

Processing Checklist for Real Estate

The following information must be sent to Preferred Trust Company in order to process your real estate purchase. Incomplete or incorrect paperwork may result in the delay of funding your investment.

1. Do not set a closing date until your account has sufficient funds to make the purchase and you have provided Preferred Trust Company with all of the items listed below:
 2. Copy of the Title Commitment / Insurance with the insured as "Preferred Trust Company, Custodian FBO Account holder Name, Account Number".
 3. Copy of the draft of the deed which conveys the property to "Preferred Trust Company, Custodian FBO Account holder Name, Account Number".
An unsigned copy of the deed is acceptable, but the executed and recorded original deed must be sent to Preferred Trust Company upon closing. It is the account holder's responsibility to verify that holding title in this manner is consistent with the state and local law where the property is located.
 4. Contract or purchase agreement with "Preferred Trust Company, Custodian FBO Account holder Name, Account Number" as the buyer and **initialed** by the account holder. You (or other disqualified persons) cannot be listed as the buyer and then later assign the contract to your Preferred Trust Company account. For earnest money deposits, we must receive a copy of the contract initialed by the account holder along with written instructions for Preferred Trust Company to send the deposit from cash in the Preferred Trust Company account. You cannot use personal money for the deposit and then be reimbursed later.
 5. A recent property appraisal or broker's price opinion specific to each property/lot (must be less than one year old). Tax appraisal values are not acceptable. A broker's price opinion must be prepared by a real estate professional with one of the following designations: GRI, CRS, SIOR, or CCIM. A broker's price opinion must provide an exact opinion of value. Price ranges, approximate values, or suggested sales prices will not be accepted.
 6. Copy of the signed property management agreement (required if property is earning rental income). The property manager must be an unrelated third-party.
 7. Copy of the liability insurance policy or binder. The insured must be "Preferred Trust Company, Custodian FBO Account holder Name Account Number". The account holder (or other disqualified persons) cannot be personally insured on the policy. Liability insurance is required on property with improvements and optional for vacant land.
 8. Completed and signed Real Property Investor Direction and Certification (form attached).
 9. Completed and signed Real Property Servicing Agent Agreement (form attached). A servicing agent is required for all types of property. The Account holder can be the Agent. Preferred Trust Company cannot be the agent.
 10. Wiring Instructions for the Title Company or Closing Attorney.
11. Important: In order to wire funds for closing, Preferred Trust Company must receive the settlement / closing statement and all other closing documents that have been initialed by the account holder as "Read and Approved". This includes the Non-Recourse Promissory Note and Deed of Trust / Mortgage if the property is debt financed.
 12. \$550 processing fee. This fee will be deducted from your account prior to closing unless paid up front.

For Debt Financed Real Estate Only:

1. All items requested above.
2. Copy of the Non-Recourse Promissory Note, Deed of Trust, Mortgage, and Amortization Schedule in the name of "Preferred Trust Company, Custodian, FBO Account holder Name, Account Number". The Non-Recourse Promissory Note must be issued by a lending institution or by the seller of the property if the seller chooses to owner finance the sale.
3. Completed and signed Debt Financing Payment Authorization (form attached).

ITEMS TO BE SUBMITTED TO PREFERRED TRUST UPON CLOSING

1. Original recorded deed with original assignments
2. Original title policy
3. Copy of liability insurance policy (if applicable)
4. Copy of the executed Non-Recourse Promissory Note and filed Deed of Trust / Mortgage (if property is debt financed)

Please contact our IRA Client Investment Department at 888.990.7892 for assistance.

Real Estate Questions & Answers

Preferred Trust Company believes in offering our accountholders the maximum in investment flexibility. That is why we process real estate as an investment within self-directed IRA's. Our ability to hold a vast array of investment vehicles will enable you to optimize your retirement assets. Please remember that a closing date should only be set once your Preferred Trust Company account has sufficient funds to make the purchase, and you have provided Preferred Trust Company with all of the items on our Processing Checklist for Real Estate.

Per your custodial agreement, Preferred Trust Company has up to seven (7) business days to process the closing once your instruction have been received in good order.

Q. How do I acquire real estate within my Preferred Trust Company account?

A. Real estate can be purchased directly by your account, transferred from an existing IRA or rolled over from a qualified plan, or it may be acquired by your account as a result of a foreclosure on a mortgage or deed of trust which is currently held within your Preferred Trust Company account.

Q. Can my Preferred Trust account invest in real estate through a Limited Partnership or Limited Liability Company?

A. Yes. If real estate is being acquired through a corporate entity such as an LP or LLC and the Preferred Trust account will hold an equity interest in the entity, please provide only the items on Preferred Trust's Processing Checklist for Private Equity Investments. If the Preferred Trust account will be originating a loan that will be secured by a mortgage or deed of trust, please provide only the items on Preferred Trust's Processing Checklist for Private Debt Investments.

