

- Traditional
- Roth
- SEP

Self Directed IRA New Account Kit



Self Directed IRA

S E R V I C E S I N C

A subsidiary of Horizon Bank

Self Directed IRA Account Opening Instructions and Forms

Traditional • Roth • SEP

How To Open A New Account

Step 1: Complete and sign the *IRA Custodial Account Application*.

Step 2: Determine how your IRA account will be funded.

- To initiate a direct transfer from an IRA with another custodian, complete the *IRA Transfer / Direct Rollover Request*.
- To rollover funds from an employer-sponsored plan such as a 401(k), you may use the *IRA Transfer / Direct Rollover Request*. However, it is best if you contact the plan administrator to obtain their plan distribution forms packet and complete the necessary forms. Provide a copy to SDIRA Services.
- If completing a rollover from another IRA or from an employer retirement plan, you must also complete our *Deposit Coupon* to certify the IRA rollover. This form is available in the Forms section on our website.

Step 3: If you do not have a valid state-issued driver's license, include a copy of your valid government-issued photo ID.



Your new account cannot be opened without your driver's license information in Section 1 OR a copy of a valid, government-issued photo ID such as a passport, military, veteran or similar ID.

Step 4: Include payment for your First Year IRA and any other fees. See the *IRA Fee Schedule*.



If payment is not included, applicable fees will be deducted from initial funds received in the account.

Step 5: Read and keep the following forms for your files.



- IRA Custodial Account Agreement and Disclosure Statement
- Financial Disclosure
- IRA Fee Schedule
- Privacy Notice

Step 6: Provide your investment direction (if ready).



- To invest in an alternative investment, you will need the appropriate *Investment Checklist* for the type of investment in which you wish to invest. The Investment Checklists are available in the Forms section of our website at www.SDIRAServices.com for:
 - Real Estate
 - Private Equity (LLC, LP or closely-held stock)
 - Private Debt (promissory note, trust deed/mortgage or corporate debt)
 - Structured Settlement
- To invest in a public investment, use our *Public Investment Checklist* and complete the *Public Investment Direction* form. Public investments include:
 - Precious Metals
 - Brokerage Account (for all publicly traded stocks, bonds, mutual funds and other securities)
 - Public LP, LLC, REIT or similar offerings which have an investment prospectus

Step 7: Submit your forms to us.



Self Directed IRA Services, Inc.
P.O. Box 685133
Austin, TX 78768

Physical Delivery



Self Directed IRA Services, Inc.
600 Congress Avenue, Suite 400
Austin, TX 78701



Fax to **512.495.9554**

Important: Transfer Requests and investment applications require original signatures for processing by other firms. Please mail or deliver any originals of these forms to our office.

Included In This Kit



The following forms and documents are included in this IRA Kit:

	Page(s)
<ul style="list-style-type: none">● Individual Retirement Custodial Account Application Complete this form to open a Traditional, Roth or SEP IRA.	4-10
<ul style="list-style-type: none">● Traditional IRA Custodial Account Agreement and Disclosure Statement Read and keep if opening a Traditional or SEP IRA. Read and keep if opening an <i>Inherited</i> Traditional IRA.	11-17 18-22
<ul style="list-style-type: none">● Roth IRA Custodial Account Agreement and Disclosure Statement Read and keep if opening a Roth IRA. Read and keep if opening an <i>Inherited</i> Roth IRA.	23-29 30-34
<ul style="list-style-type: none">● IRA Financial Disclosure Read and keep for your records.	35-36
<ul style="list-style-type: none">● IRA Fee Schedule Read and keep for your records.	37
<ul style="list-style-type: none">● Privacy Notice Read and keep for your records.	38-39
<ul style="list-style-type: none">● IRA Transfer / Direct Rollover Request Complete if you wish to initiate a direct transfer from another IRA custodian or a direct rollover from an employer-sponsored retirement plan.	40-41
<ul style="list-style-type: none">● Form 5305-SEP Complete Form 5305-SEP if you are establishing a SEP.	42-46
<ul style="list-style-type: none">● Deposit Coupon Complete if you wish to make a contribution, rollover or deposit of other permissible funds to your IRA.	47-48

If you wish to request a Roth conversion or recharacterization, please visit our website to obtain the necessary forms:
<http://www.sdiraservices.com/forms/>.

Get Help

Phone

866.928.9394
512.637.5739

Email

info@SDIRAServices.com

Website

www.SDIRAServices.com

Account Funding Information

Wiring Information

Horizon Bank
600 Congress Avenue
Austin, TX 78701
ABA: 111907940
Account Name: SDIRA Services Custodial Account
Account #: 4515532
For Further Credit To: (Accountholder Name) IRA # _____

Check Payee Information

All checks should be made payable to:

Self Directed IRA Services, Inc. Custodian
FBO (Accountholder Name) IRA # _____

U.S. Mail Address:
P.O. Box 685133
Austin, TX 78768

Overnight Delivery Address:
600 Congress Ave, Ste 400
Austin, TX 78701

USA PATRIOT Act Notice

In order to comply with the USA PATRIOT Act, we must be able to identify our customer. All new accounts must provide us with either the driver's license information or a photocopy of an unexpired, photo-bearing, government-issued identification, such as a passport, military, veteran or similar ID.



For regular mail:
P.O. Box 685133
Austin, TX 78768

For overnight delivery:
600 Congress Avenue, Suite 400
Austin, TX 78701

Phone:
866.928.9394
512.637.5739

Fax:
512.495.9554

Website:
www.SDIRAServices.com

1 Tell us who you are.

Mr. Mrs. Ms. **Full Name**
First Middle Last

Street Address (Required)

City **State** **Zip**

Mailing Address (If different from Street Address)

City **State** **Zip**

Social Security Number **Date of Birth** / /

Home Phone **Work Phone**

Email Address

Driver's License # **State Issued** **Expiration Date** / /



If you do not have a valid state-issued driver's license, you must provide a legible photocopy of a valid government-issued photo ID.

Please let us know how you heard about us.

- Internet Search Friend or Financial Professional _____ Conference/Trade Show _____
 News Article or Press Release Advertisement in _____ Other _____

2 Choose the right IRA, funding and account options for you.

Type of IRA: (Must select one) Traditional Roth SEP _____ Check if account is an Inherited IRA and complete section below.

Deceased Owner's Name <input type="text"/>	Deceased Owner's Date of Birth <input type="text"/>	<input type="text"/>	<input type="text"/>
Deceased Owner's Social Security Number <input type="text"/>	Deceased Owner's Date of Death <input type="text"/>	<input type="text"/>	<input type="text"/>

Funding of this IRA will come from a: (Must select one)

- Transfer from an existing IRA → Complete the **IRA Transfer Request** form and attach copy of recent statement.
 Rollover from another IRA: ___ Traditional ___ Roth ___ SEP ___ SIMPLE → Complete the **Rollover Certification** form.
 Rollover from a previous employer's qualified retirement plan → Complete the **Rollover Certification** form. Then contact the plan administrator to obtain the forms it requires for rollover.
 Recharacterization → Complete the **Recharacterization Request** form.
 Annual Contribution of \$ _____ → Specify type: ___ Regular IRA for: ___ Current tax year ___ Prior tax year*
 * If made between January 1 and the April tax filing deadline.
 ___ SEP

► **Online Access and Statement Option:** Check if you wish to have online access to your account and online quarterly statements.

I want Online Access and Online Statements.

► **Paper Statement Option:** I want Paper Statements Mailed Quarterly (A \$5 fee per statement will apply for paper statements.)

► **Fee Schedule Options:** Select one. Refer to the **IRA Fee Schedule** to select the fee schedule based on the type of investment(s) you wish to purchase, transfer or rollover. If no selection is made, the Flex IRA fee schedule will be the default.

Precious Metals IRA Basic IRA Flex IRA

► **IRA Fee Options:** Select one. If no selection is made, IRA fees will be deducted from initial funding prior to the processing of any transaction.

First Year IRA Fee: Check enclosed Deduct from initial Funds indicated above
Annual IRA Fee: Invoice me annually Deduct from my account annually

3 Designate your IRA beneficiaries.

The following individual(s) or entity(ies) shall be my primary and or contingent beneficiary(ies). If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary. If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the IRA. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally.

If any primary or contingent beneficiary dies before I do, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my IRA.

Beneficiary Type, Name and Address	Date of Birth (mm/dd/yyyy)	Social Security Number	Relationship	Share % Must total 100%
1. <input type="checkbox"/> Primary <input type="checkbox"/> Contingent Name _____ Address _____ City _____ State _____ Zip _____ Country: ___ USA ___ Other _____ <input type="checkbox"/> Check if address same as Accountholder				%
2. <input type="checkbox"/> Primary <input type="checkbox"/> Contingent Name _____ Address _____ City _____ State _____ Zip _____ Country: ___ USA ___ Other _____ <input type="checkbox"/> Check if address same as Accountholder				%
3. <input type="checkbox"/> Primary <input type="checkbox"/> Contingent Name _____ Address _____ City _____ State _____ Zip _____ Country: ___ USA ___ Other _____ <input type="checkbox"/> Check if address same as Accountholder				%
4. <input type="checkbox"/> Primary <input type="checkbox"/> Contingent Name _____ Address _____ City _____ State _____ Zip _____ Country: ___ USA ___ Other _____ <input type="checkbox"/> Check if address same as Accountholder				%

Spousal Consent:

This section should be reviewed if either the trust or the residence of the IRA Accountholder is located in a community or marital property state and the IRA Accountholder is married. Due to the important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent tax or legal advisor.

CURRENT MARITAL STATUS

- I am not married.** I understand that if I become married in the future, I must complete a new Designation Of Beneficiary form.
- I am married.** I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign the following consent.

I am the spouse of the above-named IRA Accountholder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional. I hereby give the IRA Accountholder any interest I have in the funds or property deposited in this IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by Self Directed IRA Services, Inc.

Signature of Spouse

Date

Signature of Witness

Date

4 Designate a Representative or name an Interested Party if you want.

You may choose to designate a Representative and/or name an Interested Party on your Account by completing this section. By designating a Representative ("Representative" or "Rep"), you are appointing the Representative to act as your agent with regard to directives of your Account. Your Representative is not in any way an agent, employee or representative of SDIRA Services.

- I do not wish to designate a Representative at this time.
- I wish to designate the Representative shown below.

- I do not wish to name an Interested Party at this time.
- I wish to name the Interested Party shown below.

Designate a Representative:

I wish to designate the following person or firm as my Representative (or "Rep") on my Account according to the "Terms and Conditions of Designating a Representative" shown in section 5 of this Agreement.

Your Representative may be your financial professional, broker, or other person or firm you choose. However, it may not be: (1) Self Directed IRA Services, Inc. or (2) the sponsor of or otherwise affiliated with an investment in your Account.

By designating a Representative on your Account, you give the Representative the power to:

- Authorize instructions and investment directions on your behalf to SDIRA Services.
- Receive copies of any and all correspondence related to your SDIRA Services account, including but not limited to, your account statements.
- Have unlimited access to information regarding your SDIRA Services account.

I understand I may change or remove my Representative designation at any time by completing SDIRA Services *Account Representative Designation* form.

Name an Interested Party:

I wish to name the following person or firm as an Interested Party (or "IP") on my Account according to the following terms.

Your Interested Party may be any individual or firm that you choose. However, it may not be Self Directed IRA Services, Inc.

By naming an Interested Party on your Account, you give the Interested Party authorization to:

- Receive any information on your Account, and
- Receive periodic statements of your Account.

I understand I may change or remove my Interested Party designation at any time by completing SDIRA Services *Interested Party Designation* form.

Rep Name		Rep # (if applicable)	
Firm Name			
Rep Address			
Rep City	State	Zip	
Rep Phone	Rep Fax		
Rep Email			

IP Name		
Firm Name		
IP Address		
IP City	State	Zip
IP Phone	IP Fax	
IP Email		

5 Read this IRA Accountholder Agreement and sign at the end of this section.

Important: Please read this entire section carefully before signing. We must have a signature to open the account. This Agreement contains important disclosures about your duties and responsibilities with regard to opening a Self Directed Individual Retirement Account ("Account") with Self Directed IRA Services, Inc. ("SDIRA Services") as your custodian. By signing below, you certify that you understand and agree to all terms and provisions shown in the Agreement below, including the terms of the attached IRA Custodial Account Agreement (the "Custodial Account Agreement"). In directing this action, you make the following representations, certifications and agreements:

1. **Appointment of Custodian, Receipt of Custodial Account Agreement and Right to Revoke:** I appoint SDIRA Services as custodian of my Account. I acknowledge that I have received and read the Custodial Account Agreement and related disclosures on the date shown below, and I agree to be bound by the terms and conditions contained in these documents. I understand that within seven (7) days from the date that I open my Account, I may revoke this application and close my Account without a penalty by mailing or delivering a written notice to SDIRA Services.

