

Solo(k) Deed of Trust/Mortgage/Secured Note Investment Authorization

Checklist

IMPORTANT REMINDERS

Please supply all documents listed on the Investment Authorization to PENSCO Trust Company (PENSCO). Sending incomplete documents will only delay the review and funding process. Please make sure to include sufficient funds to cover your investment, minimum cash requirement and transaction fees.

- Fully **completed, signed, and dated** Solo(K) Deed of Trust/Mortgage/Secured Note Investment Authorization
- Loan Servicing Agreement (required) signed by Agent and Account Owner. Agent cannot be the client, the client's spouse or other individual defined as a disqualified party under section 4975.
- Proposed copy of the Note
- The lender's/beneficiary's name on the Note should read "PENSCO Trust Company LLC Custodian FBO (plan name) FBO (client name), Solo(K)". For lender's/beneficiary's address please use PO Box 173859, Denver CO 80217
- Evidence of Collateral (See Page 2 for requirements based on collateral)

Secured Note to a business entity—Please provide all items listed above plus the following:

- Documents certifying the formation of the entity
- Evidence that the entity is in good standing

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Please provide all applicable items listed on page 1 and the following based on the collateral of your secured note investment:

Real Property	<input type="checkbox"/> Proposed copy of the Deed of Trust/Mortgage
	<input type="checkbox"/> Assignment of Deed of Trust/Mortgage (if applicable)
	<input type="checkbox"/> Lenders Title Report (must be within 90 days and 1st or 2nd lien positions only.) The proposed insured should read, PENSCO Trust Company LLC Custodian FBO (plan name) FBO (client name), Solo(K).
	<input type="checkbox"/> Escrow Instructions (if applicable) Account Owner must sign each document as read and approved
	<input type="checkbox"/> Transfer or Rollover assets from another custodian, also provide the existing Note, Deed of Trust and Lender's Title Policy
Vehicle, manufactured or mobile home	<input type="checkbox"/> Certificate of ownership in borrower's name
	<input type="checkbox"/> Registration of title to "PENSCO Trust Company LLC Custodian FBO (plan name) FBO (Client name), Solo(K)".
	<input type="checkbox"/> Security agreement (if applicable)
Equipment	<input type="checkbox"/> UCC filing
	<input type="checkbox"/> Security agreement (if applicable)
Company shares (this investment will require additional PENSCO administrative review)	<input type="checkbox"/> Security agreement
	<input type="checkbox"/> Pledge agreement
Participation agreement/ mortgage pool (this investment will require additional PENSCO administrative review)	<input type="checkbox"/> Participation agreement
Other collateral types	<input type="checkbox"/> Applicable security agreement

Solo(k) Deed of Trust/Mortgage/Secured Note Investment Authorization

ACCOUNT OWNER INFORMATION

First Name: _____ MI: _____ Last Name: _____

Account Number: _____ Amount \$: _____

If held across multiple accounts:

Account Number: _____ Amount \$: _____

Account Number: _____ Amount \$: _____

Account Number: _____ Amount \$: _____

TYPE OF SECURING COLLATERAL:

- Real property Vehicle Company shares Manufactured or mobile home
 Equipment Participation Agreement/Mortgage Pool Other type of collateral _____

LOAN INFORMATION

If note secured by deed of trust or mortgage, please indicate lien position:

- First lien position Second lien position

Property Address: _____

City: _____ State: _____ Postal Code: _____

Loan Number (if available): _____ Closing Date: _____

(A) Total Loan amount: \$ _____ \$ _____ %
Total Purchase price Face value of secured note Percent owned by account(s)
(To be paid from account(s)) (If different from purchase price)

Is this note being purchased at a discount or at a premium? Check the appropriate box: Discount Premium

Note: If the purchase price is different from the face value of the note, you must include both the face value of the note and the purchase price to be paid from the account.

