

# PRIVATE ENTITY PROCEDURES

The first step in funding this transaction is to make sure the vesting for the purchaser/subscriber name is as follows:

Quest Trust Company FBO [Account Holder's Name] [IRA/HSA/CESA] # [Account Number]

## QUEST TRUST INTERNAL DOCUMENTS:

☐

Direction of Investment for Private Entities

☐

Private Placement Instruction Letter

## SUPPORTING DOCUMENTATION TO BE COMPLETED AND SUBMITTED PRIOR TO FUNDING:

☐

Operating and Subscription Agreement | Limited Partnership Agreement | Stock Purchase Agreement | Joint Venture Agreement | Trust Agreement

☐

Private Placement Memorandum - Optional

☐

Wire Instructions - Optional

**Note:** Quest Trust Company is the legal entity in administration of the IRA and thus must sign on behalf of the IRA. We CANNOT sign any documents without the client's written approval. Client must sign **"Read & Approved"** on each page that requires a signature from Quest Trust Company. Once all the proper documents are signed, Quest Trust will process your private entity investment.

## READY TO SUBMIT AN INVESTMENT?

Use the QTC Investment Hub to easily submit and track new investments 100% online directly through your client portal. When you use the QTC Investment Hub, no Direction of Investment form is needed; simply fill in the step-by-step investment information and funding details, and your investment is ready to be reviewed for funding! Scan the QR to learn more.

You may also use the link below to access the secure upload. Submitting your documents electronically through the secured document upload requires our Direction of Investment form.

[UPLOAD.QUESTTRUSTCOMPANY.COM](https://upload.questtrustcompany.com)



# Direction of Investment Private Entities

Use this form to direct Quest Trust Company (QTC) to fund an investment for your account.

**Processing Instructions:** The official processing of investment documents begins on the first business day in which all investment forms and correctly vested agreements are properly endorsed and submitted to QTC. Once all forms and agreements have been correctly submitted, funding can be expected within 48 business hours of that time.

**Titling/Vesting:** All sole-ownership investment documents must be titled in the following format:  
**Quest Trust Company FBO [Account Holder's Name] [IRA or HSA or CESA] #[Account Number]**

If this is a split investment, please contact a Transaction Specialist at 855-386-4727 with any questions.

## A Account Holder Information

<b>First &amp; Last Name:</b>		<b>Account Number:</b>	<b>Account is an Inherited IRA:</b>	
			Yes	No
<b>Account Type:</b>				
Traditional IRA	Roth IRA	SEP IRA	Simple IRA	HSA
				ESA

## B How Would You Like to Pay Your Fees

Choose a Payment Method: Deduct from Account      Check Enclosed      Credit Card on File  
To add, change, or update a credit card, please contact our offices.

**QTC Fees:**

\$125 Asset Purchase Fee	\$0-\$35 Postage Fee
\$95 Non-Recourse Loan Fee (if applicable)	\$0-\$30 Funding Method (Wire, ACH, or Check)
\$350 Annual Administration Fee (if applicable)	

## C Investment Details

<b>Entity Type:</b>			
LLC	C Corporation	Trust	Limited Partnership
Capital Call	Other: _____		Joint Venture
<b>Name of Entity:</b>		<b>Will stock certificates be issued?</b> No    Yes	
		Type of stock certificate:    Physical    Book Shares    Digital Shares	
<b>Units/Shares being purchased:</b>	<b>Price per Unit/Share:</b>	<b>Dollar Amount to be Funded:</b>	

## D Annual Fair Market Valuations

Fair Market Valuations (FMVs) are an annual requirement set forth by the IRS to determine the value of the non-cash assets in your IRA. These are due at the conclusion of each calendar year, no later than January 15<sup>th</sup>. FMV submissions require supporting documentation to support the value. You may elect for QTC to conduct asset research for a \$75 fee.

To satisfy this requirement, I elect:

I will obtain an independent qualified valuation and provide it to QTC when requested.

I authorize QTC to complete the asset research (\$75). If QTC is unable to update the value, I will not be charged, but still be responsible for providing the current value.

## Direction of Investment Private Entities

Contact Name for Investment (Managing Member, Trustee or Operator)	Contact Role:
Mailing Address:	Phone Number:
Contact E-mail Address:	Date Entity Was Established (mm/dd/yyyy):

### E Prohibited Transactions & Disqualified People

A prohibited transaction under the Internal Revenue Code (IRC) is a transaction prohibited by law between a retirement account and the IRA owner, his or her beneficiary, or any disqualified person. IRC Section 4975 (c) and (e) lists the prohibited transactions and disqualified persons. Disqualified persons include the IRA owner's fiduciary and members of his or her family (spouse, ancestor, lineal descendant, and any spouse of a lineal descendant). If a prohibited transaction occurs, the effect is that the account is treated as distributed at its fair market values on the first day of the year.

