

**Item 1 – Cover Page**



**Patterson Advisors LLC**  
**4118 South Shore Street**  
**Waterford, Michigan 48328**  
**248-766-9577**

**[www.pattersonadvisorsllc.com](http://www.pattersonadvisorsllc.com)**

**January 2, 2026**

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This brochure provides information about the qualifications and business practices of Patterson Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 248-766-9577 or by email: [dave@pattersonadvisorsllc.com](mailto:dave@pattersonadvisorsllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Patterson Advisors LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Patterson Advisors LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Our previous brochure was dated February 1, 2025

There are no changes in this update that are of a material nature. Pursuant to SEC Rules, we will continue to ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year (Dec. 31<sup>st</sup>). We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Dave Patterson, Member of Patterson Advisors LLC, at 248-766-9577 or via email: [dave@pattersonadvisorsllc.com](mailto:dave@pattersonadvisorsllc.com).

Our brochure and additional information about Patterson Advisors LLC are also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Patterson Advisors LLC who are registered, or are required to be registered, as investment adviser representatives of Patterson Advisors LLC.

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## Item 4 – Advisory Business

Patterson Advisors LLC was founded on January 1<sup>st</sup>, 2006. The firm is owned by David C. Patterson and Erin E. Preston (formerly Patterson). David C. Patterson founded Patterson Financial Planning, a sole proprietorship in the summer of 1996. Erin is David's daughter and joined Patterson Financial Planning in the fall of 2004. They subsequently changed the business to a Limited Liability Company (LLC) on the date noted above.

Patterson Advisors LLC offers comprehensive financial planning services primarily to individuals. Services focus on the following areas:

- Budgeting
- Insurance needs analysis
- Education Funding
- Income Tax analysis
- Investment analysis
- Education planning
- Retirement planning
- Estate planning

We tailor our services to the needs of each individual client. Our services include:

- Small one-time projects focused on a specific client need
- Investment Analysis Services
- Comprehensive Financial Services ***that include a comprehensive financial plan,*** covering many or all the areas listed above, as appropriate.

For those clients who contract for either Investment Analysis Services or Comprehensive Financial Services, Patterson Advisors helps the clients develop a personalized investment strategy tuned to their individual risk tolerance. We primarily recommend no load, no-transaction-fee mutual funds, exchange traded funds (ETFs), money market funds and certificates of deposit (CDs). We do not recommend the purchase of common stocks but do review clients' stock holdings and make recommendations regarding those holdings.

For clients who contract for our Investment Analysis Services, we conduct an annual review meeting with the client to discuss their financial goals and needs. We provide an annual, three to four-hour mini analysis related to any of the areas noted above, at the client's choosing.

As part of the investment services contract, clients can call or email us at any time with financial-related questions. Annual, and in some cases semi-annual portfolio rebalances are provided. Patterson Advisors does not monitor client portfolios on a daily or monthly basis.

Clients who contract for Comprehensive Financial Services receive the same services as with the Investment Analysis Services contract, except for the three to four-hour mini analysis. In lieu of the mini analysis, Comprehensive Financial Services clients receive an in-depth comprehensive financial plan focused on their short and long-term financial goals and objectives. Such detailed plans typically cover most, if not all the financial areas noted in the list at the beginning of this section, depending on the client's specific needs.

Since we do not provide continuous and regular supervisory or management services, as defined by the Securities and Exchange Commission (SEC), we are not considered to have what the SEC calls "assets under management".

In no case do we have discretionary authority over client assets. All client assets can remain in the same retail accounts they are invested in. In most cases, our clients implement their own trades, in their retail accounts, based on our recommendations. In a few cases, we perform trades for clients in their retail accounts via a limited power of attorney that restricts us from doing anything other than making trades. Trades are only made after receiving written approval from the client. If a client indicates that they do not want to invest in a particular type of security, we will not recommend a security of that type. We will also work with any special requests to keep certain investments or investment accounts that the client wants to keep for any reason.