(B) Terms of the note: 360-day basis 365-day basis Principal and interest Interest only

Interest rate: _____ % Maturity date: _____ Total number of payments: _____

Expected payment amount: \$ _____ Date of first payment: _____

Frequency of payments: Monthly Quarterly Annually

BORROWER INFORMATION (For a borrower who is an individual)

Name of Borrower: First Name: _____ MI: _____ Last Name: _____

Borrower's Social Security #: _____

Borrower's Address: _____

City: _____ State: _____ Postal Code: _____

Borrower's Phone: _____ Type: Cell Home Business

Borrowing Entity's Email Address: _____

OR, for a borrower that is a corporation, LP, LLC, or other entity:

Name of Borrowing Entity: _____

Contact First Name: _____ MI: _____ Last Name: _____

Title at Company: _____

Borrowing Entity's Tax ID#: _____ State in which company is registered: _____

Borrowing Entity's Information (continued)

Borrowing Entity's Address: _____

City: _____ State: _____ Postal Code: _____

Borrower's Phone: _____ Type: Cell Home Business

Borrowing Entity's Email Address: _____

FUNDING INSTRUCTIONS

Payee Name: _____

Street Address: _____

City: _____ State: _____ Postal Code: _____

Primary Phone: _____ Type: Cell Home Business

Other Phone: _____ Type: Cell Home Business

(Select one below)

Check

Wire

Please write or type wire instructions below. **Submitting incomplete information or attaching instructions separately will delay funding**, as additional verification will be needed.

Bank Name: _____

ABA Number: _____

Bank Account Name: _____

Bank Account Number: _____

Ref Number: _____

(Select one below)

Regular Mail (if not received by recipient, PENSCO will charge a \$100.00 special services fee to place a stop payment and/or re-create documents).

Overnight (charge my PENSCO Account)

Overnight (use pre-addressed air bill, included)

Overnight (send via 3rd party billing) Account # _____ Fed Ex UPS

****If no box is checked the default will be to overnight at the client's expense. Please refer to the fee schedule for details****

SEND DOCUMENTS TO

The address listed above (If no box is checked the default will be the address listed in the funding instructions section.)

Other (Please complete the information below.)

Recipient's Name: _____

Street Address: _____

City: _____ State: _____ Postal Code: _____

(Select one below)

Regular Mail (if not received by recipient, PENSCO will charge a \$100.00 special services fee to re-create documents).

Overnight (charge my PENSCO Account)

Overnight (use pre-addressed air bill, included)

Overnight (send via 3rd party billing) Account # _____ Fed Ex UPS

****If no box is checked the default will be to overnight at the client's expense. Please refer to the fee schedule for details****

Loan Servicing Agreement

NOTE: You may provide your own form of Loan Servicing Agreement. If so, this form is not required.

RECITALS AND AGREEMENT

PENSICO Trust Company (PENSICO) is the directed custodian of a retirement plan (Plan) that is beneficially owned by the Account Owner. The Account Owner has instructed PENSICO to acquire on behalf of the Plan a note secured by a deed of trust or mortgage (Note). PENSICO requires the Account Owner to appoint a loan servicing agent (Agent) to service this loan (separate Loan Service Agreements are required for each Note purchased by an Account Owner within his/her account.) The Account Owner appoints Agent to provide the services listed in this agreement and the Agent accepts such appointment. The Account Owner and Agent agree that the Agent is the Agent of the Account Owner, and not of PENSICO. The Account Owner acknowledges that PENSICO has not advised the Account Owner with respect to the selection of an Agent, and the Account Owner agrees that he/she alone, and not PENSICO has sole responsibility for the selection, retention, termination and monitoring of the Agent. The Account Owner and the Agent agree that PENSICO has a limited role in its capacity as directed custodian of the Plan and hereby agree that PENSICO will not be responsible for any of the Agent's duties or for the enforcement of this agreement.

AS LOAN SERVICING AGENT, I AGREE TO:

