

Foothill Securities, Inc.

Registered Investment Advisor

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March 1, 2012

**FORM ADV PART 2A
BROCHURE**

This Brochure provides information about the qualifications and business practices of Foothill Securities, Inc., a registered investment advisor. If you have any questions about the contents of this Brochure, please contact us at 650.625.9701. 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.

Additional information about Foothill Securities, Inc. is also available on the SEC's website at www.Adviserinfo.sec.gov. The IARD/CRD number for Foothill Securities, Inc. is 1027.

Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

New Brochure Replaces Foothill Securities, Inc. Form ADV Part II and Schedule F

Foothill Securities, Inc. is registered with the Securities and Exchange Commission, ("SEC.") On an annual basis, the SEC requires investment advisors to provide clients with information about their business practices. In 2011 we sent our clients information on our firm in the form ADV 2A/2B. Going forward we will be required to notify you of any material changes to our business. At this time, there are no material changes to report. If you would like another copy of our ADV2A/2B, please contact our office at 650.625.9701 or sshipp@foothillsecurities.com. Alternatively, you may view our current form ADV 2A on the SEC's website at www.adviserinfo.sec.gov.

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Advisory Services and Fees

Foothill Securities, Inc. ("Foothill") offers the following services:

Direct Asset Management

Foothill will structure account portfolios to meet specific customer objectives and needs and, on an ongoing basis, will provide asset allocation and buy and sell recommendations.

Foothill Investment Advisory Representatives provide asset management services through a variety of custodial broker-dealers, including, but not limited to, Pershing, LLC ("Pershing"), Charles Schwab or TD Ameritrade. Investment Advisory Representatives may maintain a limited power of attorney in these managed accounts. The limited power of attorney authorizes the Foothill Investment Advisory Representatives to execute transactions in customer accounts without contacting the customer immediately preceding the trade. All transactions are made in accordance with the customer's stated investment objectives and have been previously discussed and agreed upon by the customer and the Investment Advisory Representative.

Fees for this service will be charged on a percentage of assets under management basis not to exceed 3% per annum. The fees will be discussed and agreed upon in advance by the Foothill Investment Advisory Representative and the customer.

For the payment of asset management services Foothill customers may select to either have their custodial accounts debited for the fee due Foothill or to have Foothill invoice the customer directly. Generally, fees are paid to Foothill on a quarterly basis or on a monthly basis, in arrears or in advance, depending upon the terms of the agreement between Foothill and the customer. Statements prepared by the custodial broker-dealers will reflect asset management fees that have been debited from customer accounts including the percentage charged and fee calculation. Billing invoices prepared by Foothill will include the same information.

Fees may be increased, decreased, or waived on an individual basis, but will be agreed upon in advance, between the Investment Advisory Representative and customer. All fees are made payable to Foothill.

Many Foothill Investment Advisory Representatives are also securities Registered Representatives and may earn commissions on investment products in addition to receiving investment advisory fees. This practice may present a conflict of interest. In most cases, commissioned products are not placed under management for at least a twelve month period. Additionally, no load mutual funds are routinely recommended. Customers are under no obligation to purchase investment products that Investment Advisory Representatives recommend. Customers have the option to purchase investment products that Investment Advisory Representatives recommend through other brokers or agents that are not affiliated with Foothill. Under certain circumstances Foothill Investment Advisory Representatives may or may not offset investment advisory fees with commissions earned depending upon the terms of the investment advisory contract.

For their referrals to various third party providers of investment advisory services Foothill Investment Advisory Representatives may receive certain fee waivers, support services, and compensation for expenses. Customers are under no obligation to engage the services of these third party providers.

Either Foothill, or the customer, can terminate the investment advisory agreement by written notice to the other party. In certain instances, the customer may receive a pro-rated refund, based on the fee calculation method being used and the amount of work already completed.

Third Party Asset Managers

Foothill Investment Advisory Representatives may recommend the use of other independent investment advisors or asset management program sponsors that provide specialized investment advisory services. These advisors will charge advisory fees, independent of Foothill. A portion of the advisory fee will be paid to Foothill.