2. **Eligibility to Establish IRA:** I represent and certify that I meet the requirements set forth in Section 408 of the Internal Revenue Code (“the Code”) and by the Internal Revenue Service and/or Department of Treasury to establish an individual retirement account (“IRA”) and represent and certify that I am eligible to establish an IRA. Furthermore, I agree that it is not the responsibility of *SDIRA Services* to advise me as to the legality, validity or the tax implications of any contribution or transaction in my account.
3. **Sole Responsibility for Investment Selection, Management and Retention:** I understand that my Account is self directed and that I am solely responsible for the selection, management and retention of all investments held within my Account. These investments may involve a high degree of risk, and *SDIRA Services* will provide no investment advice nor make any investigation or determination as to the prudence, viability, suitability, legality or safety of the investments that I select. In addition, certain investments may constitute “prohibited transactions” under Section 4975 of the Code and subject me to significant excise taxes. *SDIRA Services* is not responsible for and will make no determination as to whether a specific transaction is prohibited under Code section 4975. I am solely responsible for this determination and understand that I should have all investments reviewed by a competent legal, tax and/or financial advisor. I understand that *SDIRA Services* recommends that I seek such professional advice.
4. **No Investment Advice Provided or Investment Suitability Determined by Custodian:** I understand and agree that my Account is self directed, which means that I am solely responsible for the management of the assets placed within my Account, including the selection, monitoring, and retention of all investments held within my Account. I understand and agree that *SDIRA Services* (i) is in no way responsible for providing investment advice or recommendations, as to my Account, (ii) is not a “fiduciary” for my Account as such term is defined in the Code, the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), by the Texas Department of Savings and Mortgage Lending or under any other applicable federal, state or local laws. Furthermore, *SDIRA Services* has no responsibility to question any investment direction given by me or my Designated Representative, if I have appointed one, regardless of the nature of the investment. I understand that *SDIRA Services* is in no way responsible for the performance of any investment(s) held within my Account.
5. **No Due Diligence Review Conducted by Custodian:** I understand and agree that that *SDIRA Services* does not conduct any due diligence review of any investment, nor will *SDIRA Services* make any investigation with regards to any investment, any issuer or sponsor of any investment, or any officer, director, or other person or entity involved or affiliated with any investment. I understand and agree that *SDIRA Services* will not review or evaluate the prudence, viability, suitability, legality, or merits of any investment held in my Account. I understand that *SDIRA Services* permits my Account to invest in a wide variety of investments based on administrative factors only. I acknowledge that *SDIRA Services* does not sponsor or endorse any investment product other than the FDIC-insured NOW account where any uninvested funds are held.
6. **Custodian Does Not Determine Investment Compliance With Federal, State or Local Laws:** I understand and agree that *SDIRA Services* will not make any determination as to whether an investment does not violate any requirements, give rise to any excise taxes or penalties, and is otherwise is acceptable under ERISA, the Code, or any other applicable federal, state or local laws, including securities laws. I agree that it is my sole responsibility to review any investments to ensure compliance with the above requirements and to avoid the occurrence of any “prohibited transactions” under the Code arising out of my investments in my Account. I understand that I should have all investments reviewed by my attorney and/or tax advisor prior to directing *SDIRA Services* to process any transaction on behalf of my Account. I agree that *SDIRA Services* may refuse to process any transaction that or otherwise condition the processing any transaction on receiving an opinion from your legal counsel on the legality of a given transaction. I also understand and agree that the decision of *SDIRA Services* as to whether or not to condition the processing of a proposed transaction on the receipt of a legal opinion is solely within its discretion and is no indication as to whether *SDIRA Services* has investigated the facts and circumstances surrounding a proposed transaction or made any determination as to whether a proposed transaction is permitted under applicable legal requirements.
7. **Administrative Feasibility of Investments:** I understand and agree that *SDIRA Services* may perform an administrative review of any investment to determine if the investment is administratively feasible for *SDIRA Services* to hold, and *SDIRA Services* may decline to process any proposed transaction based on such review or require that I obtain a suitable agent or counsel to perform administration of such investment. I acknowledge and agree, however, that any such review is only as to the feasibility of administering the investment and that *SDIRA Services* will not perform a due diligence review or undertake any other investigation as to the prudence, viability, legality, merits, or suitability of any investment in my Account. I understand that if the investment contains any administrative requirements or duties beyond the capabilities or expertise of what *SDIRA Services* can provide, I agree, if permitted by *SDIRA Services* in its sole discretion, to seek out suitable agents or counsel necessary to perform such duties and deliver written service agreements acceptable to *SDIRA Services* in its sole discretion for execution on behalf of my account.
8. **Terms and Conditions of Designating a Representative:** I understand that I have the option to designate a representative (“Representative”) on this Custodial Account Agreement or by completing *SDIRA Services* Representative Designation form. I understand that if I appoint a Representative, such Representative cannot be an individual or firm in which my Account has invested. I understand that it is my responsibility to ensure that the Representative is independent of and in no way connected with the investments held in my Account. *SDIRA Services* is in no way responsible for determining this relationship. It is my responsibility to communicate all trade and/or investment instructions to my Representative and all instructions received by my Representative (including Representative’s agents, employees or broker dealer) shall be assumed by *SDIRA Services* to have been authorized by me. I understand that I may change or remove my Representative at any time, by communicating in writing my desire to do so to *SDIRA Services*. I understand that all instructions received from my Representative prior to such removal will be executed by *SDIRA Services*. *SDIRA Services* has made no investigation or recommendation with respect to my Representative and will not compensate my Representative, except for the payments I personally instruct. I understand and agree that such Representative is not in any way an agent, employee, representative, or affiliate of *SDIRA Services*. I acknowledge and agree that *SDIRA Services* is not responsible for and is not bound by any representations, warranties, statements or agreements made by my Representative beyond the terms and provisions contained in this Agreement. I further understand that *SDIRA Services* has not made and will not make any recommendation or investigation with respect to my Representative or any other financial representative, broker, advisor or issuer that might have suggested that I retain *SDIRA Services* as custodian for an investment(s) made within my Account. Furthermore, *SDIRA Services* does not compensate my Designated Representative, or any other financial representative, broker, advisor or issuer in any manner. I agree to indemnify and hold harmless, *SDIRA Services* for any loss which may result from any action or inaction it takes in accordance with any written instructions received from my Representative on behalf of my Account.
9. **Custodian Not Affiliated With Any Representative, Investment Issuer or Other Parties:** I represent and warrant that if I have designated a representative (“Representative”) on this Custodial Account Agreement or by completing *SDIRA Services* Representative Designation form, such Representative is not in any way an agent, employee, representative, or affiliate of *SDIRA Services*. Likewise, if another financial representative, broker, advisor, investment issuer or other party suggested I retain *SDIRA Services* as custodian for an investment(s) made within my Account, such individual or party is in no way an agent, employee, representative, or affiliate of *SDIRA Services*. I acknowledge and agree that *SDIRA Services* is not responsible for and is not bound by any representations, warranties, statements or agreements made by my Representative beyond the terms and provisions contained in this agreement or on *SDIRA Services* forms and/or documents. I further understand that *SDIRA Services* has not made and will not make any recommendation or investigation with respect to my Representative or any other financial representative, broker, advisor or issuer that might have suggested that I retain *SDIRA Services* as custodian for an investment(s) made within my Account. Furthermore, *SDIRA Services* does not compensate my Representative, or any other financial representative, broker, advisor or issuer in any manner.

10. **Monitoring Investments and Actions of Others:** I understand and agree that it is my sole responsibility to monitor the investments in my Account and that *SDIRA Services* has no duty or responsibility to monitor the performance of the investments in my Account or actions of the sponsor, nor to monitor the sufficiency or adequacy of my actions or duties or those of my heirs, successors, agents or assigns. I further understand and agree that *SDIRA Services* will not be required to monitor the acts of any paid consultant to whom *SDIRA Services* may have contractually delegated any duties or responsibilities pursuant to my directions or the directions of my Designated Representative.
11. **Prohibited Transactions:** I understand that certain transactions are prohibited for tax exempt retirement arrangements under Code Section 4975 (a "prohibited transaction"), including transactions with a "disqualified person" or a "party in interest" (as defined in the Code), and that such transactions will trigger excise taxes and may result in a deemed distribution from your IRA. I further understand that the determination of whether a transaction directed by me within my Account is a prohibited transaction depends on the facts and circumstances that surround each transaction, and I understand and agree that *SDIRA Services* has no responsibility to make a determination as to whether any transaction directed by me is a prohibited transaction. I understand and agree that it is solely my responsibility to consult with advisors as I deem necessary and appropriate, and that I will warrant to *SDIRA Services* that any investment directed by me is not a prohibited transaction. I agree that *SDIRA Services* may condition the processing of any transaction and require that I obtain an opinion from my legal counsel that the proposed transaction is not a prohibited transaction and refuse to process such transaction without such opinion. I also understand and agree that the decision of *SDIRA Services* as to whether or not to condition the processing on the receipt of a legal opinion is solely within its discretion and is no indication as to whether *SDIRA Services* has investigated the facts and circumstances surrounding a proposed transaction or made any determination as to whether a proposed transaction is a prohibited transaction.
12. **Investment Funding Requirements:** I understand and agree that I cannot make investments without having available liquid funds in my Account. In addition, if any investment contains provisions for future contractual payments or assessments, including margin calls, I acknowledge and agree that such payments or assessments shall be borne solely by my Account to the extent such payment is authorized by me or my Designated Representative, and may reduce or exhaust the value of my Account. I further agree to indemnify *SDIRA Services* for any and all payments or assessments which may be imposed as a result from holding the investment within my Account, and I agree that *SDIRA Services* shall be under no obligation whatsoever to extend credit to my Account or otherwise disburse payment beyond the cash balance of my Account for any payment or assessment related to the investment.
13. **Terms for Unrelated Business Taxable Income:** I understand that certain investments, such as limited partnerships, limited liability companies, and debt-financed real estate may generate Unrelated Business Taxable Income, or "UBTI". I further understand that, if the UBTI attributable to my Account exceeds \$1,000 for any taxable year, an IRS Form 990-T must be filed and the appropriate amount of tax is to be paid from my Account. I understand and agree that *SDIRA Services* will not monitor the amount of UBTI in my Account and does not prepare Form 990-T. If the filing of Form 990-T is applicable, I agree that it is my sole responsibility to prepare or have the proper Form 990-T prepared, and forward it to *SDIRA Services*, along with my authorization to pay the tax from my Account. If I am required to file Form 990-T with regard to any UBTI, I understand that I must obtain and utilize an Employer Identification Number ("EIN"). I agree that I will not use the EIN of *SDIRA Services* or my own social security number. I understand and agree that I must apply for my own EIN prior to or in conjunction with requesting *SDIRA Services* to pay any tax owed with regard to any UBTI that might be incurred on an investment held within my Account.
14. **Payment Instructions:** I agree to furnish payment instructions to *SDIRA Services* regarding any invoice, assessment, fee or any other disbursement notification received by *SDIRA Services* on behalf of my investments, and I understand that *SDIRA Services* has no duty or responsibility to disburse any payment until such instructions are received from me or my Designated Representative.
15. **Withholding:** I understand that distributions I receive from my Account will be subject to applicable federal and state income tax withholding requirements unless I elect to not have withholding apply. By signing and dating below, I understand and agree that I have elected not to have withholding apply to "in-kind" distributions from my Account, subject to my right to revoke this election at a later date. If I should revoke this election and have withholding apply to "in-kind" distributions, I agree and understand that it will be my responsibility to ensure that this Account maintains a sufficient amount of cash to satisfy my withholding election. I understand and agree that I am solely responsible for paying federal and state income tax on the taxable portion of my distribution(s) and that I may be subject to tax penalties if my payments of estimated tax and withholding, if applicable, are not adequate.
16. **Investments Not Guaranteed or Insured and May Lose Value:** I understand and agree that investments held within my Account are not guaranteed by *SDIRA Services* and that my investments are subject to investment risk, including the possible loss of the principal invested, and that my investments may lose value. I understand and agree that, except to the extent of the cash which is invested in the *SDIRA Services* Custodial Account (which is held at Horizon Bank and is FDIC insured), or directed into other FDIC insured bank products, the investments within my Account are not FDIC-insured, nor are any investments guaranteed by *SDIRA Services* or Horizon Bank, and that such investments may lose value.
17. **Notices, Proxies and Assessments:** I understand and agree that *SDIRA Services* has no responsibility or duty to notify me or to forward to me any notices, proxies, assessments or other documents received by *SDIRA Services* on behalf of my investments, unless I, or my Designated Representative request each such document in writing.
18. **Valuation of Investments Held:** I understand that *SDIRA Services* must receive an annual fair market value or good faith estimate for investments held in my Account and, for public and certain private investments, *SDIRA Services* will make every effort to obtain such valuation from the investment issuer. However, I agree that it is ultimately my sole responsibility to obtain and provide such market value or good faith estimate from the investment issuer/sponsor or through an independent appraisal, whichever is deemed appropriate by *SDIRA Services*. I further understand and agree that if *SDIRA Services* has not been provided with an annual fair market value or good faith estimate for any investment held within my Account, *SDIRA Services* may distribute that investment to me in-kind based upon the original acquisition cost or last known value, and that such distribution would be a taxable event. I understand and agree to these terms and to the Valuation Policy shown in the Financial Disclosure included with this IRA Application, IRA Custodial Agreement and Disclosure Statement.
19. **Collection and Legal Action:** I agree to be responsible for any and all collection actions, including contracting with a collection agency or instituting legal action, and bringing any other suits or actions which may become necessary to protect the rights of my Account as a result of the operation or administration of investments of my Account. I understand and agree that any legal filings made on behalf of my investments are to be made in the name of "Self Directed IRA Services, Inc. FBO (my Name) IRA." I agree that I shall not institute legal action on behalf of my investments without the written consent of *SDIRA Services* to litigate and that I shall be solely responsible for prosecuting any legal action. I agree that any such legal action will be carried out in a manner that does not cause *SDIRA Services* to incur any costs or legal fees.