Q. How is title held on property in an IRA?

A. Since your IRA is buying the property rather than you as an individual, the title must be held in the name of Preferred Trust Company, Custodian FBO Accountholder Name, Account Number. Therefore, the contract/purchase agreement, title commitment / insurance, deed, liability insurance, etc. must be titled accordingly.

Q. May I sell property that I currently own to my Preferred Trust account?

A. No. Property that you or a disqualified person has ever owned is not eligible to be purchased by your Preferred Trust account since this would be a prohibited transaction.

Q. What is a prohibited transaction?

A. In general, Internal Revenue Code Section 4975 defines a prohibited transaction as a transaction between a plan (your account) and a disqualified person. Generally, "disqualified persons" are defined to be the accountholder, other fiduciaries, certain family members (lineal descendants and spouses of lineal descendants), and businesses under the accountholder's (or disqualified person's) control. In essence, the prohibited transaction rules prohibit an IRA from acquiring a piece of property which will be purchased from or used personally by the accountholder or other disqualified persons.

Q. Can I use the property held within my Preferred Trust account?

A. Neither you nor any other disqualified person can have any personal use or benefit of the property while it is held in your retirement account. The property must be purchased for investment purposes only.

Q. If I decide I want to use the property in my account, how do I take possession of property?

A. You may withdraw the property from your account as an in-kind distribution (at the current market value) and pay any taxes and/or possible penalties if you are under age 59 1/2. You will need to provide Preferred with a completed and signed Distribution Form and a deed prepared for Preferred Trust's signature that conveys the title of the property from your account to you individually. An updated appraisal or broker's price opinion must also be provided if the current appraisal is more than three years old or if improvements have been made to the property (new construction, etc.).

Q. How is earnest money handled?

A. The earnest money deposit must be funded by your Preferred Trust account. You cannot use personal money for the deposit and then be reimbursed later. You will need to send a copy of the contract or purchase agreement to Preferred Trust along with written authorization for Preferred Trust to send the specified amount of earnest money from your account to the title company or closing attorney. The contract or purchase agreement must list Preferred Trust Company, Custodian FBO Accountholder Name, Account Number as the buyer. You (or other disqualified persons) cannot be listed as the buyer and then later assign the contract to your Preferred Trust account.

Q. Can my Preferred account borrow funds to finance a real estate purchase?

A. Yes, but only within an IRA. Preferred Trust will hold debt-financed property in an IRA only with the use of a non-recourse promissory note issued by a lending institution or by the seller of the property. The non-recourse promissory note cannot be personally guaranteed, and the lending institution can only look to the property securing the note as collateral. Important: Debt-financed property may generate Unrelated Business Taxable Income ("UBTI"), and any taxes due must be paid by the account. For more information regarding UBTI, please consult your tax advisor.

Q. Can my Preferred account purchase a portion of a property along with other investors?

A. Yes, as long as the other owners are not disqualified persons. The deed must be registered to "Preferred Trust Company, Custodian FBO Accountholder Name, Account Number as to an undivided percent interest." The exact undivided interest must be provided.

Q. What types of property can I purchase with my Preferred Trust account?

A. Vacant lots, raw land, and income producing property such as rental houses, condominiums, or commercial real estate.

Q. Are there any types of property that Preferred Trust will not hold?

A. Yes. Preferred Trust will not process investments of mobile homes, timeshares, foreign real estate, or property purchased through an auction or tax sale. Permanently attached manufactured homes may be purchased only if the certificate of title has been surrendered. Please contact the taxing authority with regards to the process of surrendering the title.

Q. May I purchase foreclosure property in my Preferred Trust account?

A. Only if the property has already been foreclosed upon, and you can provide all of the items on Preferred Trust's Processing Checklist for Real Estate. However, Preferred Trust will not process a foreclosure purchase directly through an auction or tax sale.

Q. How are expenses and/or improvements handled for real estate held in my Preferred Trust account?

A. All earnest money deposits, insurance premiums, taxes, debt payments, or other expenses of the property (including any improvements) must be paid by the account to an unrelated third party. Since Preferred Trust requires your written authorization to pay invoices, it is important that you use your mailing address when setting up utilities, etc. so that bills are sent directly to you (or property manager) for your approval. A copy of the invoice or tax notice must then be faxed to Preferred Trust along with the your written authorization to pay the expense from your account. You may not pay for an expense on a credit card and remit the statement for payment. Preferred Trust will not process payments to a credit card issuer.

