

NEW CLIENT DATA PAGE

Date

Client Name SSN DOB

Spouse SSN DOB

Address

City State Zip

Phone Number Cell Number Fax Number

Email

Profession Company

Employed Since Work Phone Work Fax

Work Address Work Cell

City State Zip

ACCOUNT DATA

The following amount should be allocated in the following increments

Traditional IRA Roth IRA JTWROS

Beneficiary IRA Simple IRA Trust

SEP IRA Cash Account Other

Transfer from 401K, 403b or other qualified account Single Purchaser

Invest in policies not to exceed year LE.

LICENSEE INFORMATION

Rep Name Rep Number Wholesaler

Rep Address

City State Zip

Phone Number Fax Number Email

LPHI NEW BUSINESS TRANSMITTAL FORM
(One Transmittal Per Transaction)

Date

Master Licensee Name

Wholsaler

Licensee Name Licensee Number

Phone Number Fax Number Email

Business Name Admin Email

Address

City State Zip

Client Name SSN

Spouse SSN

Address

City State Zip

Type of Account
(Please check one.)

- Traditional IRA Roth IRA JTWR0S
 Beneficiary IRA Simple IRA Trust
 SEP IRA Cash Account Single Purchaser


Other

The following amount should be allocated in the following increments

SPECIAL COMMENTS Invest in policies (number of policies).

Life expectancy not to exceed year LE.

ACCREDITED INVESTOR SUITABILITY FORM

 <p>LPISM LIFE PARTNERS INC A LIFE SETTLEMENT PROVIDER</p>	<p>Life Partners, Inc. 204 Woodhew Dr. Waco, TX 76712 Phone: (800) 368-5569 Fax: (254) 751-1025</p>
<p>ALL RESPONSES WILL BE KEPT CONFIDENTIAL</p>	

PERSONAL BACKGROUND INFORMATION

Name (First, MI, Last)

SSN DOB Home Address

City State Zip In what state are you registered to vote?

Home Telephone 2nd Telephone Fax Number

Cell Number Email

Martial Status Spouse's Name

Spouse's Occupation

Business / Profession Title

Company Name Employed Since

Work Address

City State Zip

Work Phone Work Fax Work Cell

To which address would you prefer that correspondence be sent? Home Address Business Address

OVERALL INVESTMENT OBJECTIVES: <i>(Rank from 1 through 4 in order of priority: 1 being the highest.)</i>	RISK TOLERANCE: <i>(Check one.)</i>	DO INVESTMENT OBJECTIVES ALLOW SPECULATION?	PRIMARY SOURCE OF INCOME:
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Growth <input style="width:30px;" type="text"/>	Liquidity <input style="width:30px;" type="text"/>	<input type="radio"/> Aggressive	<input type="radio"/> No	<input type="radio"/> Investments
Current Income <input style="width:30px;" type="text"/>	Tax Defferral <input style="width:30px;" type="text"/>	<input type="radio"/> Moderate	<input type="radio"/> Yes	<input type="radio"/> Compensation
		<input type="radio"/> Conservative		

These assets will be held:

by me individually as my separate property

by me and my spouse as community property

by an entity I control or direct as property of that entity
(including an IRA, PSP, Trust, Corporation, etc.)

Purchaser(s) Initials

of

AFFIRMATIVE REPRESENTATION OF ACCREDITED INVESTOR STATUS

(The undersigned is an accredited investor by reason of at least one of the following: (check every item that applies):

- My net worth (either individually or with my spouse, if any), including home(s), investments and all property and other assets, is in excess of \$1,000,000.
- My individual annual income was in excess of \$200,000 in each of the two most recent years, and I expect such income in the current year.
- My annual income, jointly with my spouse, was in excess of \$300,000 in each of the two most recent years, and I expect such income in the current year.
- The purchaser is a legal entity and all of the entity's equity owners meet at least one of the three tests listed above.
- The undersigned is (a) trust with total assets in excess of \$5,000,000, whose investment decisions are directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment, or (b) a revocable trust created by an investor for his or her own benefit who meets at least one of the first three tests listed above.

I hereby affirmatively represent that I am an accredited investor as defined in SEC Rule 501 under Regulation D for one or more of the foregoing reasons which I decline to specify due to issues of financial privacy.

PRIOR INVESTMENT EXPERIENCE

- My business or investment experience is such that I can analyze a prospective investment and determine whether it is suitable for me.

I normally consult with my investment advisor before making life settlement investment decisions.

I have experience as an investor in:

Stocks, bonds and mutual funds traded on a national securities exchange.

Life Settlements

Restricted stock, bulletin board stock or stock issued in a private placement.

Commodities or Futures contracts.

Partnerships, limited liability companies, corporations which invest in real estate or real estate investment trusts (REIT's).

Other types of investments not mentioned in any of the previous categories (describe)

AFFIRMATIVE REPRESENTATIONS AND WARRANTIES

I have carefully examined my financial resources, investment objectives, and tolerance for risk. After conducting this examination and reviewing the terms of the Purchase Agreement, I have determined that this purchase is appropriate for me. I sufficiently understand risk factors and objectives associated with this investment, either independently or as explained to me by one or more professional. Trusted financial advisors not affiliated with or in any way compensated by Life Partners, Inc. or its affiliates. I have adequate means of providing for my current financial needs and personal contingencies have no need for liquidity in this investment, and I am able to bear the financial risk of a purchase of life insurance policy death benefits for an indefinite period of time. I have read and completed this Accredited Investor Suitability Form. I represent and warrant that the information contained herein is complete and accurate and may be relied upon by Life Partners, Inc. I also agree to notify Life Partners, Inc. of any change in any of the information herein prior to my purchase.

Signature

Date

Printed Name

By joining in this Accredited Investor Suitability Form through my signature below, I make all of the same representations and warranties appearing in this Accredited Investor Suitability Form.

Spouse's Signature

Date

Life Partners, Inc.

STATEMENT OF CAPACITY TO PROTECT INTEREST

SECTION ONE

If you are interested in purchasing death benefits payable under one or more life insurance policies for your own account, please select each statement below that applies to you.

- I am interested in investing an amount that bears a reasonable relationship to my present net worth and which I can afford to have placed in an illiquid investment for an indeterminate period of time. I represent that I am able to protect my own interests in connection with this transaction and I have sufficient knowledge and experience in financial and business matters so that I am capable of evaluating the merits and risks of the prospective investment. My knowledge and experience are as follows:

- I have a professional financial advisor (a) who is not directly or indirectly affiliated with Life Partners, Inc., (b) who is not directly or indirectly compensated by Life Partners, Inc., its affiliates, or its licensees, and (c) who has sufficient business or financial experience to protect my interests in connection with this transaction.

The name, address, telephone number, and profession of my professional advisor are:

Name

Address

Phone Number Profession

SECTION TWO

If you are acting as trustee of a trust that has assets in excess of \$5 million and that is interested in purchasing death benefits payable under one or more life insurance policies, please select each statement below that applies to you.

- I have sufficient knowledge and experience in financial business matters so that I am capable of evaluating the merits and risks of the prospective investment. My knowledge and experience are as follows:

- An individual or entity that is representing me and / or the trust has sufficient knowledge and experience in financial and business matters so that I am capable of evaluating the merits and risks of the prospective investment. This representative (a) is not directly or indirectly affiliated with Life Partners, Inc. and (b) is not directly or indirectly compensated by Life Partners, Inc., its affiliates, or its licensees.

The name, address, telephone number, and profession of this representative are:

Name Profession

Address

Phone Number of

I represent and warrant that the information contained herein is complete and accurate and may be relied upon by Life Partners, Inc. I also agree to notify Life Partners, Inc. of any material change in any of the information herein prior to my purchase.

Signature

Date

Printed Name

By joining in this Accredited Investor Suitability Form through my signature below, I make all of the same representations and warranties appearing in this Accredited Investor Suitability Form.

Spouse's Signature

Date

Spouse's Printed Name



Life Partners, Inc.

204 Woodhew Dr.
Waco, TX 76712
Phone: (800) 368-5569
Fax: (254) 751-1025

AGENCY AGREEMENT AND SPECIAL POWER OF ATTORNEY FOR PURCHASES THROUGH RETIREMENT PLAN

This agency agreement is entered into this day of , 20 between

Purchaser / Accountholder Name

Address

City State Zip

Phone Number Email

Password We suggest that this password be six (6) characters long, and be a mix of letters, numbers and special characters.)

(hereafter referred to as "PURCHASER"), through the following Custodian of Trustee of PURCHASER's Retirement Plan Account:

Preferred Trust Company, LLC
2471 W. Horizon Ridge Pkwy, Suite 100
Henderson, NV 89052
877-990-7892

Millennium Trust Co.
820 Jorie Blvd., Suite 420
Oak Brook, IL 60523
800-258-7878

IRA Plus Southwest, LLC
8226 Douglas Ave., Suite 332
Dallas, TX 75225
214-739-1977

Plan Trustee or Other Custodian or Administrator

Custodian / Administrator Name

Address

City State Zip

Phone Number

(hereafter referred to as "CUSTODIAN/TRUSTEE") and LIFE PARTNERS, INC. (hereinafter referred to as "AGENT"), whose physical address is 204 Woodhew Dr., Waco, TX 76712 and whose mailing address is P.O. Box 20034 Waco, Texas, 76702.

WHEREAS, AGENT is a company principally engaged in the identification, qualification and purchase of discounted life insurance policies (and related death benefits) of senior citizens and terminally ill insured persons; and

WHEREAS, PURCHASER is a participant in, beneficial owner of, or trustee of the above-referenced Retirement Plan who, from time to time by special instruction, desires to have said Retirement Plan purchase one or more notes issued by a viatical or life grantor trust which will each be secured by a portion of the proceeds of a life insurance policy on the life of a senior citizen or terminally ill person.

WHEREAS, PURCHASER has reviewed and approves and adopts the underwriting criteria used by AGENT to evaluate and qualify said policies for purchase; and

WHEREAS, both parties understand and agree that their relationship is one of principal and agent and that this relationship and the transaction(s) contemplated hereunder does not constitute the sale of a security;

NOW THEREFORE IT IS HEREBY AGREED that the parties hereto shall enter into a relationship of principal and agent in connection with the exercise of the powers and purposes described herein.

TERMS OF AGREEMENT

1. AGENT shall identify and assist in the purchase of such life insurance policies and/or related death benefits specified by PURCHASER to be used as collateral for said note and which comply with the following criteria:
 - a. Insurance carrier must have a current rating of B+ or better from A.M. Best or a similar such rating from Moody's or an equivalent rating organization, unless waived by PURCHASER through execution of a Policy Funding agreement for an otherwise rated policy;
 - b. Policy must be beyond the contestable period;
 - c. Insured must have an actuarially or medically determined life expectancy of no more than 10 years;
 - d. Amount of lien against the policy, if any, must be disclosed.

A note secured by the proceeds of said policy equal to the amount due under the note shall be issued by said viatical or life grantor trust to PURCHASER as lender.

2. From time to time, PURCHASER shall, by and through CUSTODIAN/TRUSTEE tender funds (hereinafter the "Policy Purchase Deposit") with Dunnam & Dunnam, L.L.P. (hereinafter referred to as the "ESCROW AGENT"), to be deposited in a cash equivalent account with the Stanford Group Company (hereinafter the "Escrow Account") to be held for the purpose of purchasing notes issued by viatical or life grantor trusts, with said notes being collateralized by interests in life insurance policies. The check or draft for the Policy Purchase Deposit shall not be made payable to AGENT, but shall be made payable to "SGC f/b/o Dunnam and Dunnam, L.L.P. Escrow," for deposit into the Escrow Account. Interest from the Escrow Account will not be owned by or paid to PURCHASER, but will be retained and owned by the AGENT and ESCROW AGENT as part of their respective fee structures. Neither AGENT nor ESCROW AGENT shall have discretion or authority to invest or use the Policy Purchase Deposit in any manner whatsoever other than as directed by PURCHASER, through CUSTODIAN/TRUSTEE, in a POLICY FUNDING AGREEMENT or as provided herein. PURCHASER may at any time request and receive a refund of any portion of the Policy Purchase Deposit placed in the Escrow Account which has not yet been used to purchase a policy pursuant to a POLICY FUNDING AGREEMENT. Any further deposits made into the Escrow Account by PURCHASER through CUSTODIAN/TRUSTEE shall be subject to this Agreement.