20. **IRA Fees and Payment Policy:** I acknowledge that I have received and reviewed the IRA Fee Schedule included with this IRA Application and I agree and consent to timely pay all fees provided therein within 30 days of receiving notice of such fee. I agree that, if any fees remain unpaid after 30 days of receiving notice of such fee, SDIRA Services may deduct amounts directly from the assets in my Account, or may sell or otherwise dispose of assets in my Account in order to satisfy such unpaid fees. In the event assets are liquidated in order to collect fees, the selection of those assets will occur systematically in the following order: 1) liquid assets, including NOW account holdings and mutual funds, followed by 2) any other asset type.
- I understand that IRA fees are due on my Account at the time my Account is opened and that IRA fees will be charged each year thereafter. SDIRA Services will invoice my IRA fees on the anniversary date. I understand that if not paid within 30 days of invoice, all account fees will be deducted from any available uninvested cash. If there is insufficient liquid funds in the account to deduct the fees due, my account will be charged a \$15 late fee, and SDIRA Services may liquidate other assets in the account in a sufficient amount to satisfy the amount owed.
- If my Account is unfunded with zero value, I understand my Account will continue to incur IRA fees each year and in certain situations may require written notice in a form acceptable to SDIRA Services, to close the account. SDIRA Services does not prorate its IRA fees, and the full amount will be due and payable for any year during which the account is open, even if the account is terminated at any point during the year. SDIRA Services reserves the right to assess an additional fee for extraordinary services. Any fees charged by a third-party will be passed on to the accountholder. SDIRA Services reserves the right to change its Fee Schedule at any time with 30-day notice to any affected accountholders.
21. **Terms for Uninvested Cash:** The Custodian will automatically deposit all deposits, transfers, earnings, and other cash received into a Negotiable Order Withdrawal (NOW) account, as defined in 12 U.S.C.A section 1832, held by SDIRA Services, as Custodian, pending further investment instruction. The Custodial account is a FDIC-insured bank account, which pays a rate of interest that is reviewed and adjusted periodically in accordance with market conditions. Interest Rates are determined at the sole discretion of SDIRA Services. Interest on your deposit will be calculated on the Daily Balance Method, which applies a periodic rate to the principal in the account each day. Interest begins to accrue no later than the business day the Custodian receives credit for the deposits. SDIRA Services Custodial NOW account is FDIC-insured up to \$250,000 per depositor. SDIRA Services will maintain the Custodial NOW account with its affiliate, Horizon Bank, SSB. SDIRA Services is a wholly-owned subsidiary of Horizon Bank, SSB, which is headquartered in Austin, Texas. We reserve the right to require you give us written notice of an intended withdrawal not less than seven days before the withdrawal of the deposits (plus any interest) is made.
22. **Availability of Funds After Deposit:** Any funds received into an SDIRA Services account which are made by check may be subject to an eleven business day (11) clearing period before funds are available to invest. Due to the right of revocation, a new account is subject to a seven (7) calendar day waiting period before any funds can be invested.
23. **Indemnification and Hold Harmless:** I agree to indemnify SDIRA Services and their respective principals, officers, directors, shareholders, partners, members, employees, consultants, affiliates and agents, including any legal representatives or controlling persons of any such person (each, an "Indemnified Party"), and to hold each harmless from and against any losses, claims, settlement costs, injury, breach of laws, damages, liabilities, charges, taxes, penalties, or other expenses due to or arising out of (i) a breach of any representation, warranty, acknowledgement, certification or agreement contained in this Agreement or in any other document in connection with my establishment and management of my Account, (ii) the execution by SDIRA Services of any direction provided by me with respect to my Account, (iii) any action or inaction by an Indemnified Party with respect to my Account that, although not pursuant to my specific direction, is otherwise contemplated under the terms of this Agreement or the Custodial Account Agreement (iv) any investment whatsoever made with respect to my Account, and (v) any tax consequences relating to my Account, including, without limitation, the tax and withholding requirements on any distributions from my Account.
24. **Entire Agreement:** I agree that this Agreement, together with the Custodial Account Agreement, is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superseding any prior agreements and communications (both written and oral) regarding such subject matter. We have the right to amend this Agreement and the Custodial Account Agreement at any time. Any amendment we make to comply with the Internal Revenue Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.
25. **Assignment:** I understand that this Agreement is not assignable without the express prior written consent of SDIRA Services.
26. **Severability:** If any provision of this Agreement or the application thereof to any person or circumstances shall be determined to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
27. **Governing Law:** I agree that this Agreement and the Custodial Account Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and the federal laws of the United States of America, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.
28. **Dispute Resolution:** I agree to meet and confer in good faith with SDIRA Services to resolve any problems or disputes that may arise under this Agreement, the Custodial Account Agreement, or any other dispute related to my Account with SDIRA Services.
29. **Jurisdiction and Venue:** With respect to any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, I agree (i) that such suit, action or proceeding shall be held in state district court in Austin, Texas, (ii) that exclusive jurisdiction shall lie in the state district court in Austin, Texas and (iii) to irrevocably and unconditionally submit myself and my property, to the exclusive jurisdiction of the state district courts sitting in Austin, Texas, any and any appellate court to which any appeal may properly be taken there from and (iv) that all claims in respect of any such suit, action or proceeding may be heard and determined in any such court, (v) that process in any such suit, action or proceeding may be served on any party anywhere in the world, and (vi) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. I irrevocably and unconditionally waive, to the fullest extent permitted by law, (i) any objection that I may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in the state district court sitting in Austin, Texas, and (ii) the defense of an inconvenient forum to the maintenance of any such suit, action or proceeding in any such court. If I initiate suit under this Agreement and do not prevail, I agree that SDIRA Services shall be entitled to all costs, including attorneys' fees. Notwithstanding the above, I further agree that SDIRA Services may request that any suit initiated under this Agreement or the transaction proposed herein be initiated in or removed to U.S. federal court in Austin, Texas if and as appropriate.
30. **WAIVER OF JURY TRIAL:** The parties expressly waive any right to a trial by jury in any action or proceeding to enforce or defend any right, power, or remedy under or in connection with this agreement or under or in connection with any amendment, instrument, document, or agreement delivered or which may in the future be delivered in connection herewith or arising from any relationship existing in connection with this agreement, and agree that any such action shall be tried before a court and not before a jury. The terms and provisions of this section constitute a material inducement for the parties entering into this agreement.

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-A under Section 408(a) of the Internal Revenue Code

FORM (REV. MARCH 2002)

The Depositor named on the Application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

The Depositor's interest in the balance in the custodial account is nonforfeitable.

ARTICLE III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE IV

1. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.
3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
 - (a) If the Depositor dies on or after the required beginning date and:
 - (i) the designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
 - (ii) the designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
 - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.
 - (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:

- (i) the remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

- (ii) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.

4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
 - (a) the required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
 - (b) the required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
 - (c) the required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the Regulations under section 408(a)(6).

ARTICLE V

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with section 408(a) and the related Regulations will be invalid.

ARTICLE VII

This Agreement will be amended as necessary to comply with the provisions of the Code and the related Regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

ARTICLE VIII

- 8.01 *Definitions:* In this part of this Agreement (Article VIII), the words "you" and "your" mean the Depositor, the words "we," "us" and "our" mean the Custodian, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.

8.02 *Notices and Change of Address:* Any required notice regarding this IRA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

8.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

8.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover or termination fee) for maintaining your IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your IRA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this IRA.

Any brokerage commissions attributable to the assets in your IRA will be charged to your IRA. You cannot reimburse your IRA for those commissions.

8.05 *Investment of Amounts in the IRA:* You have exclusive responsibility for and control over the investment of the assets of your IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your beneficiary(ies) shall have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 8.03 of this article). We shall have no discretion to direct any investment in your IRA. We assume no responsibility for rendering investment advice with respect to your IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

8.06 *Beneficiary(ies):* If you die before you receive all of the amounts in your IRA, payments from your IRA will be made to your beneficiary(ies).

You may designate one or more persons or entities as beneficiary of your IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your IRA. If you do not designate a beneficiary, or if all of your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary.

A spouse beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your IRA as his or her own.

We may allow, if permitted by state law, an original IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited IRA at the time of your death) to name a successor beneficiary(ies) for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original IRA beneficiary's(ies') lifetime. Unless otherwise specified, each beneficiary designation form that the original IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original IRA beneficiary.

8.07 *Required Minimum Distributions:* Your required minimum distribution is calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, your required minimum distribution is calculated each year using the joint and last survivor table in Regulations section 1.401(a)(9)-9.

If you fail to request your required minimum distribution by your required beginning date, we can, at our complete and sole discretion, do any one of the following:

- make no distribution until you give us a proper withdrawal request;
- distribute your entire IRA to you in a single sum payment; or
- determine your required minimum distribution from your IRA each year based on your life expectancy, calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise.

We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.

8.08 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your IRA to another financial organization. If you do not complete a transfer of your IRA within 30 days from the date we mail the notice to you, we have the right to transfer your IRA assets to a successor IRA custodian or trustee that we choose in our sole discretion, or we may pay your IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge to your IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- any fees, expenses or taxes chargeable against your IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your IRA.

If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your IRA to you in cash or property if the balance of your IRA drops below the minimum balance required under the applicable investment or policy established.

- 8.09 *Successor Custodian:* If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.
- 8.10 *Amendments:* We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.
- 8.11 *Withdrawals or Transfers:* All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.
- 8.12 *Transfers from Other Plans:* We can receive amounts transferred to this IRA from the custodian or trustee of another IRA. In addition, we can accept direct rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.
- 8.13 *Liquidation of Assets:* We have the right to liquidate assets in your IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.
- 8.14 *Restrictions on the Fund:* Neither you nor any beneficiary may sell, transfer or pledge any interest in your IRA in any manner whatsoever, except as provided by law or this Agreement.
- The assets in your IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 8.15 *What Law Applies:* This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of our domicile shall govern.
- If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a) and has been pre-approved by the IRS. A traditional individual retirement account (Traditional IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian and must be completed no later than the due date (excluding extensions) of the individual's income tax return for the tax year. This account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries.

Do not file Form 5305-A with the IRS. Instead, keep it with your records.

For more information on IRAs, including the required disclosures the Custodian must give the Depositor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

Definitions

Custodian. The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

Depositor. The depositor is the person who establishes the custodial account.

Identifying Number

The Depositor's social security number will serve as the identification number of his or her IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs.

Traditional IRA for Nonworking Spouse

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse. Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

Specific Instructions

Article IV. Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the Depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

Article VIII. Article VIII and any that follow it may incorporate additional provisions that are agreed to by the Depositor and Custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Depositor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call the Custodian at the telephone number listed on the Application.

REQUIREMENTS OF AN IRA

- A. **CASH CONTRIBUTIONS** – Your contribution must be in cash, unless it is a rollover contribution.
- B. **MAXIMUM CONTRIBUTION** – The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$3,000 for years 2002-2004, \$4,000 for years 2005-2007, and \$5,000 for 2008, with possible cost-of-living adjustments in years 2009 and thereafter. If you also maintain a Roth IRA, the maximum contribution to your Traditional IRAs (i.e., IRAs subject to Internal Revenue Code (Code) sections 408(a) or 408(b)) is reduced by any contributions you make to your Roth IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.
- C. **CONTRIBUTION ELIGIBILITY** – You are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made.
- D. **CATCH-UP CONTRIBUTIONS** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is \$500 for years 2002-2005 and \$1,000 for years 2006 and beyond.
- E. **CATCH-UP CONTRIBUTIONS ALLOWED IN CERTAIN EMPLOYER BANKRUPTCIES** – You may be eligible to contribute an additional catch-up contribution of up to \$3,000 each year in 2006 through 2009. To be eligible, the following conditions must be met: 1) you were a participant in a 401(k) plan in which the employer matched at least 50% of your contributions to the plan with employer stock, 2) the employer must have been a debtor in a bankruptcy case in an earlier year and must have been indicted or convicted as a result of the events leading up to the bankruptcy, and 3) you must have been a participant in the 401(k) plan at least six months before the bankruptcy case was filed. If you choose to make these special catch-up contributions, you will not be eligible for the normal catch-up contribution for individuals age 50 and older.
- F. **NONFORFEITABILITY** – Your interest in your IRA is nonforfeitable.
- G. **ELIGIBLE CUSTODIANS** – The Custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- H. **COMMINGLED ASSETS** – The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- I. **LIFE INSURANCE** – No portion of your IRA may be invested in life insurance contracts.
- J. **COLLECTIBLES** – You may not invest the assets of your IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as IRA investments.
- K. **REQUIRED MINIMUM DISTRIBUTIONS** – You are required to take minimum distributions from your IRA at certain times in accordance with Regulations section 1.408-8. Below is a summary of the IRA distribution rules.