1. Are any of the above-mentioned individuals an officer, director, or employee of the investment entity or any affiliate of the investment entity?      Yes      No
2. Do any of the above-mentioned individuals currently own any percentage of the investment entity or affiliate of the investment entity?      Yes      No
3. Will any of the above-mentioned individuals or entities under their control collectively own a majority or controlling interest of the investment entity?      Yes      No
4. Will any of the above-mentioned individuals or any other disqualified person receive a personal gain or benefit as a result of the purchase of this investment?      Yes      No

If yes to any of the questions above, please explain:

### F Unrelated Debt-Financed Income Tax Acknowledgement

I hereby acknowledge that I have been informed and understand that certain investments within an Individual Retirement Account (IRA) may be subject to Unrelated Business Income Tax (UBIT) or Unrelated Debt-Financed Income (UDFI) as per applicable tax regulations. In the event that such tax obligations are incurred, it is necessary for the IRA to obtain a unique Employer Identification Number (EIN) in order to file tax Form 990T.

I further acknowledge that it is my duty to comply with all tax laws and regulations applicable to my IRA investments, including the timely filing of tax Form 990T and any other necessary tax documentation related to UBIT or UDFI.

By initialing, I confirm that I have read, understood, and agree to the terms and conditions outlined above  
 \_\_\_\_\_ regarding the potential tax implications of certain investments within my IRA.

# Direction of Investment Private Entities

## G Funding Instructions

Your account must have a cash balance with funds available for immediate use. If you are expecting a transfer or deposit that is needed for funding, be aware that incoming checks have a 5-day hold, and incoming wires clear within 24 hours.

Process this investment via:      Wire (\$30)      ACH (Free)      Check (\$5)      Cashier's Check (\$10)

ACH/ Wire Instructions		Check Instructions
Name of Bank:	Account Name:	Make Check Payable To:
ABA/Routing Number:	Account Number:	Mail Check To:
For Further Credit To:		Send Check via:      Regular Mail (Free) USPS Trackable Mail (\$10) Overnight Mail (\$35 Fee) Hold for pickup:      Houston Office Austin Office Dallas Office

## H Authorization

I confirm that I am directing QTC, as Custodian of my account, to complete this transaction as specified above. I specifically authorize the Custodian to execute any and all documents necessary to complete this transaction. I understand that my account is self-directed, and I take complete responsibility for any investment I choose for my account, including the investment specified in this Direction of Investment. I understand that the Custodian does not sell or endorse any investment products, and that they are not affiliated in any way with any investment provider. I understand that the role of the Custodian is limited, and the Custodian's responsibilities do not include investment selection for my account. I acknowledge that the Custodian has not provided or assumed responsibility for any tax, legal, structuring or investment advice with respect to this investment, and I agree that the Custodian will not be liable for any loss that results from my decision to purchase this investment.

I understand that the Custodian has not reviewed nor will review the merits, legitimacy, appropriateness or suitability of this investment for my account, and I certify that I have done my own due diligence investigation prior to instructing the Custodian to make this investment for my account. I understand that the Custodian does not determine whether this investment is acceptable under the Employee Retirement Income Security Act (ERISA), the Internal Revenue Code (IRC), or any applicable federal, state, or local laws, including securities laws. I understand that it is my responsibility to review any investments to ensure compliance with these requirements.

I understand that in processing this transaction the Custodian is only acting as my agent, and nothing will be construed as conferring fiduciary status on the Custodian. I agree that the Custodian will not be liable for any investment losses sustained by me or my account as a result of this transaction. I agree to indemnify and hold harmless the Custodian from any and all claims, damages, liability, actions, costs, expenses (including reasonable attorneys' fees) and any loss to my account as a result of any action taken in connection with this investment transaction or as a result of serving as the Custodian for this investment, including, without limitation, claims, damages, liability, actions and losses asserted by me.