Each advisory customer will receive documentation including a third party asset management agreement and disclosure of compensation, and will receive ADV, Part 2A from Foothill and the third party asset manager. Accounts managed by third party asset managers will be subject to the cancellation policy of the particular third party asset manager.

Lockwood: Foothill Investment Advisory Representatives may recommend that their customers participate in the Lockwood Sponsored Program, which is sponsored by Lockwood Advisors, Inc. ("Lockwood"). In the Lockwood Sponsored Program, Lockwood charges each customer a bundled fee which generally covers program administration services provided by Lockwood, custody and execution of transactions by Lockwood's affiliate Pershing, and discretionary asset management services provided by third-party asset managers (the "Lockwood Fee"). The Lockwood Fee does not cover services provided by Foothill, which is additional to and separate from the Lockwood Fee, even though Foothill's fee may also be paid from the account in the Lockwood Sponsored Program. Customers in the Lockwood Sponsored Program will receive documentation including a Lockwood investment advisory agreement; Lockwood Form ADV, Part 2A and relevant schedules; and Form ADV, Part 2A. Accounts in the Lockwood Sponsored Program will be subject to the terms and conditions of the Lockwood investment advisory agreement, including cancellation terms.

Foothill utilizes the following Lockwood products:

Lockwood Sponsored SMA, Lockwood Investment Strategies, Lockwood Asset Allocation Portfolios and Lockwood AdvisorFlex Portfolios™ ("AFP"). Please refer to the Lockwood Form ADV for the Lockwood sponsored program for more information about these Lockwood products. AFP includes three, objectives-based strategies (appreciation, income and preservation) with multiple Models within each strategy. The AdvisorFlex framework allows Foothill Investment Advisory Representatives to choose from 16 model portfolios created by Lockwood or to customize their customer portfolios by selecting from a variety of investments, including mutual funds, exchange traded funds and exchange traded notes, in multiple asset classes. Each strategy is designed to meet its intended objective while providing choice and flexibility to meet the needs of individual investors. At inception, the SMA Program fee is billed from the date the account is opened through the end of the calendar quarter in advance. Thereafter, fees are billed in advance for the next calendar quarter based on the value of the assets at the end of the prior calendar quarter. For post inception deposits in excess of \$5,000.00, prorated fees on each deposit may be charged. Customers will be provided with a copy of Part 2A of the Lockwood ADV and AFP applications that will detail the services to be provided, fees to be charged and cancellation policy.

Genworth: Foothill offers an asset allocation system known as the GFWM Platform through Genworth Financial. Customer fees are payable quarterly, in advance, based on assets under management using the fee schedule provided by Genworth. Customers may terminate GFWM accounts at any time and receive a full pro-rata refund of any unearned fees.

Bellatore: Foothill under agreement with Bellatore Financial, Inc., an SEC-registered investment advisor (#801-68251) ("Bellatore") introduces a comprehensive suite of investment advisory programs to its customers, such as the Unified Management Account Program, the Altius Portfolios and the Capital Allocation & Management Program (collectively, the "Programs"). In participation with Bellatore, Foothill offers customers investment advice

and management, which includes asset allocation guidance and strategies, portfolio construction, trading, rebalancing, performance reporting, and account monitoring and administration.

Foothill is a Member of the Alliance of Independent Broker-Dealers (AIBD). It is in the financial interest of Foothill to recommend and use the services of asset managers reviewed by the AIBD because fees paid the AIBD by asset managers subsidize Foothill's due diligence program by partially funding the AIBD, which is partially controlled by Foothill and is therefore a de facto arm of Foothill.

Hourly Consultation

Foothill provides hourly consulting services to customers upon request. The fee for this service will not exceed \$300.00 per hour depending upon a number of factors including complexity of project and the individual rendering the investment advice. Fees will be discussed and agreed upon in advance. Typically, these fees will be billed on a monthly basis, after services have been rendered.