1. You are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.
2. The applicable divisor is generally determined using the uniform lifetime table provided by the IRS. The table assumes a designated beneficiary exactly 10 years younger than you, regardless of who is named as your beneficiary(ies), if any. If your spouse is your sole designated beneficiary, and is more than 10 years younger than you, the required minimum distribution is determined annually using the actual joint life expectancy of you and your spouse obtained from the joint and last survivor table provided by the IRS, rather than the life expectancy divisor from the uniform lifetime table.

We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½:

- (a) make no distribution until you give us a proper withdrawal request,

- (b) distribute your entire IRA to you in a single sum payment, or
 - (c) determine your required minimum distribution each year based on your life expectancy calculated using the uniform lifetime table, and pay those distributions to you until you direct otherwise.
3. Your designated beneficiary is determined based on the beneficiary(ies) designated as of the date of your death, who remains your beneficiary(ies) as of September 30 of the year following the year of your death. If you die,
- (a) on or after your required beginning date, distributions must be made to your beneficiary(ies) over the longer of the single life expectancy of your designated beneficiary(ies), or your remaining life expectancy. If a beneficiary other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.
 - (b) before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiary(ies), either
 - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
 - (ii) be distributed over the remaining life expectancy of your designated beneficiary(ies).

If your spouse is your sole designated beneficiary, he or she must elect either option (i) or (ii) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. Your designated beneficiary(ies), other than a spouse who is the sole designated beneficiary, must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of your death. Generally if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary(ies) of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (1) making contributions to your IRA or (2) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.

- L. **WAIVER OF 2009 RMD** – If you are an IRA holder age 70½ or older, you are not required to remove an RMD for calendar year 2009. In addition, no beneficiary life expectancy payments are required for calendar year 2009. If the five year rule applies to an IRA with respect to any decedent, the five year period is determined without regard to calendar year 2009. For example, if an IRA owner died in 2007, the beneficiary's five year period ends in 2013 instead of 2012.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

- A. **IRA DEDUCTIBILITY** – If you are eligible to contribute to your IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-maintained retirement plan. If you (and your spouse, if married) are not an active participant, your entire IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your contribution will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the contribution was made. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible IRA contribution.

Definition of Active Participant – Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:

1. a qualified pension, profit sharing, 401(k), or stock bonus plan;
2. a qualified annuity plan of an employer;
3. a simplified employee pension (SEP) plan;
4. a retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under Code section 457);
5. a tax-sheltered annuity for employees of certain tax-exempt organizations or public schools;
6. a plan meeting the requirements of Code section 501(c)(18);
7. a qualified plan for self-employed individuals (H.R. 10 or Keogh Plan); and
8. a savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan.

If you do not know whether your employer maintains one of these plans, or whether you are an active participant in it, check with your employer or your tax advisor. Also, the IRS Form W-2, Wage and Tax Statement, that you receive at the end of the year from your employer will indicate whether you are an active participant.

If you are an active participant, are single, and have MAGI within the applicable phaseout range listed below, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$36,000 in 2002, your maximum deductible contribution is \$2,400 (the 2002 phase-out range maximum of \$44,000 minus your MAGI of \$36,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000 and multiplied by the contribution limit of \$3,000.)

If you are an active participant, are married and you file a joint income tax return, and have MAGI within the applicable phaseout range listed below, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out maximum for the applicable year (specified below), and subtract your MAGI range; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$56,000 in 2002, your maximum deductible contribution is \$2,400 (the 2002 phase-out maximum of \$64,000 minus your MAGI of \$56,000, divided by the difference between the maximum and minimum phase-out limits of \$10,000 and multiplied by the contribution limit of \$3,000.)

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally \$0–\$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers	Single Taxpayers
	Phase-out Range*	Phase-out Range*
	(minimum)(maximum)	(minimum)(maximum)
2002	\$54,000 – \$64,000	\$34,000 – \$44,000
2003	\$60,000 – \$70,000	\$40,000 – \$50,000
2004	\$65,000 – \$75,000	\$45,000 – \$55,000
2005	\$70,000 – \$80,000	\$50,000 – \$60,000
2006	\$75,000 – \$85,000	\$50,000 – \$60,000
2007**	\$80,000 – \$100,000	\$50,000 – \$60,000

*MAGI limits are subject to cost-of-living increases for tax years beginning after 2006.

**The MAGI limits for 2007 listed above may be subject to additional increases.

The MAGI phaseout range for an individual that is not an active participant, but is married to an active participant, is \$150,000–\$160,000. This limit is also subject to cost-of-living increases for tax years beginning after 2006. If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phaseout range for the year, your maximum deductible contribution is determined as follows: (1) begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI from it; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest \$10 if the number is not a multiple of 10. If your resulting deduction is between \$0 and \$200 you may round up to \$200.

B. CONTRIBUTION DEADLINE – The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.

C. TAX CREDIT FOR CONTRIBUTIONS – You may be eligible to receive a tax credit for your Traditional IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 – 30,000	\$1 – 22,500	\$1 – 15,000	50
30,001 – 32,500	22,501 – 24,375	15,001 – 16,250	20
32,501 – 50,000	24,376 – 37,500	16,251 – 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

*Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands and Puerto Rico. AGI limits are subject to cost-of-living adjustments for tax years beginning after 2006.

D. TAX-DEFERRED EARNINGS – The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

E. NONDEDUCTIBLE CONTRIBUTIONS – You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100 percent of compensation). You may elect to treat deductible IRA contributions as nondeductible contributions.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a \$50 per failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown.

F. TAXATION OF DISTRIBUTIONS – The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, any IRA distribution will be fully included in income.

If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income.

$$\frac{\text{(Aggregate Nondeductible Contributions)} \times \text{(Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded from Income}$$

NOTE: Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution (which have not previously been withdrawn and excluded from income). Also note that the aggregate IRA balance includes the total balance of all of your IRAs as of the end of the year of distribution and any distributions occurring during the year.

G. ROLLOVERS AND CONVERSIONS – Your IRA may be rolled over to an IRA of yours, may receive rollover contributions, and may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. Traditional IRA to Traditional IRA Rollovers – Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of Code section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.

2. SIMPLE IRA to Traditional IRA Rollovers – Funds may be distributed from your SIMPLE IRA and rolled over to your IRA without IRS penalty provided, two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.

3. Employer-Sponsored Retirement Plan to Traditional IRA Rollovers – You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan (other than distributions to nonspouse beneficiaries), unless it is part of a certain series of substantially equal periodic payments, a required minimum distribution, a hardship distribution, or a distribution of Roth 401(k) or Roth 403(b) elective deferrals.

If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator will generally be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up the amount withheld, out of pocket, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution must be rolled over to your IRA not later than 60 days after you receive it. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax and, if you are under age 59½, the 10 percent early distribution penalty (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

4. **Beneficiary Rollovers from Employer-Sponsored Retirement Plans** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.
5. **Traditional IRA to Employer-Sponsored Retirement Plans** – You may roll over, directly or indirectly, any eligible rollover distribution from an IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from an IRA that is not a part of a required minimum distribution.
6. **Traditional IRA to Roth IRA Conversions** – If your modified adjusted gross income is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70½ or older you must remove your required minimum distribution prior to converting your Traditional IRA. The amount of the conversion from your Traditional IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
7. **Qualified HSA Funding Distribution** – If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.
8. **Rollover of Exxon Valdez Settlement Payments** – If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including tax extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
9. **Written Election** – At the time you make a proper rollover to an IRA, you must designate in writing to us, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
- H. **TRANSFER DUE TO DIVORCE** – If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.
- I. **RECHARACTERIZATIONS** – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions), for the year for which the original contribution was made or conversion completed.

LIMITATIONS AND RESTRICTIONS

- A. **SEP PLANS** – Under a simplified employee pension (SEP) plan that meets the requirements of Code section 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information which describes the terms of your employer's SEP plan.
- B. **SPOUSAL IRA** – If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined compensation or \$6,000 for 2002-2004, \$8,000 for 2005-2007, and \$10,000 for 2008. This amount may be increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.
- C. **DEDUCTION OF ROLLOVERS AND TRANSFERS** – A deduction is not allowed for rollover contributions or transfers.
- D. **GIFT TAX** – Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- E. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to IRA distributions.
- F. **INCOME TAX TREATMENT** – Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. **PROHIBITED TRANSACTIONS** – If you or your beneficiary engage in a prohibited transaction with your IRA, as described in Code section 4975, your IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your IRA: (1) taking a loan from your IRA; (2) buying property for personal use (present or future) with IRA funds; or (3) receiving certain bonuses or premiums because of your IRA.
- H. **PLEDGING** – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and will be included in your gross income for the taxable year in which you pledge the assets.

FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** – If you are under age 59½ and receive an IRA distribution, an additional tax of 10 percent will apply, unless made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), 10) a levy issued by the IRS, or 11) active military duty (see *Qualified Reservist Distributions*, below). This additional tax will apply only to the portion of a distribution which is includible in your taxable income.
- B. **EXCESS CONTRIBUTION PENALTY** – An additional tax of six percent is imposed upon any excess contribution you make to your IRA. This additional tax will apply each year in which an excess remains in your IRA. An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute.
- C. **EXCESS ACCUMULATION PENALTY** – As previously described, you must take a required minimum distribution by your required beginning date for the year you attain age 70½ and by the end of each year thereafter. Your beneficiary(ies) is required to take certain minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- D. **PENALTY REPORTING** – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

OTHER

- A. **IRS PLAN APPROVAL** – The Agreement used to establish this IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **ADDITIONAL INFORMATION** – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.

C. **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** – To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. **HURRICANE-RELATED RELIEF** – If you are an individual who sustained an economic loss due to, or are otherwise considered affected by, hurricane Katrina, Rita or Wilma, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified distributions include IRA distributions made on or after specified dates for each hurricane and before January 1, 2007 to a qualified individual. For a complete definition of what constitutes a qualified individual and a qualified hurricane distribution for purposes of hurricane relief, refer to IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma*.

1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified hurricane distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
2. **Taxation May be Spread Over Three Years** – If you receive qualified hurricane distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
3. **Repayment of Qualified Hurricane Distributions** – You may roll over qualified hurricane distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

For further detailed information on tax relief granted for hurricanes Katrina, Rita and Wilma, and other exceptions which may be granted in the future by the IRS, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAXFORM, or by visiting www.irs.gov on the Internet.

E. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your IRA and recontribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.

F. **CHARITABLE DISTRIBUTIONS** – If you are age 70½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your IRA to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2008 and 2009, or until such later time as extended by Congress. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.

G. **HEARTLAND DISASTER RELATED TAX RELIEF** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.

1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified disaster recovery assistance distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
2. **Taxation May be Spread Over Three Years** – If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
3. **Repayment of Qualified Disaster Recovery Assistance Distributions** – You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-A under Section 408(a) of the Internal Revenue Code

FORM (REV. MARCH 2002)

The Depositor named on the Application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

The Depositor's interest in the balance in the custodial account is nonforfeitable.

ARTICLE III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE IV

1. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.
3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
 - (a) If the Depositor dies on or after the required beginning date and:
 - (i) the designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
 - (ii) the designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
 - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.
 - (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:

- (i) the remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

- (ii) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.

4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
 - (a) the required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
 - (b) the required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
 - (c) the required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the Regulations under section 408(a)(6).

ARTICLE V

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with section 408(a) and the related Regulations will be invalid.

ARTICLE VII

This Agreement will be amended as necessary to comply with the provisions of the Code and the related Regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

ARTICLE VIII

8.01 *Definitions:* In this part of this Agreement (Article VIII), the words "you" and "your" mean the Inherited IRA Owner, the words "we," "us" and "our" mean the Custodian, "Inherited IRA Owner" means the individual establishing this inherited IRA with either a direct rollover contribution from an eligible inherited employer-sponsored retirement plan or a transfer from an inherited IRA, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.

8.02 *Notices and Change of Address:* Any required notice regarding this inherited IRA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

8.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your inherited IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

8.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover or termination fee) for maintaining your inherited IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your inherited IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your inherited IRA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this inherited IRA.

Any brokerage commissions attributable to the assets in your inherited IRA will be charged to your inherited IRA. You cannot reimburse your inherited IRA for those commissions.

8.05 *Restrictions on Contributions to the Inherited IRA:* Your inherited IRA may receive direct rollover contributions from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity or 457(b) governmental deferred compensation plan after December 31, 2006, that you inherited as an eligible beneficiary, or a transfer from an IRA that you inherited as a beneficiary. You may not make any regular annual contributions to this inherited IRA.

