

PURPOSE: This document outlines the rules and requirements associated with investing in a private entity through your IRA or other account at Quest Trust Company (QTC). Topics mentioned in the instructions below includes:

- The proper vesting to use to show ownership interest in the private entity,
- The correct use of the EIN,
- How to handle income, distributions, or other revenue derived from this investment, and
- Many other important details.

As many of these rules relate directly to the private entity you intend to invest in, please forward these directions to that entity after you have fully reviewed this information and completed this form.

ACCOUNT HOLDER INFORMATION

First & Last Name:	Account Number:
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Name of Private Entity:

INSTRUCTIONS

Quest Trust Company (QTC), Custodian for the above referenced Account, has received instructions from the Account Holder concerning an investment in the above named entity (the "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, or a Health Savings Account under IRC §223. The following instructions must be followed to ensure compliance with both IRS requirements and QTC policy.

- 1) PROPER VESTING:** Please ensure that the ownership interest of the Account in the Entity is titled as follows:
Quest Trust Company FBO [Account Holder Name] [IRA or HSA or CESA, as applicable] #[Account Number]
- 2) TAX IDENTIFICATION:** It is critically important that you do not use the Account Holder'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, you may use our client trust fund Employer Identification Number (EIN): **61-1435085**, unless the Entity is a pass through entity for tax purposes which will either own debt-financed real estate, or operate a business, or rent personal property, in which case **the Account must obtain its own EIN for use with this investment**. If the Account is a 100% owner of the Entity, the Entity must apply for its own EIN. The Entity is not permitted under QTC policy to use the client trust fund EIN for any purpose other than the issuance of a K-1 or similar tax document to the Account. If QTC policy requires a separate EIN for the Entity as described in this section, please provide us this information for our records prior to our funding this investment.
- 3) CONTACT INFORMATION:** Contact information and the correct mailing address for this investment should be listed as follows in your records:
Quest Trust Company
17171 Park Row, Suite 100
Houston, Texas 77084
Phone: (281) 492-3434
Fax: (281) 646-9701
Email: Info@QuestTrust.com

All notices concerning the investment in the Entity should be sent to QTC at the above address, with a copy to the Account Holder. Any questions pertaining to the Account should be referred to the Account Holder.

- 4) PROOF OF OWNERSHIP:** Original stock certificates, membership certificates, or other proof of the Account's ownership in the Entity must be sent to QTC at the address listed in section 3, unless Account Holder waived this requesting on the Direction of Investment form.
- 5) Initial Public Offering:** When this entity transitions from a private to public company, QTC must be notified, and the investment must be transferred to a new custodian. QTC will need the collaboration of your entity and elected transfer agent to facilitate the transfer. For a smooth transition, please reference and ensure compliance with section 1-3.
- 6) PRIVACY POLICY:** Because of federal privacy laws, QTC is not able to answer third-party inquiries about the account, unless the Account holder has filed an Interest Party Designation form, Limited Power of Attorney form, or other designation that QTC deems acceptable, giving the person making the inquiry authority to obtain information on the account. Please ask Account Holder to contact QTC for one of these forms if you need to access to account information.
- 7) FAIR MARKET VALUATION:** QTC is required to send the Account Holder a year-end account statement by January 31st of each year showing the value of the Account as of December 31st of the prior year. This valuation information is also reported to the IRS on Form 5498. In order to complete these reporting requirements, a fair market value of the investment must be provided to QTC. To comply with IRS requirements, QTC must be provided with a fair market value of the Account's ownership interest in the Entity as of the prior year-end by March 31st of each year, on a form acceptable to QTC. A Fair Market Value form will be sent each year for completion by a knowledgeable person. Failure to submit the required Fair Market Valuation may result in a distribution of the investment to the Account Holder.
- 8) INCOME PAYMENTS:** All payments, income, distributions or payoffs for this investment must be sent to QTC for the benefit of the Account. Under the Internal Revenue Code, it is never acceptable to send funds directly to the Account Holder (or the Account Holder's nominee or designee).
- 9) CHANGE OF ADDRESS:** As the Custodian of the investment on behalf of the Account, QTC must be notified promptly of any change in address, telephone number, or company status (e.g. bankruptcy filings, regulatory agency investigations or litigation).
- 10) REREGISTRATION:** If the Account Holder dies, requests a distribution of the asset, converts the IRA to a Roth IRA, obtains a divorce in which the Account is awarded to the Account Holder's former spouse, or changes the custodian of the Account, it may be necessary to change the ownership and address listed as the investor in the Entity. In any of these events, QTC, the Account Holder, or the successor to a deceased Account Holder in the case of death, will provide

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written notice of any such change. You will be required to change your records to reflect the new information at that time.