3. After identification of a life insurance policy and/or related death benefit meeting the above described criteria, PURCHASER shall, by and through CUSTODIAN/TRUSTEE, execute a POLICY FUNDING AGREEMENT for the purchase of a note issued by a viatical or life grantor trust secured by an interest in the policy, shall forward the same to AGENT, and shall direct the CUSTODIAN/TRUSTEE to forward proceeds from the note equal to the Acquisition Cost set forth in the POLICY FUNDING AGREEMENT, all of which shall be forwarded to the ESCROW AGENT. AGENT will instruct the ESCROW AGENT, on behalf of PURCHASER herein, to distribute funds from the Escrow Account for purchase and maintenance of the policy and the payment of the costs related thereto, hold the policy in safekeeping until the death of the insured, thereafter apply for payment of the death benefit from the insurance carrier and upon receipt, distribute all proceeds as directed by PURCHASER or by AGENT on behalf of PURCHASER in accordance with the Funds Transfer instructions and agreement executed by AGENT on behalf of PURCHASER. PURCHASER agrees that a portion of the Acquisition Cost set out in each POLICY FUNDING AGREEMENT, said portion being determined by AGENT based upon the life expectancy of the insured and the premium rate of the policy, shall be deposited in a cash equivalent account at the Stanford Group Company (the "Premium Escrow Account") to be held for the payment of premiums on the policy by the ESCROW AGENT. PURCHASER agrees to pay into the Premium Escrow Account, through CUSTODIAN/TRUSTEE, its share of any additional premium amounts necessary to keep the policy in force should the amounts held in the Premium Escrow Account for payment of premiums on the policy set forth in the POLICY FUNDING AGREEMENT be exhausted. Interest from the Premium Escrow Account will not be owned by or paid to PURCHASER, but will be owned and retained by the AGENT and ESCROW AGENT as part of their respective fee structures. AGENT will enter into an agreement with ESCROW AGENT, on behalf of PURCHASER herein, to distribute the necessary funds for the purchase of the policy to the seller.

4. **THE UNDERSIGNED HEREBY REPRESENTS AND WARRANTS THAT HE/SHE IS SOPHISTICATED IN FINANCIAL MATTERS WITH ACCESS TO PROFESSIONAL INVESTMENT ADVICE, HAS ADEQUATE MEANS OF PROVIDING FOR HIS/HER CURRENT FINANCIAL NEEDS AND POSSIBLE PERSONAL CONTINGENCIES, HAS NO NEED FOR LIQUIDITY IN THIS INVESTMENT, IS ABLE TO BEAR THE RISK OF HOLDING A NOTE SECURED BY THE PROCEEDS OF A LIFE INSURANCE POLICY (IES) FOR AN INDETERMINATE PERIOD, AT PRESENT TIME COULD AFFORD A COMPLETE LOSS OF THE INVESTMENT, AND IS COMMITTING HIMSELF/HERSELF TO A PURCHASE WHICH BEARS A REASONABLE RELATIONSHIP TO HIS/HER NET WORTH.**

5. PURCHASER represents and warrants that this transaction is being entered into solely for PURCHASER's benefit, by and through PURCHASER's Retirement Plan and not for distribution, assignment or resale to others. Further, PURCHASER represents and warrants that he/she has such knowledge and experience in financial, tax and business matters (or has access to same) that he/she is able to evaluate the considerations involved in making such a purchase and to make an informed decision with respect thereto.

6. PURCHASER represents that (1) PURCHASER has established or is in the process of establishing a bona fide IRA with the above-referenced Custodian, or (2) PURCHASER is the Trustee of the above-referenced Plan or (3) PURCHASER is a participant in a Retirement Plan that permits PURCHASER to self-direct his/her account and that all other representations made by PURCHASER herein are true and correct.

7. PURCHASER acknowledges that AGENT has made available to PURCHASER or his/her personal representative or advisor the opportunity to obtain additional information to verify the accuracy of the information contained in the documents delivered to him/her and to evaluate the merits and risks of transactions conducted under this agreement. PURCHASER represents that by reason of PURCHASER's business and financial experience or that of those retained to advise him, PURCHASER has the capacity to understand this transaction and to protect himself/herself with respect thereto. Such representation does not, however, relieve AGENT from the responsibility to act at all times in the interest of PURCHASER and to use its expertise as diligently as possible.

8. PURCHASER acknowledges that he/she understands the meaning and legal consequences of the above and representations and warranties. PURCHASER agrees to indemnify and hold harmless AGENT and ESCROW AGENT and their respective principals, agents, licensees and employees from any damage or liability due to or arising out of a breach of any representation or warranty made herein by PURCHASER.

SPECIAL POWER OF ATTORNEY

9. By this agreement, PURCHASER does make, constitute and appoint LIFE PARTNERS, INC. its true and lawful agent and attorney in fact and in his/her name, place and stead and for his/her use and benefit to:

- a. File, complete, execute and record any document reflecting the transfer of ownership and/or irrevocable assignment of benefits with the insurance carrier of the purchased policy and/or any governmental agency requiring notification of said transfer.
- b. Do any and all other actions which may be necessary to complete the loan transaction documents from the grantor trust secured by the proceeds of any such policy.
- c. Issue instructions to the ESCROW AGENT necessary to insure that the note payable to PURCHASER is paid from proceeds of the purchased policy received by the ESCROW AGENT.
- d. Notify PURCHASER of any amount necessary to replenish the Premium Escrow Account from which premium payments are made to maintain the policy interest which serves as collateral for the note.
- e. Instruct and direct ESCROW AGENT concerning the disbursement of the Acquisition Cost designated in each duly executed POLICY FUNDING AGREEMENT, the funding of the Premium Escrow Account from the Acquisition Cost, the payment of premiums for maintenance of the policy serving as collateral for the note from the Premium Account, the payment of AGENT's fees, the payment of ESCROW AGENT's fees, allocation of interest earned on the Escrow Account or Premium Escrow Account to AGENT and ESCROW AGENT and filing of death claims on matured policies.
- f. Advance, at the discretion of AGENT, any funds which may be necessary to replenish the Premium Escrow Account from which premium payments are made. Nothing herein shall obligate AGENT to make any such advance. However, if such advances are made, PURCHASER specifically authorize ESCROW AGENT to reimburse AGENT for any such advances actually made from any amounts payable from ESCROW AGENT to PURCHASER from the proceeds of any policy purchased pursuant to this agreement; however nothing herein shall limit AGENT from recovering any such amount advanced in any other manner permitted under law.
- g. Obtain proof of death of the insured and instruct ESCROW AGENT regarding the filing of death claims and the payment of the death benefits of matured policies to the PURCHASER or the PURCHASER's designee.
- h. Upon the resignation or termination of ESCROW AGENT, appoint a successor independent escrow agent and transfer all escrowed funds and related records to the successor independent escrow agent, and the successor escrow agent shall assume all duties and obligations of the ESCROW AGENT. The ESCROW AGENT shall have no liability for the acts of the successor escrow agent.

10. This SPECIAL POWER OF ATTORNEY shall convey NO OTHER AUTHORITY other than as stated in paragraph 9 above upon AGENT. This agreement may be terminated at any time by either party with written notice to that effect.

11. This agreement represents the entire and sole agreement between the parties hereto with all provisions to be enforced as provided herein. No other representations, agreements or covenants, whether written or oral, shall govern this relationship.

"AGENT" Life Partners, Inc. Corporate Officer Signature

Purchaser / Retirement Plan Owner or Beneficiary Signature

RETIREMENT PLAN TYPE:

Traditional IRA

Pension / Profit Sharing / 401K

Roth IRA

Other

SEP IRA

SUBSTITUTE FORM W-9

REQUEST FOR TAXPAYER IDENTIFICATION NUMBER & CERTIFICATION

Taxpayer Name

Address

City State Zip

Please complete the following information if you are a U.S. person (including a U.S. resident alien). We are required by law to obtain this information from you when making a reportable payment to you. If you do not provide us with this information your payments may be subject to 30% federal income tax backup withholding, and you may also be subject to a penalty imposed by the Internal Revenue Service under section 6723.

Part 1: Provide your Taxpayer Identification Number and the name of the person or entity whose TIN you enter. The TIN must be for the payee shown above. For an individual, your TIN is your Social Security Number.

My Taxpayer Identification Number is: SSN or TIN

Part 2 Certification: I certify under penalty of perjury that: 1) the taxpayer identification number I have provided is correct, and 2) I am not subject to backup withholding tax because (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3) I am a U.S. person (including a U.S. resident alien).

Certification Instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN.

Person Completing this form:

Signature of U.S. Person: Date

IMPORTANT: PURSUANT TO REQUIREMENTS UNDER THE PATRIOT ACT, PLEASE ATTACH A COLOR COPY OF A GOVERNMENT ISSUED IDENTIFICATION DOCUMENT (such as a driver's license or passport).



Life Partners, Inc.

204 Woodhew Dr.
Waco, TX 76712
Phone: (800) 368-5569
Fax: (254) 751-1025

LIFE SETTLEMENT RISK FACTORS - READ BEFORE YOU INVEST

Life Settlements offer a unique diversification opportunity because the investment risks associated with life settlements are not correlated to financial markets or other economic factors associated with many other investments. However, there are risk factors associated with life settlement transactions. Described below are some of these risks, but there may be risks associated with life settlements in addition to those discussed below. As with any financial transaction, you are encouraged to seek legal advice to help you understand the nature of this transaction, the terms and conditions of any contract you are asked to sign, and the tax consequences of your decision to engage in a life settlement transaction.

The rate of return on your investment cannot be calculated before the insured dies.

The primary risk factor and determinant of your return on investment in a life settlement is time. You will not receive a return of your investment until the life insurance policies you purchase have matured (the insured has deceased and the life insurance company has paid out the death benefit). The longer the insured lives, the lower the rate of return on your investment will be.

Any projected rate of return from this transaction is based on an estimated life expectancy for the person insured under the policy purchased; the return on the purchase may vary substantially from the expected rate of return based upon the actual life expectancy of the insured that may be less than, equal to, or may greatly exceed the estimated life expectancy. The rate of return would be higher if the actual life expectancy were less than, and lower if the actual life expectancy were greater than, the estimated life expectancy of the insured at the time this transaction is closed.

If the insured dies earlier than expected, you will receive back any remaining escrow amounts which were not used to pay premiums, thus increasing your return on investment. Conversely, if the insured lives longer than expected, you will be required to pay additional premium amounts to keep the policy in force, thus decreasing your return on investment.

No one can predict with 100% accuracy the actual life expectancy of the insured.

Life Partners, Inc. only obtains life expectancies for its life settlements from a qualified third party physician or life expectancy provider company. However, any life expectancy provided is an estimate of how long the insured will live based upon medical and actuarial data and no one can predict with certainty when an individual will die. Within any given portfolio of life settlement policies, there may be insured that die earlier than expected, die when expected, and that live longer than expected.

Some factors that may affect the accuracy of a prediction are:

- the experience and qualifications of the medical professional or life expectancy company providing the life expectancy.
- the nature of the insured's illness or health conditions; and
- future improvements in medical treatments and cures

An investment in a life settlement contract is not a liquid investment.

The death benefit on a life settlement contract will not be paid until the insured dies, and there is no established secondary market for life settlement contracts. This means that you may not be able to sell your contract in an emergency to raise money for your immediate needs. If you are able to sell your policy interests, you may not be able to sell them for the amount you purchased them for. You should only invest funds which can remain illiquid for an indeterminate period of time.

Group policies carry special risks.

A group policy insures the members of a specific group of people, usually the employees of an employer. A risk for someone who purchases a group policy is that the policy can be terminated by the group or the insurance company. Although the policy will contain a provision allowing your interest to be converted to an individual policy, there may be limits or restrictions on the right to convert. Also, the insurance company may charge additional premiums once the policy is converted.

Investing in a life settlement contract may have tax consequences.

You are advised that you should consult with your tax advisor regarding the tax consequences of a life settlement and, if this purchase utilizes retirement funds or accounts for this purchase, whether or not any adverse tax consequences might result from the use of those funds for the purchase of this investment.

If you are using funds from a qualified retirement account, such as an IRA, to purchase life settlement interests, you should consult your financial advisor or IRA custodian regarding the additional premium payments which may be necessary if the insured live longer than expected and whether it is necessary to retain liquid cash reserves in your IRA account to pay these premiums.

Privacy laws and other factors may limit the information you receive about the insured; particularly after the purchases of the policy.

Life Partners, Inc. receives medical and other confidential information of insured and policy owners wishing to sell their life insurance policies in a life settlement transaction. If these insured and policy owners do choose to sell a policy, they consent to the release of some of their confidential medical and identifying information to the purchasers of the policy. However, some of the information, such as medical records and contact information, such as medical records and contact information of the insured, is not released to the investors because of the sensitive nature of this information. At the time of purchase, Life Partners, Inc. will provide you or your financial adviser, through a document called a "Confidential Case History," adequate information about the policy and the insured to make an informed decision whether or not to purchase that particular policy. However, because we respect the very important privacy rights of the individuals selling their policies in the transaction, we do not provide the purchasers of the policy unfettered access to the insured or previous policy owners' information.