8.06 *Investment of Amounts in the Inherited IRA:* You have exclusive responsibility for and control over the investment of the assets of your inherited IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your successor beneficiary(ies) shall have the right to direct the investment of your inherited IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 8.03 of this article). We shall have no

discretion to direct any investment in your inherited IRA. We assume no responsibility for rendering investment advice with respect to your inherited IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your inherited IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your inherited IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your inherited IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

8.07 *Successor Beneficiary(ies):* If permitted by state law, we may allow you to name a successor beneficiary(ies) for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each inherited IRA beneficiary designation form that you file with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for you to revoke a successor beneficiary(ies) designation. If you do not designate a successor beneficiary(ies), your estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for you.

8.08 *Required Minimum Distributions:* You are required to take minimum distributions from your inherited IRA. The options available to you as a beneficiary of a deceased plan participant or deceased IRA holder are described in Article IV, Section 3. If you elect to take life expectancy payments, the payment must be removed each year by December 31. If you have previously made a distribution election with the prior plan or IRA, you may not extend the distribution period for that election by moving it to an inherited IRA. An exception applies if you have inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, and previously elected or defaulted to the five-year rule. The five-year rule election may be changed to a life expectancy payment election if a life expectancy-based payment is taken by December 31 of the year following the year of the original owner's death.

If you have elected to take life expectancy payments and fail to request your required minimum distribution by December 31, we can, at our complete and sole discretion, do any one of the following:

- make no distribution until you give us a proper withdrawal request;
- distribute your entire inherited IRA to you in a single sum payment; or
- determine your required minimum distribution from your inherited IRA each year based on your life expectancy, calculated using the single life table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise.

We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.

8.09 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your inherited IRA to another financial organization. If you do not complete a transfer of your inherited IRA within 30 days from the date we mail the notice to you, we have the right to transfer your inherited IRA assets to a successor IRA custodian or trustee that we choose in our sole discretion, or we may pay your inherited IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge to your inherited IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- any fees, expenses or taxes chargeable against your inherited IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your inherited IRA.

If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your inherited IRA to you in cash or property if the balance of your inherited IRA drops below the minimum balance required under the applicable investment or policy established.

- 8.10 **Successor Custodian:** If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your inherited IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your inherited IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.
- 8.11 **Amendments:** We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.
- 8.12 **Withdrawals or Transfers:** All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.
- At your death your successor beneficiary(ies), if any, must continue taking distributions in accordance with the distribution method you had chosen. We will make no distributions to you from your inherited IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.
- 8.13 **Liquidation of Assets:** We have the right to liquidate assets in your inherited IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your inherited IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.
- 8.14 **Restrictions on the Fund:** Neither you nor any successor beneficiary may sell, transfer or pledge any interest in your inherited IRA in any manner whatsoever, except as provided by law or this Agreement.
- The assets in your inherited IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 8.15 **What Law Applies:** This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of our domicile shall govern.
- If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a) and has been pre-approved by the IRS. A traditional individual retirement account (Traditional IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian and must be completed no later than the due date (excluding extensions) of the individual's income tax return for the tax year. This account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries.

Do not file Form 5305-A with the IRS. Instead, keep it with your records.

For more information on IRAs, including the required disclosures the Custodian must give the Depositor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

Definitions

Custodian. The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

Depositor. The depositor is the person who establishes the custodial account.

Identifying Number

The Depositor's social security number will serve as the identification number of his or her IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs.

Traditional IRA for Nonworking Spouse

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse. Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

Specific Instructions

Article IV. Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the Depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

Article VIII. Article VIII and any that follow it may incorporate additional provisions that are agreed to by the Depositor and Custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Depositor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR INHERITED IRA

You have the right to revoke your inherited IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your inherited IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your inherited IRA, please call the Custodian at the telephone number listed on the Application.

REQUIREMENTS OF AN INHERITED IRA

- A. **CONTRIBUTIONS** – Your contribution must be either a rollover contribution from an inherited employer-sponsored retirement plan or a transfer contribution from an inherited IRA. Your rollover or transfer contribution may be in cash and/or property.
- B. **ANNUAL CONTRIBUTIONS** – You may not make regular annual contributions to your inherited IRA.
- C. **NONFORFEITABILITY** – Your interest in your inherited IRA is nonforfeitable.
- D. **ELIGIBLE CUSTODIANS** – The Custodian of your inherited IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- E. **COMMINGLING ASSETS** – The assets of your inherited IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- F. **LIFE INSURANCE** – No portion of your inherited IRA may be invested in life insurance contracts.
- G. **COLLECTIBLES** – You may not invest the assets of your inherited IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as inherited IRA investments.
- H. **REQUIRED MINIMUM DISTRIBUTIONS** – You are required to take minimum distributions from your inherited IRA at certain times in accordance with Regulations section 1.408-8. The calculation of the required minimum distribution is based, in part, on determining the original owner's designated beneficiary. A designated beneficiary is determined based on the beneficiary(ies) designated as of the date of the original owner's death, who remain beneficiary(ies) as of September 30 of the year following the year of the original owner's death. Below is a summary of the inherited IRA distribution rules.

If the original IRA owner or employer-sponsored retirement plan participant died

1. on or after the original owner's required beginning date, distributions must be made to you over the longer of your single life expectancy, or the original owner's remaining life expectancy. If the original owner's designated beneficiary was not an individual or qualified trust as defined in the Regulations, the original IRA or employer-sponsored retirement plan will be treated as having no designated beneficiary for purposes of determining the distribution period. If there is no designated beneficiary of the original IRA or employer-sponsored retirement plan, distributions will commence using the original owner's single life expectancy, reduced by one in each subsequent year.
2. before the original owner's required beginning date, the entire amount remaining in the account will, at your election, either
 - (a) be distributed by December 31 of the year containing the fifth anniversary of the original owner's death, or
 - (b) be distributed over your remaining life expectancy.

As a designated beneficiary of the original owner, you must elect either option (a) or (b) by December 31 of the year following the year of the original owner's death. If no election is made, the distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of the original owner's death. If the original owner's designated beneficiary is not an individual or qualified trust as defined in the Regulations, the original IRA or employer-sponsored retirement plan will be treated as having no designated beneficiary(ies) for purposes of determining the distribution period. If there is no designated beneficiary of the original IRA or employer-sponsored retirement plan, the entire inherited IRA must be distributed by December 31 of the year containing the fifth anniversary of the original owner's death.

If you have inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity of 457(b) governmental deferred compensation plan and have either elected or defaulted to payments under the five-year rule, you may change to a life expectancy payment election if a life-expectancy based payment is taken by December 31 of the year following the year of the original owner's death.

- I. **WAIVER OF 2009 BENEFICIARY PAYMENT** – You are not required to take a beneficiary life expectancy payment from your inherited IRA for calendar year 2009. In addition, if the five year rule applies to your inherited IRA, the five year period is determined without regard to calendar year 2009. For example, if the original IRA owner died in 2007, your five year period will end in 2013 instead of 2012.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN INHERITED IRA

- A. **TAX-DEFERRED EARNINGS** – The investment earnings of your inherited IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- B. **TAXATION OF DISTRIBUTIONS** – The taxation of inherited IRA distributions depends on whether or not the original owner had ever made nondeductible IRA contributions or after-tax contributions to the employer-sponsored retirement plan. If the original owner had only made deductible IRA contributions or pre-tax contributions to an employer-sponsored retirement plan, any inherited IRA distribution will be fully included in income.

If the original owner had ever made nondeductible contributions to an IRA or after-tax contributions to an employer-sponsored retirement plan, the following formula must be used to determine the amount of any inherited IRA distribution excluded from income.

$$\frac{\text{(Aggregate Nondeductible Contributions)} \times \text{(Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded from Income}$$

NOTE: Aggregate nondeductible contributions include all nondeductible contributions made by the original owner through the end of the year of the distribution (which have not previously been withdrawn and excluded from income). Also note that the aggregate IRA balance includes the total balance of all of the original owner's IRAs as of the end of the year of distribution and any distributions occurring during the year.

- C. **ROLLOVERS AND TRANSFERS** – Your inherited IRA may receive a rollover contribution from an inherited employer-sponsored retirement plan or a transfer from another inherited IRA. Rollover is a term used to describe a tax-free movement of cash or other property to your inherited IRA from a qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan that you have inherited as a nonspouse beneficiary. The rollover and transfer rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or transfer, please see a competent tax advisor.
 1. **Traditional IRA to Inherited Traditional IRA Transfer** – Funds you have inherited from a deceased Traditional IRA owner may be directly transferred to an inherited IRA.
 2. **Employer-Sponsored Retirement Plan to Inherited IRA Rollover** – As a spouse, nonspouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.
 3. **Written Election** – At the time you make a proper rollover to an inherited IRA, you must designate in writing to us, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

LIMITATIONS AND RESTRICTIONS

- A. **DEDUCTION OF ROLLOVERS AND TRANSFERS** – A deduction is not allowed for rollover contributions or transfers to the inherited IRA.
- B. **GIFT TAX** – Transfers of your inherited IRA assets to a successor beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- C. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to inherited IRA distributions.
- D. **INCOME TAX TREATMENT** – Any withdrawal from your inherited IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your inherited IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

- E. *PROHIBITED TRANSACTIONS* – If you or any successor beneficiary engage in a prohibited transaction with your inherited IRA, as described in Code section 4975, your inherited IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your inherited IRA: (1) taking a loan from your inherited IRA; (2) buying property for personal use (present or future) with inherited IRA funds; or (3) receiving certain bonuses or premiums because of your inherited IRA.
- F. *PLEDGING* – If you pledge any portion of your inherited IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and will be included in your gross income for the taxable year in which you pledge the assets.

FEDERAL TAX PENALTIES

- A. *EARLY DISTRIBUTION PENALTY* – The additional 10 percent early distribution penalty tax will not apply to any distributions taken from the inherited IRA since each distribution is considered a death distribution, which is an early distribution penalty exception.
- B. *EXCESS ACCUMULATION PENALTY* – As previously described, you must take required minimum distributions from the inherited IRA. Your successor beneficiary(ies) is required to take certain minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- C. *PENALTY REPORTING* – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

OTHER

- A. *IRS PLAN APPROVAL* – The Agreement used to establish this inherited IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. *ADDITIONAL INFORMATION* – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- C. *IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT* – To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-RA under Section 408A of the Internal Revenue Code

FORM (REV. MARCH 2002)

The Depositor named on the Application is establishing a Roth Individual Retirement Account under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single Depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married Depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married Depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Custodian will not accept IRA Conversion Contributions in a tax year if the Depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

ARTICLE III

The Depositor's interest in the balance in the custodial account is nonforfeitable.

ARTICLE IV

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE V

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:
 - (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.
 - (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.
3. If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

ARTICLE VI

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).

2. The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

ARTICLE VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

ARTICLE VIII

This Agreement will be amended as necessary to comply with the provisions of the Code, the related Regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

ARTICLE IX

9.01 *Definitions:* In this part of this Agreement (Article IX), the words "you" and "your" mean the Depositor, the words "we," "us" and "our" mean the Custodian, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.

9.02 *Notices and Change of Address:* Any required notice regarding this Roth IRA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

9.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your Roth IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to Roth IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

9.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover or termination fee) for maintaining your Roth IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your Roth IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the

assets in your Roth IRA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this Roth IRA.

Any brokerage commissions attributable to the assets in your Roth IRA will be charged to your Roth IRA. You cannot reimburse your Roth IRA for those commissions.

9.05 *Investment of Amounts in the Roth IRA:* You have exclusive responsibility for and control over the investment of the assets of your Roth IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your beneficiary(ies) shall have the right to direct the investment of your Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 9.03 of this article). We shall have no discretion to direct any investment in your Roth IRA. We assume no responsibility for rendering investment advice with respect to your Roth IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your Roth IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your Roth IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your Roth IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in Roth IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

9.06 *Beneficiary(ies):* If you die before you receive all of the amounts in your Roth IRA, payments from your Roth IRA will be made to your beneficiary(ies).

You may designate one or more persons or entities as beneficiary of your Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your Roth IRA. If you do not designate a beneficiary, or if all of your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary.

If your surviving spouse is the designated beneficiary, your spouse may elect to treat your Roth IRA as his or her own Roth IRA, and would not be subject to the required minimum distribution rules. Your surviving spouse will also be entitled to such additional beneficiary payment options as are granted under the Code or applicable Regulations.

We may allow, if permitted by state law, an original Roth IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited Roth IRA at the time of your death) to name a successor beneficiary(ies) for the inherited Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original Roth IRA beneficiary's(ies') lifetime. Unless otherwise specified, each beneficiary designation form that the original Roth IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original Roth IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original Roth IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original Roth IRA beneficiary.

9.07 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your Roth IRA to another financial organization. If you do not complete a transfer of your Roth IRA within 30 days from the date we mail the notice to you, we have the right to transfer your Roth IRA assets to a successor Roth IRA custodian or trustee that we choose in our sole discretion, or we may pay your Roth IRA to you in a single sum.