We sell no investment or insurance products of any kind. We are an independent financial services firm.

## **Item 5 – Fees and Compensation**

Patterson Advisors is compensated solely by the fees billed directly to its clients. We receive no commissions of any kind and no compensation of any sort from anyone other than our clients. Our clients pay us by means of a personal check.

Our services are provided on a fee-for-service basis, only. Fees are negotiable with respect to the scope of work involved. Patterson Advisors generally bills for its services when the work is completed. In some cases (see below), a portion of the fee may be payable at the time a contract is signed. Fees are structured as follows:

**Initial Meeting:** There is generally no charge for the first meeting. In the first meeting, our services are discussed and the client's needs are reviewed. If a prospective client wants to pursue our services, the client is asked to provide more detailed information. The information needed may require that a comprehensive data questionnaire form be completed or it may require a client to provide us with copies of investment statements. The requested information will then be analyzed and a proposal and contract will be prepared for the prospective client's review. This contract will include the fixed fee for the services to be provided.

Packaged services (described below) or one-time projects may be delivered at the first physical meeting with the client, with payment due, in some cases, at the end of the meeting. In those cases, a contract will be consummated during that meeting. Packaged services may be initiated over the phone or through email messages and do not necessarily require a first, "no charge" meeting.

**Contracted Services:** Fees for our services are determined as follows:

*Small, one-time projects* are billed at \$ 200 per hour, with payment due when the work is completed.

*Investment Analysis Services* are contracted for on an annual basis and include other financial advisory services (see above). The fixed annual fee is clearly disclosed in the client contract.

Fees are based primarily on the estimated effort required and the complexity of the client's portfolio. A first-year "start-up" fee of an additional \$500 is charged for the work required to provide basic investment education to the client and help the client establish their target portfolio, based on the client's risk tolerance.

Fees typically range from 0.30% of the initial portfolio value up to .55% of the portfolio value, depending on the size of the portfolio. Smaller portfolios typically have higher associated fees. Fees are not automatically increased or decreased annually, as the client's portfolio value changes. They may be increased due to significant changes in portfolio size (either up or down) or when a client's work has changed in scope. **Client fees typically remain fixed for several years without an increase or decrease.** In any case, clients have the option to renew or not renew, each year, when their contract expires.

An initial deposit (up to a maximum of \$1,200) is charged for these services, since Patterson Advisors is essentially acting as the clients “financial coach” for the duration of the contract. The balance of the fee is invoiced when the portfolio analysis is completed. In some cases, the balance of the fee may be charged in three or four quarterly payments due at the end of the contract-year quarters.

*Comprehensive Financial Services* are contracted for in the same manner as Investment Analysis Services. However, the \$500 “start-up” fee is excluded from the calculation and an additional fee for the added effort to complete a comprehensive financial plan is included. That fee typically ranges anywhere from \$1,500 to \$4,500, possibly more, based on the estimated effort, complexity, time required, portfolio size and responsibility involved. In some cases, for high net-worth clients, a plan may be included at no additional charge, depending on the complexity of the plan.

The fee is disclosed in the client contract and will not change unless the client asks for, and approves, a change in scope of the work to be delivered. An initial deposit of \$1,200 will be charged when the contract is signed. The balance of the fee will be due when the plan is delivered.

Those who contract for a year of Comprehensive Financial Services (and, therefore, receive a comprehensive plan) will receive a 15% discount off the subsequent year’s Investment Analysis Services contract, should they choose to sign up for a second year’s service.

*Other packaged services* such as a “Financial Physical” (a short review of a client’s financial situation) may also be offered for fixed fees, with payment due when the work is completed.