Financial Planning Services

Foothill provides comprehensive investment advisory services predicated upon full and complete analysis of all assets, liabilities, objectives and goals of customers. Investments reviewed may include securities, real estate, insurance, business ownership or other investments. Different types of reports will be prepared for customers, but generally they may be described as "financial plans" for individuals and families or other written project reports. Customers will be encouraged to have their financial plans reviewed and updated annually.

Payment for services will be according to individual arrangement. In general, a portion of the fee is paid in advance with the balance paid upon the completion and presentation of the project. Fees charged will be negotiable and will be charged on a fixed fee or hourly basis. Fixed fees may or may not be computed on the basis of the aggregate assets to be included in the plan. There is usually an additional charge for the annual review and update of the financial plan.

In some cases Investment Advisory Representatives charge a set-up fee when the customer's investment advisory account is opened. Generally the set-up fee, which covers administrative costs, is non-refundable.

Fees may be increased, decreased, or waived on an individual basis, but will be agreed upon in advance, between the Investment Advisory Representative and Customer. All fees are made payable to Foothill Securities, Inc.

Foothill may enter into a sub-advisory agreement relationship with other advisory firms in which Foothill will be acting as dual advisor or as a solicitor. Fees will be received by Foothill from the sub-advisor. The Customer will be informed that the advisory fee will be split between Foothill and the designated sub-advisor. The fee disclosure "Disclosure of Compensation" will be detailed in the Foothill Asset Management Agreement and in information received from the other advisory firm.

Conflicts of Interest: Foothill is a registered broker-dealer and an investment advisor. When making investment recommendations, an inherent conflict of interest may exist in that Investment Advisory Representative may receive securities commissions in addition to investment advisory fees. In addition to the fees charged by Foothill, each mutual fund company in which a customer's funds may be invested, utilizes fees paid by the investors that are deducted from the mutual fund's assets. These fees, called 12b-1 fees, pay for marketing and distribution expenses, such as brokers' commissions. The fees are categorized as annual operating expenses. Rule 12b-1 fees are disclosed in a mutual fund's prospectus and typically are less than 1 percent. Such fees may create a conflict of interest as the Investment Advisory Representative may receive a 12b-1 fee in addition to the investment advisory fee. Fees will be fully disclosed to customers and they are under no obligation to purchase these securities through the Investment Advisory Representative or Foothill Securities, Inc.

Investment Policy Statements

Individually managed accounts will be tailored to meet the customer's investment goals and objectives. Foothill Investment Advisory Representatives may prepare investment policy statements for customers that will detail individual customer objectives and investment strategies. Certain third party asset managers utilized by Foothill will prepare investment policy statements. It is not Foothill policy to prepare investment policy statements for all customers. They are prepared on an individual basis, at the discretion of the Foothill Investment Advisory Representation in consultation with each customer.

Assets Under Management

As of December 31, 2011 Foothill manages a total of \$832,163,637.00 on a non discretionary basis and \$93,661,528.00 on a discretionary basis.

Form ADV Part 2A, Item 6

Performance Based Fees and Side By Side Management

Performance Based Fees: Foothill does not charge fees based on a share of capital gains on or capital appreciation of the assets of a client.

Form ADV Part 2A, Item 7

Types of Customers

Foothill provides investment advisory services to individuals, pension and profit sharing plans, trusts, estates, corporations and other business entities.

Minimum Account Balance

Certain third party asset managers require a minimum investment in order to open a managed account. The specific amounts are detailed in the third party asset managers' agreements. Accounts below the stated minimums may be accepted on an individual basis at the discretion of Foothill and the platform sponsor.

Form ADV Part 2A, Item 8

Methods of Analysis, Investment Strategies and Risk of Loss

Foothill utilizes methods of analysis and investment strategies, including but not limited to charting, fundamental, cyclical and technical, in formulating investment advice or managing assets.

