

## CHECKLIST

# Unsecured Note Investment Authorization

### REQUIRED DOCUMENTS FOR ALL UNSECURED NOTE INVESTMENT REVIEWS

Fully completed, signed, and dated Unsecured Note Investment Authorization Form

Loan Servicing Agreement

- The loan servicing agreement is required and must be signed by the Agent and Account Owner
- The loan servicing agent must be a third party. The Agent cannot be a disqualified person or affiliate of the borrower
- Lender's Name on the Note should read PENSCO Trust Company, Custodian, FBO (Client Name), IRA
- Lender's Address should be PO BOX 173859, Denver, CO 80217
- Maturity date must be no longer than 10 years from date of note

### IF NOTE IS FROM A CORPORATION OR OTHER ENTITY (E.G., LP, LLC, ETC.)

**What's Required:** All items listed in the "Required Documents for all Unsecured Note Investment Reviews," plus:

Copy of the executed note

- The original note will be required after funding

Articles of Incorporation, or Operating Agreement/Private Placement Memorandum (for borrower)

Certificate of Good Standing (for borrower)

Amortization or Payment Schedule

### NOTE FROM AN INDIVIDUAL

**What's Required:** All items listed in the "Required Documents for all Unsecured Note Investment Reviews" plus:

Original Note

- PENSCO must receive Original Note in order to fund this investment
- Borrower's signature must be notarized.

Amortization or Payment Schedule

### If Applicable:

Assignment of Note

Subscription Agreement

- Account Owner must complete and sign the document as "read and approved"

### IMPORTANT REMINDERS

- Please complete all documents (incomplete forms will delay the review and funding process).
- Please ensure your PENSCO account has sufficient cash to fund your investment, applicable transaction fees AND account minimum cash requirements.

# Unsecured Note Investment Authorization

## GENERAL INSTRUCTIONS

As Lender, the note should be payable to: PENSCO Trust Company, Custodian, FBO (CLIENT NAME), IRA.

The Account Owner is responsible for obtaining a copy of the executed documents for his/her review and records. For borrowers that are a business, corporation or entity, please provide the following once the investment has been funded.

- Original signed note; assignment (if applicable)
- Original certificate (if applicable), or
- Signed final subscription agreement or written confirmation of purchase

**NOTE:** All documents that PENSCO is asked to sign on behalf of an Account Owner's Retirement Plan must be signed "read and approved" by the Account Owner in advance. ("Retirement Plan" may be substituted for "IRA" where appropriate.)

Enclosed with this form is a Loan Servicing Agreement (Servicing Agreement) that satisfies our requirements 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.

### 1 SUBMITTER'S INFORMATION

FIRM SUBMITTING REQUEST	
SUBMITTER NAME (FIRST, MI, LAST)	SUBMITTER PRIMARY PHONE NO.

### 2 ACCOUNTS

	ACCOUNT OWNER NAMES (first, mi, last)	ACCOUNT NO.	AMOUNT	MEMO/REFERENCE
1				
2				
3				
4				
Total Amount (add lines 1-4, or total of attached spreadsheet): \$				

### 3 NOTE INFORMATION

I direct PENSCO to (select one):

- Purchase.** Is this note being purchased at a:  Discount, or at a  Premium
- Transfer/Rollover the following loan /note.** Complete Transfer/Rollover Request Form.
- Exchange

#### LOAN AMOUNT

PURCHASE PRICE (TO BE PAID FROM ACCOUNT)	FACE VALUE OF UNSECURED NOTE (IF DIFFERENT FROM PURCHASED PRICE)	PERCENT OWNED BY ACCOUNT
\$	\$	%

**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.

**TERMS OF THE NOTE**

360-day basis     365-day basis     Principal and interest     Interest Only

INTEREST RATE \$	MATURITY DATE	TOTAL NO. OF PAYMENTS
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EXPECTED PAYMENT AMOUNT \$	DATE OF FIRST PAYMENT
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Frequency of payments:     Monthly     Quarterly     Annually

**4 BORROWER INFORMATION (FOR BORROWER WHO IS AN INDIVIDUAL)**

BORROWER NAME (FIRST, MI, LAST)
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BORROWER SOCIAL SECURITY NO.
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BORROWER RESIDENCE ADDRESS
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CITY	STATE/PROVINCE	COUNTRY	POSTAL CODE
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BORROWER PRIMARY PHONE NO.
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BORROWER EMAIL ADDRESS
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**5 BORROWER INFORMATION (FOR BORROWER WHO IS A CORPORATION, LP, LLC OR OTHER ENTITY)**

NAME OF BORROWING ENTITY
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CONTACT NAME (FIRST, MI, LAST)	TITLE AT COMPANY
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BORROWING ENTITY TAX ID NO.	STATE IN WHICH COMPANY IS REGISTERED
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BORROWING ENTITY ADDRESS
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CITY	STATE/PROVINCE	COUNTRY	POSTAL CODE
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BORROWING ENTITY PRIMARY PHONE NO.	BORROWING ENTITY EMAIL ADDRESS
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## 6 FUNDING INSTRUCTIONS

PAYEE NAME

STREET ADDRESS

CITY

STATE/PROVINCE

COUNTRY

POSTAL CODE

PRIMARY PHONE NO.

