time and may terminate it if a minimum of three certificates are not sold by you within any 90 day period.

For purposes of this agreement “we”, “our”, “us” or “the Society” refer to Royal Neighbors of America and “you”, “your”, “yours”, or “the agent” refer to the individual named above.

FINANCIAL ARRANGEMENT

1. We will, at our discretion, advance to you money in excess of commissions earned and payable to you. These advances will be in the form of discounted annualized first year commissions on new initially paid for life insurance sold on the Electronic Funds Transfer (EFT) mode of collection. All advances shall constitute a lien against all earnings under your contract with Royal Neighbors of America.
2. The annualized advance on initial first year commissions on Electronic Funds Transfer (EFT) business will be _____% of the anticipated first year commissions. For Universal Life policies, only commissions on target premiums will be annualized and there will be no annualization of commissions on excess premiums.
3. The annualized advance on initial first year commissions on Electronic Funds Transfer (EFT) business may be retained by us to liquidate any charge back of commissions or any debit balance that may exist.
4. Commissions on business written on all other modes of collection will be paid as earned, except that they may be retained by us to liquidate any charge back of commissions or any debit balance that may exist.
5. Commissions earned in excess of the annualized advance on a policy will also be paid as earned, but these may also be withheld to liquidate a charge back or debit balances that may exist.
6. The maximum advance on any one certificate will be \$2,000. These advances will be paid at the same frequency as your commissions.
7. Commissions on additions, increases, or reissues of certificates previously advanced will not cause recalculation of the advance. Commissions on additions and increases will be credited as earned. Likewise, no annualized advance will be paid on any conversion or exchange credit; commissions on such business will be credited as earned.
8. Annualization is not available on annuity business.
9. An Electronic Funds Transfer (EFT) on a certificate, on which an advance has been made, that is returned unhonored by the bank will result in a charge back of the unearned portion of the advance. The amount of the charge back shall be the full advance previously paid on the certificate minus all first year commissions actually earned on the certificate prior to the unhonored Electronic Funds Transfer (EFT). The charge back will be deducted from any amounts due the agent until fully repaid. It is fully understood that all payments of credits, commissions, advances or any amounts due the agent will cease until the charge back has been fully recaptured.

ANNUALIZED FINANCIAL AGREEMENT

This Financial Agreement may be terminated by the Society at any time without notice by discontinuing the payment of advances.

If this Financial Agreement is terminated, all commissions earned as of the date of termination or which may be earned in the future will be withheld and applied to any debit balance which may exist in the agent's account.

In consideration of the benefits received by you as a result of any advances made by the Society, upon termination of this Financial Agreement, your agent's contract or upon demand, you agree to repay us all sums advanced to you by the Society which may remain outstanding at the time of such termination demand. We may apply all commissions and other remuneration whatsoever due you to liquidate such indebtedness. We also retain the right to use any other method of debt collection which we deem advisable. In the event we are required to retain the services of an attorney to collect any indebtedness hereunder, you agree to pay reasonable attorney's fees plus court and other reasonable costs.

Any failure by us to insist upon strict compliance with the terms of provision of the Financing Agreement shall not be construed as a waiver unless specifically agreed to by us in writing.

You agree that you have read and understand the foregoing Financial Agreement and have freely and voluntarily executed it for the purposes and reasons stated in it. You have signed it with the intention that it shall be fully binding upon you, your heirs, executors, administrators and assigns.

No one other than our President can modify this agreement or waive any of the provisions. Any modification or waiver must be in writing and signed by such officer.

EFFECTIVE DATE

This agreement shall take effect on the date shown below when signed by all parties. This agreement shall be governed by the laws of the State of Illinois.

PRINT NAME AS IT APPEARS ON AGENT'S CONTRACT

ROYAL NEIGHBORS OF AMERICA

SIGNATURE

BY: _____

TITLE: _____

DATE

EFFECTIVE DATE OF AGREEMENT
_____ OF _____

I recommend the above agent be considered for payment of annualized commissions.

SIGNATURE OF UPLINE RECRUITER

AGENT NUMBER