After the purchase of the policy, Life Partners, Inc. does not provide ongoing, periodic medical updates to the purchasers of the policy. There are numerous reasons for this

- As the policies are bought for a single, lump sum payment, the pertinent time period at which to evaluate the insured's medical condition is at the time of the purchase. If the intent of the purchase is to hold the policy until maturity, ongoing medical information does not affect your return on investment or the amount the policy will pay out.
- Life settlement providers are limited by law in how often they may contact an insured to inquire into their medical condition. Also, under the Health Insurance Portability and Accountability Act (HIPAA), the federal law which governs the release of medical records from medical record custodians, the insured or policy owner may revoke their authorization for Life Partners, Inc. to receive medical records at any time, leaving us unable to receive additional medical records after the purchase of the policy.
- We may lose contact with an insured after the purchase of their policy. For example, the insured or policy owner may move after the sale of the policy and not notify Life Partners, Inc. At the time of the purchase of the policy, we obtain contact information for the insured and/or a close family friend or relative so that we can maintain contact with them. Additionally, Life Partners, Inc. subscribes to various databases which use public records and other information to track individuals. We also subscribe to a service which notifies us if an insured's social security number is retired due to death so that we can begin the process of obtaining a death certificate and arranging for the payout of the policy. Despite these various services, it is still possible for us to lose contact with an insured, making any additional updates of medical condition for the insured impossible. However, loss of contact with the insured does not invalidate the purchaser's rights in the policy, because ownership rights as well as beneficiary rights are transferred when the policy is sold in the life settlement transaction.

If at any time you request updated information about an insured whose policy you have purchased an interest in, Life Partners, Inc. will provide you with the date of the last contact we have had with said insured and the date of their last visit to their physician, if available. However, for the reasons listed above, we will most likely not have any updated medical information available.

Your funds may not be able to be immediately placed into policies.

If you decide to invest in life settlements through Life Partners, Inc., you will place your funds in an account at the Stanford Group Company, which will be held by Dunnam & Dunnam, L.L.P, for the purchase of policies. Life Partners, Inc. is constantly being referred policies from policy owners and receiving funds from investors wishing to purchase policies. Because of our rigorous underwriting process, not every policy we receive meets our suitability standards for purchase. Accordingly, there might not be policies immediately available for purchase and your funds may sit inactive for a period of time.

Life Partners, Inc. does its best to place investors' funds as quickly as possible into policies; however, we are also very careful in our underwriting process to ensure that you are purchasing an investment quality policy. Should you decide that this process is taking too long, you may withdraw your funds from the escrow account at any time prior to their placement in a policy.

A portion of your investment for each policy will be used for fees and commissions associated with the policy purchase.

For each policy interest you purchase, you pay an amount called the “Acquisition Cost” for that particular policy interest. This Acquisition Cost covers your entire initial purchase price for that policy interest. This Acquisition Cost includes:

- The amount paid to the original policy owner for the purchase of the policy;
- An amount escrowed for premiums to keep the policy in force for the estimated life expectancy of the insured;
- Fees paid to the life settlement broker who represented the policy owner in the transaction, if the policy was referred to us by a life settlement broker;
- Fees paid to the life expectancy provider company or physician who provided the life expectancy for the insured under the policy;
- Fees paid to Dunnam & Dunnam LLP as escrow agent for their services in transaction;
- Fees paid to your financial consultant who referred you to Life Partners, Inc.; and
- Fees paid to Life Partners, Inc. for underwriting and facilitating the purchase of the policy.

In addition to the fees included in the Acquisition Cost, all interest earned on funds that are being held to purchase life insurance policies and held in escrow to pay premiums is paid to Life Partners, Inc. and Dunnam LLP as a part of their respective fee structures, however, you will not be required to directly pay any additional fees to Life Partners, Inc. other than the fee subsumed within the Acquisition Cost. You will not be required to pay any additional fees to Dunnam & Dunnam LLP unless you decide to make a change to your account, such as a change of ownership, or you request that the proceeds of the policy be wired to your account, for which a wiring fee will be charged.

You may have to pay money in addition to your initial investment.

The insurance company may cancel the policy in which you have invested if periodic premium payments are not made to keep the policy in force. The insurance company may not pay the death benefit if the policy is not in force.

A portion of the money you invest will be set aside in an escrow account to pay premiums. However, if the insured lives longer than expected, you may be required to pay additional premiums to keep the policy in force. If you do not pay the additional premiums, you could lose your investment in the policy. Any additional premium payments will reduce your overall return on investment.

If the funds that have been set aside to pay premiums are exhausted, you will be dependent upon Life Partners, Inc. and Dunnam & Dunnam LLP, the independent escrow agent, to notify you of the premiums due, collect the additional premium payments from you and the other investors, and to pay the premiums promptly. Additionally, as Dunnam & Dunnam LLP will be named as beneficiary of the policy to collect the death benefit and distribute the death benefit proceeds upon death of the insured, you will be dependent upon Life Partners, Inc. to notify Dunnam & Dunnam LLP of the death of the insured and facilitate the payout of the policy and upon Dunnam & Dunnam LLP to distribute the death benefits to you and the other investors in the policy.

The escrow agent used LPI provides legal representation to LPI.

Dunnam & Dunnam LLP and its attorneys have represented LPI in both litigation and non-litigation matters for over ten (10) years. You are hereby informed of the existence of an attorney client relationship between LPI and Dunnam & Dunnam LLP and its attorneys and the nature of that relationship. Purchaser consents to Dunnam & Dunnam LLP and its attorneys serving as Escrow Agent in this transaction.

All funds held by Dunnam & Dunnam LLP as Escrow Agent for purchasers of life settlements shall be governed strictly by the Agency Agreement and Policy Funding Agreements executed by said purchasers and instructions given to Escrow Agent pursuant thereto and the applicable law of fiduciaries and where applicable, Texas Disciplinary Rule 1.14, regarding the safekeeping of property.

You could lose some of the death benefit you have purchased if the insurance company that issued the life insurance policy goes out of business.

Insurance companies are rated based on their financial safety and soundness. A lower rating means that the company is more likely to go out of business. Unless specifically instructed otherwise by the investor, Life Partners, Inc. only purchases policies issued by insurance carriers having an A.M. Best rating of B+ or higher.

Each State maintains an insurance guarantee fund for the benefit of policyholders of insurance companies that have gone out of business. The guarantee fund may impose a limit on the amount that can be recovered on each policy.

Also, the payment on your life settlement contract would be delayed if you needed to seek funds from this guarantee fund or from the receivership of the insurance company. This delay would reduce the rate of return on your investment.

I (We) hereby confirm that I (We) have read and understand the above disclosure. I (We) further hereby confirm that I (we) understand that the undersigned financial consultants is my (our) financial consultant and not an agent, employee or representative of Life Partners, Inc. and that any representations, advice, opinions or recommendations made by the undersigned financial consultant are his (hers) alone and not the representations, advice, opinions or recommendations of Life Partners, Inc.

SIGNED THIS day of , 20

Signature

Printed Name of Purchaser

Signature

Printed Name of Joint Owner

Signature

Printed Name of Financial Consultant

CONFIRMATION OD RECEIPT OF DISCLOSURE ITEMS RELATED TO LIFE SETTLEMENTS THROUGH LIFE PARTNERS, INC.

I (We) hereby confirm that we have received and reviewed a Purchaser Suitability Form, a disclosure document describing the nature and risks of life settlements, and the recently issued Annual Report of Life Partners Holdings, Inc. (parent company of Life Partners, Inc.)

Initials

I (We) further hereby confirm that I (we) understand that the undersigned financial consultant is my (our) financial consultant and not an agent employee or representative of Life Partners, Inc. and that any that any representations, advice, opinions or recommendations made by the undersigned financial consultant are his (hers) alone and not the representations, advice, opinions or recommendations of Life Partners, Inc.

Initials

I (we) further hereby confirm that I (we) understand that any projected rate of return to me (us) from this transaction is based on an estimated life expectancy for the person insured under the policy; that the return on actual rate of return may vary substantially from the expected rate of return based upon the actual life actual life expectancy of the insured that may be less than, equal to, or may greatly exceed the estimated life expectancy; and that the rate of return would be higher if the actual life expectancy were less than, and lower if the actual life expectancy were greater than the estimated life expectancy of the insured at the time this transaction is closed. I (we) realize that the insured whose life insurance policies I (we) am (are) purchasing an interest in may outlive me (us), particularly if I (we) an (are) of advanced age. I (we) understand and am (are) aware of this risk, and I (we) have decided to make this investment with the understanding that any benefit and return of these policies will be realized by my (our) estate, heirs, or devisees if I (we) pass away before these insureds.

Initials

I (We) further hereby confirm that I (we) understand and have been advised that I (we) should consult with my (our) tax advisor regarding the tax consequences of a life settlement and, if this purchase utilizes retirement funds or accounts for this purchase, whether or not any adverse tax consequences might result from the use of those funds for the purchase of this investment and how much in liquid funds I (we) should retain in my (our) retirement account to cover additional premium payments which may need to be made from my (our) retirement account. I (we) realize that this is particularly important if I (we) am (are) at, near, or over the maximum age allowed to make contributions to a retirement plan account, currently 70 1/2 years for an Individual Retirement Account (IRA).

Initials

I (We) further hereby confirm that I (we) understand and have been advised that I (we) have the right to rescind or cancel the purchase of a life settlement for seven (7) calendar days after tendering the Acquisition Cost or after receiving the disclosures and to receive a refund of all funds invested.

I (We) further hereby confirm that I (we) understand that life settlements are an illiquid investment, that I (we) will not have access to the funds I (we) have decided to use to purchase life settlements until those policies mature, and that no one can determine with exact certainty when any insured under a life settlement policy will die. Accordingly, I (we) have determined that I (we) have sufficient liquid assets or other income to provide for my (our) daily needs and thus can bear the risk of investing in an illiquid investment and not having access to these funds for an indeterminate period of time.

Initials

Initials

SIGNED THIS day of , 20

Signature

Printed Name of Purchaser

Signature

Printed Name of Joint Owner

Signature

Printed Name of Financial Consultant



Life Partners, Inc.

204 Woodhew Dr.
Waco, TX 76712
Phone: (800) 368-5569
Fax: (254) 751-1025

POLICY FUNDING AGREEMENT FOR PURCHASES THROUGH A RETIREMENT PLAN

RETIREMENT PLAN ACCOUNT HOLDER

RETIREMENT PLAN CUSTODIAN/TRUSTEE

RETIREMENT PLAN ACCOUNT NUMBER (if unknown - may be completed by Agent)

THIS AGREEMENT is made this ____ day of _____, 20____, by and between Life Partners, Inc, (“AGENT”) and the above-referenced Retirement Plan Account Holder (hereinafter “Purchaser”), by and through the above-referenced Custodian/Trustee for PURCHASER’S Retirement Plan. All capitalized terms not expressly herein defined shall have the meaning given them in the Agency Agreement and Special Power of Attorney previously entered into between the parties hereto.

WHEREAS Agent and PURCHASER have entered into an AGENCY AGREEMENT and SPECIAL POWER OF ATTORNEY whereby AGENT is appointed AGENT of PURCHASER for the purpose of facilitating a loan from the above-referenced Retirement Plan secured by the proceeds of one or more life insurance policies or a portion thereof on the life of one or more terminally ill or senior insured; and

WHEREAS AGENT is a company principally engaged in the identification, qualification and purchase as agent of discounted life insurance policies of terminally ill or senior persons; and

WHEREAS PURCHASER desires and directs, through the above-referenced Retirement Plan Custodian/Trustee, PURCHASER’S Retirement Plan to acquire a note secured by the proceeds of the life insurance policy of a terminally ill or senior person (or a portion thereof) identified below, and

WHEREAS PURCHASER has reviewed and approves and adopts the criteria utilized by AGENT to purchase said policies as agent; and

WHEREAS both parties understand and agree that their relationship is one of principal and agent and does not in any way constitute the sale of a security;

NOT THEREFORE, in consideration of the mutual covenants herein, the parties agree as follows:

I. LOAN FOR POLICY PURCHASE DEPOSIT

1.01. PURCHASER hereby agrees to lend the viatical/life grantor trust established in connection with the purchase and maintaining of the insurance policy referenced below the sum of (\$ _____) _____ (the “Acquisition Cost”) from its amounts held in the Escrow Account for the purpose of acquiring a _____% interest in the following policy and/or related death benefit, and paying all costs related thereto, as collateral for said note. The note evidencing this loan shall be non-recourse and secured by and payable only from the proceeds of the policy noted below:

INSURED

DEATH BENEFIT

POLICY NUMBER

INSURANCE CO

1.02. This executed agreement should be sent to AGENT (via overnight mail or delivery service). AGENT, in turn, shall execute and forward a copy of this agreement along with all other necessary documents to the above named Escrow Agent who shall place the above-referenced loan proceeds into an Escrow Account and disburse such funds according to said documents.

