

INSTRUCTIONS:

When to use the Fair Market Valuation Form:

- Annually by December 31, so that Next Generation Trust Services may report to you and the IRS on the value of your account.
- If you are taking a distribution in-kind, so that the accurate distribution value is reported to the IRS.
- If you are converting your account to a Roth IRA, so that the accurate conversion value is reported to the IRS.
- Any time that the value of an asset is being updated for our records.

Qualified Independent Third Party Valuator/Appraiser:

Because these valuations are used to determine the fair market value of a particular asset, a qualified, independent third party should complete the valuations/appraisals. To determine the valuation of your self-directed investment you may use a qualified, independent third party such as:

- Managing Partners
- Certified Appraisers
- Certified Commercial Realtors
- Independent Valuation Company
- Qualified Knowledgeable Party

Below are various Internal Revenue Service guides to calculating fair market values. There may be other methods for determining the fair market value.

Commonly traded/valued/marketable investments: (Bank accounts, brokerage accounts, U.S. Treasury and Agency obligations, stock, bonds, commodities, etc.)

- Assets for which a market exists will be valued based on information provided by the issuer/broker or from a recognized source such as the Wall Street Journal.

Private Stock, closely held corporations, stock of corporations where market quotations are not available: For additional guidance to determine Fair Market Value see IRS Revenue Ruling 59-60 IRC Sec. 2031 (Also Section 2512.) For valuation of interests in businesses, see §25.2512-3. See §25.2512-2 and §§25.2512-4 through 25.2512-6 for further information concerning the valuation of other particular kinds of property. See §25.2702-6 for an adjustments to valuation.

- When a stock is closely held, is traded infrequently, or is traded in an erratic market, some other measure of value must be used. In many instances, the next best measure may be found in the prices at which the stocks of companies engaged in the same or a similar line of business are selling in a free and open market.

Real estate: For additional guidance to determine Fair Market Value see Internal Revenue Code 2512, Department of Treasury Regulations 25.2512-1, See Department of Treasury Regulation 25.2512-6 for further information concerning the valuation of other particular kinds of property. See §25.2702-6 for adjustments to valuations.

- The value of the property is the price at which such property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts. The value of a particular item of property is not the price that a forced sale of the property would produce. Nor is the fair market value of an item of property the sale price in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. For providing an annual estimate of value for real estate the assessor's "market value" may be used only if adjusted. The assessed value plus/minus the local assessed value adjustments %. Adjust the "add-on" to the assessed value based on the documented local custom as this can vary from jurisdiction to jurisdiction. The estimated market value should be adjusted.

Limited Liability Companies, Partnerships and joint ventures: For additional guidance to determine Fair Market Value see Department of Treasury Regulations §25.2512-3. See §25.2512-2 and §§25.2512-4 through 25.2512-6. See §25.2702-6 for an adjustments to valuation.

- To arrive at an accurate valuation of any interest in a business which the accountholder transfers without an adequate and full consideration in money or money's worth. The fair market value of any interest in a business, is the net amount which a willing purchaser, whether an individual or a corporation, would pay for the interest to a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the relevant facts. The net value is determined on the basis of all relevant factors including— (1) A fair appraisal as of the date of the valuation of all the assets of the business, tangible and intangible, including good will; (2) The demonstrated earning capacity of the business; (3) Complete financial and other data upon which the valuation is based should be submitted with the return, including copies of reports of examinations of the business made by accountants, engineers, or any technical experts as of or near the date of the valuation.

Secured and unsecured notes, Deeds of trust and mortgages: For additional guidance to determine Fair Market Value see Internal Revenue Code 2512 and/or Department of Treasury Regulations 25.2512-4.

- The fair market value of notes, secured or unsecured, is presumed to be the amount of unpaid principal, plus accrued interest to the date of the valuation, unless the accountholder establishes a lower value. Unless returned at face value, plus accrued interest, it must be shown by satisfactory evidence that the note is worth less than the unpaid amount (because of the interest rate, or date of maturity, or other cause), or that the note is uncollectible in part (by reason of the insolvency of the party or parties liable, or for other cause), and that the property, if any, pledged or mortgaged as security is insufficient to satisfy it.

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FAIR MARKET VALUATION FORM



PERSONAL INFORMATION:

Account Holder Name _____ Account Number _____

CUSIP _____

Asset Description _____

PERSONAL INFORMATION:

Fair Market Value \$ _____

Description of Supporting Documentation: *Please attach supporting documentation substantiating this valuation.* _____

Date of Valuation _____

THIRD PARTY INFORMATION:

Appraiser/Valuator Name _____

Title _____

Telephone _____

Address _____

City, State, Zip _____

SIGNATURES:

I certify that I am qualified to give an independent valuation/appraisal for this particular asset. I understand that this appraisal will be used for reporting purposes to the Internal Revenue Services. I understand that any false or misleading valuation/appraisal of any assets may result in penalties and fines for both the valuator/appraiser and the account owner:

Appraiser/Valuator _____ Date _____

Account Holder _____ Date _____

Note: Next Generation Trust Services reserves the right to assign, determine, calculate, and assess your account a fee for determining a reasonable fair market value to your self-directed account. If a valuation is three or more years old, Next Generation Trust Services reserves the right to resign as Administrator of the account.