*Potential Conflict of Interest:* Any investment advisor whose fee is based in any way on the value of a client’s portfolio (probably the vast majority of investment advisors) is faced with a possible conflict of interest when rendering any advice regarding a decision that affects the value of the client’s portfolio. Examples of decisions that could have a significant impact on the fee charged include the following: paying off or taking out a mortgage, buying a second or more expensive home, downsizing the home, spending more, gifting, and so on.

In the past, we never considered this potential, material conflict of interest, since we have always strived to make recommendations that are in our client’s best interest. In 2019, the Certified Financial Planner (CFP) Board of Standards issued a new Code of Ethics and Standards, with guides for adherence. Those guides brought to our awareness the need to transparently disclose this possible conflict of interest.

It is important to note that many investment advisors' fees increase or decrease quarterly, automatically, as client portfolios increase or decrease with market prices. Patterson Advisor fees, as noted in this document, are determined at the time the contract is first signed or when the contract is renewed. Renewal increases and decreases are considered at contract renewal time, if a substantial addition/growth or withdrawal of funds has occurred (e.g., a large bonus received, additional account added, second-home purchase made or major gift of client assets). Clients therefore tend to be more aware of how much they are being charged and can decline renewal, when their fees will be increased.

Nevertheless, our more-transparent method of charging fees does not mitigate the potential conflict of interest. To better manage this potential conflict, Patterson Advisors will provide a separate disclosure of the possible conflict, prior to any new contract signing or any contract renewal. Additionally, Patterson Advisors maintains an extensive checklist of important items to consider when recommendations are made. We have added to this list a reminder to provide more in-depth pros and cons to those recommendations that could substantially give rise to the potential for this conflict of interest. We will also encourage clients to question us about any concern they have in this regard.

## **Refund Policy**

When a contract is cancelled before completion, Patterson Advisors charges for all work completed prior to the cancellation date based on its hourly rate of \$200 per hour, less the amount of the initial deposit. If the initial deposit is more than the cost of the work completed at the cancellation date, the client is refunded the difference.

In any event, after the contract is completed, all fees paid other than the initial deposit, will be completely refundable at any time up to six months following the completion of work, if the Client is dissatisfied for any reason. Refunds will be paid within thirty days of the cancellation date or notice of dissatisfaction.

## **Possible Fees Associated with Investment Holdings**

Patterson Advisors primarily recommends no-load (no commission), no-transaction-fee funds and exchange-traded funds offered through Fidelity Investments, Charles Schwab and Company or The Vanguard Group, Inc., and receives no compensation from those companies. These types of funds have expenses charged by the issuers of the funds.

Patterson Advisors makes every effort to select low-expense funds. If a client chooses to have us make recommendations at other investment firms, we will do our best to recommend the same or similar investments, depending on what is available.

On rare occasions, Patterson Advisors may recommend a fund that requires a transaction fee or commission to purchase. Any brokerage commissions, transaction fees, and other related costs and expenses shall be paid by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties. Included may be fees charged by fund managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Patterson Advisors' fee, and Patterson Advisors does not receive any portion of those commissions, fees or costs.

Item 12 below further describes the factors that Patterson Advisors considers in selecting or recommending brokers for client transactions and determining the reasonableness of their fees.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Patterson Advisors does not charge any performance-based fees (fees based on a share of capital gains on, or capital appreciation of, the assets of a client). "Side-by-Side Management" involves mutual fund portfolio managers simultaneously managing hedge funds and/or separate accounts. Such management creates conflicts of interest inherent in the incentives and compensation in the different entities (e.g. a mix of performance-based- fees and other types of fees). Patterson Advisors only receives hourly fees or fixed fees from its clients and therefore is not involved in any type of "Side-by-Side Management" arrangement.

## **Item 7 – Types of Clients**

Patterson Advisors offers its services to individuals including high net worth individuals. Clients often are trustees and/or beneficiaries of family trusts, including revocable living trusts and irrevocable trusts. When requested, Patterson Advisors provides clients with advice regarding such trusts as well as the settlement of client's estates. Since none of our

advisors are practicing attorneys, we do not provide any kind of legal advice. Patterson Advisors has no minimum net worth requirement or minimum portfolio value for prospective clients.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Patterson Advisors utilizes two primary methods of analysis with its clients. One is used in preparing comprehensive financial plans and the other is used in analyzing client portfolios and recommending changes to those portfolios.