II. DUTIES OF AGENT

2.01. AGENT shall perform the following duties:

- A. review applicants for viatical or life settlements
- B. qualify applicants for viatical or life settlement based upon underwriting criteria and other relevant guidelines pursuant to the above referenced Agency Agreement, and provide such information to PURCHASER.
- C. forward this agreement and all other documents necessary to open an escrow account to the Escrow Agent in accordance with Section 1.02 of this agreement.
- D. prepares and retains a confidential PURCHASER'S file containing all data and documents pertaining to the acquisition of said policy and PURCHASER'S loan relating thereto.

III. COSTS ASSOCIATED WITH LOAN

3.01 AGENT's fees for all services provided in the performance of its duties shall be complete and inclusive in the Acquisition Cost and the interest earned on the escrowed funds if the policy is held to its maturity. PURCHASER may be required to contribute additional amounts to the Premium Escrow Account in the event the amount retained for payment of premiums is exhausted or to pay fees assessed for subsequent transaction changes requested by PURCHASER. Agent makes no representations, and Purchaser expressly waives any right to disclosure which it may possess, regarding what specific net amount will be accepted by the seller for the sale of the policy or the specific fees which will be received by Agent or any specific supporting entity including reviewing physicians, laboratories, attorneys, licensees and consultants as well as legal and escrow costs. After purchase, Agent shall have no further specific duties to Purchaser, but Agent shall use commercially reasonable efforts to assist Purchaser, if requested.

IV. CONFIDENTIALITY

4.01. Purchaser hereby agrees to keep confidential all medical and insurance information received in connection with the purchase of this policy.

V. MISCELLANEOUS

5.01. This agreement is further subject to the following provisions:

- a. This agreement shall be construed under the laws of Texas.
- b. This agreement is binding upon the successors and assigns of the parties hereto.
- c. Any monies exchanged under this agreement shall not be deemed valid until funds are collected.
- d. PURCHASER understands and agrees that the note and the above-described collateral is of a "buy and hold" nature that there is no guaranteed liquidity for the collateral and that AGENT offers no buy-back guarantee or assurance that PURCHASER will be able to sell the collateral at a date prior to the maturity of the policy or that PURCHASER will be able to receive any set amount in the event of such a sale.
- e. Each party hereby represents that it or its representative has the requisite authority to enter into this agreement.
- f. PURCHASER hereby agrees not to reveal any identifying information to anyone about any viator or life settlor which PURCHASER may learn under this agreement, except as necessary to enforce this agreement. PURCHASER further acknowledges that, pursuant to Texas regulations regarding viatical settlements, only AGENT may contact a viator or life settlor to determine health status and PURCHASER agrees not to contact any viator or life settlor unless PURCHASER registers with the Texas Department of Insurance as a viatical or life settlement company. PURCHASER further acknowledges that unauthorized contact with a viator is a violation of Texas law.
- g. PURCHASER hereby acknowledges that he has either reviewed the Confidential Case History for the above-referenced policy or has entered into an agreement and power of attorney giving authority to PURCHASER'S advisor to review and select policies on behalf of PURCHASER.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first written above.

PURCHASER/RETIREMENT PLAN ACCOUNT HOLDER

Printed Name of Account Holder

ADDITIONAL PURCHASER SIGNATURE (if applicable)

Printed Name of Purchaser

LIFE PARTNERS, INC. Corporate Officer

RETIREMENT PLAN TYPE:

- Traditional IRA
- Roth IRA
- SEP IRA
- Pension/Profit Sharing/401K
- Other

Traditional IRA Application Kit



2450 St. Rose Parkway, Suite 210
Henderson, NV 89074

P. 702.990.7892 / 877.990.7892
F. 702.946.0136

Traditional IRA Application Kit
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How to Establish a Self-Directed Traditional IRA

Step 1: Read the entire Self-Directed Traditional IRA Application.

Step 2: Mark appropriate asset(s) on the **Fee Schedule** on page 22 as this will determine your Establishment Fee.

Step 3: Complete, sign, and date pages 22-25 of the **Traditional IRA Application** and pages 29-30 of the **Agency Agreement**.

Step 4: Write a check payable to **Preferred Trust Company, LLC** for:

1. Your IRA contribution (if making one); and
2. Your **Establishment Fee** and **Annual Account Maintenance Fee** as shown in the Fee Schedule on page 22. If your account will receive funds from an IRA transfer or rollover, your Establishment Fee and your Annual Account Maintenance Fee may be deducted from the transfer / rollover proceeds, provided that Preferred Trust Company receives these funds within 30-days of your account being established. Any fees owed after 30-days will be billed.

Step 5: If you would like to have your existing IRA funds transferred from another firm to your Preferred Trust Company IRA, or rolled over from an eligible employer-sponsored retirement plan, complete and sign the **Request for Transfer or Conversion** form on page 26-27.

Step 6: For your convenience, included in your kit is an **Investment Authorization and Direction** form on page 28. This form is used to authorize the purchase of any asset now and in the future.

Step 7: Send completed, signed, and dated **Traditional IRA Application, Agency Agreement, Request for Transfer of Conversion** form (if applicable), **Investment Authorization** form (if applicable), and a **check** to the following address or place documents in the enclosed postage paid return envelope provided to you in your introduction kit.

**Preferred Trust Company
2471 W. Horizon Ridge Parkway, Suite 100
Henderson, NV 89052**

Step 8: Retain pages 31-39 for your records. This is your copy of the Trust Account Agreement (Form 5305) and Disclosure Statement, that contain important information about your Preferred Trust Company Self-Directed IRA account.

Step 9: The **Account Access Form** must be filled out and returned to our office to process your request.

Privacy Policy

Preferred Trust Company, LLC ("PTC") is committed to safeguarding the non-public personal information that you provide us. This Privacy Policy describes how we handle and protect non-public personal information we collect about individuals such as you, who apply for or receive our products and services.

Why and How We Collect Personal Information

When you open an account with PTC, we collect non-public personal information about you for business purposes, such as evaluating your financial needs, processing your requests and transactions, informing you about services that may be of interest to you, and providing customer service. Some of the information we collect may include any of the following:

- Information you provide to us on applications and other forms, such as your name, address, date of birth, social security number, occupation, assets, and income;
- Information about your transactions with us;
- Information you provide to us to verify your identity, such as a passport, or received from other entities not affiliated with PTC.

How We Protect Information

We limit access to your non-public personal information to those employees who need to know in order to conduct our business, service your account, and help you achieve your financial objectives. Our employees are required to maintain and protect the confidentiality of your non-public personal information and must follow established procedures to do so. We maintain physical, electronic, and procedural safeguards to protect your non-public personal information. We do not rent or sell your name or non-public personal information to anyone. PTC does not disclose any non-public personal information about our customers or former customers to anyone.

Disclosure to Non-Affiliated Third Parties

In order to support the financial products and services we provide to you, we may share the information described above with third-party service providers and joint marketers not affiliated with us, including, but not limited to:

- Companies under contract to perform services for us or on our behalf, such as vendors that prepare and mail statements and transaction confirmations or provide data processing, computer software maintenance and development, transaction processing and marketing services.

These companies acting on our behalf are required to keep your non-public personal information confidential.

In addition, we may disclose information to cooperate with regulatory authorities and law enforcement agencies to comply with subpoenas or other official requests, and as necessary to protect our rights or property.

Accessing and Revisiting Your Personal Information

We strive to keep our customer files complete and accurate and in doing so, provide you reasonable access to any and all information we collect. Most of this information is contained in the account statements that you receive from us. We encourage you to review this information and notify us if you believe any information should be corrected or updated. If you have a question or concern about your non-public personal information or this privacy notice, please contact your PTC representative.

Traditional IRA Application

1. IRA Owner Information

Last Name First Name Initial

SSN DOB (MM/DD/YY)

Address

City State Zip Code

Phone Number Email

2. Contribution Type

- Regular / Spousal
 Transfer from a Traditional IRA or SIMPLE IRA
- Rollover from an Eligible Retirement Plan
 Catch-Up (age 50 and older)
- Rollover from a Traditional IRA or SIMPLE IRA
 Beneficiary IRA
- Direct Rollover from an Eligible Retirement Plan
 Recharacterization

FOR INTERNAL USE ONLY - General Contribution Information

Contribution Date Amount \$ Account Number Establishment Fee

3. Designation of Beneficiary

At the time of my death, the primary beneficiaries named below will receive my IRA assets. If all of my primary beneficiaries die before me, the contingent beneficiaries named below will receive my IRA assets. In the event a beneficiary dies before me, such beneficiary's share will be reallocated on a pro-rata basis to the other beneficiaries that share the deceased beneficiary's classification as a primary or contingent beneficiary. If all of the beneficiaries die before me, my IRA assets will be paid to my estate. If no percentages are assigned to beneficiaries, the beneficiaries will share equally. If the percentage total for each beneficiary classification does not equal 100%, any remaining percentage will be divided equally among the beneficiaries within such class. This designation revokes and supercedes all earlier beneficiary designations which may apply to this IRA.

A. Primary Beneficiary

Percentage	Name of Beneficiary	SSN or Taxpayer Identification Number	Relationship to IRA Owner	Beneficiary Date of Birth (MM/DD/YY)
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total 100%

B. Contingent Beneficiary

Percentage	Name of Beneficiary	SSN or Taxpayer Identification Number	Relationship to IRA Owner	Beneficiary Date of Birth (MM/DD/YY)
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total 100%

of

4. Spousal Consent

I am Married. I understand that if I designate a primary beneficiary other than my spouse, my spouse must consent by signing below.

(IRA Owner Initials)

I am Not Married. I understand that if I marry in the future, I must complete a new Designation of Beneficiary form, which includes the spousal consent documentation.

(IRA Owner Initials)

I am the spouse of the IRA owner. Because of the significant consequences associated with giving up my interest in the IRA, the Custodian has not provided me with legal or tax advice, but has advised me to seek legal or tax advice. I acknowledge that I have received a fair and reasonable disclosure of the IRA owner's assets or property and any financial obligations for a community property state. In the event I have a legal interest in the IRA assets, I hereby give to the IRA owner such interest in the assets held in this IRA and consent to the beneficiary designation set forth in Section 3 of this form.

Date

Signature of IRA Owner Spouse (if applicable)

5. Signatures

I certify that the information provided by me on this Application is accurate, and that I have received a copy of the Fee Schedule, Form 5305 (*Individual Retirement Trust Account*), and Disclosure Statement. I agree to be bound by the terms and conditions found in the Agency and Trust Account Agreement, and Disclosure Statement, and amendments thereto. I assume sole responsibility for all consequences relating to my actions concerning this IRA. I understand that I may revoke this IRA on or before seven (7) days after the date of establishment. I have not received any financial, tax or legal advice from the custodian, and will seek the advice of my own tax or legal professional to ensure my compliance with related laws. I release and agree to hold the IRA Custodian harmless against any and all claims or losses arising from my actions.

A PHOTO COPY OF A GOVERNMENT ISSUE ID (drivers license, passport, state issued or military identification) MUST BE PROVIDED.

Date

Signature of IRA Owner

Date

Signature of Custodian

6. Authorized Agent

Complete the information below to authorize an Individual/Financial Representative to act as the Authorized Agent for your account.

Individual/Financial Representative Name

Company / Broker Dealer Affiliation

Mailing Address

City

State

Zip Code

Phone Number

Email

I understand that I may revise this information at any time by giving written notice to Preferred Trust Company. I am aware that any changes to these authorizations will not cancel any instructions given by the Authorized Agent until receiving written notice of the changes by the account owner.

I hereby designate the above mentioned Authorized Agent subject to all applicable terms and provisions stated in the Agency Agreement. I authorize this Individual/Investment Representative to execute asset transactions for my account, including but not limited to purchases, sales and exchanges. I also authorize this Individual/Financial Representative to receive statements and other account information from Preferred Trust Company via written, telephonic or electronic communications. I agree that Preferred Trust Company is under no duty to investigate or inquire about any directions or instructions given by my Authorized Agent. I further agree that Preferred Trust Company will have no liability for any losses occurring due to changes in market value of an asset or because Preferred Trust Company acted in reliance on instructions from me or my Authorized Agent.

