

### **Item 1. Introduction**

Federal Prep Advisors, Inc. (“FPAI”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) offering investment advisory services. Brokerage and investment advisory accounts offer differing services and fees, and it is important that you understand the differences. This document gives you a summary of the types of services and fees we offer. Please visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for free, simple tools to research firms and financial professionals, as well as educational materials about broker-dealers, investment advisers, and investing.

### **Item 2. Relationships and Services**

*What investment services and advice can you provide me?* Our firm primarily offers the following investment advisory services to retail clients: portfolio management (we review your portfolio, investment strategy, and investments); recommendation of other advisers (we recommend a third-party adviser for you to use). As part of our standard services, we typically monitor client accounts on an annual basis. Our firm offers non-discretionary services, and the retail investor makes the ultimate decision regarding the selection of other investment advisers and the purchase or sale of investments. We limit the types of investments that are recommended since not every type of investment vehicle is needed to create an appropriate portfolio. Our firm does not have a minimum account size. Please also see our Form ADV Part 2A specifically Items 4 & 7.

*Conversation Starters: Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

### **Item 3. Fees, Costs, Conflicts, and Standard of Conduct**

*What fees will I pay?* Our fees vary depending on the services you receive. The amount of assets in your account affects our advisory fee; the more assets you have in your advisory account, the more you will pay us and thus we have an incentive to increase those assets in order to increase our fee. Portfolio management fees are typically charged monthly or quarterly, depending on the adviser used, in arrears. We do not charge a fee for financial planning. You pay our fees even if you do not have any transactions and the advisory fee paid to us generally does not vary based on the type of investments selected. Please also see Items 4, 5, 6, 7 & 8 of our ADV Part 2A.

Some investments (e.g., mutual funds, ETFs, etc.) impose additional fees (e.g., distribution fees, product-level fees, etc.) that reduce the value of your investment over time. The same goes for any additional fees you pay to a custodian or other party such as custodian fees, account maintenance fees, fees related to mutual funds and variable annuities, and other transactional fees and product-level fees. Additionally, you may pay transaction fees to a vendor, if applicable, when we buy or sell an investment for your account.

You will pay fees and incur costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Please also see our ADV Part 2A, Items 5.A., B., C., and D, for additional details.

*Conversation Starter: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

*What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?* **When we act as your investment adviser**, we have to act in your best interest and cannot put our interest ahead of yours. At the same time, the way we make money creates an inherent conflict of interest. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

FPAI earns a portion of the fees earned by your financial professional for assets managed on your behalf. This creates an incentive to encourage you to place assets through FPAI. Additionally, affiliates of FPAI, as well as our Supervised Persons who may be associated with those affiliates, may receive compensation for products or services they offer to you through those affiliates.

*Conversation Starter: How might your conflicts of interest affect me, and how will you address them?*

Additional information regarding our conflicts of interest is available by reading Items 4 and 10 of our ADV Part 2A.

*How do your financial professionals make money?* Primarily, we and our financial professionals receive cash compensation from the advisory services we provide to you because of the advisory fees we receive from you. This compensation may vary based on different factors, such as those listed above. affiliates of FPAI, as well as our Supervised Persons who may be associated with those affiliates, may receive compensation for products or services they offer to you through those affiliates and therefore have an incentive to recommend products that provide them, FPAI, or FPAI's affiliates additional compensation over those that do not. Please also see Item 10 of our ADV Part 2A for additional details.

#### **Item 4. Disciplinary History**

*Do you or your financial professionals have legal or disciplinary history?* Yes. Visit <https://www.investor.gov/CRS> for a free, simple search tool to research us and our financial professionals.

*Conversation Starter: As a financial professional, do you have any disciplinary history? For what type of conduct?*

#### **Item 5. Additional Information**

For additional information on our advisory services, see our ADV Part 2A available at <https://adviserinfo.sec.gov/firm/summary/282663> and any individual brochure supplement your representative provides. If you have any questions, need additional information, or want another copy of this Client Relationship Summary, then please contact us at (631) 750-6499.

*Conversation Starter: Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*

Exhibit – Form CRS Summary of Material Changes

*Previous Form CRS:* December 20, 2024

*Current Form CRS:* March 25, 2025

Summary of material changes appearing in Federal Prep's Current Form CRS...

None.