### **Method of Analysis Used in Preparing Comprehensive Financial Plans**

When preparing comprehensive financial plans, Patterson Advisors uses a financial planning software program called MoneyGuidePro®. MoneyGuidePro® is a goal-based financial planning tool that can easily be modified to analyze the potential for clients to achieve a variety of financial goals. Client financial data and prioritized goals are entered into the software along with assumptions regarding the expected rate of return of the client's portfolio, the rate of inflation, tax rates, etc. The software projects, based on the data entered and assumptions made, the probability of the client achieving his or her financial goals. Three types of projections are typically done for each scenario:

- The first projection assumes a constant average rate of return equal to the expected return of the client's investment portfolio.
- The second projection is similar to the first but also assumes bad investment returns in the first two years of the client's retirement.
- The third projection utilizes what is called Monte Carlo simulation to calculate the probability the client will achieve his or her goals. Monte Carlo simulation involves generating hundreds of projections while varying the portfolio returns in each projection based on historical return statistics. The percent of projections that are successful is used as a gauge of the probability the client will achieve his or her goals. For example, if 800 of 1,000 projections show the client's money will last until death and 200 of the projections show the client's money runs out, the client is determined to have an 80 percent chance of his money lasting his/her lifetime (800/1000).

Assumptions can easily be changed to create any number of different scenarios. Multiple scenarios can help the client get a sense of how likely it is that their goals can be achieved.

Nevertheless, the MoneyGuidePro® probabilities of success are only as good as the assumptions being made and the accuracy of the data provided by the client. Actual results may vary widely from the MoneyGuidePro® projections.

Just some of the factors that could affect the software's projections either favorably or unfavorably, depending on the values assumed in the plan are:

- Client portfolio rate of return
- Client's earned income
- Retirement income
- Retirement age
- Life expectancy
- Timing, duration and cost of goals
- Retirement living expenses
- Level of inflation
- Future tax rates
- Future savings
- Healthcare expenses
- College expenses
- Real estate prices
- Changes in laws

## **Client Portfolio Analysis and Investment Strategy**

Patterson Advisors' investment strategy is based on asset allocation techniques. Asset allocation is the process of first selecting specific asset classes in which to invest and then determining the percentage of one's portfolio to invest in each asset class. An asset class is a broad type of investment in which to invest. Examples include: Cash, short-term bonds, large domestic stocks, international stocks, etc.

Studies have shown that broadly diversified portfolios will generally provide better returns with less risk than less-diversified portfolios, over the long run.

The first step in the development of an asset allocation investment strategy for Patterson Advisors' clients, is to meet with them to review the basics of investing and the various risks of investing. Patterson Advisors then utilizes a process outlined in the book by Roger C. Gibson, titled "Asset Allocation: Balancing Financial Risk," Dow Jones-Irwin, Homewood, Illinois 1990. The purpose of the process is to help the client select a broad stock/bond target portfolio suited to their own personal risk tolerance.

With the information provided, the client next decides on the percentage of their portfolio that they want to allocate to stocks and the percentage to allocate to bonds. Next, Patterson Advisors provides a more broadly diversified target portfolio that includes eleven distinct asset classes, while maintaining the overall stock/bond mix chosen by the client. The included asset classes are:

- Cash
- Short-term bonds
- High-quality intermediate term bonds
- High-yield bonds
- Treasury inflation-protected securities (TIPS)
- International bonds
- Large domestic stocks
- Small domestic stocks
- International stocks
- Real estate investment trusts (REITs)
- Commodities (via materials and energy producers)

Patterson Advisors next analyzes the client's current portfolio to determine if they are over or under allocated in any of the recommended asset classes. We also review current holdings to determine if any securities should be replaced. Clients can specify specific securities they would like to keep. Utilizing our list of recommended mutual funds and exchange traded funds, we provide written buy/sell recommendations for the client to execute.