Signature of IRA Owner

Date

Authorized Agent Consent and Acknowledgement *(Individual / Financial Representative must sign below to activate authorization.)*

I hereby consent to my designation as Authorized Agent on the above-named IRA. I understand and acknowledge that as the Authorized Agent, I will be acting agent of the Account Owner and not as the agent of Preferred Trust Company. Additionally, I affirmatively represent to both the Account Owner and Preferred Trust Company that I will not make any statements or other communications to or with the Account Owner suggesting that I am acting as the agent of Preferred Trust Company for any purpose relating to this retirement account.

Authorized Agent Signature

Date

Interested Party Designation

Complete the information below if you wish to authorize an individual to receive information on your account.

I authorize the following individual to receive statements and any other account information from Preferred Trust Company via written, telephone or electronic communications. I understand that this individual is not authorized to execute transactions on my behalf.

Interested Party Name

Mailing Address

City State Zip Code

Phone Number Email

Account Owner Signature for Interested Party Designation

Date

Request for Transfer or Conversion Form

for Traditional, Roth, SIMPLE, and SEP IRAs

1. IRA Owner Information

Last Name First Name Initial

SSN DOB (MM/DD/YY)

Address

City State Zip Code

Phone Number Email

2. Type of Transaction (See Additional Information included with this form.)

A. Transfer: (check one)

- Traditional IRA to a Traditional IRA Roth IRA to a Roth IRA SIMPLE IRA to a SIMPLE IRA
 SIMPLE IRA to a Traditional IRA SEP IRA to a SEP IRA SEP IRA to a Traditional IRA Other

B. Conversion: (check one)

- Traditional IRA to a Roth IRA Simple IRA to a Roth IRA SEP IRA to a Roth IRA

- Required minimum distributions cannot be converted to a Roth IRA.

- If Applicable, the required minimum distribution has or has not been satisfied for this distribution year prior to this transfer. If not, the transferee custodian/trustee may require additional documentation.

- SIMPLE IRA funds cannot be transferred to a traditional IRA or converted to a Roth IRA for two years following the date of the initial SIMPLE contribution.

3. Transferor (Current) Custodian/Trustee Information (Attach a copy of a current statement, if applicable.)

My IRA custodian/trustee (transferor), , should transfer/convert the assets identified in the Transfer/Conversion Instructions section.

Transferor Address

City State Zip Code

Transferor Phone Number Transferor IRA Account Number

4. Transfer/Conversion Instructions (See Additional Information included with this form.)

Complete my transfer/conversion as directed. Note: Penalties and market fluctuation may affect the distribution amount.

A. Payment Amount (check one):

My entire IRA balance.

A portion of my IRA balance \$

B. Payment Schedule and Investment

Immediately liquidate all investments and send cash proceeds.

Send all investments in-kind.

C. **Delivery Instructions:** Make check payable to or certificate registration in the name of **Preferred Trust Company, LLC** as custodian for the

Traditional Roth SIMPLE SEP IRA for Name

5. Withholding Election (For Conversions Only. See IRS Form W-8BEN if you are a foreign person.)

The instructions to Form W-4P (Withholding Certificate) are included in the Additional Information section of this form.

I elect **not** to have Federal income tax withheld from my IRA distribution.

I elect to have 10% Federal income tax withheld from my IRA distribution.

5. Withholding Election (For Conversions Only. See IRS Form W-8BEN if you are a foreign person.) Continued ...

I want the following **additional** dollar amount \$, or additional percentage withheld from each IRA distribution.

I elect to have \$ or % State income tax withheld from my IRA distribution (if applicable).

6. Signatures

I certify that the information contained on this form is true and correct. I direct the transferor custodian/trustee to transfer or convert my IRA assets as set forth in this form. I understand I should seek the guidance of a tax or legal professional with regard to this decision. I understand that if I establish a separate conduit account, it is my responsibility to keep my conduit account separate from my other accounts. I understand that my custodian cannot provide legal advice. I indemnify and agree to hold the custodian harmless against any liabilities. I assume full responsibility for the consequences of this transfer or conversion decision. The custodian agrees to accept these funds as a transfer or conversion.

Signature of IRA Owner

Date

BROKERAGE: In the case of a transfer from a brokerage account, the transferring firm may require signature authorization including but not limited to, signature guarantee, medallion guarantee or some other form of necessary stamp. These guarantees help protect against fraud. Most banks and brokerage firms can provide one. Please contact the transferring firm for clarification

For Bank Use: Medallion Signature Guarantee Stamp
(For Securities or Non-FDIC Instructions Only)

Signature of Custodian

Date

For Bank Use: Medallion Signature Guarantee Stamp
(For Securities or Non-FDIC Instructions Only)

Additional Information

Purpose. The Request for Transfer or Conversion to an IRA for Traditional, Roth, or SIMPLE IRAs form is designed to assist you in transferring or converting assets from one individual retirement arrangement (IRA) to another IRA. This form does not allow for cost and penalty-free SIMPLE IRA transfers from a designated financial institution (DFI). Your DFI will require additional documentation, such as an election form.

Additional Documents. A transfer can avoid income and penalty taxes. A conversion by transfer is a taxable event that avoids penalty taxes. For your transfer or conversion to be successful, additional contribution and distribution documentation may be required by your IRA's custodian.

For Additional Guidance. It is in your best interest to seek the guidance of your tax or legal professional before completing this document. For more information refer to Internal Revenue Service (IRS) Publication 590-Individual Retirement Arrangements, IRS Publication 505-Tax Withholding and Estimated Tax, instructions to your federal income tax return, your local IRS office, or the IRS's website at www.irs.gov.

Terms. A general understanding of the following terms may be helpful in completing your transactions.

Conversion. A conversion is a reportable movement of assets from a traditional IRA or SIMPLE IRA to a Roth IRA.

In Kind. If an IRA contains stocks, bonds, mutual fund shares, or other types of property, it may be possible to move such property to an IRA without liquidation. This type of "in-kind" transfer or conversion would require that the property be re-registered in the name of the transferee custodian for the benefit of your IRA. The transferee's policies, charters, or applicable law may prevent the transfer of property. Time deposits and savings accounts are not transferable.

Required Minimum Distribution (RMD). IRA owners who are age 70½ or older must satisfy an annual RMD. The penalty for failing to take the annual RMD for any distribution year is a 50% excise tax on the amount not distributed. RMDs cannot be converted to a Roth IRA. Although the rules permit you to transfer your RMD, it must still be satisfied by the required distribution date.

Two-Year Rule. SIMPLE IRA funds cannot be transferred to a traditional IRA or converted to a Roth IRA within a two-year period that begins on the date of the initial contribution to your SIMPLE IRA. SIMPLE IRA funds transferred or converted during the two-year period are subject to an additional 25% excise tax. You may, however, roll over to transfer a SIMPLE IRA to a SIMPLE IRA within the two-year period.

Conduit IRA. Retirement funds originally rolled over from certain employer-sponsored eligible retirement plans may have been maintained in a separate "conduit IRA" not commingled with any other types of IRA contributions. Check with your tax or legal professional to determine if you need to continue to maintain these funds in a separate conduit IRA when they are transferred to a different custodian.

Withholding of Federal Income Tax. Generally, federal income tax withholding applies to your IRA distributions. The methods and rate on withholding depends on (a) the type of distribution you receive, (b) whether the distribution is delivered outside the United States to its possessions, and (c) whether you (or your beneficiary after your death) are a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. Because your tax situation may change from year to year, you may want to change your withholding election each year. You can change the amount to be withheld by using IRS Form W-4P or an appropriate substitute form.

Nonperiodic Payments - 10% Withholding. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Your IRA custodian must withhold at a flat 10% rate from your IRA distributions unless you choose not to have federal income tax withheld. You can choose not to have income tax withheld from a nonperiodic payment by using IRS Form W-4P or an appropriate substitute form and providing your correct tax identification number (TIN). Generally, your choice to have income tax withheld or not will apply to any later distribution from your IRA. You may also specify an additional amount that you want withheld.

Caution. If you do provide your correct TIN, your IRA custodian cannot honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.

Choosing Not to Have Income Tax Withheld. You (or in the event of death, your beneficiary or estate) can choose not to have income tax withheld from your payments by using Form W-4P or an appropriate substitute form. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. The executor/representative must provide the estate's TIN/employer identification number (EIN).

Caution. There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments. New retirees, especially should see IRS Publication 505, Tax Withholding and Estimated Tax. It explains the estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using Form W-4P or an appropriate substitute form.

Changing Your "No Withholding" Choice. If you previously chose not to have income tax withheld and you now want 10% withholding, write "Revoked" next to the check box on line 1 of IRS Form W-4P and provide a copy to your IRA custodian. To the extent you want a greater amount withheld, complete a new Form W-4P or an appropriate substitute form for your IRA custodian.

Payments to Foreign Persons and Payments Outside the United States. Unless you are a nonresident alien, withholding (in the manner described above) is required on nonperiodic payments that are delivered to you outside the United States or its possessions. You cannot choose not to have income tax withheld Form W-4P. See IRS Publication 505, Tax Withholding and Estimated Tax for additional details.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30% withholding tax under IRC Section 1441 on the taxable portion of a nonperiodic pension or annuity payment that is from U.S. sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding and tax. Also, payments from certain pension plans are exempt from withholding even if no tax treaty applies. See IRS Publication 515 Withholding of Tax on Nonresident Aliens and Foreign Entities, and IRS Publication 519, U.S. Tax Guide for Aliens, for details. A foreign person should submit IRS Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, to the IRA custodian before receiving any payments. The Form W-8BEN must contain the foreign person's TIN.

If you are a foreign person who has provided an IRA custodian with IRS W-8BEN, the IRA custodian will furnish a statement to you on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, by March 15 of the next year.

State Withholding. Your state may allow or require state income tax withholding on any taxable distribution.

Local Withholding. Your local governing authority may allow or require local income tax withholding on any taxable distribution.

Investment Authorization and Direction Form

Prior to directing Preferred Trust Company to process your investment instructions, please be sure that the issuer or sponsor of your investment has provided Preferred Trust Company with a complete Sponsor / Investment Notification Form and related materials. If the sponsor has not provided that information to Preferred Trust, your investment instructions may be delayed.

By signing this form, you acknowledge that Preferred Trust Company has not reviewed, recommended or commented on the investment merits, risks, suitability or management of investment(s) you have selected, and you authorize Preferred Trust Company to process the following transaction.

1. IRA Owner Information

Last Name	<input type="text"/>	First Name	<input type="text"/>	Initial	<input type="text"/>
Address	<input type="text"/>				
City	<input type="text"/>	State	<input type="text"/>	Zip Code	<input type="text"/>
Phone Number	<input type="text"/>	Email	<input type="text"/>		

2. Investment Information

Company Name	<input type="text"/>				
Name of Investment	<input type="text"/>				
<input type="radio"/> I authorize Preferred Trust Company to withdraw fees from my IRA account for this investment.					
<input type="radio"/> I have enclosed a check for the fees associated with this transaction.					
Total Amount to be Invested \$	<input type="text"/>	Number of Units / Shares (if applicable)	<input type="text"/>		
Interest Rate (if applicable)	<input type="text"/>	Maturity Date	<input type="text"/>		

3. Funding Information

Check Payee Name	<input type="text"/>				
Mail Payment to:	<input type="text"/>				

Wire Instructions - Please note a \$25 wire transfer fee will be applied to your account

Bank Name	<input type="text"/>				
Route Number	<input type="text"/>	Account Number	<input type="text"/>		

4. Signature

By signing below you acknowledge that Preferred Trust Company does not perform any type of due diligence determination for any investment or background review of the the company offering this investment. You verify that you have consulted with tax, financial and legal professionals, or have elected not to do so prior to directing Preferred Trust Company to make this investment on behalf of your Account. You verify that you have received and read all pertinent information relating to the investment named herein (i.e, private placement memorandum, purchase agreement, subscription agreement, etc.).

Signature of IRA Owner

Date

of

Account Access Designation Form

Thank you for choosing Preferred Trust Company, LLC as your IRA custodian. As soon as all required account documents have been received and processed by our office, your Preferred Trust Company IRA account will be open.

By selecting Preferred Trust Company as your custodian you have the opportunity to view your account holdings and transactions at anytime by logging on to our website at www.preferredtrustcompany.com. Simply return this form at your earliest convenience with your preferred method of viewing your account. If you select web access, we will send a correspondence through the mail providing you a unique User ID and Password with instructions to access your account on the web.

It is our unwavering commitment to provide clients the flexibility to select investments that complement their investment portfolios as well as the timely funding of investments and unparalleled customer service.

If you have any questions regarding your account please contact us at 702.990.7892 or 877.990.7892.

Thank you for choosing Preferred Trust Company, we look forward to assisting you with all of your self-directed IRA needs.

