

**PRIVATE PLACEMENT LETTER FOR ACCOUNT OWNER**

Account Holder Name: \_\_\_\_\_ Next Generation Account #: \_\_\_\_\_

Name of Entity \_\_\_\_\_

Entity Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Name of Entity Manager \_\_\_\_\_ EIN of Entity \_\_\_\_\_

*Next Generation Trust Services (Administrator) has received instructions from the above referenced Account Owner concerning an investment in the above named entity through his or her Account. The account to be invested is referred to in this document as the "Account", regardless of whether it is a retirement account under Internal Revenue Code (the "IRC") §401, §408 or §408A, a Coverdell Education Savings Account under IRC §530, a Health Savings Account under IRC §223, or a qualified retirement plan. The following instructions must be followed to ensure compliance with both IRS requirements and Next Generation Trust Services policy.*

- 1) All vestings for entities must read: **Next Generation TS FBO (Account Name) IRA (Account Number)**. The address and contact information for this investment must be recorded as that of Next Generation Trust Services. All notices concerning the investment in the entity should be sent to the Administrator. Any questions pertaining to the Account should be referred to the Administrator.
- 2) **Do not use the Account Owner's personal social security number** with respect to this investment for any purpose. If the Account is an investor to which a K-1 or similar tax document will be issued, **please use the following E.I.N.: 20-1604619**.
- 3) If the Account is a 100% owner of the entity, the entity must apply for its own EIN. It is not permitted under Next Generation Trust Services Policy to use the EIN shown above for any other purpose than the issuance of a K-1 or similar tax document to the Account as investor in the entity.
- 4) Original stock certificates, membership certificates or other proof of ownership showing the proper vesting must be sent to and held by the Administrator on behalf of the Custodian and the Account.
- 5) All payments, income, distributions or payoffs for this investment must be sent to the Administrator for the benefit of the Account. Under the Internal Revenue Code, it is never acceptable to send funds directly to the Account Owner (or the Account Owner's nominee or designee), or any other account owned by the Account Owner.
- 6) As the owner of the investment on behalf of the Account, the Administrator must be notified promptly of any change in address, telephone number, or company status (such as bankruptcy filings, regulatory agency investigations or litigation).
- 7) In the event that future capital contributions to the entity are required or desired (and provided the Account Owner determines that the capital call is not a prohibited transaction under Internal Revenue Code §4975 and there are sufficient funds in the Account), all funds must come from the Account. The Account Owner may not advance funds on behalf of the Account.
- 8) The Account Owner may not personally guarantee on behalf of the Account any indebtedness of the entity to a third party nor may the Account Owner guarantee any indebtedness of the Account to the entity.
- 9) You understand and agree that the Custodian and/or the Administrator for your Account (including, but not limited to Next Generation Trust Services or any agent, affiliate or designee of Next Generation Trust Services) have given you no tax advice regarding the possibility that your Account may be subject to Unrelated Business Income Tax (UBIT) as a result of its investment in the identified entity. If your Account owes UBIT on its profits from the entity, you agree to prepare or cause to be prepared and filed a IRS Form 990T, and any similar filing required under applicable state laws, for each year with respect to which any such form is required, and to cause your Account to pay any UBIT that is reported in such forms. You understand and agree that any UBIT owed must come from funds belonging to the Account. Your agreement to indemnify and hold harmless includes liability of the parties named therein with respect to UBIT and the preparation and filing of IRS Form 990T and similar state tax filings.
- 10) You understand and agree that the Custodian and/or Administrator for your Account (including, but not limited to Next Generation Trust Services or any agent, affiliate or designee of Next Generation Trust Services) do not approve investments or actions you personally make or direct the Custodian and/or Administrator to take on behalf of your Account. The Custodian and/or Administrator are limited in their responsibilities under your Account, and their responsibilities do not include investment selection.
- 11) You understand and agree that the Custodian and/or the Administrator for your Account (including, but not limited to Next Generation Trust Services or any agent, affiliate or designee of Next Generation Trust Services) do not review and approve the subscription agreement, operating agreement, by-laws, limited or general partnership agreement, or any other similar agreement regarding the purchase or operation of the entity you want your Account to invest in. It is the responsibility of the Account Owner to review and approve all documentation pertaining to the investment.