We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge to your Roth IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- any fees, expenses or taxes chargeable against your Roth IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your Roth IRA.

If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your Roth IRA to you in cash or property if the balance of your Roth IRA drops below the minimum balance required under the applicable investment or policy established.

9.08 *Successor Custodian:* If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your Roth IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your Roth IRA, but only if it is the type of organization authorized to serve as a Roth IRA trustee or custodian.

9.09 *Amendments:* We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.

9.10 *Withdrawals or Transfers:* All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

You are not required to take a distribution from your Roth IRA at age 70½. At your death, however, your beneficiary(ies) must begin taking distributions in accordance with Article V and Section 9.06 of this Agreement. We will make no distributions to you from your Roth IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.

9.11 *Transfers from Other Plans:* We can receive amounts transferred to this Roth IRA from the custodian or trustee of another Roth IRA as permitted by the Code. We reserve the right not to accept any transfer.

9.12 *Liquidation of Assets:* We have the right to liquidate assets in your Roth IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your Roth IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.

9.13 *Restrictions on the Fund:* Neither you nor any beneficiary may sell, transfer or pledge any interest in your Roth IRA in any manner whatsoever, except as provided by law or this Agreement.

The assets in your Roth IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.

9.14 *What Law Applies:* This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of our domicile shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A and has been pre-approved by the IRS. A Roth Individual Retirement Account (Roth IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian. This account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries.

Do not file Form 5305-RA with the IRS. Instead, keep it with your records.

Unlike contributions to Traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the Depositor's gross income; and distributions after 5 years that are made when the Depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the Custodian must give the Depositor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

Definitions

IRA Conversion Contributions. IRA Conversion Contributions are amounts rolled over, transferred, or considered transferred from a nonRoth IRA to a Roth IRA. A nonRoth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

Custodian. The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

Depositor. The depositor is the person who establishes the custodial account.

Specific Instructions

Article I. The Depositor may be subject to a 6% tax on excess contributions if (1) contributions to other individual retirement arrangements of the Depositor have been made for the same tax year, (2) the Depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the Depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The Depositor should see the Disclosure Statement or Pub. 590 for more information.

Article V. This article describes how distributions will be made from the Roth IRA after the Depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the Depositor's intent. Under paragraph 3 of Article V, the Depositor's spouse is treated as the owner of the Roth IRA upon the death of the Depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary, and not the owner, an overriding provision should be added to Article IX.

Article IX. Article IX and any that follow it may incorporate additional provisions that are agreed to by the Depositor and Custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Depositor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR ROTH IRA

You have the right to revoke your Roth IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your Roth IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your Roth IRA, please call the Custodian at the telephone number listed on the Application.

REQUIREMENTS OF A ROTH IRA

A. **CASH CONTRIBUTIONS** – Your contribution must be in cash, unless it is a rollover or conversion contribution.

B. **MAXIMUM CONTRIBUTION** – The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$3,000 for years 2002-2004, \$4,000 for years 2005-2007, and \$5,000 for 2008, with possible cost-of-living adjustments in years 2009 and thereafter. If you also maintain a Traditional IRA (i.e., an IRA subject to the limits of Internal Revenue Code (Code) sections 408(a) or 408(b)), the maximum contribution to your Roth IRAs is reduced by any contributions you make to your Traditional IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

Your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds \$150,000 if you are a married individual filing a joint income tax return, or equals or exceeds \$95,000 if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$160,000 may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$110,000 may not fund a Roth IRA. Married individuals filing a separate income tax return with MAGI equaling or exceeding \$10,000 may not fund a Roth IRA. The MAGI limits described above are subject to cost-of-living increases for tax years beginning after 2006.

If you are married filing a joint income tax return and your MAGI is between the applicable MAGI phaseout range for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$155,000, your maximum Roth IRA contribution for 2002 is \$1,500. This amount is determined as follows: $[(\$160,000 \text{ minus } \$155,000) \text{ divided by } \$10,000] \text{ multiplied by } \$3,000$.

If you are single and your MAGI is between the applicable MAGI phaseout for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$98,000, your maximum Roth IRA contribution for 2002 is \$2,400. This amount is determined as follows: $[(\$110,000 \text{ minus } \$98,000) \text{ divided by } \$15,000] \text{ multiplied by } \$3,000$.

C. **CONTRIBUTION ELIGIBILITY** – You are eligible to make a regular contribution to your Roth IRA, regardless of your age, if you have compensation and your MAGI is below the maximum threshold. Your Roth IRA contribution is not limited by your participation in a retirement plan, other than a Traditional IRA.

D. **CATCH-UP CONTRIBUTION** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your Roth IRA. The maximum additional contribution is \$500 for years 2002-2005 and \$1,000 for years 2006 and beyond.

E. **CATCH-UP CONTRIBUTIONS ALLOWED IN CERTAIN EMPLOYER BANKRUPTCIES** – You may be eligible to contribute an additional catch-up contribution of up to \$3,000 each year in 2006 through 2009. To be eligible, the following conditions must be met: 1) you were a participant in a 401(k) plan in which the employer matched at least 50% of your contributions to the plan with employer stock, 2) the employer must have been a debtor in a bankruptcy case in an earlier year and must have been indicted or convicted as a result of the events leading up to the bankruptcy, and 3) you must have been a participant in the 401(k) plan at least six months before the bankruptcy case was filed. If you choose to make these special catch-up contributions, you will not be eligible for the normal catch-up contribution for individuals age 50 and older.

F. **NONFORFEITABILITY** – Your interest in your Roth IRA is nonforfeitable.

G. **ELIGIBLE CUSTODIANS** – The Custodian of your Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

H. **COMMINGLING ASSETS** – The assets of your Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.

I. **LIFE INSURANCE** – No portion of your Roth IRA may be invested in life insurance contracts.

J. **COLLECTIBLES** – You may not invest the assets of your Roth IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as Roth IRA investments.

K. **BENEFICIARY PAYOUTS** – Your designated beneficiary is determined based on the beneficiary(ies) designated as of the date of your death who remains your beneficiary(ies) as of September 30 of the year following the year of your death. The entire amount remaining in your account will, at the election of your beneficiary(ies), either

1. be distributed by December 31 of the year containing the fifth anniversary of your death, or
2. be distributed over the remaining life expectancy of your designated beneficiary(ies).

If your spouse is your sole designated beneficiary, he or she must elect either option (1) or (2) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. Your designated beneficiary(ies), other than a spouse who is the sole designated beneficiary, must elect either option (1) or (2) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (2). In the case of distributions under option (2), distributions must commence by December 31 of the year following the year of your death. Generally if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary(ies) of your Roth IRA for purposes of determining the distribution period. If there is no designated beneficiary of your Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole designated beneficiary of your entire Roth IRA will be deemed to elect to treat your Roth IRA as his or her own by either (1) making contributions to your Roth IRA or (2) failing to timely remove a required minimum distribution from your Roth IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your Roth IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own Roth IRA.

L. **WAIVER OF 2009 BENEFICIARY PAYMENT** – No beneficiary life expectancy payments are required from an inherited Roth IRA for calendar year 2009. If the five year rule applies to a Roth IRA with respect to any decedent, the five year period is determined without regard to calendar year 2009. For example, if a Roth IRA owner died in 2007, the beneficiary's five year period ends in 2013 instead of 2012.

INCOME TAX CONSEQUENCES OF ESTABLISHING A ROTH IRA

A. **CONTRIBUTIONS NOT DEDUCTED** – No deduction is allowed for Roth IRA contributions, including transfers, rollovers and conversion contributions.

B. **CONTRIBUTION DEADLINE** – The deadline for making a Roth IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your Roth IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.

C. **TAX CREDIT FOR CONTRIBUTIONS** – You may be eligible to receive a tax credit for your Roth IRA contributions. This credit may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Roth IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 – 30,000	\$1 – 22,500	\$1 – 15,000	50
30,001 – 32,500	22,501 – 24,375	15,001 – 16,250	20
32,501 – 50,000	24,376 – 37,500	16,251 – 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

*Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands and Puerto Rico. AGI limits are subject to cost-of-living adjustments for tax years beginning after 2006.

D. **TAX-DEFERRED EARNINGS** – The investment earnings of your Roth IRA are not subject to federal income tax as they accumulate in your Roth IRA. In addition, distributions of your Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.

E. **TAXATION OF DISTRIBUTIONS** – The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

1. **Qualified Distributions** – Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your income. A qualified distribution is a distribution which is made after the expiration of the five-year period beginning January 1 of the first year for which you made a contribution to any Roth IRA (including a conversion from a Traditional IRA), and is made on account of one of the following events:

- attainment of age 59½,
- disability,
- the purchase of a first home, or
- death.

For example, if you made a contribution to your Roth IRA for 1998, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2003.

2. **Nonqualified Distributions** – If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty. However, when you take a distribution, the amounts you contributed annually to any Roth IRA account and any military death gratuity or Servicemembers' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA, will be deemed to be removed first, followed by conversion contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions, military death gratuity or SGLI payments, and your conversions.

F. **REQUIRED MINIMUM DISTRIBUTIONS** – You are not required to take distributions from your Roth IRA at age 70½ (as required for Traditional and SIMPLE IRAs). However, your beneficiary(ies) is generally required to take distributions from your Roth IRA after your death. See the section titled *Beneficiary Payouts* in this Disclosure Statement regarding beneficiary's(ies') required minimum distributions.

G. **ROLLOVERS AND CONVERSIONS** – Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover contributions, or may receive conversion contributions provided that all of the applicable rollover or conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your Roth IRA from another Roth IRA. Conversion is a term used to describe the movement of Traditional IRA or SIMPLE IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **Roth IRA to Roth IRA Rollovers** – Funds distributed from your Roth IRA may be rolled over to a Roth IRA of yours if the requirements of Code section 408(d)(3) are met. A proper Roth IRA to Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Roth IRA to Roth IRA rollover from the distributing Roth IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA).

2. **Traditional IRA to Roth IRA Conversions** – If your MAGI is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70½ or older you must remove your required minimum distribution prior to converting your Traditional IRA. The amount of the conversion from your Traditional IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.

3. **SIMPLE IRA to Roth IRA Conversions** – If your MAGI is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing savings incentive match plan for employees of small employers (SIMPLE) IRA(s) into your Roth IRA(s), provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70½ or older you must remove your required minimum distribution prior to converting your SIMPLE IRA. The amount of the conversion from your SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.

4. **Rollovers of Roth Elective Deferrals** – Roth elective deferrals distributed from a 401(k) cash or deferred arrangement or 403(b) tax-sheltered annuity may be rolled into your Roth IRA.

5. **Rollovers from Employer-Sponsored Retirement Plans** – Distributions taken from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan after December 31, 2007 may be rolled over to your Roth IRA. If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements. Roth IRA conversion rules, as described above, will apply to rollovers by beneficiaries or plan participants, including the requirement to include the taxable portion in income in the year distributed.

6. **Beneficiary Rollovers from 401(k) or 403(b) Plans Containing Roth Elective Deferrals** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased 401(k) or 403(b) plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals, and their earnings, to an inherited Roth IRA. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.

7. **Rollover of Military Death Benefits** – If you receive or have received a military death gratuity or a payment from the Servicemembers' Group Life Insurance (SGLI) program, you may be able to roll over the proceeds to your Roth IRA. The rollover contribution amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell education savings account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. For deaths occurring between October 7, 2001 and June 17, 2008, proceeds may be rolled over no later than one year from June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable basis in your Roth IRA.

8. **Qualified HSA Funding Distribution** – If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free HSA funding distribution from your Roth IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.

9. **Rollovers of Settlement Payments from Bankrupt Airlines** – If you are a qualified airline employee who has received an airline settlement payment from a commercial airline carrier under the approval of an order of a Federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, you are allowed to roll over any portion of the proceeds into your Roth IRA by the later of 180 days after receipt of such amount, or June 21, 2009. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

10. **Rollover of Exxon Valdez Settlement Payments** – If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including tax extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

11. **Written Election** – At the time you make a proper rollover or conversion to a Roth IRA, you must designate in writing to us, your election to treat that contribution as a rollover or conversion. Once made, the election is irrevocable.

H. **TRANSFER DUE TO DIVORCE** – If all or any part of your Roth IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's Roth IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another Roth IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Roth IRA to another.

I. **RECHARACTERIZATIONS** – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions), for the year for which the original contribution was made or conversion completed.

LIMITATIONS AND RESTRICTIONS

A. **SPOUSAL ROTH IRA** – If you are married and have compensation, you may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation. You must file a joint income tax return for the year for which the contribution is made. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

The amount you may contribute to your Roth IRA and your spouse's Roth IRA is the lesser of 100 percent of your combined compensation or \$6,000 for 2002-2004, \$8,000 for 2005-2007 and \$10,000 for 2008. This amount may be increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual contribution limit to each Roth IRA. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's Roth IRA. The maximum additional contribution is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.