Foothill recommends general securities in customer portfolios that include but are not limited to individual stocks, individual bonds, mutual funds, government securities, commercial paper, certificates of deposit, variable products, government securities options, mutual funds, partnership units and real estate investment trusts (REITS).

Customers must be aware that investing in securities involves risk of loss.

Disciplinary Information

A. Neither Foothill or a Foothill Investment Advisory Representative has been or is currently involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which Foothill or a Foothill Investment Advisory Representative:

1. has been 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. has been 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. has been 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.

B. Neither Foothill or a Foothill Investment Advisory Representative has been or is currently involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which Foothill or a Foothill Investment Advisory Representative:

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 or was the subject of an order by the agency or authority:
 - (a) denying, suspending, or revoking the authorization of Foothill to act in an investment-related business;
 - (b) barring or suspending Foothill with an investment-related business;
 - (c) otherwise significantly limiting Foothill investment-related activities; or
 - (d) imposing a civil money penalty of more than \$2,500.00 on Foothill.

Other Financial Industry Activities and Affiliations

Certain Foothill Investment Advisory Representatives are licensed CPAs with the state of California. In the course of offering investment advice, customers may retain the Advisory Representative to provide accounting services. Customers are under no obligation to obtain accounting services through the Foothill Advisory Representative.

Certain Investment Advisory Representatives are independently licensed insurance agents. In the course of offering investment advice, Investment Advisory Representatives may recommend that customers purchase insurance products. Customers are under no obligation to purchase insurance products from the Investment Advisory Representatives or the insurance companies that they represent.

Certain Investment Advisory Representatives are independently licensed real estate brokers. In the course of offering investment advice, Advisory Representatives may recommend that customers purchase real estate. Customers are under no obligation to purchase real estate from the Investment Advisory Representatives or the insurance companies that they represent.

William Lawver is a Foothill Investment Advisory Representative. He is also the General Partner of Central Valley Broadband. Units of the offering are available to customers who meet the suitability requirements as detailed in the Central Valley Broadband private placement offering memorandum.

Scott Hanish is a Foothill Registered Representative. He is also a Managing Principal of AZIO, LLC the manager of Arizona Real Estate Income and Value Fund, LLC, a real estate investment trust. Scott Hanish is a Foothill Registered Representative. He is also a Manager of Hanish Business Ventures, LLC, a manager of Arizona Residential Real Estate Income/Opportunity Fund, LLC.

Laif Meidell is a Foothill Registered Representative. He is also a sub advisor to the Meidell Tactical Advantage ETF (Exchange Traded Fund) which is a part of the AdvisorShares Trust.

Customers are under no obligation to purchase Central Valley Broadband, Arizona Real Estate Income and Value Fund, LLC, Arizona Residential Real Estate Income/Opportunity Fund, LLC, or the Meidell Tactical Advantage ETF.

Code of Ethics, Participation or Interest in Customer Transactions and Personal Trading

A. Foothill maintains a Code of Ethics that describes firm policies and procedures and how Foothill conducts business with its customers. Foothill customers depend on the firm to be trustworthy, honest and loyal to their interests as provided in Foothill's agreements with them and disclosures in the Foothill form ADV. Customers expect Foothill to protect the confidentiality of their personal and financial information and to provide timely and professional advice in accordance with Foothill agreements. Each Investment Advisory Representative will receive a copy of the Code and must acknowledge in writing that he or she has received and read it.

Each Investment Advisory Representative is expected to strive to act at all time in accordance with fundamental principles of openness, integrity, and honesty. This is in addition to the legal obligations that Foothill and its Investment Advisory Representatives all have to adhere to applicable federal securities laws including the rules and regulations adopted under the Investment Advisers Act.

B. Foothill may occasionally recommend to customers, or buys or sells for customer accounts, securities in which Foothill or a related person has a material financial interest, including acting as a general partner in a partnership in

which Foothill solicits customer investments; or Foothill or a related person acts as an investment adviser to an investment company that Foothill recommend to customers.