Q. Does rental income have to be deposited in my Preferred Trust account?

A. Yes. All rental income must return to your Preferred Trust account. Preferred Trust requires you to appoint an unrelated third party to act as the property manager for income producing property. The property management agreement will be provided by the property manager and will be signed by you and the property manager. Your third-party property manager may also pay expenses from rents received as long as Preferred Trust is provided with a monthly or quarterly report of income received and expenses paid. The report should accompany the property manager's deposit check (if any).

Q. Does Preferred Trust provide any management services with regards to the property?

A. No. You must appoint a Real Property Servicing Agent to handle all property servicing functions including monitoring the performance of the property manager. A servicing agent is required for all types of property. Please see the Real Property Servicing Agent Agreement in the Processing Checklist for Real Estate for the specific duties of the agent.

Q. Do I need to provide Preferred Trust with a property appraisal?

A. Yes. Preferred Trust requires you to provide a property appraisal or broker's price opinion prior to Preferred Trust processing a real estate purchase. In addition, an updated appraisal or broker's price opinion must be provided to Preferred Trust every 3 years in order to update the value of the account. Important: If you choose to obtain a broker's price opinion, the broker must specify an exact opinion of value. Price ranges or approximations will not be accepted. In addition, the opinion must be prepared by a broker with a GRI, CRS, SIOR, or CCIM designation, and the broker must provide a copy of the certificate attesting to the appropriate designation along with his or her opinion.

Q. Do I need to carry liability insurance on property held in my Preferred Trust account?

A. Liability insurance is required on property with improvements and is optional for vacant land. The insured on the policy must be Preferred Trust Company, Custodian FBO Accountholder Name, Account Number. The property cannot be covered by a policy in your name.

Q. What should I know about selling property within my Preferred Trust account?

A. Once you have the property under contract and are ready to close, you will sign the closing documents as "Read and Approved" and forward them to Preferred Trust for signature. Preferred Trust will then execute the closing documents and return them to the title company or closing attorney to complete the transaction. The title company or closing attorney will then remit the proceeds of the sale to your Preferred Trust account.

Q. When I sell the property within my account, can the account seller finance the transaction?

A. Yes. Once the property is sold, you may carry the note and deed of trust/mortgage within your account. The principal and interest payments will be deposited into your Preferred Trust account, and you can reinvest the cash however you choose. Please see Preferred Trust's Processing Checklist for Private Debt Investments for specific details on the note vesting and for additional forms that you will need to complete.

Again, a Preferred Trust self-directed IRA or Qualified Plan offers you the highest degree of investment flexibility. For any questions regarding the holding of real estate or other special assets in a Preferred Trust account, please contact us at 877.990.7892 for IRA Client Services.

Additional Resources

The following web sites provide helpful information and resources for investor education. Each site provides guidance and tips that may assist you with your investment decisions within your self-directed account.

Securities and Exchange Commission: www.sec.gov/investor.shtml

North American Securities Administrators Association: www.nasaa.org/investor_education/

Internal Revenue Service (for Publications 560 and 590): www.irs.gov

Real Property Investor Direction and Certification

Important! This form contains important disclosures about your duties and responsibilities with regards to holding real estate within your self-directed Preferred Trust Company account. Such investments may involve a high-degree of risk, and Preferred Trust Company will make no investigation as to the viability or safety of the investment you select. Read this entire form carefully before you complete and sign it. By signing this form, you consent to all terms and provisions shown on all three (3) pages of this form, including an agreement to arbitrate any disputes.

You must complete this form if you wish to instruct Preferred Trust Company to process a purchase, in-kind transfer, or rollover of real estate within your self-directed Preferred Trust Company account. If multiple accounts are buying the same property, each accountholder must complete a separate form.

Instructions: To avoid processing delays, complete all information in its entirety. Preferred Trust must also receive the settlement/closing statement and all other closing documents that you have signed as 'Read and Approved' in order to release funds for closing.

Accountholder Name Account Number

Short Property Description

Property Address

Final Amount Due from Buyer \$

I authorize Preferred Trust to wire the contract price plus closing costs as specified on the settlement / closing statement.

I authorize and direct Preferred Trust to mail the executed closing documents to:

Investment to be required through: (select one)

- New Purchase (\$550 processing fee may apply)
 In-Kind Transfer / Rollover
 Foreclosure of Existing Note Investment

Contact Name

Company Name

Mailing Address

City, State, Zip Code

Phone Number

Delivery Instructions: (select one)

I authorize Preferred Trust to send the executed closing documents to the title company / closing agent via:

- Overnight Delivery (Billed to my Preferred account)
 Overnight Delivery - Bill charges to:
 DHL FedEx UPS

I authorize Preferred Trust to wire funds as follows:

Bank Name

Bank Phone Number

ABA Routing Number

For credit to:

Account Number

Billing Account #

Delivery will be made via First Class mail if no other option is selected.