Please fill out your information, check your designation below and return this form to our office.

Last Name First Name Initial

Address

City State Zip Code

I do not wish to view my account via the web.

Please provide me with web access.

Client Printed Name

Date

Client Signature

PREFERRED TRUST COMPANY AGENCY AGREEMENT

By entry into this Agency Agreement ("the Agreement"), _____ ("Depositor") agrees to be bound by the terms contained herein upon the creation of an Individual Retirement Trust Account ("Account") established with Preferred Trust Company, LLC, a Nevada limited liability corporation ("Custodian"). Depositor intends to deposit liquid funds with Custodian and direct that such liquid funds be used to purchase Securities (as defined in the Trust Account Agreement) as instructed by the Depositor.

1. Custodian's responsibilities, more specifically described in the Trust Account Agreement and Disclosure Statement, include the duty to safely keep the liquid funds and invested assets purchased on behalf of Depositor, to collect and receive income and principal on behalf of the Depositor, and to make disbursements from the Account as directed by Depositor in accordance with the Trust Account Agreement.
2. By executing this Agency Agreement and by entry into the Trust Account Agreement, Depositor acknowledges that Custodian has no responsibility for the performance of the invested assets held in Depositor's Account. Depositor further acknowledges that investment involves risk, and that Depositor is solely responsible for determining the suitability, nature, prudence, value, viability, risk, safety, legality, tax consequences and merit of, and to perform any "due diligence" or other investigation with respect to, any particular investment strategy or transaction involving Account assets.
3. The Depositor hereby specifically acknowledges that cash in the Depositor's Individual Retirement Trust Account, which the Depositor has not directed to be invested, will temporarily be placed in an interest bearing account of Custodian's choosing. Until such time as the Depositor gives instructions as to how the funds should be invested, Depositor hereby acknowledges that any interest accruing on monies not currently invested shall be disbursed to Depositor's account at a rate of 0.25 percent per annum. Depositor also acknowledges that such rate is not fixed and may be subject to fluctuation.
4. Custodian shall not take any investment action or invest or disburse any monies or invested assets except upon direction of the Depositor. Depositor shall communicate all directions expressed or implied to the Custodian. In addition, the Depositor understands and agrees that the Custodian will not be required to take any action regarding the Account except as the Depositor directs or confirms in writing.
5. The Custodian shall have no liability in connection with any transaction for the disposition, acquisition, transfer or investment of any of the funds or invested assets which the Depositor initiates through any other person or entity other than the Custodian.
6. The Custodian agrees to perform its duties under this Agency Agreement in good faith and with reasonable care. In no event shall the Custodian, its officers, directors, affiliates, subsidiaries or employees be held liable under this Agency Agreement, except for gross negligence or willful misconduct. Neither the Custodian, nor its officers, directors, nor employees, shall be liable for any loss arising out of any action taken, or failure to act, at the direction of the Depositor. The Custodian shall not be responsible or liable in any way for the sufficiency, correctness, genuineness, validity, form or execution of any document not prepared by the Custodian, or for the identity, authority, or rights of any person other than the Custodian executing or delivering such document. The Custodian shall act only as the Depositor's agent under this Agency Agreement. The Custodian shall not be responsible to any third party, named or unnamed, in the performance of its duties.
7. The Custodian shall be compensated in accordance with a fee schedule which shall be provided to the Depositor upon opening an account with Custodian. Upon written notice to Depositor, the fee schedule may be changed or updated from time to time by Custodian. Moreover, the Custodian shall be entitled to reasonable compensation for any services rendered which are not listed on the fee schedule.
8. Under federal law, the Depositor has the right to receive a copy of the broker/dealer's confirmation, free of charge, within five (5) business days after the Custodian receives confirmation of any Securities transaction on behalf of the Depositor.
9. The Custodian is required by law to disclose to companies whose Securities are held pursuant to this Agency Agreement, upon their request, the Depositor's name, address and holding of that company's Securities, unless the Depositor objects to such disclosure.
10. If Custodian is requested or required by law or by legal, administrative or regulatory process to disclose any of Depositor's personal information, Custodian information, Custodian will promptly notify Depositor of such request or requirement so that Depositor may seek an appropriate protection order and /or relief.
11. The Custodian shall have a first lien on the Account and on all papers and money held by the Custodian under this Agency Agreement, for the Custodian's compensation, if any, and for any costs, liability, expense, or counsel fees that Custodian may incur with regard to the Account. In addition, the Depositor grants to the Custodian the separate right to deduct from the Depositor's Account amounts owed to the Custodian, immediately as they become due.
12. The Depositor does hereby acknowledge that if any third party notifies the Custodian alleging a problem relating to disbursement of any of the invested assets or funds, the Custodian is authorized to hold any such invested assets or funds pending the receipt of a written agreement executed by all involved parties or final court order. The Custodian is authorized, at its exclusive discretion, to file suit in interpleader and obtain a court order requiring such parties to interplead and litigate their claims and rights amongst themselves.
13. The Custodian may consult with legal counsel, specialists, advisors, or other persons of the Custodian's own choosing in connection with any questions as to this Agency Agreement or the Custodian's duties relating to the Account. Such persons shall represent the Custodian only and the Custodian shall incur no liability in acting in accordance with the opinion and instructions of such person. The Depositor shall reimburse the Custodian for all fees, including attorneys' fees, and costs associated with such consultation.

14. The Custodian shall be under no duty to become involved in any legal proceeding with respect to the Account, except to the extent that Custodian is adequately compensated and indemnified for all related expenses and for all costs and liabilities to its satisfaction.
15. This Agency Agreement may be terminated by either party, at any time, with ten (10) days written notice to the other. Any notice must be delivered or mailed first class, postage prepaid, to the address shown on this Agency Agreement, and any change of such address must be made in writing and delivered or mailed to the other party. Upon termination of this Agency Agreement, the Depositor shall pay to the Custodian any and all amounts owed to the Custodian for compensation, reimbursement of costs and expenses and indemnification within five (5) days of such termination. The Custodian shall then distribute the assets of the Account to the Depositor. Any acts which the Custodian does in good faith prior to receiving actual notice of termination shall be valid and binding upon the Depositor, and the Custodian shall incur no liability for them.
16. The Depositor warrants that the Depositor is a United States Citizen. The Depositor further warrants that the Depositor will update all documentation and information required by the Custodian to perform its agency duties under this Agency Agreement.
17. This Agency Agreement may be amended solely by Custodian and only by written amendment to the Depositor signed by both parties.
18. The laws of the State of Nevada shall govern the validity of this Agency Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties created herein. The parties do hereby consent to the exercise of jurisdiction by the state and federal courts in Clark County, Nevada and waive any objection to venue.
19. Annual statements will be provided to the Depositor unless the Depositor states otherwise.

CUSTODIAN:

Preferred Trust Company, LLC

Signature: _____

Title: _____

2471 W. Horizon Ridge Parkway, Suite 100
Henderson, NV 89052

DEPOSITOR:

Date: _____

Signature: _____

Print Name: _____

Address: _____

SSN: _____

TERMS OF PREFERRED TRUST COMPANY

INDIVIDUAL RETIREMENT ARRANGEMENT TRUST ACCOUNT AGREEMENT

(Under Section 408(a) of the Internal Revenue Code)

FORM 5305-A (Rev. March 2002 Department of the Treasury Internal Revenue Service)

WITNESSETH:

WHEREAS, The Depositor (as hereinafter defined) desires to provide for his or her retirement and for the support of his or her beneficiaries upon his or her death; and

WHEREAS, to accomplish this purpose, Depositor desires to establish an Individual Retirement Arrangement, as described in Section 408 of the Internal Revenue Code of 1986, as amended ("Code"), and has made applications ("Application") for the opening of an Individual Retirement Arrangement with Preferred Trust Company, LLC ("Custodian"), a Nevada limited liability company.

NOW, THEREFORE, as of the date the Application is accepted by the Custodian, there is transferred, assigned, and conveyed to Custodian by or on behalf of Depositor an initial contribution in cash or investment assets, as shown on such Application and/or Transfer form, this Individual Retirement Arrangement is established, and the following is agreed to by and between Depositor and Custodian. For purposes of this Trust Account Agreement, the person making application for the establishment of this Trust Account and making contributions thereto shall be referred to as the ("Depositor").

ARTICLE I

1.1 **Definitions.** For all purposes hereunder, the following definitions shall apply:

1. Roth Conversion IRA is a Roth IRA that accepts only IRA Conversion Contributions made during the same year;
2. IRA Conversion Contribution is an amount rolled over, transferred or considered transferred from a non-Roth IRA to a Roth IRA. A non-Roth IRA is an Individual Retirement Arrangement or annuity described in Section 408(a) or 408(b), other than a Roth IRA.
3. Adjusted Gross Income ("AGI") shall be determined as provided in Section 408(c)(3) of the Code and shall not include IRA Conversion Contributions.
4. Security shall mean an investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government, or other organization which offers evidence of debt or equity. For the sole purpose of this agreement, Trust Deed shall be deemed as a Security.

1.2 **Additional Contributions.** Custodian may accept additional contributions in cash by or on behalf of Depositor, during a taxable year of the Depositor except as limited by Section 1.3 hereto.

1.3 **Contribution Limitations.** Except in the case of a rollover contribution as described in Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3), 457(e)(16), or 408A(e), an employer contribution to a simplified employee pension plan as described in Section 408(k), or a recharacterized contribution described in Section 408(d)(6) or an IRA conversion contribution.

The Custodian will accept cash contributions only up to the maximum amount permitted by law, which is currently \$4,000 for tax year 2007 and \$5,000 for 2008 and thereafter. For individuals 50 years of age or older, that contribution limit is increased by \$1,000 for 2007 (\$5,000) and \$1,000 (\$6,000) for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any. A Depositor's non-working spouse may also establish an IRA and make similar contributions (Spousal IRA).

1.4 **Roth IRA Limitations.** If this Trust Account is designated as a Roth IRA, then under current law:

1. The annual contribution limit described in Article I, Sec. 1.2 is gradually eliminated for higher income levels. For a single depositor, the annual contribution is phased out between AGI of \$95,000 and \$110,000; for a married depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Custodian will not accept IRA conversion contributions in a tax year if the Depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Depositor is married and files a separate return. AGI is defined in Section 408A(c)(3) and does not include IRA Conversion Contributions.
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

ARTICLE II

The Trust Account established hereby is established for the exclusive benefit of the Depositor or his or her beneficiaries, and the Depositor shall be the sole owner of the Trust Account. The interest of the Depositor in the balance in his or her Trust Account shall at all times be non-forfeitable and non-assignable.

ARTICLE III

No part of the funds held in the Trust Account shall be invested in life insurance contracts, nor may the assets of the Trust Account be commingled with other property, except in a common trust fund or common investment fund (within the meaning of Section 408(a)(5) of the Code). No part of the Trust Account funds shall be invested in collectibles (within the meaning of Section 408(m) of the Code).

ARTICLE IV

4.1 **Form of Distributions for Traditional Individual Retirement Trust Accounts; Minimum Distribution Requirements; No Withholding.** As noted in Section 9.2, the amount of the initial contribution and each additional contribution credited to the Depositor's Trust Account shall be applied at Depositor's request for the purchase of Securities allowable by Custodian.

1. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Depositor's interest in the Trust Account shall be made in accordance with the following requirements, as well as the Agency Agreement, and shall otherwise comply with Section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The Depositor's entire interest in the Trust Account must be, or begin to be, distributed no later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the trust account distributed in:
 - (a) A single sum, or
 - (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiaries.

3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
 - (a) If the Depositor dies on or after the required beginning date and:
 - i. The designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or if distributions are being made over the period in paragraph (a)(iii) below, over such period.
 - ii. The designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
 - iii. There is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduce by 1 for each subsequent year.
 - (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:
 - i. The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then the distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.
 - ii. The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.

4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" (RMD) and is determined as follows:
 - (a) The RMD under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½ is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations Section 1.401 (a)(9)-9 of the Code. However, if the Depositor's designated beneficiary is his or her surviving spouse, the RMD for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations Section 1.401(a)(9)-9. The RMD for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
 - (b) The RMD under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached 70½ if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations Section 1.401(a)(9)-9) of the individual specified paragraphs (a) and 3(b)(i).
 - (c) The RMD for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The RMD for any other year must be made by the end of such year.

6. The owner of two or more traditional IRAs may satisfy the minimum distribution requirements described above by taking from one traditional IRA the amount required to satisfy the requirement for another traditional IRA, in accordance with the regulations under Section 408(a)(6).