C. Occasionally, Foothill may recommend that customers buy a security in which Foothill or an Investment Advisory Representative has also invested in. Additionally, Foothill or an associated person of Foothill may purchase a security of the same class as securities held in a customer's account. It is Foothill's policy not to permit associated persons to trade in a manner that takes advantage of price movements caused by customers' transactions.

D. Foothill, its officers and Investment Advisory Representatives may purchase the same securities that are recommended to customers. Foothill will put its customer's needs first and will follow all related securities regulations in executing the securities trades.

Form ADV Part 2A, Item 12

Brokerage Practices

Foothill is a registered broker-dealer and is primarily engaged in the sale of investment securities. Foothill maintains a fully disclosed clearing agreement with Pershing. Pershing is responsible for clearing commissionable trades on behalf of Foothill. Additionally, Pershing is responsible for sending trade confirmations and statements to Foothill customers.

While Foothill maintains a custodial agreement with Pershing, investment advisory customers may select which custodial broker-dealer to use or rely on Foothill Investment Advisory Representatives to make recommendations. Generally, these recommendations are based on Foothill's perception of the breadth of services offered, and quality of execution. Foothill utilizes the services of custodial broker-dealers including Pershing, Fidelity and Charles Schwab. The custodial broker-dealers make available to Foothill, other products and services that benefit Foothill but may not benefit its customers' accounts.

Some of these other products and services assist Foothill in managing and administering customers' accounts. These include software and other technology that provide access to customer account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple customer accounts); provide research, pricing information and other market data; facilitate payment of Foothill's fees from its customers' accounts; and assist with back-office functions, recordkeeping and customer reporting. The custodial broker-dealers also make available to Foothill other services intended to help Foothill manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the custodial broker-dealers may make available, arrange and/or pay for these types of services rendered to Foothill by independent third parties.

The custodial broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Foothill. While as a fiduciary, Foothill endeavors to act in its customers' best interest, and Foothill's recommendations that customers maintain their assets in accounts at the custodial broker-dealers may be based in part on the benefit to Foothill of the availability of some of the foregoing products and services and are not solely on the nature, cost or based in part on the benefit to Foothill of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodial broker-dealers, which may create a potential conflict of interest.

Research and Other Soft Dollar Benefits

Foothill does not engage in soft dollar benefits. Foothill does not use customer brokerage commissions (or markups or markdowns) to obtain research or other products or services.

Block Trading: Foothill may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Foothill's investment advisory agreements. Equity trades are blocked based upon fairness to customer, both in the participation of their account, and in the allocation of orders for the accounts of more than one customer. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day.

Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Foothill may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

Best Execution: On an annual basis, custodial broker-dealers are interviewed to compare the services and fees offered by the different firms. Best execution is not the only factor to be considered in providing investment management services to customers. We believe that several of the custodial broker-dealers including Pershing, Charles Schwab and Fidelity provide good execution for our customers' transactions. In addition, they provide our firm and our customers with other valuable information on their accounts both electronically and by mail. They also provide a forum for advisory professionals to meet and to discuss compliance issues, rules and regulations that are important for the customer and for our firm. We will review our agreement with the custodial broker-dealers on an annual basis and will compare them with firms offering comparable services to investment advisory firms and their customers.

Form ADV Part 2A, Item 13

Review of Accounts

Foothill Advisory Representatives are supervised by Foothill Branch Managers ("Office of Supervisory Jurisdiction" Managers). These Managers have supervisory responsibility over their designated Investment Advisory Representatives. The Managers receive a portion of the Investment Advisory fees as compensation for supervision of those Investment Advisory Representatives. Single Principal OSJs are supervised by the Foothill Corporate Office. Advisory customer accounts are reviewed by OSJ Managers as transactions occur. In addition, Managers review financial plans, customer statements from outside investment advisors and investment advisory related correspondence prepared by the Investment Advisory Representatives. Additionally, samplings of customer files are reviewed on an annual basis during compliance examinations.