B. **GIFT TAX** – Transfers of your Roth IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.

C. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to Roth IRA distributions.

D. **INCOME TAX TREATMENT** – Any nonqualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

E. **PROHIBITED TRANSACTIONS** – If you or your beneficiary engage in a prohibited transaction with your Roth IRA, as described in Code section 4975, your Roth IRA will lose its tax-deferred or tax-exempt status, and you must generally include the value of the earnings in your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your Roth IRA: (1) taking a loan from your Roth IRA; (2) buying property for personal use (present or future) with Roth IRA funds; or (3) receiving certain bonuses or premiums because of your Roth IRA.

F. **PLEDGING** – If you pledge any portion of your Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and may be included in your gross income for the taxable year in which you pledge the assets to the extent it represents earnings.

FEDERAL TAX PENALTIES

A. **EARLY DISTRIBUTION PENALTY** – If you are under age 59½ and receive a nonqualified Roth IRA distribution, an additional tax of 10 percent will generally apply to the amount includable in income in the year of the distribution. If you are under age 59½ and receive a distribution of conversion amounts within the five-year period beginning with the year in which the conversion occurred, an additional tax of 10 percent will generally apply to the amount of the distribution. The additional tax of 10 percent will generally not apply if a distribution is made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), 10) a levy issued by the IRS, or 11) active military duty (see *Qualified Reservist Distributions*, below).

B. **EXCESS CONTRIBUTION PENALTY** – An additional tax of six percent is imposed upon any excess contribution you make to your Roth IRA. This additional tax will apply each year in which an excess remains in your Roth IRA. An excess contribution is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute.

C. **EXCESS ACCUMULATION PENALTY** – As previously described, your beneficiary(ies) is generally required to take certain required minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.

D. **PENALTY REPORTING** – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

OTHER

A. **IRS PLAN APPROVAL** – The Agreement used to establish this Roth IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

B. **ADDITIONAL INFORMATION** – You may obtain further information on Roth IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.

C. **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** – To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. **HURRICANE-RELATED RELIEF** – If you are an individual who sustained an economic loss due to, or are otherwise considered affected by, hurricane Katrina, Rita or Wilma, you may be eligible for favorable tax treatment on distributions and rollovers from your Roth IRA. Qualified distributions include Roth IRA distributions made on or after specified dates for each hurricane and before January 1, 2007 to a qualified individual. For a complete definition of what constitutes a qualified individual and a qualified hurricane distribution for purposes of hurricane relief, refer to IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma*.

1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified hurricane distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.

2. **Taxation May be Spread Over Three Years** – If you receive qualified hurricane distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.

3. **Repayment of Qualified Hurricane Distributions** – You may roll over qualified hurricane distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

For further detailed information on tax relief granted for hurricanes Katrina, Rita and Wilma, and other exceptions which may be granted in the future by the IRS, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAXFORM, or by visiting www.irs.gov on the Internet.

- E. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your Roth IRA and recontribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- F. **CHARITABLE DISTRIBUTIONS** – If you are age 70½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your Roth IRA to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2008 and 2009, or until such later time as extended by Congress. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- G. **HEARTLAND DISASTER RELATED TAX RELIEF** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your Roth IRA. Qualified disaster recovery assistance distributions include Roth IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.
1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified disaster recovery assistance distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
 2. **Taxation May be Spread Over Three Years** – If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
 3. **Repayment of Qualified Disaster Recovery Assistance Distributions** – You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-RA under Section 408A of the Internal Revenue Code

FORM (REV. MARCH 2002)

The Depositor named on the Application is establishing a Roth Individual Retirement Account under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single Depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married Depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married Depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Custodian will not accept IRA Conversion Contributions in a tax year if the Depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

ARTICLE III

The Depositor's interest in the balance in the custodial account is nonforfeitable.

ARTICLE IV

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE V

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:
 - (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.
 - (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.
3. If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

ARTICLE VI

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).
2. The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

ARTICLE VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

ARTICLE VIII

This Agreement will be amended as necessary to comply with the provisions of the Code, the related Regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

ARTICLE IX

- 9.01 *Definitions:* In this part of this Agreement (Article IX), the words "you" and "your" mean the Inherited Roth IRA Owner, the words "we," "us" and "our" mean the Custodian, "Inherited Roth IRA Owner" means the individual establishing this inherited Roth IRA with either a direct rollover contribution from an eligible inherited employer-sponsored retirement plan or a transfer from an inherited Roth IRA, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.
- 9.02 *Notices and Change of Address:* Any required notice regarding this inherited Roth IRA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.
- 9.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your inherited Roth IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to Roth IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

9.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover or termination fee) for maintaining your inherited Roth IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your inherited Roth IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your inherited Roth IRA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this inherited Roth IRA.

Any brokerage commissions attributable to the assets in your inherited Roth IRA will be charged to your inherited Roth IRA. You cannot reimburse your inherited Roth IRA for those commissions.

9.05 *Restriction on Contributions to the Inherited Roth IRA:* Your inherited Roth IRA may receive direct rollover contributions from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or a 457(b) governmental deferred compensation plan after December 31, 2006, that you inherited as an eligible beneficiary, or a transfer from a Roth IRA that you inherited as a beneficiary. You may not make any regular annual contributions to this inherited Roth IRA.

9.06 *Investment of Amounts in the Inherited Roth IRA:* You have exclusive responsibility for and control over the investment of the assets of your inherited Roth IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your successor beneficiary(ies) shall have the right to direct the investment of your inherited Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 9.03 of this article). We shall have no discretion to direct any investment in your inherited Roth IRA. We assume no responsibility for rendering investment advice with respect to your inherited Roth IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your inherited Roth IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your inherited Roth IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your inherited Roth IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in inherited Roth IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

9.07 *Successor Beneficiary(ies):* If permitted by state law, we may allow you to name a successor beneficiary(ies) for the inherited Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each inherited Roth IRA beneficiary designation form that you file with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for you to revoke a successor beneficiary(ies) designation. If you do not designate a successor beneficiary(ies), your estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for you.

9.08 *Required Minimum Distributions:* You are required to take minimum distributions from your inherited Roth IRA. The options available to you as a beneficiary of a deceased plan participant or deceased Roth IRA holder are determined according to the type of plan you have inherited and are described below. Any payment elections you either made or defaulted to under the plan you inherited generally carry over to the inherited Roth IRA.

a. **Beneficiary of an Employer-Sponsored Retirement Plan** – The options available to you if you are a beneficiary of an eligible employer-sponsored retirement plan are described below.

(i) If the original participant died on or after the required beginning date, the remaining interest will be distributed over the designated beneficiary's remaining life expectancy as determined in the year following the death of the original participant and reduced by one for each subsequent year or, if longer, over the remaining life expectancy of the original participant as determined in the year of the participant's death and reduced by one for each subsequent year.

(ii) If the original participant died before the required beginning date, the plan may provide that the remaining interest will be distributed in accordance with (1) or (2) below:

(1) the remaining interest will be distributed over the designated beneficiary's remaining life expectancy as determined in the year following the death of the original participant and reduced by one for each subsequent year, starting by the end of the calendar year following the year of the original participant's death, or if there is no designated beneficiary, the remaining interest will be distributed in accordance with (2) below.

(2) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the original participant's death.

b. **Beneficiary of a Roth IRA** – If you are a beneficiary of a Roth IRA, your required minimum distribution options are described in Article V. If you elect to take life expectancy payments, the payment must be removed each year by December 31.

If you have previously made a distribution election with the prior inherited retirement plan or Roth IRA, you may not extend the distribution period for that election by moving it to an inherited Roth IRA. An exception applies if you have inherited an eligible employer-sponsored retirement plan and previously elected or defaulted to the five-year rule. The five-year rule payment election may be changed to a life expectancy payment election if a life expectancy-based payment is taken by December 31 of the year following the year of the original owner's death.

If you have elected to take life expectancy payments and fail to request your required minimum distribution by December 31, we can, at our complete and sole discretion, do any one of the following:

- make no distribution until you give us a proper withdrawal request;
- distribute your entire inherited Roth IRA to you in a single sum payment; or
- determine your required minimum distribution from your inherited Roth IRA each year based on your life expectancy, calculated using the single life table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise.

We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.

9.09 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your inherited Roth IRA to another financial organization. If you do not complete a transfer of your inherited Roth IRA within 30 days from the date we mail the notice to you, we have the right to transfer your inherited Roth IRA assets to a successor inherited Roth IRA custodian or trustee that we choose in our sole discretion, or we may pay your inherited Roth IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge to your inherited Roth IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- any fees, expenses or taxes chargeable against your inherited Roth IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your inherited Roth IRA.

If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your inherited Roth IRA to you in cash or property if the balance of your inherited Roth IRA drops below the minimum balance required under the applicable investment or policy established.

9.10 *Successor Custodian:* If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your inherited Roth IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your inherited Roth IRA, but only if it is the type of organization authorized to serve as an inherited Roth IRA trustee or custodian.

9.11 *Amendments:* We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.

9.12 *Withdrawals or Transfers:* All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

At your death your successor beneficiary(ies), if any, must continue taking distributions in accordance with the distribution method you had chosen. We will make no distributions to you from your inherited Roth IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.

9.13 *Liquidation of Assets:* We have the right to liquidate assets in your inherited Roth IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your inherited Roth IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.

9.14 *Restrictions on the Fund:* Neither you nor any successor beneficiary may sell, transfer or pledge any interest in your inherited Roth IRA in any manner whatsoever, except as provided by law or this Agreement.

The assets in your inherited Roth IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.

9.15 *What Law Applies:* This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of our domicile shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A and has been pre-approved by the IRS. A Roth Individual Retirement Account (Roth IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian. This account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries.

Do not file Form 5305-RA with the IRS. Instead, keep it with your records.

Unlike contributions to Traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the Depositor's gross income; and distributions after 5 years that are made when the Depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the Custodian must give the Depositor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

Definitions

IRA Conversion Contributions. IRA Conversion Contributions are amounts rolled over, transferred, or considered transferred from a nonRoth IRA to a Roth IRA. A nonRoth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

Custodian. The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

Depositor. The depositor is the person who establishes the custodial account.

Specific Instructions

Article I. The Depositor may be subject to a 6% tax on excess contributions if (1) contributions to other individual retirement arrangements of the Depositor have been made for the same tax year, (2) the Depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the Depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The Depositor should see the Disclosure Statement or Pub. 590 for more information.

Article V. This article describes how distributions will be made from the Roth IRA after the Depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the Depositor's intent. Under paragraph 3 of Article V, the Depositor's spouse is treated as the owner of the Roth IRA upon the death of the Depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary, and not the owner, an overriding provision should be added to Article IX.

Article IX. Article IX and any that follow it may incorporate additional provisions that are agreed to by the Depositor and Custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Depositor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR INHERITED ROTH IRA

You have the right to revoke your inherited Roth IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your inherited Roth IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your inherited Roth IRA, please call the Custodian at the telephone number listed on the Application.

REQUIREMENTS OF AN INHERITED ROTH IRA

- A. **CONTRIBUTIONS** – Your contribution must be either a rollover contribution from an inherited qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, or a transfer contribution from an inherited Roth IRA. Your rollover or transfer contribution may be in cash and/or property.
- B. **ANNUAL CONTRIBUTIONS** – You may not make regular annual contributions to your inherited Roth IRA.
- C. **NONFORFEITABILITY** – Your interest in your inherited Roth IRA is nonforfeitable.
- D. **ELIGIBLE CUSTODIANS** – The Custodian of your inherited Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- E. **COMMINGLING ASSETS** – The assets of your inherited Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- F. **LIFE INSURANCE** – No portion of your inherited Roth IRA may be invested in life insurance contracts.
- G. **COLLECTIBLES** – You may not invest the assets of your inherited Roth IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as Roth IRA investments.
- H. **REQUIRED MINIMUM DISTRIBUTIONS** – You are required to take minimum distributions from your inherited Roth IRA at certain times in accordance with Regulations section 1.408-8. The calculation of the required minimum distribution is based, in part, on determining the original owner's designated beneficiary. A designated beneficiary is determined based on the beneficiary(ies) designated as of the date of the original owner's death, who remain beneficiary(ies) as of September 30 of the year following the year of the original owner's death. Any payment elections you either made or defaulted to under an inherited retirement plan or Roth IRA generally carry over to this inherited Roth IRA. Below is a summary of the inherited Roth IRA rules.

1. If you are the beneficiary of a deceased retirement plan participant, and the original owner died
 - (a) on or after the original owner's required beginning date, distributions must be made to you over the longer of your single life expectancy, or the original participant's remaining life expectancy. If the original owner's designated beneficiary was not an individual or qualified trust as defined in the Regulations, the original retirement plan will be treated as having no designated beneficiary for purposes of determining the distribution period. If there is no designated beneficiary of the original retirement plan, distributions will commence using the original participant's single life expectancy, reduced by one in each subsequent year, or
 - (b) before the original participant's required beginning date, the entire amount remaining in the account will, at your election, either
 - (i) be distributed by December 31 of the year containing the fifth anniversary of the original participant's death, or
 - (ii) be distributed over your remaining single life expectancy.