4.2 Form of Distributions for Roth Individual Retirement Trust Accounts: Minimum Distribution Requirements.

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with the following:

- (a) If there is a beneficiary elected, the remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.
 - (b) If there is not a beneficiary elected, the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations Section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.
3. If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

The Code also requires that federal income taxes be withheld from all distributions from an Individual Retirement Arrangement, unless the account owner elects to not have any such taxes subtracted from the distribution. By entry into this Trust Account Agreement, Depositor does hereby elect to have no federal income taxes withheld from or with respect to any distribution of benefits hereunder.

ARTICLE V

- 5.1 **Distribution of Securities During Life of Depositor.** Depositor may elect, upon delivery of written notice to Custodian on forms provided by the Custodian, to have his or her entire Trust Account balance distributed to him or her, in which event Custodian shall assign its interest in the Securities to Depositor within 30 days of its receipt of such notice from Depositor.
- 5.2 **Disposition of Distribution.** Except in the case of Depositor's death or disability (as defined in Section 72(m)(7) of the Code) or attainment of age 59½, before distributing an amount from the Trust Account, Custodian shall receive from Depositor a declaration of Depositor's intention on forms provided by the Custodian as to whether the amount distributed is to be rolled over or contributed to an IRA established for the benefit of Depositor or held in Depositor's name.

ARTICLE VI

- 6.1 **Depositor-Custodian Cooperation.** The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by Sections 408(i) and 408A(d)(3)(E), Regulations Sections 1.408-5 and 1.408-6 or other guidance published by the IRS.
- 6.2 **Reports to IRS and Depositor.** Custodian agrees to submit reports to the Internal Revenue Service and Depositor at such time and in such manner and containing such information as is prescribed by the Internal Revenue Service.

ARTICLE VII

- 7.1 **Internal Revenue Code Compliance.** This agreement will be amended to comply with the provisions of the Code and related regulations and other published guidance as needed.
- 7.2 **Amendments.** Custodian further reserves the right to amend all or any part of this Agreement upon 30 days written notice to Depositor, in any manner which would not disqualify the Agreement from complying with the applicable provisions of Section 408 of the Code and Treasury Regulations promulgated thereunder, provided that, notwithstanding any other articles which may be added hereto or incorporated herein, the provisions of Articles I through III and this sentence shall be controlling. Furthermore, any such additional article shall be wholly invalid, if inconsistent, in whole or in part, with the applicable provisions of Section 408 of the Code and Treasury Regulations promulgated thereunder.
- 7.3 **Revocation.** The Depositor shall have the option to revoke this Trust Account Agreement by mailing or delivering a written notice of revocation. If such notice is mailed, it shall be deemed mailed as of the date of postmark or the date of certification or registration (if sent via certified or registered mail).

ARTICLE VIII

- 8.1 **Separate Accounts.** Custodian agrees to a separate accounting for the interest of each Depositor.
- 8.2 **Common Fund.** The assets of Depositor will be held in the Trust Account for the account of the Depositor. The Custodian is authorized to invest in Securities authorized by the Custodian as directed by the Depositor. Earnings or payments received by the Custodian upon the redemption of Securities will be invested only as directed by the Depositor as hereinafter set for in Article IX.

ARTICLE IX

- 9.1 **Investment Discretion.** Custodian shall have no discretion to direct the investment of Depositor's Trust Account or any other aspect of the business administration of the Trust Account and is authorized only to acquire and hold those particular investments as hereinafter specified.
- 9.2 **Purchase of Securities.** The amount of each contribution credited to a Depositor's Trust Account shall be applied to the purchase of Securities as directed by Depositor, at the price and in the manner in which such Securities are then offered.

9.3 **Reinvestment of Earnings.**

1. Proposed distributions from Securities to be received by Custodian with respect to the Securities held in the Depositor's Trust Account (hereinafter referred to as Earnings) may (subject to the specific provisions of the Security) at Depositor's election on (i) forms provided by the Custodian, or (ii) the subscription agreement for the Securities executed by the Depositor, be reinvested by the Custodian in additional Securities which shall be credited to such Depositor's account.
2. All Securities acquired pursuant to the provisions of this Section 9.3 shall be held in the Trust Account until distributed to Depositor in accordance with the provisions of this Agreement.

9.4 **Sale or Redemption of Securities.** Subject to specific restrictions under applicable Federal and State laws for each Security, at any time and from time to time, Depositor may, by written notice in form acceptable to Custodian, direct Custodian to sell or tender Securities held in his or her Trust Account for redemption by the issuing entity and further direct that the payments, less any applicable fees, received by the Custodian with respect to any such sale or redemption be (a) distributed to the Depositor, or (b) applied to investment in such other IRA established for the benefit of Depositor as Depositor may elect.

9.5 **Voting Rights.** Custodian shall deliver or cause to be delivered to Depositor all notices, prospectuses, supplements, financial statements, ballots, proxies, and proxy solicitations material relating to the Securities held hereunder. Custodian shall not vote any of the Securities held hereunder, except as in accordance with the written instructions of Depositor.

9.6 **Prohibitions on Investments.** Notwithstanding the foregoing provisions of this Article IX, Custodian shall be prohibited from investing in:

1. Any "disqualified person," as defined in Section 4975(e)(2) of the Code; and
2. Any investment which, by the terms of its organizational documents, by operation of law or otherwise, is prohibited from distributing Securities to investors, therein such that Custodian is prevented from making distributions to the Depositor in compliance with Section 408(a)(6) of the Code and Treasury Regulations promulgated thereunder.

ARTICLE X

10.1 **Bookkeeping and Records.** Custodian shall keep accurate and detailed records pertaining to each Trust Account with respect to contributions, receipts, investments, earnings, distributions, disbursements and all other applicable transactions hereunder. Custodian shall provide to Depositor at least annually a Designation of Beneficiary Form and such other forms as Custodian may deem reasonably necessary in its discretion to administer the Depositor's Trust Account in accordance with the terms of this Agreement. On or before the 30th day of the first month following the close of Depositor's taxable year (or after Custodian's resignation or removal as provided hereinafter), Custodian shall file with Depositor a written report reflecting all transactions effected by it during the year or such other appropriate period. In the absence of the filing in writing with Custodian by Depositor of exceptions or objections to any report within 30 days after mailing such report, Depositor shall be deemed to have approved such report and Custodian shall be released, relieved and discharged from all liability to anyone with respect to all matters set forth in such report.

10.2 **Trust Service Charges: Taxes and Fees**

1. The initial fee and annual charges by the Custodian for its services under this Agreement shall be in accordance with the published fee schedule established by the Custodian from time to time and such charges shall be payable upon Custodian's acceptance of this Agreement and on January 1 of each year during the term of this Agreement thereafter. At the election of Depositor on forms provided by the Custodian, such annual fee shall be offset against the payment of January earnings to otherwise be made to the Custodian with respect to the shares in Depositor's account, if any, and if no earnings are paid in January of any year during the term of this Agreement (or if Depositor does not elect an automatic offset), Depositor shall pay such fee to Custodian immediately upon being invoiced therefore.
2. At such time as Depositor shall direct the distribution or transfer of his or her entire Trust Account balance, there may be imposed an exit fee, established from time to time by the Custodian, which Custodian may offset against amounts otherwise distributable to Depositor, or, if such distribution or transfer is to be made in Securities only, Depositor shall pay such exit fee, if any, to Custodian immediately upon being invoiced therefore.
3. Depositor hereby specifically acknowledges that failure to pay any annual fee which may be established hereunder may result in the termination of Depositor's account by Custodian, and that Custodian shall have the right to offset against (i) future payments of Earnings made with respect to the Shares in the Depositor's account or (ii) distributions or transfers from the Depositor's account, both to the extent of any unpaid fees, including the exit fee, if any, payable hereunder.
4. All income or other taxes of any kind whatsoever that may be levied or assessed upon or in respect to the Trust Account, any transfer taxes incurred in connection with the investment and reinvestment of the assets of the Trust Account, and all other administrative expenses incurred by Custodian in the performance of its duties, including fees for legal services rendered to Trust, shall be paid from the assets of Depositor's Trust Account.
5. Depositor hereby acknowledges specifically that upon the distribution of the Securities to Depositor, Depositor shall be taxed with respect to the fair market value of the Securities distributed and that it is not anticipated that any cash will be distributed to Depositor or his or her designated beneficiaries to satisfy the liability for any such taxes.

- 10.3 **Resignation or Removal of Custodian.** Custodian may resign at any time upon 30 days notice in writing to the Depositor and may be removed by the Depositor at any time upon 30 days notice in writing to the Custodian. Upon the resignation or removal of Custodian, the Depositor shall appoint a successor Custodian, which shall be a bank as defined in Section 408(n) of the Code and Treasury Regulations promulgated thereunder. Upon receipt by Custodian of written acceptance of such appointment by the Successor Custodian, Custodian shall transfer and pay over to such Successor Custodian the assets of the Depositor's Trust Account and deliver all records pertaining thereto. Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its costs and expenses or for payment of any other liabilities constituting a charge on or against the assets of the Trust Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the Successor Custodian. The Successor Custodian shall hold the assets paid over to it under the same terms as contained herein. If within 30 days after the Custodian's resignation or removal, the Depositor has not appointed a Successor Custodian which has accepted such appointment, the Custodian shall appoint Successor Custodian itself.
- 10.4 **Indemnification of Custodian.** Custodian shall be under no duties whatsoever except such duties as are specifically set forth in this Agreement and no implied covenant or obligation shall be read into this Agreement against Custodian. Custodian shall have no obligation to make payments beyond the period elected under Article IV hereof. In the performance of its duties, Custodian shall only be liable for its own negligent willful misconduct. In accepting contributions and making distributions hereunder, Custodian may rely solely on the accuracy of all facts and representations supplied or made at any time by Depositor. Depositor shall have the sole authority and responsibility for enforcement or defense of the terms and conditions of this Agreement. Custodian shall not be required to prosecute, defend or respond to any action or any judicial proceeding relating to the Depositor's Trust Account, unless it has previously received Depositor's indemnification satisfactory to it in form and substance. Depositor shall, at all time, fully indemnify and save harmless the Custodian from any liability, except liability arising from the negligence or willful misconduct of Custodian.
- 10.5 **Interpretation.** Except as provided in the Employee Retirement Income Security Act of 1974, as amended, (ERISA) this Agreement shall be interpreted and shall be administered according to the laws of the State of Nevada.

PREFERRED TRUST COMPANY

DISCLOSURE STATEMENT

This Disclosure Statement of Preferred Trust Company, LLC ("Custodian") is required to be furnished in connection with the establishment of an Individual Retirement Arrangement pursuant to applicable Treasury Regulations.

The Preferred Trust Company, LLC Individual Retirement Trust Account Agreement ("the Agreement") contains provisions for investing and administering the funds and assets held on behalf of the person who establishes the Custodial Account ("Depositor"). This Disclosure Statement is being provided to you to inform you of the basic rules and federal tax considerations concerning an Individual Retirement Arrangement (IRA). You are the Depositor and, as such, you are responsible for all decisions concerning the Account. Please read this Disclosure Statement carefully to ensure that you understand the legal requirements that must be met to maintain a qualified IRA. As Preferred Trust Company, LLC does not act as a tax, legal or investment advisor for your Account, you should consult your own accountant, lawyer, or investment advisor if you have questions regarding the Account, the Custodian's responsibilities, or any tax consequences to you under local, state or federal laws.

Right to Revoke Within Seven Days. You may cancel your Account within seven (7) calendar days after the Account Agreement is signed by you and accepted by the Custodian. The Custodian will refund any amounts you have contributed for your Account, with adjustment for such items as sales commissions, administrative expenses or fluctuations in market value. To revoke your Account, you must send a signed written notice stating that you wish to do so. Mail your notice of revocation to Preferred Trust Company, LLC with postmark no later than the seventh calendar day of the cancellation period. Notice of revocation shall be deemed mailed as of the date of postmark or the date of certification or registration (if sent via certified or registered mail).

The following is a brief description of the Account. The description is not comprehensive, and, therefore, reference should be made to the terms of the Preferred Trust Company, LLC Individual Retirement Trust Account Agreement in its entirety.

1. **Who can open an IRA?** Any individual who is not over 70½ years of age and who received compensation for services rendered, including earned income or a self-employed individual as defined in Section 401(c)(1) of the Internal Revenue Code of 1986, as amended (the "Code") during the taxable year can use the Account to open an IRA. If both husband and wife are eligible, each can make contributions to his or her own IRA.

A person making a rollover contribution as described hereinafter is also eligible.