- 1. Payments/Expenses.** Collect and book all payments received from the borrower and other parties. Forward these payments to PENSICO within five business days along with instructions as to how we should apply these funds to the account (i.e., principal & interest breakdown if applicable). If any disbursements are necessary, the Agent will be responsible for ensuring that invoices or payment instructions are forwarded to us for payment or paid directly from the loan servicing account. The Agent will not make any disbursement or pay any expense without the Account Owner's authorization.
- 2. Records.** Retain records for all parties. Records include but are not limited to: payment history (funds received from the borrower and any funds dispersed by the Agent to cover expenses), bank statements, and loan documents (executed note, recorded mortgage/ deed of trust, and final title policy). Upon request the Agent will provide a full accounting of these records to the Account Owner or PENSICO. The Agent will provide any demand statement for payoff and/or verification of payment history.
- 3. Default.** The Agent will proceed diligently to collect any past due payments and take all necessary actions to correct a default. The Agent will act upon the request and under the direction of the Account Owner during default proceedings. The Agent will promptly notify the Account Owner and PENSICO if the Agent is aware of any of the following: (a) default on the subject Note or senior liens; (b) if the borrower fails to maintain proper homeowner's insurance; (c) if the property is vacated or abandoned; (d) any sale, transfer, encumbrance, or assignment of the subject property; (e) the death, bankruptcy, insolvency, or other disability of the Borrower that might impair repayment of the loan; (f) any damage to the property; (g) any pending or threatened condemnation proceeding related to the property; (h) any pending or threatened litigation involving the property; (i) any lack of repair, waste, or other deterioration of the property. In the event that the deed of trust or mortgage becomes worthless, the Agent agrees to provide documentation to Account Owner and PENSICO immediately.
- 4. Non-Enforcement of Rights.** The Agent agrees not to waive, modify, release or consent to postponement on the part of the Borrower of any term of the Note without notice to, and prior written consent of the Account Owner, and notice to PENSICO.
- 5. Insurance.** The Agent will monitor and ensure that the borrower maintains adequate hazard and liability insurance on the subject property as acceptable by the Account Owner. All insurance policies will contain a standard mortgage clause in favor of, and with loss payable to, the Plan. Insurance policies will contain a provision to notify the Account Owner and PENSICO in the event of cancellation, termination, or modification of the policy.
- 6. Tax Reporting.** The Agent will provide, prepare and file Form 1098 (Mortgage Interest Statement) to comply with all regulatory deadlines. Any tax reporting requiring the lender's Tax ID Number will be reported using the custodian's Tax ID Number 02-0526633. In the event that the debt is cancelled, the agent will prepare and issue Form 1099(C) to the debtor.
- 7. Compliance with Law.** The Agent will comply with all applicable federal, state, and local laws, rules, ordinances and regulations. This agreement will be governed by the laws of the state where the property is located.
- 8. Compensation of the Agent.** As compensation for servicing the note, the Account Owner agrees to pay the Agent the following amount:
\$ _____

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

LOAN SERVICING AGREEMENT (CONTINUED.)

This Servicing Agreement is entered into as of _____ day of _____, _____. This agreement pertains to the loan between the Account Owner's retirement account with PENSICO and Borrower in the amount of \$_____ dated ____/____/_____.

Borrower Name (print)

First Name: _____ MI: _____ Last Name: _____

Mailing Address: _____

City: _____ State: _____ Postal Code: _____

Agent Name (print) *Cannot be client, the client's spouse or other individual defined as a disqualified party under Section 4975 or affiliate of the borrower.*

First Name: _____ MI: _____ Last Name: _____

Mailing Address: _____

City: _____ State: _____ Postal Code: _____

Primary Phone: _____ Type: Cell Home Business

Other Phone: _____ Type: Cell Home Business

Email Address: _____

Account Owner Name (print)

First Name: _____ MI: _____ Last Name: _____

Mailing Address: _____

City: _____ State: _____ Postal Code: _____

Primary Phone: _____ Type: Cell Home Business

Other Phone: _____ Type: Cell Home Business

Email Address: _____

The agent and the account owner must sign and date this section.

 _____
Agent Signature _____ Date _____

 _____
Account Owner Signature _____ Date _____

All parties should keep a copy of this form for their records.

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Upload forms to:
www.pensico.com/upload

Send mail to:
PENSICO
P.O. Box 173859
Denver, CO 80217-3859

For express deliveries:
PENSICO
1560 Broadway, Suite 400
Denver, CO 80202-3331


Questions?
Call 800-962-4238

Fax to: 303-614-7036

Disclosures & Acknowledgments

Account Owners may loan funds from their Plan by instructing PENSICO Trust Company (PENSICO) to acquire promissory notes secured by deeds of trust or mortgages provided that certain administrative requirements are satisfied. (For convenience, promissory notes secured by both deeds of trust and mortgages are referred to in these documents as “Notes;” The Account Owner may also be referred to as “You and Your” and PENSICO may be referred to as “We, Our Custodian”). Because all PENSICO retirement plans are self-directed by the Account Owner, PENSICO requires that its responsibilities in connection with these types of investments be strictly limited. It is important for you to understand these limitations fully and to acknowledge and agree to them prior to directing us to acquire a Note on your behalf.