Important! Accountholder must check one of the following:

- I represent that I am not related to or affiliated with the seller of the above-referenced real property.
 I represent and disclose that I am related to or affiliated with the seller of the above-referenced real property. Please specify the nature of this relationship below:

Relationship

I direct Preferred Trust Company ("Preferred") to execute the purchase for or accept through foreclosure, direct transfer or rollover, as indicated, of the above-named real property ("Property") for the benefit of my self-directed Preferred account ("Account"). In directing this transaction, I hereby acknowledge receipt of the disclosures contained herein and make the following certifications in accordance to my Preferred Custodial Account Agreement:

1. I represent that my Preferred Account has sufficient liquid funds to make the initial purchase plus any future contractual payments or assessments, including insurance premiums, real estate taxes, improvements, or debt payments. I acknowledge that such payments or assessments shall be borne solely by my Account to the extent authorized in written payment instructions from me or my Representative (if I have appointed one), and may reduce or exhaust the value of my entire Account. I further agree to indemnify Preferred for any and all payments or assessments which may result from holding the Property within the Account, and further agree that Preferred shall be under no obligation whatsoever to extend credit to my Account or otherwise disburse payment beyond the cash balance of my Account for any payment or assessment related to the Property.
2. I agree to furnish written payment instructions to Preferred regarding any invoice, assessment, fee or any other disbursement notification received by Preferred on behalf of the Property, and Preferred shall have no duty or responsibility to disburse payment or take any action on my behalf until such written authorization is received from me or my Representative (if I have appointed one).
3. I understand that for new purchases, the entire purchase price (including earnest money and all closing costs) must be paid by my account. If the property is debt financed, I acknowledge that only a non-recourse promissory note is acceptable, and that I must complete Preferred's Debt Financing Authorization Form to authorize the periodic payments on the non-recourse promissory note.
4. I understand that an annual special asset holding fee will be charged for each real property investment, in addition to the regular annual fees outlined on the Fee Schedule. This fee will be billed upon the anniversary date of the account. I understand that additional fees may be charged for special services. I agree to reimburse Preferred for any additional expenses incurred in connection with the holding of this Property. I hereby acknowledge disclosure of the special holding fee and agree to pay same.
5. I agree to enter into a Real Property Servicing Agent Agreement using Preferred's Real Property Servicing Agent Agreement form in order to administer the Property on behalf of my Account. The agent shall be responsible for all administrative duties including, but not limited to, proper recording and filing of deeds, insuring that any necessary environmental inspections/audits are performed, title insurance is properly in place and maintained in good order at all times, all taxes and any other expenses are current and paid in a timely fashion, monitoring all aspects of note payments (if property is debt financed), and communicating with Preferred regarding all of the above matters. I understand that the agent will be any properly-licensed real estate professional including a realtor, real estate attorney, a mortgage or title company, and that I may also serve as an unpaid agent for this Property.
6. I understand that income-producing property will require an unrelated third party to serve as property manager. I further understand that neither I as the account holder, nor any family member may serve as the property manager.
7. I understand that a recent appraisal or broker's price opinion (not older than one year) must be provided to Preferred prior to the processing of this purchase, and I agree to provide same. Thereafter, I agree to provide Preferred with a new appraisal or broker's price opinion at least every three (3) years. I understand that the appraisal or broker's price opinion value will be used when determining the value of my Account, which is reported annually to the Internal Revenue Service. Until an updated appraisal or broker's price opinion is provided, Preferred will continue to use the value reflected on the previous appraisal or broker's price opinion for this purpose. I agree that Preferred shall have no responsibility for the accuracy of such values provided, and further agree to hold Preferred harmless from any liability for using said values. The appraisal or broker's price opinion will be performed by an unrelated third party.

I further understand that if a broker's price opinion is provided to Preferred, such broker's price opinion must be prepared by a real estate professional with one of the following designations: Graduate Realtor Institute ("GRI"), Certified Residential Specialist ("CRS"), Society of Industrial and Office Realtors ("SIOR"), or a Certified Commercial Investment Member ("CCIM"). The broker must provide a copy of the certificate attesting to the appropriate designation. If none of the designations are available in the property area, I will secure a broker's price opinion from the top professional in the property area. Such broker's price opinion will include a statement certifying that there is no professional in the property area with the GRI, CRS, SIOR, or CCIM designations.

I further understand and acknowledge that if I do not provide Preferred with an updated appraisal or broker's price opinion, Preferred may distribute the Investment in-kind to me.