2. **How much can be contributed each year?** Except in limited circumstances, cash contributions cannot exceed \$4,000 for tax year 2007 and \$5,000 for 2008 and thereafter. For individuals 50 years of age or older, the contribution limit is \$5,000 for 2007 and \$6,000 for 2008 and thereafter. A Depositor's non-working spouse may also establish a separate account and make similar contributions in the same taxable year (Spousal IRA). For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any. Such IRA contributions are generally fully deductible if your adjusted gross income (AGI) is below certain levels. The deductible amount of your contribution to the Account is further reduced by your contributions to other IRAs for the year in questions. Annual contributions to your Account must be made in cash.

3. **Roth IRA Limitations.** In addition to the limitation to contributions set forth in paragraph 2 above, if your Account is designated as a Roth IRA, the limits on contributions shall be reduced to the extent your AGI for the taxable year of your contribution exceeds certain levels; i.e. if you are single, the annual contribution is phased out between AGI of \$95,000 and \$110,000; if you are married and file jointly, between AGI of \$150,000 and \$160,000; and if you are married filing separately, between AGI of \$0 and \$10,000). Moreover, if your Roth IRA is designated as a "Roth Conversion IRA", that is, a Roth IRA that accepts only amounts rolled over, transferred or considered transferred from an Individual Retirement Account or annuity described in Sections 408(a) or 408(b) of the Code, then no contributions other than such rollovers, transfers or deemed transfers can be made if your AGI for such tax years exceeds \$100,000 or if you are married and file separately. Roth IRA contributions are not tax deductible.

4. **Non-Forfeitable and Non-Assignable Interest.** The interest of each Depositor in his or her Account balance is non-forfeitable and may not be assigned or alienated, provided, however, that the Depositor may transfer all or part of his or her interest to a spouse or former spouse under a divorce or separation instrument, consisting of (a) a decree of divorce or separate maintenance or a written instrument incident to such a divorce; or (b) a written separation agreement; or (c) a decree (not described in clause (a), above) requiring a spouse to make payments for the support or maintenance of the other spouse. Any interest so transferred shall be treated as an IRA for the benefit of the spouse or former spouse.

5. **No Life Insurance Contracts or Collectibles.** No part of the funds or monies held within the Account may be invested in life insurance contracts or collectibles.

6. **Investments in Securities.** All contributions made by the Depositor to the Account will be applied to the purchase of Securities (as defined in the Trust Account Agreement) as directed in writing by the Depositor and approved by the Custodian, at the price and in the manner in which such Securities are then being offered.

Distributions from Securities to be received by the Custodian with respect to the Securities held in the Depositor's Account (hereinafter referred to as "Earnings") may, at Depositor's election pursuant to the Reinvestment Plan offered by a specific Security, be reinvested by the Custodian in additional shares/units of a Security pursuant to Section 9.3 of the Trust Account Agreement.

Earnings which are not reinvested in Securities will, at the Depositor's direction, be distributed to the Depositor or transferred to the Custodian or Custodian of another IRA established for the benefit of Depositor.

7. **Lifetime Distributions.** The Depositor may direct the distribution of shares in his or her Account at any time. However, an additional tax of ten percent (10%) is imposed on all distributions (including amounts deemed distributed as the result of a prohibited loan or use as security for a loan) made before Depositor has attained the age of 59½, unless the distribution is made as a result of death or disability, or unless a rollover contribution is made with the distribution within a statutorily prescribed timeframe.

8. **Settlement; Minimum Distribution Requirement.** If you are the owner of a Traditional IRA, you must start receiving distributions from your IRA by April 1 of the year following the year in which you reach age 70½ (the required beginning date). The minimum distribution amount is figured by dividing the account balance as of the close of business on December 31 of the preceding year by the applicable distribution period or life expectancy.

Any distribution from the Account must be included in the Depositor's gross income on his or her federal income tax return for the tax year in which the Securities are received at the fair market value of the Securities. Except in certain limited circumstances where the Depositor has made nondeductible contributions to the Account or to any other IRA established for his or her benefit, or where the Account has been designated as a Roth IRA, the fair market value of all distributions of cash and property from an IRA will be taxable as ordinary income to the Depositor. Upon a distribution of Securities from your Account, you will incur income tax based on the fair market value of the Securities with no cash distribution from which to pay such liability.

If the amount distributed is less than the minimum amount required to be distributed during any year, an excise tax equal to fifty percent (50%) of the excess of the minimum required to be distributed over the amount actually distributed shall be paid by the Depositor.

9. **Prohibited Transactions.** Generally, a prohibited transaction is any improper use of Account by you, your beneficiary, or any disqualified person. Disqualified persons include your fiduciary and members of your family (spouse, ancestor, lineal descendant). The following are examples of prohibited transactions:

1. Borrowing money from your Account.
2. Selling property to your Account.
3. Receiving unreasonable compensation for managing your Account.
4. Using your Account as security for a loan.
5. Buying property for personal use (present or future) with IRA funds.

For these purposes, a fiduciary includes anyone who does any of the following:

1. Exercises any discretionary authority or discretionary control in managing your IRA or exercises any authority or control in managing or disposing of its assets.
2. Charges to provide investment advice with respect to your IRA, or has any authority or responsibility to do so.
3. Has any discretionary authority or discretionary responsibility in administering your IRA.

10. **Excess Contributions.** An Excess Contribution is any amount contributed to your IRA for the year that exceeds the smaller of:

1. Your taxable compensation for the year; or
2. The allowable contribution limit as defined by the Internal Revenue Service.

The taxable compensation limit applies whether your contributions are deductible or nondeductible. Contributions for the year you reach age 70½ and any later year are also Excess Contributions. An Excess Contribution could be the result of your contribution, your spouse's contribution, your employer's contribution, or an improper rollover contribution.

In general, if the Excess Contributions for a year are not withdrawn by the date your tax return for the specified year is due (including extensions), you are subject to a six percent (6%) tax each year on excess amounts that remain in your IRA at the end of that tax year. The tax cannot be more than six percent (6%) of the value of your IRA as of the end of that tax year.

11. **IRS Approval.** The Account has been approved in its current form for use by the Internal Revenue Service (IRS). The IRS approval is a determination only as to the form of the Account and does not represent a determination of the qualification of the Account.

12. **Records.** The Custodian of the Account will keep accurate and detailed records pertaining to the Account with respect to contributions, receipts, investments, earnings, distributions and disbursements.

13. **Accounting by Custodian.** On or before the 30th day of the first month following the close of the Depositor's taxable year, the Custodian will file with the Depositor a written report reflecting all transactions in his or her Account during the year. In the absence of the filing in writing with the Custodian by the Depositor of exceptions or objections to such report within 30 days after the mailing thereof, the Depositor will be deemed to have approved such report and the Custodian will be released from all liability with respect to matters set forth in such report.

14. **Resignation and Removal of Custodian.** The Custodian may resign at any time upon 30 days notice to the Depositor and may be removed by the Depositor at any time upon 30 days notice to the Custodian, whereupon the assets in the Account will be transferred to a Successor Custodian as appointed by the Depositor or to such other person or entity as may be directed by the Depositor.

15. **Amendments.** Any agreements with the Custodian of the Account may be amended from time to time, and will be amended to comply with the Code and Treasury Regulations published thereunder.

16. **Deduction for Contributions.** Contributions made by or on behalf of the Depositor may be deductible up to the lesser of \$4,000 (\$4,500 if over age 50) or the Depositor's total compensation or earned income includible in his or her gross income for the taxable year, provided that the Depositor is not an active participant in a qualified employee pension benefit plan. If the Depositor is an active participant in such a qualified plan, a full deduction is only permitted if the AGI (filing as an individual) or the AGI of the Depositor and his or her spouse (filing jointly) is less than those amounts set forth in Section 3. The deduction limit is phased out as AGI increases, and no deduction is permitted for a Depositor (filing as an individual) or for a Depositor and his or her spouse (filing jointly) if AGI exceeds the upper limits set forth in Section 3.

17. **Exempt Status of IRA.** IRAs are exempt from income taxation. Accordingly, there will be no tax imposed on any earnings or other income, including realized capital gains, held in an IRA until distribution is made to the Depositor in accordance with the terms of the IRA.

18. **Rollover Contributions.** Generally, a rollover is a tax-free distribution to you of cash or other assets from one retirement plan to another retirement plan. The contribution to the second retirement plan is called a "rollover contribution". You can roll over amounts from the following plans into a Traditional IRA: 1) a Traditional IRA; 2) an employer's qualified retirement plan for its employees; 3) a deferred compensation plan of a state or local government (Section 457 Plan); or 4) a tax sheltered annuity (Section 403 Plan).

You cannot deduct a rollover contribution, but you must report the rollover distribution on your tax return. Subject to required withholding, you generally must make the rollover contribution by the 60th day following the day you receive the distribution from your Traditional IRA or your employer's plan. If you make a tax-free rollover of any part of a distribution from a Traditional IRA, you cannot, within a one (1) year period, make a tax-free rollover of any later distribution from the same IRA.

19. **Taxation on Distributions of Securities.** Generally, the proceeds from an IRA (other than a Roth IRA) are fully taxable when distributed. IRA distributions are not eligible for capital gains treatment, or the special forward averaging rules applicable to lump sum distributions, from qualified employee pension benefit plans. Further, as noted above, the Code requires mandatory distributions from an IRA (other than a Roth IRA) when the beneficiary attains age 70½. For distributions made in the form of Securities only, rather than cash, you will recognize income equal to the fair market value of such distribution while receiving either no cash or only a limited amount of cash with which to satisfy the income tax liability attributable to such distribution.
- Further, the Code requires that each Depositor make an election as to whether federal income taxes shall be withheld from distributions made from the account.
20. **Tax Aspects of Reinvestment.** Under Section 9.3 of the Trust Account Agreement, earnings may, at the Depositor's discretion and subject to the Reinvestment Plan (if any) of a Security, be reinvested in Securities. Generally, there will be no tax effect to the Depositor in the event of such reinvestment.
21. **Roth IRAs.** The Depositor is allowed to make contributions to a Roth IRA after he or she reaches the age 70½ as long as the Depositor has earned income.
- Like regular IRAs, Roth IRAs are exempt from income taxation, and, therefore, there would be no tax imposed on any earnings held in a Roth IRA. Further, distributions from a Roth IRA are not included in a taxpayer's gross income and are not subject to a ten percent (10%) early withdrawal tax, if such distributions are made on or after the date on which an individual attains age 59½, or because of the individual's death or disability and such amounts have been held in the Roth IRA for a minimum period of five (5) years. Rollover contributions from an existing IRA are permitted to a newly established Roth IRA or an existing IRA can be converted into a Roth IRA. Any amounts rolled over or amounts subject to a conversion election will be taxable to the Depositor.
- The holder of a Roth IRA need not take mandatory distributions by April 1 of the calendar year in which he or she attains age 70½, and the "incidental death benefit rules" under the Code do not apply to Roth IRAs.
22. **Federal Estate and Gift Tax Considerations.** All of the value of an Account owner's IRA balance will be included in his or her gross estate for federal estate tax purposes. If, however, your beneficiary is your spouse, then an unlimited estate tax marital deduction may result in the fair market value of your Account balance not to be subject to regular estate tax. Also, your beneficiary may claim a deduction for income tax purposes for the amount of estate tax attributable to the inclusion of the fair market value of the Account in the Depositor's gross estate. Generally, naming a beneficiary and any distributions from your Account to your beneficiary are not considered a gift subject to federal gift tax.
23. **Fees.** A fee schedule will be distributed to the Depositor upon the establishment of an Account.
24. **Account Growth.** The growth in value of the Account is neither guaranteed nor projected.
25. **Life Insurance.** No portion of a Depositor's contribution will be attributable to the cost of life insurance. Any portion of a deposit used to purchase life insurance is not deductible in any year in which it is made.
27. **When IRS Form 5329 must be filed.** You must file Form 5329 (Return for Individual Retirement Arrangement Taxes) with your federal income tax return for any tax year in which you owe: a) the 6% penalty tax for an excess contribution (in excess of the limitations set forth above); b) the 10% penalty tax for a premature distribution (prior to age 59½); or c) the 50% penalty tax for failing to take the required minimum distribution after you reach 70½.
28. **When IRS Form 8606 must be filed.** You must file Form 8606 (Nondeductible IRA Contributions, IRA Basis and Nontaxable IRA Distributions) with your federal income tax return for any tax year in which you: a) make a nondeductible contribution to any of your IRAs, b) take a withdrawal from an IRA if nondeductible contributions had been made, or c) otherwise affect your IRA's tax-free status.
29. **IRS can provide more information.** For more information about IRAs, obtain a copy of IRS Publication 590, (Individual Retirement Arrangements (IRAs)) or contact any district office of the Internal Revenue Service.
30. **Tax Advice.** This Disclosure Statement does not constitute tax advice. Therefore, you should consult your own accountant, lawyer, or investment advisor regarding your Account.