



American General Life Insurance Company

A member of American International Group, Inc. (AIG)

This Supplement is made, entered into, and effective the date hereinafter specified by and between American General Life Insurance Company, a Texas-domiciled, stock life insurance company (hereinafter called the Company) and the Representative signing this agreement (hereinafter called the Representative).

It is agreed by and between the parties as follows:

1. This Supplement shall be an endorsement to the Appointment Application and Agency Agreement entered into between the Representative and the Company.
2. This Supplement supersedes and cancels all previous annualization agreements and/or supplemental agreements.
3. The Company will prepay fifty percent (50%) of first year commissions due on life policies, issued after the effective date of this supplement. The fifty percent (50%) remaining first year commission will be paid on an earned basis upon receipt of the seventh month premium.
4. Annualization of first year commissions (hereinafter "Annualization") is available on individual life insurance, excluding annuities, single premium life insurance, controlled business (all family members and business partners) and additional deposits received in conjunction with the sale of individual life insurance and annuity policies (hereinafter called "New Business"), payable on premiums paid under a monthly preauthorized check plan, a monthly salary savings plan or monthly government allotment modes of payment. All advances will be made upon full payment of the first modal premium and the cash payment of said advance will become a loan to the Representative to the extent of the amount advanced.
5. Annualization on Universal Life policies is limited to fifty percent (50%) of the premium collected, but will in no event exceed fifty percent (50%) of the Benchmark premium. The fifty percent (50%) remaining first year commission will be paid on an earned basis upon seventh month premium.
6. List Bill premiums are not eligible for Annualization.
7. Annualization payment is limited to \$7,500 for any one case, and the total unearned amount paid under the Supplement can not exceed \$50,000 at any time.
8. It is understood that any prepayment of monies or commissions advanced by Annualization shall create indebtedness by the Representative to the Company. If payment in full is demanded, or if a repayment schedule is implemented under any provision above, the Representative agrees to pay interest on the unpaid balance of the loan at a rate of prime plus two percent (2%) annually, calculated from the date the funds were originally advanced to the date the balance is repaid, provided repayment shall not exceed a duration of twelve (12) months, with a minimum repayment of \$250 per month.
 - (A) It is understood that any unearned advance balance will be charged back if the policy lapses or surrenders in policy duration year 1. In addition, if an unearned advance balance exists in policy duration month 13, this unearned advance balance will be charged back. Repayment will be expected immediately.
9. If repayment is not made as provided in Paragraph No. 8 of this Supplement, the Representative acknowledges that the Company can accelerate the debt owed without notice and authorizes an attorney, selected at the Company's discretion, to appear before any court of record in the United States, which has subject matter and personal jurisdiction over this matter, and confess judgment against said Representative in favor of the Company for the unpaid balance due under this loan agreement, including interest, costs and attorney's fees.
10. The Representative specifically recognizes that the confession of judgment provision in the Paragraph No. 9 of this Supplement will constitute an assignment against his personal assets and earnings from any source whatsoever.
11. The Company shall have the right, with or without cause, to terminate this Supplement at any time by written notice to the last known address of the Representative. Should this Supplement or the Agreement to which it is endorsed be cancelled, then an amount equal to any and all unearned prepaid commissions will be immediately, and on demand, payable to the Company.
12. Only policies paid after the date of Home Office approval of this Supplement are eligible for Annualization payments.
13. The Representative, by this Supplement, agrees that the Company shall have first lien on the Representative's commission account and that the Company has prior right of offset to the extent of any and all unearned prepaid commissions.
14. The Company retains the right to modify this Supplement and its procedures from time to time, by written or electronic notice to the Representative. Both the Representative and

the undersigned Sponsor/Recruiter agree to comply with the modifications.

- 15. Termination of this Supplement does not of itself terminate the Agreement to which it supplements. However, termination of the Agreement terminates this Supplement and notice is specifically not required, provided that Paragraph Nos. 8 and 9 of this Supplement shall survive such termination of this Supplement.
- 16. This Supplement replaces the vesting provisions of the Agreement to which it is a supplement. The new vesting provisions are as follows:
 - (A) If the Agreement is terminated by death, and subject to the provisions and rules of the Company, all first year and renewal commissions shall be paid as they accrue.
 - (B) All such payments shall be made to the surviving spouse, and at the date of death of the surviving spouse, to the estate of said spouse. If the Representative dies leaving no surviving spouse, such monies will be paid to the estate of the Representative; provided, however, that if the Appointment Application was signed on behalf of a corporation, a partnership or other legal entity then all such payments will be paid to said legal entity.
 - (C) If this Supplement, or the Agreement to which it is a supplement, shall be terminated for any reason other

than death of the Representative, then continuation of first year and renewal commissions shall depend upon in force policy count.

- 17. An annualization fee equal to two point five percent (2.5%) of the commission paid under this Supplement will be automatically deducted, and recorded on your commission statements. Should the policy lapse or if it is not taken causing the advance commission to chargeback, the annualization fee is non – refundable.
- 18. Policies for which the Company receives insufficient payment and reissued policies are not eligible for annualization and any commissions will be credited on an earned basis.
- 19. This Supplement shall not be effective until it is approved, signed and dated in the Home Office of the Company.
- 20. Forbearance or failure of the Company to insist upon performance of this supplement or to enforce its rights hereunder, shall not constitute a waiver of its rights or privileges hereunder or of its subsequent right to insist upon such performance.
- 21. This Supplement shall be governed by and construed in accordance with the laws of the State of Texas.

Representative

_____ Code # _____
 Print name of Representative Signature of Representative

Sponsor/Recruiter

The Sponsor agrees to assume any and all responsibility for its request to place Representative on this Supplement, including all financial responsibility with respect to any annualization repayment pursuant to Paragraph No. 8 of this Supplement which is not made by the Representative. This Supplement is in addition to, but is not intended to supercede or replace, any obligations contained in the Sponsor's Agency Agreement with the Company.

_____ Code # _____
 Print name of Sponsor/Recruiter Signature of Sponsor/Recruiter

American General Life Insurance Company
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Effective Date (to be completed by Home Office) _____

Home Office Authorized Signature _____