Managed Accounts:

Generally, accounts that are directly managed by Foothill's Investment Advisory Representatives or those accounts placed with third party asset managers will receive the following information:

1. Confirmations and statements from the custodial Broker-Dealer.
2. Performance reports on at least an annual basis.

Financial Planning and Hourly Consulting:

The Foothill Investment Advisory Representative will prepare a report, as agreed to in advance by the customer and the Investment Advisory Representative. Generally, no ongoing reports will be provided unless requested by the Customer.

Additional reports generated by Foothill are at the Customer's request. If a fee is charged for the report, it will be agreed upon by Customer and the Investment Advisory Representative.

Form ADV Part 2A, Item 14

Customer Referrals and Other Compensation

TD Ameritrade: Certain Foothill Investment Advisory Representatives may participate in TD Ameritrade's institutional customer program and Foothill may recommend TD Ameritrade to Customers for custody and brokerage services. There is no direct link between Foothill's participation in the program and the investment advice it gives to its Customers, although Foothill receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Customer statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Foothill participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Customer accounts); the ability to have advisory fees deducted directly from Customer accounts; access to an electronic communications network for Customer order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Foothill by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Foothill's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Foothill but may not benefit its Customer accounts. These products or services may assist Foothill in managing and administering Customer accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Foothill manage and further develop its business enterprise. The benefits received by Foothill or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to customers, Foothill endeavors at all times to put the interests of its customers first. Customers should be aware, however, that the receipt of economic benefits by Foothill or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Foothill's choice of TD Ameritrade for custody and brokerage services.

Charles Schwab: Certain Foothill Investment Advisory Representatives may recommend that customers establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member Financial Industry Regulatory Authority, Inc. (FINRA) and SIPC, to maintain custody of customers' assets and provide other brokerage services. Fees Schwab charges Foothill are reduced as the assets Foothill custodies at Schwab increases.

Schwab also makes available to Foothill other products and services that benefit Foothill but may not benefit its customers' accounts. Some of these other products and services assist Foothill in managing and administering customers' accounts. These include software and other technology, allocation of aggregated trade orders for multiple customer accounts, research, pricing information and other market data, facilitate payment of Advisor's fees from its customers' accounts, and assist with back-office functions, recordkeeping, and customer reporting.

Schwab Institutional also makes available to Foothill other services intended to help Advisor manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice

management, information technology, business succession, regulatory compliance, and marketing. Schwab may also make available, arrange, and/or pay for these types of services rendered to Foothill by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Foothill. While as a fiduciary, Foothill endeavors to act on its customers best interests, and Foothill's recommendation that customers maintain their assets at accounts at Schwab may be based in part on the benefit to Foothill of the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

It is likely that Foothill from time to time will effect securities transactions and pay a commission that exceeds the commission another broker-dealer would have charged. Generally Foothill will determine in good faith that such commissions are reasonable in relation to the value of the services provided by Schwab, viewed in terms of either the particular transaction or the overall relationship.

Bellatore: From time to time, Foothill may participate in due diligence and education seminars and/or marketing programs paid for and sponsored in whole or in part by Bellatore.

Genworth: With respect to the GFWM Platform, Foothill may, subject to negotiation with GFWM, receive certain allowances, reimbursements or services from GFWM in connection with Foothill's investment advisory services to its customers, as described below and in the Platform Disclosure Brochure. Under GFWM's Gold/Platinum Premier Consultant Program, Foothill is entitled to receive a quarterly business development allowance for reimbursement for qualified marketing/practice management expenses incurred by Foothill. These amounts range from \$5,000 to \$105,000 annually, depending on the amount of the advisor's customer assets managed within the Platform.

GFWM may also bear the cost of airfare for firms such as Foothill to attend GFWM's annual conference or to conduct due diligence visits to GFWM's offices. In addition, GFWM may, from time to time, contribute to the costs incurred by participating firms such as Foothill in connection with conferences or other customer events conducted by such firms and their representatives.