WHAT PENSICO IS NOT RESPONSIBLE FOR



The Account Owner, and not PENSICO, will be responsible for any decision regarding the retention of a Note or any lender action to foreclose on a mortgage. Without limiting the foregoing, we will not be obligated to do any of the following: investigate the financial strength of borrower, or their ability to prepay the obligation; ensure that the mortgage or deed of trust is properly recorded; calculate or monitor the amount of any payments (including principal, interest, insurance premiums, taxes, or other amounts payable under the Note); make demands for payment; send notices of default; take any step to require the borrower to comply with any other terms of the loan documents; obtain a survey of the mortgaged property or a mortgagee’s title insurance policy; ensure that hazard and liability insurance has been obtained; inspect the property securing the Note for any reason, including determining the existence of environmental hazards or violations; determine the existence of and impact of any liens, easements, covenants or other matters affecting title to the property securing the Note; have any discussions with the borrower or any other person regarding the mortgaged property; verify the status or validity of the Note, including but not limited to whether or not the collateral property has been lost to foreclosure; take any steps to acquire title to or possession of the mortgaged property or other collateral, or accept title to the mortgaged property or other collateral, whether by deed in lieu of foreclosure or otherwise.

LOAN SERVICE AGENT/SERVICING AGREEMENT REQUIREMENT

PENSICO requires that the Account Owner appoint a servicing agent to administer the Note. Enclosed with the Deed of Trust/Mortgage/Secured Note Investment Authorization Form is a Loan Servicing Agreement (“Servicing Agreement”) that satisfies our administrative needs with regard to the Note being held as an investment in the Plan. The Servicing Agreement sets forth the responsibilities of the servicing agent. We neither recommend the use of this Servicing Agreement nor require that this form be used. An Account Owner may submit his or her own form of Servicing Agreement, which we will review for purposes of determining that it adequately limits the role and responsibilities of PENSICO.

Account Owner acknowledges that we are under no duty to investigate or inquire about the qualifications of the servicing agent he or she may select, nor is it required to monitor

the actions of the servicing agent. Account Owner further agrees that we will have no liability for any losses occurring because of actions or negligence of the servicing agent. We will not be responsible for any errors and omissions in the Servicing Agreement or for any actions taken by the servicing agent.

If this investment requires payment of any kind, the Account Owner will provide written instructions.

Under the provisions of the PENSICO plan documents, each Account Owner determines how investments in the Account Owner’s account will be made. We do not provide investment advice or recommendations with respect to the investment of assets of the Plan in Notes generally, or in any loan in particular. Although PENSICO has no such investment responsibility, it has established minimum administrative standards for Notes. These standards are intended to minimize administrative difficulties for us and in no way constitute representations by us that Notes meeting these requirements are suitable for investment by the Account Owner’s Plan. Thus, by instructing PENSICO to acquire a Note on his/her behalf, the Account Owner represents that each of the following statements is true: (a) The Note is a first or second lien; (b) The property securing the Note is real property (e.g., a primary residence, vacation home, town home, condominium, or apartment complex), personal property (e.g., a mobile home, car, equipment or aircraft); (c) Any existing loan secured by the property is not in default; (d) The property securing the Note does not contain any hazardous waste or other materials that would constitute a violation of, or cause the application of, any environmental law or regulation; (e) for mortgages/deeds of trust Title insurance insuring the Plan’s Note will be obtained for the benefit of PENSICO (as custodian); (f) The investment is not a “party in interest” transaction and therefore does not constitute a prohibited transaction as defined in Section 4975 of the Internal Revenue Code; and (g) The interest payable under the note is not usurious under applicable state law.

IMPORTANT: *By signing the Deed of Trust/Mortgage/Secured Note Investment Authorization Form and Important Disclosures and Acknowledgements, the Account Owner represents that each of the above requirements has been satisfied. PENSICO has no responsibility to verify that any of the above requirements has been satisfied. Even if all of the above requirements have been satisfied, we may decide for administrative feasibility purposes not to allow the Plan to purchase the Note. Satisfaction of the above requirements does not constitute an endorsement or recommendation by PENSICO of an investment in the Note.*

RISK FACTORS

When purchasing a Note secured by property, there are inherent risks. While PENSICO points out some risks, it has no duty to do so, and this information is not to be considered all inclusive. Each Account Owner, and not PENSICO, is solely responsible for identifying the risks associated with purchasing and holding the Note in his or her retirement plan. As such, we strongly recommend that you consult with legal counsel and/or an investment professional who is familiar with the risks of purchasing Notes secured by

property in a retirement plan. By signing the Deed of Trust/Mortgage/Secured Note Investment Authorization Form and instructing us to purchase the Note as Custodian of your retirement plan, you represent that you have consulted with such a professional, or have waived that right to do so.