## PRIVATE PLACEMENT INSTRUCTION LETTER



### PRIVATE PLACEMENT LETTER FOR ACCOUNT OWNER

- 12) You understand and agree that the Custodian and/or the Administrator for your Account (including, but not limited to Next Generation Trust Services or any agent, affiliate or designee of Next Generation Trust Services) do not make any attempt to evaluate the entity you want your Account to invest in. For example, they make no attempt to check the financial strength of the entity, nor do they check with the Secretary of State to see if the entity is in good standing, nor do they check with the Securities and Exchange Commission, the Better Business Bureau or any other governmental or non-governmental agency to see if any complaints have been filed against the entity. You, as the owner of the Account, are 100% responsible for evaluating the entity, its operations and the investment potential of the entity, including taking the steps described in the preceding sentence.
- 13) You understand and agree that you are also responsible for confirming that none of the "disqualified persons" with respect to your Account (including Next Generation Trust Services, its affiliates and designees, and every other entity that is the Custodian and/or Administrator and/or Record-keeper with respect to your Account, their officers, directors, shareholders or employees) are associated in a way which could result in a prohibited transaction with the entity you in which you are investing.
- 14) You understand and agree that you are solely responsible for making sure that the entity was not formed and will not operate in a way that does or may lead to a prohibited transaction under IRC §4975.
- 15) You understand and agree that if the entity your Account is investing in becomes a "disqualified person" (as that term is defined in IRC §4975) upon funding (this may occur, for example, if your IRA and other disqualified persons, including you personally, own more than 50% of the entity), then any future mandatory capital calls may be considered to be a prohibited transaction under IRC §4975.
- 16) You understand and agree that if the Plan Asset Regulations issued by the U.S. Department of Labor apply, the entity is disregarded for purposes of the prohibited transaction rules of IRC §4975. In that case, the underlying assets of the entity are considered to be the assets in which your Account is investing, and each of the statements above regarding the entity must be true with regard to each of the assets that the entity invests in. You represent that you either understand the Plan Asset Regulations and Interpretive Bulletin 75-2 or that you have sought competent legal counsel regarding the Plan Asset Regulations and Interpretive Bulletin 75-2 and their potential application to the entity that you want your Account to invest in, prior to making your investment decision.
- 17) You agree and understand that Next Generation Trust Services is required to report the fair market value of the Account to the Internal Revenue Service and/or to the Plan each year. You agree to obtain a fair market value for the Account's investment in the entity as of December 31 each year and report this information to Next Generation Trust Services on a form approved by Next Generation Trust Services no later than December 31. You understand and agree that Next Generation Trust Services is entitled to rely on the valuation provided by you for reporting purposes and shall bear no responsibility as to the accuracy of the information provided. You understand and agree that until a different valuation is reported to Next Generation Trust Services, the value of the investment in the entity will be reported based on the Account's total investment in the entity. You understand and agree that if you fail to provide a fair market value to Next Generation Trust Services as required, Next Generation Trust Services may withdraw as administrator of your account and distribute the asset to you or to a successor custodian.
- 18) You understand that with some types of accounts there are rules for required minimum distributions from the account. If you are now subject to the required minimum distribution rules for your Account, or if you will become subject to those rules during the term of the investment, you represent that you have verified either that the entity that your Account is investing in provides distributions that will be sufficient to cover each required minimum distribution, or that there are other assets in your Account, or in other accounts that you may access for this purpose, that are sufficiently liquid (including cash) from which you will be able to withdraw your required minimum distributions as they become required.
- 19) By signing this agreement, you agree to indemnify and hold harmless the Custodian and/or Administrator for your Account (including, but not limited to Next Generation Trust Services or any agent, affiliate or designee of Next Generation Trust Services), and their respective officers, directors, shareholders and employees against any liability associated with investing in the identified entity, including funding a capital call, and including any liability that arises because the investment is or may be a prohibited transaction under IRC §4975.

To signify your agreement with all of the above paragraphs, please sign below and return it to us.

Account Holder Signature \_\_\_\_\_ Date \_\_\_\_\_