8. I understand that Preferred requires liability insurance to be carried on the Property at all times unless the Property is raw or vacant land. I agree to obtain or cause my agent to obtain and maintain liability insurance on the Property, and further agree to furnish Preferred a copy of the policy in effect while it is being held in my Account.
9. I understand that my Account is considered the owner of the Property, and thus shall be reflected as the buyer/owner on all documents pertaining to the Property. Preferred's tax identification number shall be used in lieu of my social security number. The proper format for registration is exactly as follows:

Preferred Trust Company, Custodian
FBO: Accountholder Name, Account Number
2471 W. Horizon Ridge Parkway, Suite 100
Henderson, NV 89052
10. I understand that after proper recording by my Servicing Agent, all original deeds and title policy shall be sent to Preferred to be held in safekeeping as evidence of ownership.
11. I understand that Preferred has neither performed, nor caused to be performed, any environmental audits or hazardous waste inspections on the Property. I further understand that the discovery of hazardous materials in, on, under or immediately adjacent to the Property could have a negative effect on the value of the Property, could result in liability for clean-up expenses, and could delay my ability to effectively sell or develop the Property. I agree to assume responsibility for obtaining any necessary environmental audits or other inspections for hazardous materials on the Property. I understand that the costs for such audits or inspections must come from the Account, and agree to maintain sufficient liquid assets to pay same.

I further agree to hold Preferred harmless from any liability for clean-up costs or other fees, assessments, damages or penalties which may arise as a result of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986, any successor or similar federal laws, and any similar state statutes.
12. I acknowledge that my Account is self directed, and I am solely responsible for the selection, management, and retention of all investments held within my Account. I understand and acknowledge that Preferred will exercise no discretion with respect to the funds in my Account, will not under any circumstances provide investment advice or recommendations, and will in all events invest all of the funds in my Account solely and exclusively at my direction. I further understand that I have not entered into a "trust" agreement with Preferred, but rather I have entered into a "custodial" agreement under which Preferred has no duties or responsibilities with respect to the investment of the funds in my Account. Finally, I understand and intend that Preferred shall not assume the responsibilities of a trustee, a "fiduciary", or a person entitled to exercise any discretionary authority with respect to the funds in my Account, as those terms and concepts are defined in the Internal Revenue Code, ERISA, or other applicable federal, state, or local laws.
13. I understand that it is my sole responsibility to manage the Property held within my Account, and that Preferred has no responsibility to question any investment directions given by me or my Designated Representative (if I have appointed one), regardless of the nature of the investment. I understand that Preferred is in no way responsible for monitoring the performance of the Property held within my Account. I understand that Preferred has not conducted a due diligence review of this Property, nor has Preferred made any investigation with regard to this Property or any party affiliated with this transaction. I understand that Preferred has not reviewed the prudence, viability or merits of the Property.
14. I understand that, if my Designated Representative or any other financial representative suggested that I retain Preferred's services as custodian for the Property made through my Account, that such person is not in any way an agent, employee, representative, or affiliate of Preferred. I acknowledge that Preferred is not responsible for and is not bound by any representations, warranties, statements or agreements made by my Designated Representative or any financial representative beyond the terms and provisions contained in my Preferred Custodial Account Agreement and other Preferred forms and/or documents. I further understand that Preferred has not made and will not make any recommendation or investigation with respect to my Designated Representative or any financial representative, nor does Preferred compensate my Designated Representative or financial representative in any manner.
15. I understand that Preferred does not make any determinations as to whether an investment is acceptable under ERISA, the IRC, or any other applicable federal, state or local laws, including securities laws. I acknowledge that it is my responsibility to review any investments to ensure compliance with the above requirements and to avoid the occurrence of any prohibited transactions in my Account arising out of this Investment. I understand that I should have all investments reviewed by my attorney and/or tax advisor prior to directing Preferred to process this transaction on behalf of my Account.

