

## PE Terms

- **Administrative feasible** - it is within the administrative capability to process or hold the investment, and/or account.
- **Accredited Investor** – A natural person who has an individual net worth or joint net worth of over a million dollars, not counting home, or an individual whose income is \$200,000 or joint income is \$300,000 in the past 2 years and the year the investment was made
- **Beneficiary** – The beneficiary of a deed of trust is another name for the lender
- **Borrower** – An organization, entity, or person that receives a sum of money with the intent and guarantee of returning it
- **Capital Commitment** – the money in which an investor has agreed to contribute in an investment.
- **C-Corporation** - A legal structure that businesses can choose to organize themselves in other to limit their owners' legal and financial liabilities. These are legally considered separate entities from their owners. Income is taxed as the corporate level and is taxed again when it is distributed to owners.
- **Collateral** – Often also referred to as security, something pledged to be forfeited in the event of a default.
- **Conversion** - a change from one type of investment into a different investment
- **Joint Venture** – A commercial enterprise undertaken jointly by two or more parties that otherwise retain their distinct identities.
- **Limited Liability Company (LLC)** – A business structure that combines the pass-through taxation of a partnership or sole proprietorship with the limited liability of a corporation.
- **Limited Partnership** – Two or more partners united to conduct a business jointly, and in which one or more of the partners is liable only to the extent of the amount of money that the partner has invested. Limited Partners do not receive dividends but enjoy direct access to the flow of income and expenses.
- **Land Trust** – A legal agreement where a trustee is appointed to maintain ownership of a piece of real property for the benefit of another party; namely, the beneficiary of the trust.
- **Managing Member** – A managing member is an individual who holds an ownership interest in the company participates in its day-to-day management and has authority to contract on behalf of the company.
- **Mineral Rights** – property rights to exploit an area for the minerals it harbors. Mineral rights can be separate from property ownership.
- **Operating Agreement** – An Operating Agreement is an agreement among limited liability company members governing the LLC's business and member's financial and managerial rights and duties. It is similar in function to corporate by-laws.
- **Original Document** – Official document containing a pen-ink signature. It cannot be a copy or a digitally signed document
- **Personal Guaranty** – Document that contacts a personal promise/Guaranty that the agreed upon terms will occur; however, does not stand as a collateral
- **Principle Amount** – Total amount being loaned
- **Police/Policing** – enforcing or regulating a situation

- **Profit Sharing**- Profits from an investment are split according to the agreed upon terms and conditions.
- **Purchase/Sale Agreement**- A document received after mutual acceptance on an offer, which states the final sale price and all terms of the purchase
- **Read and Approved** – a signature from our Account Holder, or LPOA, for their acknowledgment of receipt, understanding, and permission for execution of the document at hand.
- **Regulation D** – Securities and Exchange Commission regulation governing Private Placement exceptions. Regulation D allows usually smaller companies to raise capital through the sale of equity of debt securities without having to register their securities with the SEC.
- **S-Corporation** – corporations that elect to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes. Shareholders of S corporations report the flow-through of income and losses on their personal tax returns and are assessed tax at their individual income tax rates. This allows S corporations to avoid double taxation on the corporate income. S corporations are responsible for tax on certain built-in gains and passive income at the entity level.
- **Security** – Something pledged to be forfeited in the event of a default, often also referred to as Collateral
- **Split Investment** – Investment involving more than one lender
- **Subscription Agreement** – This is a binding contract that exchanges a one-time trade of money for a specific number of shares or units in a company. The Subscription Agreement requires the applicant to disclose financial information relevant to his/hers suitability to join the partnership. This agreement also states the terms of the partnership, should the application be approved.
- **Trust** – A trust is a fiduciary arrangement that allows a third party, or trustee, to hold assets on behalf of a beneficiary or beneficiaries. Trusts can be arranged in many ways and can specify exactly how and when the assets pass to the beneficiaries.
- **Trustee** – An individual person given control or powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified.
- **UBIT** – Unrelated Business Income Tax, Otherwise known as UBIT, is the income from a trade or business regularly conducted by an exempt organization and not substantially related to the performance by the organization of its exempt purpose or function, except that the organization uses the profits derived from this activity.
- **Units/Shares** – One of the equal parts into which a company's capital is divided, entitling the holder to a proportion of the profits.
- **Vesting** – specific name in which all IRA investments need to be listed, and/or registered, as.
- **Wet ink signature** – a signature signed in pen ink on the original documentation