

Note Investments

To assist you with making an Unsecured Note investment, PENSCO Trust Company (PENSCO) has compiled the following list of things that you should be aware of that may delay processing or could cause your request to be considered a possible prohibited transaction.

A Loan Servicing Agent is Required

Some of the responsibilities of the Loan Servicing Agent are to collect and forward all payments to PENSCO, maintain records from all parties, collect past due payments and take all necessary actions to correct a default. The Loan Servicing Agent cannot be a disqualified person or affiliate of the borrower.

The Borrower Cannot be a Disqualified Party Under [Section 4975](#).

Whether you are investing in a Deed of Trust, a Corporate Note or a Promissory Note to an individual, the borrower cannot be considered a disqualified party under section 4975 nor can the Account Owner be construed as receiving any personal benefit as a result of the investment.

Vesting Reflected on the Purchase Documents

The vesting should read PENSCO Trust Company Custodian FBO [Account Owner Name] Solo(k) _____%

Commonly Missed Third Party Documents - Notes from a Corporation or Other Entity (e.g., Lp, LLC, etc.)

The following documents are required to make your transaction go smoothly and to ensure that the vesting is listed properly:

- Articles of Incorporation or Operating Agreement/Private Placement Memorandum.
- Certificate of Good Standing or a print out from the Secretary of State website.

Commonly Missed Documents - Notes from an Individual

The Original Note is required (a copy will not suffice for a loan to an individual), and it must be received by PENSCO before we are able to fund your investment. Additionally, the borrower's signature on this Original Note must be notarized.

PENSCO Trust Company performs the duties of an independent custodian of assets for self-directed individual and business retirement accounts and does not provide investment advice, sell investments or offer any tax or legal advice. Clients or potential clients are advised to perform their own due diligence in choosing any investment opportunity as well as selecting any professional to assist them with an investment opportunity. Alternative investments are not FDIC insured and are subject to risk, including loss of principal.

Solo(k) Unsecured Note Investment Authorization

Checklist

IMPORTANT REMINDERS

Sending incomplete documents will delay the review and funding process. Please make sure your PENSCO Trust Company (PENSCO) account contains sufficient cash to cover your investment, the minimum cash requirement and all applicable transaction fees.

REQUIREMENTS FOR ANY UNSECURED NOTE

- Fully **completed, signed, and dated** Unsecured Note Investment Authorization Form
- Loan Servicing Agreement (required) signed by Agent and Account Owner (The loan servicing agent must be a third party, it cannot be the client, the client's spouse, or other individual defined as a disqualified party under section 4975) or affiliate of the borrower.
- Lender's Name on Note should read PENSCO Trust Company, Custodian FBO (Plan Name) FBO (Client Name) Solo(K)
- Lender's Address should be PO BOX 173859, Denver, CO 80217
- Maturity date must be no longer than 10 years from date of note
- Assignment of Note (if applicable)

Note to a Corporation:

- All of the above requirements for any Unsecured Note, plus
- Copy of the executed note
–The original note will be required after funding
- Subscription Agreement (if applicable)
–Account Owner must complete and sign the document as “read and approved”
- Articles of Incorporation or Operating Agreement/Private Placement Memorandum for borrower
- Certificate of Good Standing for borrower
- Amortization or Payment Schedule

Note to an Individual:

- All of the above requirements for any Unsecured Note, plus
- Original Note** - PENSCO must receive Original Note in order to fund this investment
–Borrower's signature must be notarized
- Amortization or Payment Schedule

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

BORROWER INFORMATION (BORROWER 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 Address: _____
City: _____ State: _____ Postal Code: _____
Borrowing Entity's Phone: _____ Type: Cell Home Business
Borrowing Entity's Email Address: _____

FUNDING INSTRUCTIONS (SELECT ONE OPTION BELOW)

Check

Payee Name: _____
Street Address: _____
City: _____ State: _____ Postal Code: _____
Primary Phone: _____ Type: Cell Home Business
Other Phone: _____ Type: Cell Home Business
Fax Number: _____

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 funds and documents are 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

LOAN SERVICE AGENT/SERVICING AGREEMENT REQUIRED

PENSCO and its related entities are not responsible for servicing any loan, promissory note, or "debt investment." PENSCO will not monitor whether or not a borrower has defaulted; therefore, it will not provide notice to Account Owners if a default occurs. PENSCO requires that the Account Owner appoint a loan servicing agent ("Agent") to administer the Note. Enclosed with the Unsecured 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 your account. The Servicing Agreement sets forth the responsibilities of the 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 responsibility of PENSCO.