- 11) **PROHIBITED TRANSACTIONS:** In the event that future capital contributions to the Entity are required or desired (and provided the Account Holder determines that the capital call is not a prohibited transaction under Internal Revenue Code §4975 and there is sufficient Undirected Cash in the Account), all funds must come from the Account. The Account Holder may not advance funds on behalf of the Account.
- 12) **PERSONAL GUARANTEE:** The Account Holder may not personally guarantee on behalf of the Account any indebtedness of the Entity to a third party, nor may the Account Holder guarantee any indebtedness of the Account to the Entity.
- 13) **UNRELATED BUSINESS INCOME TAX:** If the Entity will operate a business or own debt financed property or will rent personal property and is a pass through entity for federal income tax purposes, the Account may owe Unrelated Business Income Tax (UBIT) on any profits from the investment in the Entity. QTC will not prepare IRS Form 990T or any similar state tax filing on behalf of the Account. The Account Holder is responsible for causing these forms to be prepared and sent to QTC for signature and filing prior to the due date of the return. Any taxes due must come from funds belonging to the Account and not from the Account Holder.
- 14) **SUITABILITY QUESTIONNAIRE:** If this investment is for accredited investors only, the Account Holder, in his or her capacity as the beneficiary of the Account, must sign any required accredited investor certifications.
- 15) **PLAN ASSET REGULATIONS:** If the Plan Asset Regulations apply to this investment, the Account will be deemed to own not only shares in the Entity itself but also a pro rata share of the underlying assets of the Entity for purposes of the prohibited transaction rules of Internal Revenue Code §4975. A review of the prohibited transaction rules, the Plan Asset Regulations (29 C.F.R. §2510.3-101) and Interpretive Bulletin 75-2 (29 C.F.R. §2509.75-2) is strongly encouraged so that you will know which assets need to be evaluated and how to conduct the evaluation, with respect to the existence or absence of a prohibited transaction. If a prohibited transaction occurs, the Account is treated as having been distributed to the Account Holder as of January 1 of the year in which the prohibited transaction occurs. Additional penalties may apply to other disqualified persons who participated in the prohibited transaction.
- 16) **ACCOUNT HOLDER'S DUE DILIGENCE:** QTC will not review or complete the subscription agreement, by-laws, operating agreement, partnership agreement, or trust agreement, as applicable, for any reason other than to verify pertinent information. The only information QTC will review includes that the Account's ownership interest in the Entity is vested correctly, that the mailing address and EIN are correct, and that the amount of the investment matches the Direction of Investment from the Account Holder. The Account Holder is responsible to make sure the Entity is not formed and will not operate in a way that violates the prohibited transaction rules of Internal Revenue Code §4975.
- If you have any questions regarding these instructions, feel free to contact QTC as indicated in paragraph 3. Please be aware that QTC is not able to provide tax, legal, structuring or investment advice on any issue, including the Account's investment in the Entity.

ACKNOWLEDGEMENTS

I acknowledge receipt of this Private Placement Instruction Letter, and I instruct the Entity to comply with the requirements contained herein. I certify that I have done my own due diligence on the Entity. I understand that the Custodian does not make any attempt to evaluate the Entity or the individuals involved with the Entity. I understand that I am solely responsible for evaluating the Entity, its operations and its investment potential. I agree to indemnify and hold harmless Quest Trust Company (QTC) and their respective officers, directors, shareholders and employees against any liability associated with investing in the Entity. I understand that QTC does not sell or endorse any investment products, and that they are not affiliated in any way with the Entity or any investment provider. I understand that the role of QTC is limited, and their responsibilities do not include investment selection for my Account.

Prepared By:

- ☐ **Account Holder**
- ☐ **Limited Power of Attorney**

Signature

Date