In the event of a foreclosure or similar action, you represent that we may hold title to the collateral property for the benefit of your retirement plan. In such an event, you also represent that you understand there may be liability above and beyond the amount of the investment (example: ad valorem property taxes, foreclosure costs or liability arising under Environment Laws). It is also possible that you may lose your entire investment and collateral interest to a senior lien-holder.

Losses may also occur or be caused by the presence of, on or about the property securing the Note, any hazardous substances, or by any person or entity complying or failing to comply with any Environmental Law. The term "Environmental Law" means any law, rule, regulation, or ordinance relating to protection of the environment or human health. The term "Hazardous Substance" means any substance defined as hazardous or toxic, or otherwise regulated by any Environmental Law.

Losses may also occur as a result of an act of fraud or negligence.

ACKNOWLEDGMENT AND SIGNATURE

- 1. I understand that I am responsible, and PENSICO and its related entities are not responsible, for selecting and reviewing the above investment and for determining the suitability, nature, value, risk, safety and merits of the investment that I authorize PENSICO to make for my Account.
- 2. I understand that PENSICO is not related to or affiliated with the management or selling agent(s) of the investment(s) that I have directed PENSICO to purchase for my account. I acknowledge that PENSICO has not reviewed, recommended or commented on the investment merits, risks, suitability or management of the asset(s) I have selected and I authorize PENSICO to process this transaction. I therefore agree to release, indemnify, defend, and hold PENSICO and its related entities harmless from any claims arising out of making such investment. I also understand and agree that PENSICO and its related entities will not be responsible to take any action should the investment noted herein become subject to default, including fraud, insolvency, bankruptcy, or other court order or legal process.

- 3. I agree that any dispute regarding this investment shall be submitted to binding arbitration pursuant to the Commercial Rules of the American Arbitration Association and the terms of the Custodial Agreement. I understand that the prevailing party shall be entitled to recover all legal fees, reasonable costs and expenses and that these shall be in addition to any award of damage or any other relief to which the prevailing party is entitled.
- 4. I have consulted my own attorney and hereby represent that PENSICO may hold title to this Note and/or its collateral, where applicable. I hereby represent to PENSICO that I understand the risks involved with this investment, specifically, that there may be liability above and beyond the amount of the investment in the collateral property (example: ad valorem property taxes on the property or liability arising under Environment Laws). The losses will include any losses caused by, or arising out of, the presence, on or about the Property, of any Hazardous Substances, or any person or entity complying or failing to comply with any Environment Law. The term "Environmental Law" means any law, rule, regulation, or ordinance relating to protection of the environment or human health. The term "Hazardous Substance" means any substance defined as hazardous or toxic, or otherwise regulated by any Environmental Law.
- 5. I represent that the above investment is not a prohibited transaction, as defined in the Internal Revenue Code and Department of Labor regulations.
- 6. I acknowledge that this investment is not insured by the FDIC, is not an obligation of or guaranteed by PENSICO and is subject to risk, including the possible loss of principal.
- 7. I agree that this Deed of Trust/Mortgage/Secured Note Authorization is further subject to all the terms and conditions of the Custodial Agreement.
- 8. I acknowledge that no funds will be paid to my PENSICO account if an exchange from one asset (existing asset) held in my PENSICO account is made to another issued by the same asset sponsor (new asset). I request that PENSICO update its records to reflect the exchange transaction and the new asset into my account. I agree to indemnify and hold PENSICO and its related entities, its affiliates, successors and assigns harmless from any and all claims, damages and losses that may result from such transaction.

Please sign, date and provide all requested information.



Account Owner Signature

Date

Print Name: _____

Primary Phone: _____ Type: Cell Home Business

Email Address: _____

Borrower Name: _____

Loan Number: _____ Total Purchase Amount \$ _____

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Upload forms to:
www.pensico.com/upload

Send mail to:
PENSICO
P.O. Box 173859
Denver, CO 80217-3859

For express deliveries:
PENSICO
1560 Broadway, Suite 400
Denver, CO 80202-3331

Questions?
Call 800-962-4238

Fax to: 303-614-7036