16. I understand that certain transactions are prohibited for tax-exempt retirement arrangements under IRC Section 4975. I further understand that the determination of whether the transaction directed hereby is a prohibited transaction depends on the facts and circumstances that surround this transaction, and I understand that Preferred makes no determination as to whether this transaction is a prohibited transaction. I understand that I and any other "disqualified person" (as defined in Section 4975 (e)(2) of the Internal Revenue Code) or "party-in-interest" (as defined in Section 3 (14) of Title I of ERISA) are prohibited from personal use of the Property in any way, and that my Account is prohibited from purchasing from or selling property to a disqualified person or party-in-interest. I warrant and represent that the Property is being held for investment purposes only, and that I have consulted with such advisors as I deem necessary and appropriate, and that I have determined among other things, that this transaction does not constitute a prohibited transaction as defined in IRC Section 4975. I understand that, should my Account engage in a prohibited transaction, a taxable distribution equal to the fair market value of my Account will result and certain penalties may be incurred. I further understand that if such a deemed distribution takes place prior to my attaining age 59 1/2, an additional premature distribution excise tax may be imposed.
17. If the Property is debt financed, I understand that such an investment may generate Unrelated Business Taxable Income, or "UBTI". I further understand that if the UBTI attributable to my Account exceeds \$1,000 for any taxable year, that an IRS Form 990-T tax form must be filed along with the appropriate amount of tax, payable from the assets of my Account. I understand that Preferred does not monitor the amount of UBTI in my Account and does not prepare Form 990-T. If the tax is applicable, I agree to prepare, or have prepared, the proper 990- T tax form and forward it to Preferred, along with authorization to pay the tax from my Account. If I am required to File IRS Form 990-T with regards to any UBTI, I understand that I must utilize a EIN. I will not use Preferred Trust's EIN or my own social security number. I understand that I must apply for my own EIN prior to or in conjunction with requesting Preferred Trust to pay any taxes I may owe with regards to any UBTI that might be incurred.
18. I understand that if there are any administrative requirements or duties beyond Preferred's capabilities or expertise to provide regarding the Property, then I agree to seek out suitable agents or counsel necessary to perform such duties and deliver a written service agreement acceptable to Preferred for execution on behalf of my Account.
19. I understand that Preferred has no responsibility or duty to notify me or forward to me any notices, assessments or other documents received by Preferred on behalf of the Property, unless I or my Designated Representative request each such document in writing.
20. I understand that Preferred has no duty or responsibility to monitor the performance of the Property, nor to monitor the sufficiency or adequacy of my actions or duties or those of my heirs, successors, agents or assigns, and Preferred will not be required to monitor the acts of any paid consultant, agent or property manager to whom Preferred may have contractually delegated any duties or responsibilities pursuant to my directions or the directions of my Designated Representative.
21. I understand that in-kind distributions I receive from my Account are subject to Federal income tax withholding unless I elect not to have withholding apply. By signing and dating below, I elect not to have withholding apply to distributions from my Account, subject to my right to revoke this election at a later date. I also understand that if I revoke this election and there is no cash or insufficient cash in my Account at the time of distribution, Preferred must sell any non-cash investments to pay withholding and will distribute the remaining proceeds, if any. I understand that I am responsible for paying Federal income tax on the taxable portion of any distribution from my Account and that I may be subject to tax penalties if my payments of estimated tax and withholding, if applicable, are inadequate.
22. I agree to be responsible for any and all collection actions, including contracting with a collection agency or instituting legal action, and bringing any other suits or actions which may become necessary to protect the rights of my Account as a result of the operation or administration of the Property. I understand that any legal filings made on behalf of this Property are to be made in the name of "Preferred Trust Company, Custodian for benefit of (my name)." I agree that I shall not institute legal action on behalf of this Property without Preferred's written consent to litigate and that I shall prosecute any legal action. I agree that any such legal action will be carried out in a manner that does not cause Preferred to incur any costs or legal exposure.
23. I understand that I am the only person authorized to make changes or corrections to this Investor Direction & Certification form. If any changes or corrections to this form are required to process this transaction, I will provide Preferred with a corrected and initialed copy of this form, or I will give verbal instructions to Preferred to change or correct the form. I agree that any verbal instructions will be given by me to Preferred over a recorded line.

THE PARTIES AGREE THAT ALL CLAIMS AND DISPUTES OF EVERY TYPE AND MATTER WHICH MAY ARISE BETWEEN THE DEPOSITOR AND CUSTODIAN, INCLUDING ANY DISPUTES REGARDING THE SCOPE OF THIS ARBITRATION AGREEMENT, SHALL BE RESOLVED BY BINDING ARBITRATION ADMINISTERED BY THE NATIONAL ARBITRATION FORUM UNDER THE CODE OF PROCEDURE THEN IN EFFECT. ANY AWARD OF THE ARBITRATOR MAY BE ENTERED AS A JUDGMENT IN ANY COURT HAVING JURISDICTION. IN ANY MATTER IN WHICH THE AMOUNT IN DISPUTE EXCEEDS \$100,000.00, THE ARBITRATION PROCEEDINGS SHALL TAKE PLACE IN THE STATE OF NEVADA, COUNTY OF CLARK IN THE EVENT A COURT HAVING JURISDICTION FINDS ANY PORTION OF THIS AGREEMENT UNENFORCEABLE, THAT PORTION SHALL NOT BE EFFECTIVE AND THE REMAINDER OF THE AGREEMENT SHALL REMAIN EFFECTIVE. INFORMATION MAY BE OBTAINED AND CLAIMS MAY BE FILED AT ANY OFFICE OF THE NATIONAL ARBITRATION FORUM, WWW.ARBITRATION.COM, OR AT P.O. BOX 50191, MINNEAPOLIS, MN 55045. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED UNDER THE FEDERAL ARBITRATION ACT, 9 U.S.C. SECTIONS 1-16.