Our analysis considers the following:

- Tax implications
- Fund fees
- Potential surrender charges
- Short-term redemption fees, if any
- Account consolidation needs
- Recommendations for future investments
- Recommendations for employer retirement accounts
- Excessive holdings in one security

Patterson Advisors generally helps clients rebalance their portfolios annually and, in some cases, semi-annually. We believe there is generally little benefit to rebalancing more frequently than this.

Our approach helps clients take the emotion out of investing. If our approach is followed with discipline and clients buy asset classes when they are under-allocated and sell when they are over-allocated, it will help them to buy when asset prices are relatively low and sell when asset prices are relatively high. This is contrary to what many investors do. They tend to let their emotions drive investment decisions. As a result, these investors often buy high and sell low.

Investing in securities involves risk of loss that clients should be prepared to bear. Except for insured bank accounts and certificates of deposit held to maturity, clients may realize losses with any of the mutual funds and exchange traded funds we recommend. There may be periods of time when a client's entire portfolio loses value.

The funds we recommend are subject to a variety of risks. Each may be subject to one or more of the following risks:

- *Market risk* – market volatility can impact investment returns
- *Interest-rate risk* – interest rates affect investment prices
- *Liquidity risk* – some securities are not easily traded
- *Credit risk* – financial condition or default of an entity can impact its prices and investment returns
- *Prepayment risk* – prepayment of bonds can impact investment returns
- *Portfolio turnover risk* – funds that trade more may have lower returns
- *Currency exchange rate risk* – exchange rate fluctuations can impact investment returns
- *Foreign exposure risk* – more volatile economic conditions, social issues and government stability may impact investment returns
- *Re-investment risk* – fixed income investments may have to be reinvested at lower interest rates

Some of our recommended funds may invest in derivatives, even though we try to avoid funds that do so extensively. (Note: A derivative is a financial instrument that has a value, which is based on the expected future price movements of another asset.) Some funds may

seek additional income by loaning out securities. There is the risk that when portfolio securities are lent, the securities may not be returned on a timely basis.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events (such as A., B., and C below) that would be material to your evaluation of us or the integrity of our management.

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person
1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
  2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
  3. was found to have been involved in a violation of an investment-related statute or regulation; or
  4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

***Neither Patterson Advisors nor any of its management persons have been involved in any criminal or civil action in a domestic, foreign or military court of competent jurisdiction.***

- B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
  - (a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;
  - (b) barring or suspending your firm's or a management person's association with an investment-related business;
  - (c) otherwise significantly limiting your firm's or a management person's investment-related activities; or
  - (d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

***Neither Patterson Advisors nor any of its management persons have been involved in any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.***

- C. A self-regulatory organization (SRO) proceeding in which your firm or a management person
1. was found to have caused an investment-related business to lose its authorization to do business; or
  2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

***Neither Patterson Advisors nor any of its management persons have been involved in any self-regulatory organization (SRO) proceeding.***

## **Item 10 – Other Financial Industry Activities and Affiliations**

Patterson Advisors is not involved in any other business other than providing financial planning services and giving investment advice. We do not sell any product or provide any service other than those described in this document. We have no affiliations or relationships with any other entity that would cause a material conflict of interest with clients. Patterson Advisors does not receive any compensation of any type for its services from anyone other than clients. We do not provide compensation to anyone for client referrals.

## **Item 11 – Code of Ethics**

The members of Patterson Advisors or their immediate family may have personal interests in mutual funds, money market accounts, Treasury Notes or other securities, which, from time to time may be recommended to clients. In no event will such recommendations be made where the advisor's ownership interest is of any significance or where the advisor(s) could influence the value of personal holdings through the making of such a recommendation.