I understand that if this Direction of Investment and any accompanying documentation are insufficient, or if the Custodian deems it to be administratively infeasible to act as the Custodian for this investment, the Custodian may choose not to process this transaction. For instance, if the required information or documents are not received as required, or, if received,

are unclear in the opinion of the Custodian; or, if there is insufficient Undirected Cash in my account to fully comply with my instructions to purchase the investment and to pay all fees. Again, the Custodian reserves the right to not process this transaction until proper documentation and/or clarification is received, and the Custodian will have no liability for loss of income or appreciation. According to my Custodial Agreement, I understand that the Custodian, in lieu of the original records, may cause any, or all, of its records, and records at any time in its custody, to be photographed or otherwise reproduced to permanent form, and any such photograph or reproduction shall have the same force and effect as the original thereof and may be admitted in evidence equally with the original. I understand that my account is subject to the provisions of Internal Revenue Code (IRC) §4975, which defines certain prohibited transactions. I acknowledge that the custodian has not made nor will make any determination as to whether this investment is prohibited under §4975 or under any other federal, state, or local law. I certify that making this investment will not constitute a prohibited transaction and that it complies with all applicable federal, state, and local laws, regulations and requirements.

I understand that the Custodian is not required to complete, file, or advise on any forms or requirements per the Corporate Transparency Act. I understand that I am solely responsible for conducting my due diligence and evaluating the necessity for such reporting. I understand that the Custodian does not bear or assume any responsibility to notify me of filing requirements or deadlines. I understand that the Custodian is not responsible for the accuracy and completeness of the information I provide in the CTA forms.

I understand that my account is subject to the provisions of IRC §§511-514 relating to Unrelated Business Taxable Income (UBTI) of tax-exempt organizations. If this investment generates UBTI, I understand that I will be responsible for preparing or having prepared the required IRS Form 990-T tax return and any other documents that may be required. I understand that the Custodian does not make any determination of whether or not investments in my account generate UBTI. I understand that with some types of accounts there are rules for Required Minimum Distributions (RMDs) from the account. If my account is now subject to the RMD rules, or will become subject to those RMD rules during the term of this investment, I represent the following: I have verified that this investment will provide income or distributions sufficient to cover each RMD; or as an alternative, I affirm that there are other liquid assets in this account or in another account from which I will be able to withdraw my RMDs. I understand that failure to take RMDs may result in a tax penalty of 50% of the amount I should have withdrawn.

I understand that all communication regarding this transaction must be in writing and must be signed by me or by my authorized agent on my behalf, and that no oral modification of my instructions will be valid. I agree to indemnify and hold harmless the Custodian and its respective officers, directors, shareholders and employees against any liability associated with making this investment, including any liability that arises because the investment is or may be a prohibited transaction under IRC §4975. I understand that I am responsible for confirming that no "disqualified person" with respect to my account will benefit from this investment in any way which is prohibited by IRC §4975.

I represent that I have done my own due diligence on the investment. I understand that the Custodian does not make any attempt to evaluate the investment or the individuals involved with the investment. I understand that I am solely responsible for evaluating the investment and its potential for profitability. I understand that the Custodian does not bear or assume any responsibility to notify me or to secure or maintain any fire, casualty, liability, or other insurance coverage, including but not limited to title insurance coverage, on this investment or on any property which serves as collateral for this investment. I acknowledge and agree that it is my sole responsibility to decide what insurance is necessary or appropriate for investments in my account, and to direct the Custodian in writing (on a form prescribed by the Custodian) to pay the premiums for any such insurance.

I further understand and agree that the Custodian is not responsible for notification or payments of any real estate taxes, homeowner's association dues, utilities or other charges with respect to this investment unless I specifically direct the Custodian to pay these amounts in writing (on a form prescribed by the Custodian), and sufficient funds are available to pay these amounts from my account. I acknowledge that it is my responsibility to provide to the Custodian or to ensure that the Custodian has received any and all bills for insurance, taxes, homeowner's dues, utilities or other amounts due for this investment. Furthermore, I agree that it is my responsibility to determine that payments have been made by reviewing my account statements.

I understand that no person at the office of the Custodian has the authority to modify any of the foregoing provisions. I certify



## Direction of Investment Private Entities

**Quest Trust Company**  
17171 Park Row, Suite 100  
Houston, TX 77084  
P: 855.386.4727 | F: 281.646.9701  
Documents@QuestTrust.com

that I have examined this Direction of Investment and any accompanying documents or information, and to the best of my knowledge and belief, it is all true, correct and complete.

Prepared By:

Account Holder

Limited Power of Attorney

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**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

<b>First &amp; Last Name:</b>	<b>Account Number:</b>
-------------------------------	------------------------

<b>Name of Private Entity:</b>
--------------------------------

## 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

## INSTRUCTIONS

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