Account Owner acknowledges that we are under no duty to investigate or inquire about the qualifications of the Agent he or she may select, nor is it required to monitor the actions of the Agent. Account Owner further agrees that we will have no liability for any losses occurring because of actions or negligence of the Agent. We will not be responsible for any errors and omissions in the Servicing Agreement or for any actions taken by the servicing agent.

Account Owners are responsible for reviewing the terms of any debt investment prior to directing PENSCO to fund the investment.

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

Loan Servicing Agreement

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

RECITALS AND AGREEMENT

PENSCO Trust Company (PENSCO) is the directed custodian of a retirement plan (Plan) that is beneficially owned by the Account Owner. The Account Owner has instructed PENSCO to acquire on behalf of the Plan an unsecured note (Note). PENSCO requires the Account Owner to appoint a loan servicing agent (Agent) to service this loan (separate Loan Servicing 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 PENSCO. The Account Owner acknowledges that PENSCO 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 PENSCO has sole responsibility for the selection, retention, termination and monitoring of the Agent. The Account Owner and the Agent agree that PENSCO has a limited role in its capacity as directed custodian of the Plan and hereby agree that PENSCO 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 PENSCO 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 (note). Upon request the Agent will provide a full accounting of these records to the Account Owner or PENSCO. 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 PENSCO if the Agent is aware of any of the following: (a) default on the subject Note; (b) the death, bankruptcy, insolvency, or other disability of the Borrower that might impair repayment of the loan. In the event that the Unsecured Note becomes worthless, the Agent agrees to provide documentation to Account Owner and PENSCO 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 PENSCO.
- 5. 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.
- 6. Compensation of the Agent.** As compensation for servicing the note, the Account Owner agrees to pay the Agent the following amount (Spouses and disqualified parties may not act as loan servicers on this loan, even if uncompensated.)
\$ _____.
- 7. Debt Cancellation.** In the event that the debt is cancelled, the agent will prepare and issue Tax Form 1099C to the debtor.

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LOAN SERVICING AGREEMENT (CONT.)

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 the client, spouse of the client 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 BusinessOther 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 BusinessOther Phone: _____ Type: Cell Home Business

Email Address: _____

SAFEKEEPING OF ORIGINAL NOTE AFTER FUNDING *(must be either PENSICO or Loan Servicing Agent)*

After the Note is funded, the original note will be (choose one):

 Stored in PENSICO's Vault Sent to the Loan Servicing Agent (The Loan Servicing Agent will be responsible for producing the original documents when requested for any reason - e.g., sale, payoff, etc.)**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.

ACKNOWLEDGMENT AND SIGNATURE

1. I understand that I am responsible, and PENSICO Trust Company 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 represent that the above investment is not a prohibited transaction, as defined in the Internal Revenue Code and Department of Labor regulations.
5. 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.
6. I agree that this Unsecured Note Investment Authorization is further subject to all the terms and conditions of the Custodial Agreement.
7. 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 and provide all requested information

I AGREE TO ALL ACCOUNT TERMS AND PROVISIONS CONTAINED IN MY PLAN DOCUMENTS, AND I ACKNOWLEDGE THAT I HAVE READ, UNDERSTAND, AND I AGREE TO ALL OF THE DISCLOSURES ON THIS FORM AND EACH OF THE ITEMS 1 THROUGH 7 ABOVE.



Account Owner Signature

Date

Print Name: _____

Primary Phone: _____ Type: Cell Home Business

Other Phone: _____ Type: Cell Home Business

Email Address: _____

Account Number: _____ Total Purchase Amount \$ _____

Borrower Name: _____

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Upload forms to:
www.pensco.com/upload

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