BY SIGNING THIS AGREEMENT, THE PARTIES ARE GIVING UP ANY RIGHT THEY MIGHT HAVE TO SUE EACH OTHER IN COURT AND HAVE THEIR CASE DECIDED BY A JUDGE OR JURY.

The foregoing representations and warranties are true and accurate as of the date hereof and shall be true and accurate as of the date of delivery of the funds for the Property purchase and shall survive such delivery. If in any respect such representations and warranties shall not be true and accurate prior to delivery of the funds, I shall give written notice of such fact to Preferred specifying which representations and warranties are not true and accurate and the reasons therefore.

I acknowledge that I have sole responsibility for directing the investment of my Account. I acknowledge that Preferred will not exercise any discretion, assume any fiduciary responsibility, perform a due diligence review, or undertake any investigation as to the prudence, viability, merits, or suitability of the Investment. I acknowledge my understanding that Preferred is not a "fiduciary", or a person entitled to exercise any discretionary authority with respect to the Property, as those terms and concepts are defined in the Internal Revenue Code, ERISA, or other applicable federal, state or local laws, and I agree to hold Preferred harmless from any liability for any loss, damage, injury or expense which may occur as a result of the execution of this Investment Direction and Certification.

Accountholder Signature / Date (This form must be signed and dated):

Signature

Date



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

P. 702.990.7892
888.990.7892
F. 702.946.0136

Real Property Servicing Agent Agreement

For good and valuable consideration, this Real Property Servicing Agent Agreement is hereby entered into by and between

_____ (hereinafter referred to as "Accountholder") and

_____ (hereinafter referred to as "Agent").

Agent hereby agrees to accept all responsibilities and duties necessary to effectively administer the following real property ("Property") held for the benefit of the designated Accountholder by Preferred Trust Company ("Preferred"):

Short Property Description

Property Address

Property Type (Select all that apply): Improved Unimproved Commercial Residential Income Producing Property Debt-Financing

As Agent, the undersigned shall alone, or in conjunction with Accountholder, perform all duties and exercise all discretion as permitted by law in order to protect the rights of Accountholder. Specific duties of Agent shall include, but not be limited to, the following:

1. Confirm that the Account holds clear title to the Property, that the deed(s) are properly titled and recorded in the county in which the Property is located, and that liability and title insurance is obtained and maintained while the Property is held in the Preferred Account, as may be advisable or required;
2. Prepare and send all original documentation, including recorded deed(s), title policy, liability insurance policy, etc. to Preferred for safekeeping;
3. Work with Accountholder to obtain a property manager for any income-producing property to be held in the Account. Agent shall forward copy of property management agreement to Preferred. The Agent may also serve as property manager only if the Agent is an unrelated third party to the Account. Furthermore, the Accountholder may act as his own Agent but may not act as the property manager. If the Accountholder acts as his own Agent then compensation is not permitted;
4. Monitor the performance of any property manager or other third-party performing services for the Property, and remove and replace such parties as may be required from time to time;
5. Receive and forward to Preferred all invoices for real estate taxes, insurance premiums, property maintenance expenses, or management fees. Agent is responsible for making sure all expenses are paid in a timely manner and acknowledges that all payments must be paid from assets within the Account, including any payments made on a non-recourse promissory note if the property is debt financed;
6. Obtain independent property appraisals or broker's price opinions at least once every three years and forward such appraisals to Preferred once they are performed. Such appraisal or broker's price opinions shall be used by Preferred to value the Account as required by law;
7. Insure that all taxes are paid on Property to be held in the Account. Agent shall also be responsible for working with the Accountholder and appraisal districts or other governmental taxing entities to see that the tax value of the Property is reasonable and representative of other like properties in the area;
8. Communicate with governmental entities, utilities, and/or private parties concerning any existing or new easements granted across, over or under the Property;
9. With the Accountholder's approval, instigate any necessary legal action with any party or parties in order to protect the rights, title, or claim of the Account and the Accountholder with regard to the Property; and
10. Keep complete and accurate records of all transactions relating to the Property and the Agent's duties hereunder, and promptly provide copies of such records to Accountholder and Preferred upon request;

Fees: As consideration for the services provided herein, Accountholder agrees to pay fees to Agent as follows: _____

(N/A if Accountholder serves as Agent)

The above fee schedule may be amended by Agent from time to time upon prior written notice to Accountholder.

This Agreement shall be effective for a term not to exceed the length of time Property is held by Preferred for the benefit of Accountholder. This Agreement shall automatically terminate upon the sale, exchange, or in-kind distribution of the Property by the Account.