OTHER PHONE NO.

Select a funding option:  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/ROUTING NO.

BANK ACCOUNT NAME

BANK ACCOUNT NO.

REFERENCE NO.

## 7 DOCUMENT FORWARDING INSTRUCTIONS

- Use the address provided in the Funding Instructions above.
- Other (please complete the information below).

RECIPIENT'S NAME

STREET ADDRESS

CITY

STATE/PROVINCE

COUNTRY

POSTAL CODE

Select a document forwarding option:

- Regular Mail
- Overnight (charge my PENSCO Account)
- Overnight (use pre-addressed air bill, included)
- Overnight (sent via 3rd party carrier):  FedEx  UPS **Account No.:** \_\_\_\_\_


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

**8 ACKNOWLEDGMENT & 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 I am responsible for reviewing the terms of any debt investment prior to directing PENSICO to fund the investment. If this investment requires payment of any kind, I will provide written instructions.
3. 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.
4. I understand PENSICO is not responsible for any decision regarding the retention of a note, including but not limited to; calculating or monitoring the amount of any payments (including principal, interest or other amounts payable under the note), making demands for payment, sending notices of default or taking any steps to require the borrower to comply with any other terms of the loan documents.
5. 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.
6. I represent that the above investment is not a prohibited transaction, as defined in the Internal Revenue Code and Department of Labor regulations.
7. 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.
8. I agree that this Unsecured Note Investment Authorization is further subject to all the terms and conditions of the Custodial Agreement.
9. 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.
10. I acknowledge that PENSICO is under no duty to investigate or inquire about the qualifications of the Agent I may select, nor is it required to monitor the actions of the Agent. I further agree that PENSICO will have no liability for any losses occurring because of actions or negligence of the Agent. I understand that PENSICO will not be responsible for any errors and omissions in the Servicing Agreement or for any actions taken by the servicing agent.

**\*\*All Unsecured Note investments are subject to an administrative review by PENSICO Trust Company (PENSICO). Documents and forms may be returned to you if they are not complete and signed where required. Sufficient funds must be held in your uninvested cash to make the required payment. If the funds are not available, the Account Owner will be responsible for any interest or penalties incurred.**

**Please sign, date and provide all requested information.**

 \_\_\_\_\_

Account Owner/Designated Representative Signature Date

Print Name: \_\_\_\_\_

Primary Phone: \_\_\_\_\_ Type:  Cell  Home  Business

Email Address: \_\_\_\_\_

Borrower Name: \_\_\_\_\_

Loan Number: \_\_\_\_\_ Purchase Amount \$ \_\_\_\_\_

<b>Upload forms to:</b> <a href="http://www.pensco.com/upload">www.pensco.com/upload</a>	<b>Send mail to:</b> PENSICO P.O. Box 173859 Denver, CO 80217-3859	<b>For express deliveries:</b> PENSICO 1560 Broadway, Suite 400 Denver, CO 80202-3331	<b>Questions?</b> Call 800-962-4238
<b>Fax to:</b> 303-614-7036			

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

# Loan Servicing Agreement

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## GENERAL INFORMATION

A Loan Service Agent/Servicing Agreement is required. You may provide your own form of a Loan Servicing Agreement. If so, this form is not 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.


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## 1. RECITALS & 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 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 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.

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## 2. AS LOAN SERVICING AGENT, I AGREE TO:

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- 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, who is not a disqualified party, the following amount. (Disqualified persons and affiliates of the borrower may not act as loan servicers.)  
\$ \_\_\_\_\_.
  - 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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### 3. LOAN SERVICING AGREEMENT

This Servicing Agreement is entered into as of \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. This agreement pertains to the loan between the Account Owner's retirement account with PENSCO 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 a disqualified person 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: \_\_\_\_\_

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### 4. SAFEKEEPING OF ORIGINAL NOTE AFTER FUNDING (must be either PENSCO or Loan Servicing Agent)

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

Stored in PENSCO'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.**

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## GENERAL INFORMATION

Account Owners may loan funds from their Plan by instructing PENSCO Trust Company (PENSCO) 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 PENSCO may be referred to as "We, Our Custodian"). Because all PENSCO retirement plans are self-directed by the Account Owner, PENSCO 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.

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## WHAT PENSCO IS NOT RESPONSIBLE FOR

The Account Owner, and not PENSCO, 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.

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## LOAN SERVICE AGENT/SERVICING AGREEMENT REQUIREMENT

PENSCO 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 PENSCO.

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 PENSCO 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

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to the investment of assets of the Plan in Notes generally, or in any loan in particular. Although PENSCO 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 PENSCO 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 PENSCO (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. PENSCO 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 PENSCO of an investment in the Note.*

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## RISK FACTORS

When purchasing a Note secured by property, there are inherent risks. While PENSCO 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 PENSCO, 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.