Patterson Advisors has adopted a Code of Ethics for all members of the firm describing its high standards of business conduct, and fiduciary duty to its clients. A separate Privacy Policy document includes provisions relating to the confidentiality of client information.

Patterson Advisors' clients or prospective clients may request a copy of the firm's Code of Ethics and Privacy Policy by contacting Dave Patterson.

## **Item 12 – Brokerage Practices**

As noted previously, Patterson Advisors recommends Fidelity Investments, Charles Schwab and Company or The Vanguard Group, Inc. If a client already has a majority of their assets at one of these firms, we generally recommend that they consolidate as many accounts as possible at the same firm. In some cases, clients may choose to use two of the firms in order to provide firm diversification.

These firms were chosen because they offer many no-load, no-transaction-fee mutual funds and exchange traded funds to retail customers. If clients need to trade stocks, the fees for doing so are very competitive, as well.

The firms also all have excellent web sites that make it easy for our clients to perform their own trades and can help clients with account administration tasks at no charge (e.g. opening, closing accounts, etc.). Since most of our portfolio recommendations focus on no-load mutual funds, clients can complete their own transactions, if they so desire.

In most cases Patterson Advisors' clients perform their own recommended trades. For those few clients for which Patterson Advisors performs trades under a limited power of attorney, Patterson Advisors' has no ability to aggregate a client's trades with any other client or any other person. Therefore, Patterson Advisors never aggregates any trades of any sort.

Patterson Advisors does not receive research or other products or services of any kind from any broker-dealer or third party (i.e. "soft dollar benefits"). Clients execute their own securities transactions in their personal accounts. In a few cases, as already noted in Item 4, above, we perform trades for clients in their accounts via a limited power of attorney that restricts us from doing anything other than making trades.

### **Item 13 – Review of Accounts**

Patterson Advisors meets annually with each investment services client to review their goals, financial status and risk tolerance.

We generally provide a written review of a client's investments as part of a comprehensive financial plan or as part of a semi-annual or annual portfolio analysis and rebalance. Within this review, we do report an investment return on the portfolio when portfolio additions and withdrawals can be documented and factored into the calculation. We do not provide reporting or regular ongoing management of client assets on a daily or monthly basis.

Both members of the LLC (David C. Patterson and Erin Preston) provide the reviews. The reviews take into consideration the risk tolerance assessment performed previously with the client. Client investments are reviewed using Morningstar® and other rating sources and/or data. The client risk threshold, assets and personal goals are reviewed when considering portfolio changes.

Written reports are provided at the completion of each comprehensive financial plan or at the time of each individual project or portfolio rebalance. Regular reports are not provided since Patterson Advisors does not provide regular (daily/monthly) ongoing account

management. Electronic newsletters written by the Members of Patterson Advisors are sent to clients periodically.

### **Item 14 – Client Referrals and Other Compensation**

As noted previously, Patterson Advisors receives no compensation or economic benefit of any sort from anyone other than our clients for providing investment advice or other advisory services.

Patterson Advisors does not provide any compensation of any sort to anyone for providing referrals. This includes attorneys, accountants, etc.

### **Item 15 – Custody**

In no case does Patterson Advisors take custody of client funds or securities. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge clients to carefully review such statements and verify that recommended changes are accurately reflected. The documents Patterson Advisors provides its clients do not represent account statements. They are documents created by the firm to analyze a client's combined accounts and holdings.

### **Item 16 – Investment Discretion**

In no case does Patterson Advisors have discretionary authority to manage clients' accounts on behalf of clients. Clients always have the final say in implementing any of the recommendations made to them by Patterson Advisors.