An IRA Accountholder, by signing this Agreement, hereby amends the Preferred Trust Company Custodial Account Agreement to release Preferred from all duties and responsibilities of administering the Property, other than those requiring the Custodian's signature for performance, pursuant to Chapter 669 of the Nevada Revised Statutes. All duties and responsibilities for administration of the Property shall vest in the Agent. Said Agent shall be an agent for the benefit of Accountholder, and shall not be deemed to be an agent or affiliate of Preferred.

Agent and Accountholder hereby indemnify and save harmless Preferred, its employees and assigns from all suits, actions, or claims of any character, type or description brought or made for or on account of, arising out of, or occasioned by the acceptance of the Property as an investment of the Account, or by the operations, performance or negligent acts of Agent in the execution or management of the Property.

Preferred shall have no responsibility to question the actions of Agent in its performance of the duties outlined in this Agreement, nor shall Preferred be liable for any loss of any kind which may result by reason of any action taken by Agent, Accountholder, or both in regard to the performance of the managed Property.

Agent shall not assign his rights and obligations hereunder. Subject to the foregoing, all of the terms and conditions of this Agreement shall be binding upon and inure to the benefit of the heirs, successors, administrators, legal representatives and assigns, as the case may be, of the parties hereto. If, for any reason, Agent is unable or unwilling to perform the duties outlined herein, then Accountholder shall assume responsibilities for said duties until Accountholder appoints a successor Agent.

Accountholder may terminate this Agreement immediately upon notice (in person, by phone, or by facsimile or other writing) at any time. Agent may terminate this Agreement upon not less than fifteen (15) days prior written notice. Upon termination, Accountholder agrees to appoint a successor Agent within thirty (30) days. Until a successor Agent is appointed, Accountholder shall be responsible for the duties of administering the Property as provided herein. Following termination, Agent shall provide to Accountholder all books, records, ledgers, correspondence, files and other materials in Agent's possession or control with respect to the Property and/or Accountholder.

This Agreement contains the entire understanding of the parties hereto with respect to the subject matter contained herein, supersedes all prior and contemporaneous agreements. This Agreement may be amended upon the prior written consent of the parties.

BY SIGNING THIS AGREEMENT, ACCOUNTHOLDER UNDERSTANDS THAT PREFERRED SHALL NOT BE REQUIRED TO PROVIDE PROPERTY MANAGEMENT OR ADMINISTRATION, INCOME OR RENT COLLECTION, VERIFICATION OF INSURANCE COVERAGE OR TAX PAYMENTS ON PROPERTY, PURSUE COLLECTION, INSTIGATE LITIGATION, MONITOR PAYMENTS ON A NON-RECOURSE PROMISSORY NOTE, OR TAKE ANY OTHER ACTION WITH REGARD TO THE PROPERTY TO WHICH THIS AGREEMENT APPLIES EXCEPT AT THE EXPRESS DIRECTION OF AGENT OR ACCOUNTHOLDER.

Agreed to by Agent and executed this _____ day of _____, 20_____.

Agent Name

Mailing Address

City, State, Zip Code

Phone Number

Signature

Agreed to by Accountholder and executed this _____ day of _____, 20_____.

Signature

Account Number



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

P. 702.990.7892
888.990.7892
F. 702.946.0136

Debt Financing Payment Authorization Form

Accountholder Name Account Number

Short Property Description

Property Address

Please choose one of the following options:

- I authorize my Property Manager to make periodic debt payments from income generated by the Property and / or funds provided by my Preferred account. I understand my Property Manager must provide monthly or quarterly reports to Preferred of all rents received, expenses paid, and remaining note balance.
- I authorize Preferred Trust Company to make periodic debt payments as instructed below:

Lender Information

Lender Name

Lender Address

City, State, Zip Code

Phone Number

Loan or Reference Number

Payment instructions

Payment Amount \$

Date of First Payment

Subsequent payments should be processed on the day of each month. *(Must specify an exact date.)*

NOTE: Should your processing date for debt payments fall on a weekend or holiday, the payment will be processed the following business day, provided funds are available.

Checks will be sent via US First Class Mail.

I understand and acknowledge that all provisions under my executed Real Property Investor Direction & Certification form will also apply to the periodic debt payments authorized by my execution of this Debt Financing Payment Authorization. I further agree to indemnify Preferred Trust Company for any and all payments or assessments which may result from holding the Property within my account, and further agree that Preferred Trust Company shall be under no obligation whatsoever to extend credit to my account or otherwise disburse payment beyond the cash balance of my account for any payment or assessment related to the Property. I authorize Preferred Trust Company to continue making this periodic payment until instructed in writing by me or my authorized representative to stop the periodic payments.

Signature

Date