GFWM may also provide opportunities for participating firms such as Foothill to receive fee reductions and/or allowances in amounts ranging from .02% to .07% of the amount of customer assets invested through the Platform. These arrangements are entered into between GFWM and a firm such as Foothill on an individually negotiated basis. Foothill may agree to provide the representatives with information concerning GFWM's Platform and products, and permit GFWM to participate in broker-dealer meetings and workshops. In addition to the fee reductions and/or allowances granted to Foothill by GFWM, GFWM may agree to provide Foothill or its representatives with organizational consulting, education, training and marketing support.

Solicitor's Fees: Foothill may pay solicitors fees for the referral of investment advisory customers. All solicitors' fees will be paid in accordance with SEC rules and regulations.

Form ADV Part 2A, Item 15

Custody

Foothill does not maintain custody of customer funds or securities. All customer assets are maintained at the custodial broker dealers.

Form ADV Part 2A, Item 16

Investment Discretion

Foothill Advisory Representatives may utilize a limited power of attorney in certain managed accounts. The limited power of attorney authorizes the Foothill Investment Advisory Representatives to buy or sell securities on behalf of customers without contacting the customer immediately prior to the purchase or sale. The limited power of attorney does not authorize this use of discretion in the account. Rather, it enables the representative to transact business on behalf of the customer in accordance with the customer's stated investment objectives, which have been previously discussed and agreed upon by the advisory representative and the customer. While Foothill does not take any independent discretionary authority over customer accounts, Foothill does however, offer customers participation in the GFWM Platform; an asset allocation platform more fully described in the Platform Disclosure Brochure provided by GFWM. Asset allocations composed by a group of independent strategists ("Portfolio Strategists") are offered under the Platform, with the different model allocations designed to satisfy a gradient of risk/return objectives. The Portfolio Strategists have no direct relationship with Foothill or Foothill's customers, make no analysis of and do not consider the customers' individual circumstances or objectives, and do not tailor the model asset allocation to any specific customer's needs, circumstances or objectives, but only to the stated risk/return objectives.

Foothill assists the customer in selecting the risk/return objective and Portfolio Strategist that best suit the customer's objectives. The customer then specifically directs the account to be invested in accordance with the chosen asset allocation. When the customer selects the asset allocation, the customer further directs that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected Portfolio Strategist. This customer authorization results in the purchase and sale of certain mutual funds or ETFs (or transfers between variable annuity sub-accounts) without further authorization by the customer or any other party at such time as the Portfolio Strategist changes the composition of the selected model asset allocation. The customer receives confirmation of all transactions in the account and is free to terminate participation in the Platform and retain or dispose of any assets in the account at any time. Foothill has no authority to cause any purchase or sale of securities in any customer account, or change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized by the customer.

Form ADV Part 2A, Item 17

Voting Customer Securities

Foothill does not have nor will accept authority to vote customer securities and does not provide proxy voting services to its customers.

Form ADV Part 2A, Item 18

Financial Information

Foothill may require a portion of a financial planning fee in advance but does not require or solicit prepayment of fees in excess of \$1,200.00 and six months or more in advance; does not maintain custody of customer assets and therefore is not required to file financial information with the Securities & Exchange Commission or state of California.

Foothill does not have any financial impairment that will preclude the firm from meeting commitments to customers.

Additional Information

Qualification Requirements: Foothill Investment Advisory Representatives will be required to meet the registration and qualification requirements required by the specific states where Foothill conducts its advisory business.

Professional Certifications: Investment Advisory Representatives may have earned certifications and credentials that are required to be explained in further detail:

Certified Financial Planner™ (CFP®): Certified Financial Planners are licensed by the CFP® Board to use the CFP® mark. CFP® certification requirement:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP® Board (www.cfp.net)
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Foothill Business Continuity Plan

Foothill has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do you should call our alternative number 650.941.1962 or access the following web address www.FoothillSecurities.com.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.