### **Item 17 – Voting Client Securities**

Since Patterson Advisors has no custodial authority over clients' accounts, it does not receive clients' proxies. Clients therefore retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. If requested, Patterson Advisors may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Patterson Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding. Patterson Advisors does not require prepayment six months or more in advance, of more than \$500. In some situations, deposits of more than \$500 are required, however, client services begin shortly after the contract is signed.

## Item 19 – Requirements for State-Registered Advisers

Patterson Advisors LLC consists of two Member/Owners and no employees. The member/owners have no supervisors. Nevertheless, in most all cases, each member/owner reviews the work of the other Member/Owner. Below is a summary of each member's educational and business background:

*Name:* **David Calvin Patterson**  
*Address:* 4118 S. Shore Street, Waterford, MI 48328  
*Year of Birth:* 1945  
*Phone Number:* 248-766-9577  
*Firm Name:* Patterson Advisors LLC  
*Firm Address:* Same as above  
*Firm Telephone Number:* Same as above

*Formal Education:*

- B.S. Math, Michigan State University
- M.S. Math, Purdue University
- MBA, Finance, Wayne State University
- Diploma, College of Financial Planning, Denver, CO

*Professional Designations:* Certified Financial Planner® Licensee  
(See minimum requirements below)

*Business Background:*

- Vice President of Management Information Systems at Allnet Communication Services (1992-1995)
- Chief Information Officer at Frontier Corporation (1995-1996)
- Sole Proprietor, Patterson Financial Planning (1996-2005)
- Member, Patterson Advisors LLC (2005 –present)

*Name:* **Erin Elizabeth Preston (formerly Patterson)**  
*Address:* 3334 Summit Ridge Drive, Rochester Hills, MI 48306  
*Year of Birth:* 1976  
*Phone Number:* 248-732-7712  
*Firm Name:* Patterson Advisors LLC  
*Firm Address:* 4118 S. Shore Street, Waterford, MI 48328  
*Firm Telephone Number:* 248-766-9577

*Formal Education:*

- B.S. Finance, Michigan State University
- Diploma, College for Financial Planning

*Professional Designations:* Certified Financial Planner® Licensee  
(See minimum requirements below)

*Business Background:*

- Financial Paraplanner, Cambridge Connection, (1998-1999)
- Financial Advisor, Labrecque, Jackson, Price and Roehl, (1999-2004)
- Member, Patterson Advisors (formerly known as Patterson Financial Planning), (2004-present)

**Minimum Requirements of Certified Financial Planner® Licensee:**

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with plaque design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and several other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. There are now more than 95,000 individuals who have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks today, an individual must satisfactorily fulfill the following requirements (Note that the following requirements were in effect when David

Patterson and Erin Preston obtained their certification. Requirements to obtain initial certification, at the present time, may have changed slightly.):

- *Education* – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services and attain a bachelor’s degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- *Examination* – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- *Experience* – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- *Ethics* – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- *CFP® Continuing Education* – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *CFP® Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- *Ethics* – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

Also: As investment Advisor Representatives (IARs) registered with *FINRA (Financial Industry Regulatory Authority)*, David and Erin must complete 12 hours of IAR continuing education, annually.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or

permanent revocation of their CFP® certification. Failure to complete the FINRA IRA C.E requirements can lead to inability to renew the required IAR registration.

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each person providing investment advice. Neither David C. Patterson nor Erin E. Preston has been involved in any type of legal or disciplinary action.

### **Other Business Activities**

Neither David C. Patterson nor Erin E. Preston is engaged in any business activity of any sort other than Patterson Advisors LLC.

### **Additional Compensation**

Neither David C. Patterson nor Erin E. Preston receives any economic benefit of any sort (for providing advisory services) from anyone other than clients. This includes sales awards, prizes, etc.

### **Requirements for State-Registered Advisers**

Neither advisor has been involved in any type of arbitration claim or any civil, self-regulatory organization, or administrative proceeding of any kind. Neither advisor has been the subject of a bankruptcy petition.

Additional information about David C. Patterson and Erin E. Preston is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).