As a designated beneficiary of the original participant, you must elect either option (i) or (ii) by December 31 of the year following the year of the original participant's death. If no election is made, the distribution will be calculated in accordance with option (ii). In the case of distributions

under option (ii), distributions must commence by December 31 of the year following the year of the original participant's death. If the original participant's designated beneficiary is not an individual or qualified trust as defined in the Regulations, the original retirement plan will be treated as having no designated beneficiary(ies) for purposes of determining the distribution period. If there is no designated beneficiary of the original retirement plan, the entire inherited Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of the original participant's death.

If you have inherited a retirement plan and have either elected or defaulted to payments under the five-year rule, you may change to a life expectancy payment election if a life-expectancy based payment is taken by December 31 of the year following the year of the original participant's death.

2. If you are the beneficiary of a deceased Roth IRA owner, the entire amount remaining in the inherited account will, at your election, either

- (a) be distributed by December 31 of the year containing the fifth anniversary of the original Roth IRA owner's death, or
- (b) be distributed over your remaining life expectancy.

As a designated beneficiary of the original Roth IRA owner, you must elect either option (a) or (b) by December 31 of the year following the year of the original Roth IRA owner's death. If no election is made, the distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of the original Roth IRA owner's death. If the original Roth IRA owner's designated beneficiary is not an individual or qualified trust as defined in the Regulations, the original Roth IRA will be treated as having no designated beneficiary(ies) for purposes of determining the distribution period. If there is no designated beneficiary of the original Roth IRA, the entire inherited Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of the original Roth IRA owner's death.

- I. **WAIVER OF 2009 BENEFICIARY PAYMENT** – You are not required to take a beneficiary life expectancy payment from your inherited Roth IRA for calendar year 2009. In addition, if the five year rule applies to your inherited Roth IRA, the five year period is determined without regard to calendar year 2009. For example, if the original Roth IRA owner died in 2007, your five year period will end in 2013 instead of 2012.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN INHERITED ROTH IRA

- A. **TAX-DEFERRED EARNINGS** – The investment earnings of your inherited Roth IRA are not subject to federal income tax as they accumulate in your inherited Roth IRA. In addition, distributions of your inherited Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.
- B. **TAXATION OF DISTRIBUTIONS** – The taxation of inherited Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.
 1. **Qualified Distributions** – Qualified distributions from your inherited Roth IRA (both the contributions and earnings) are not included in your income. A qualified distribution is a distribution that is made after the expiration of a five-year period. The five-year period for assets inherited from a Roth IRA owner begins January 1 of the first year for which the original Roth IRA owner made a contribution to any Roth IRA (including a conversion from a Traditional IRA). The five-year period for assets inherited from a Roth 401(k) or Roth 403(b) plan begins January 1 of the year the assets are rolled over to an inherited Roth IRA.
 2. **Nonqualified Distributions** – If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your inherited Roth IRA will be included in your gross income. However, when you take a distribution, the amounts the original Roth IRA, Roth 401(k) or Roth 403(b) owner contributed annually to the Roth IRA, Roth 401(k) or Roth 403(b) will be deemed to be removed first, followed by conversion or rollover contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of the annual contributions, conversion and rollover contributions. These "ordering rules" are complex. If you have any questions regarding the taxation of distributions from your inherited Roth IRA, please see a competent tax advisor.

C. **ROLLOVERS AND TRANSFERS** – Your inherited Roth IRA may receive a rollover contribution from an inherited qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, or a transfer from another inherited Roth IRA. Rollover is a term used to describe a direct movement of cash or other property to your inherited Roth IRA from an eligible retirement plan that you have inherited as an eligible beneficiary. The rollover and transfer rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or transfer, please see a competent tax advisor.

1. **Roth IRA to Inherited Roth IRA Transfers** – Funds you have inherited from a deceased Roth IRA owner may be directly transferred to an inherited Roth IRA.
2. **Rollovers from 401(k) or 403(b) Plans Containing Roth Elective Deferrals to an Inherited Roth IRA** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased 401(k) or 403(b) plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals, and their earnings, to an inherited Roth IRA. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.
3. **Rollovers from Eligible Retirement Plans to an Inherited Roth IRA** – If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. If your MAGI is not more than \$100,000 and you are not married filing a separate income tax return, you may directly roll over an eligible rollover distribution from the retirement plan to an inherited Roth IRA. Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated. The amount of the rollover from the retirement plan shall be treated as a distribution for income tax purposes, and is includible in your gross income (except for any after-tax contributions). Although the rollover amount is generally included in income, the 10 percent early distribution penalty shall not apply to rollovers from an eligible retirement plan to an inherited Roth IRA.
4. **Written Election** – At the time you make a proper rollover to an inherited Roth IRA, you must designate in writing to us, your election to treat that contribution as a rollover. Once made, the election is irrevocable.

LIMITATIONS AND RESTRICTIONS

- A. **GIFT TAX** – Transfers of your inherited Roth IRA assets to a successor beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- B. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to inherited Roth IRA distributions.
- C. **INCOME TAX TREATMENT** – Any nonqualified withdrawal of earnings from your inherited Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your inherited Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- D. **PROHIBITED TRANSACTIONS** – If you or any successor beneficiary engage in a prohibited transaction with your inherited Roth IRA, as described in Code section 4975, your inherited Roth IRA will lose its tax-deferred or tax-exempt status, and you must generally include the value of the earnings in your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your inherited Roth IRA: (1) taking a loan from your inherited Roth IRA; (2) buying property for personal use (present or future) with inherited Roth IRA funds; or (3) receiving certain bonuses or premiums because of your inherited Roth IRA.
- E. **PLEDGING** – If you pledge any portion of your inherited Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and may be included in your gross income for the taxable year in which you pledge the assets to the extent it represents earnings.

FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** – The additional 10 percent early distribution penalty tax will not apply to any distributions taken from the inherited Roth IRA since these distributions are considered death distributions, which is an early distribution penalty exception.
- B. **EXCESS ACCUMULATION PENALTY** – As previously described, you or your successor beneficiary(ies) are generally required to take certain required minimum distributions. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- C. **PENALTY REPORTING** – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

OTHER

- A. **IRS PLAN APPROVAL** – The Agreement used to establish this inherited Roth IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **ADDITIONAL INFORMATION** – You may obtain further information on Roth IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- C. **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** – To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

IRA FINANCIAL DISCLOSURE

PROJECTION METHOD 1 – The Value of Your IRA Cannot Be Reasonably Projected

You may direct the investment of your funds within this IRA into any investment instrument permitted by Self Directed IRA Services, Inc. (“Custodian”). The Custodian will not exercise any investment discretion regarding your IRA, as this is solely your responsibility.

The value of your IRA will be solely dependent upon the amount of contributions you make to it and the performance of any investment instrument chosen by you to fund your IRA. Therefore, no projection of the growth of your IRA can reasonably be shown, predicted or guaranteed.

Terms and conditions of the IRA which affect your investment decisions are listed below.

INVESTMENT OPTIONS

This is a self directed custodial IRA and you choose the investments which will fund your IRA. Your investment choices are limited to investments which are permissible under Internal Revenue Code section 408 and those which are deemed to be administratively feasible by the Custodian. Please refer to Custodian’s IRA Fee Schedule for the types of investments it will hold. The Custodian does not offer investment advice or sell investment products.

FEES

There are certain fees and charges connected with the investments you may select for your IRA. These fees and charges may include:

- Transaction Fees
- Distribution Fees
- Set Up Fees
- Annual Maintenance or Assessment Fees
- Transfer or Reregistration Fees
- Surrender or Termination Fees
- Loss of Earnings or Penalties
- Sales Commissions or Management Fees

There may be certain fees and charges connected with the IRA itself, which include:

- Annual IRA Account Fees
- Annual Asset Maintenance or Holding Fees
- Asset Processing or Transaction Fees
- Transfer or Termination Fees
- Distribution Fees
- Other Service Fees

Please refer to Custodian’s current **IRA Fee Schedule** for full disclosure of all fees. Custodian reserves the right to change its fee schedule at any time by providing notice to the accountholder as outlined in the IRA Custodial Agreement.

EARNINGS

The method for computing and allocating the earnings (dividends, interest, etc.) on your IRA investments may be found in the prospectus, contract or similar materials for the investments chosen by you to fund your IRA. This method may vary depending on the provider and type of the investments you have chosen.

OTHER

• Statements

Custodian will issue quarterly account statements to you, electronically or by mail, according to the manner in which you elected to receive statements. Such statements will reflect the reported value of your account assets, all transactions that have been processed by the Custodian and all fees (if any) that have been charged. Statements will reflect your account activity and investment holdings, including the uninvested cash held in the NOW account.

For any investments which pay or reinvest income/earnings, such transactions may not be reflected on the account statement until the quarter in which the Custodian receives the payment or confirmation from the asset sponsor verifying the transaction and investment position. Please keep this in mind when reviewing your account statement.

Your account statement (and any reported values therein) should not be used as the basis for making, retaining or disposing of an asset.

You should review each account statement carefully and promptly report any discrepancies to the Custodian within 60 days of the ending statement date. If the Custodian does not receive the accountholder’s written objections within the stated period, the Custodian shall be relieved of all liability for the report, discrepancy, act or procedure reflected on the statement.

- **Valuation Policy**

The Custodian seeks to report the value of the assets held in the IRA account as accurately as possible using various outside sources available, on an annual basis (or more frequent as deemed appropriate by the Custodian in its sole discretion). However, the Custodian does not guarantee the accuracy of prices obtained from quotation services, independent appraisal services, investment sponsors or asset issuers, depositories, or any parties related thereto, or other outside sources. The Custodian does not value assets or conduct appraisals of assets and does not seek to verify the prices or values reported to it. The values reported on account statements issued by the Custodian may differ from values listed on related asset sponsor, brokerage or depository statements.

Brokerage accounts: Values for brokerage accounts shall be equal to the total equity value of the asset positions held within the brokerage account, and shall reflect only those assets which are priced by the brokerage firm. Individual asset positions held within the brokerage account will not be listed or priced individually on statements issued by the Custodian.

Precious metals: Values for precious metals shall reflect estimated bid values. Estimated bid values should be used as an indication only and should not be construed as a firm bid price to buy by any broker or dealer. Estimated bid values are generally for small quantities; the actual quantity of a transaction may affect the price received for any given bullion item. Estimated bid values do not include any dealer mark-ups, mark-downs or commissions. Proof coins must be encapsulated in complete, original mint packaging, including certificate of authenticity, and in excellent condition. Non-proof coins must be in Brilliant Uncirculated condition and free from damage. Price indications for specific bullion products may be obtained from various sources including your precious metals broker dealer or on the internet at sites such as www.BullionValues.org.

Equity investments: Values for public or private equity assets, such as limited partnerships, limited liability companies, or private stock, are generally reported at their offering price to investors. The Custodian requests an updated value, which is compliant with Revenue Ruling 59-60, from such persons as asset sponsors, general partners or managing members of private limited partnership or limited liability company interests, and officers of private corporations, on an annual basis (or more frequent as deemed appropriate by the Custodian in its sole discretion).

In the absence of direction from the Secretary of the Treasurer or his authorized representative to the contrary, the value of illiquid assets shall be reported as a good faith estimate determined by the investment sponsor or other source chosen by the accountholder which is deemed acceptable by the Custodian in its sole discretion.

If the investment sponsor is unwilling or unable to provide a fair market value which is compliant with Revenue Ruling 59-60, then Custodian may list the value of the illiquid asset at its original acquisition cost or carry forward the last known value. Custodian may reflect a valuation of zero if assets are reported by the investment sponsor (or other source) as having no market value, if the investment sponsor is in bankruptcy, or if other relevant conditions exist. In addition, Custodian may require the accountholder to obtain and provide an independent valuation which is compliant with Revenue Ruling 59-60. If accountholder fails to provide the Custodian with the updated independent valuation within a reasonable amount of time, the Custodian may distribute the asset in-kind to the accountholder upon thirty (30) days notice.

Debt investments: Values for public or private debt assets, such as promissory notes, mortgages/trust deeds, private corporate debt offerings and other debt investments may reflect values based on acquisition cost, the face value shown on the original note or debt instrument, or, if the debt investment is subject to an amortization schedule, the value reflected may be the amortized value. Custodian may reflect a valuation of zero if debt assets are reported as having no market value, if the debtor or investment sponsor is in bankruptcy, or if other relevant condition exists. For any debt investment in default, the Custodian may require the accountholder to obtain and provide an independent valuation which is compliant with Revenue Ruling 59-60. If accountholder fails to provide the Custodian with the updated independent valuation within a reasonable amount of time, the Custodian may distribute the asset in-kind to the accountholder upon thirty (30) days notice.

Real estate: Values for real property directly owned by the account are initially reported at cost at the time of the real estate acquisition. The Custodian will require the accountholder to obtain either an updated real estate appraisal or a broker's price opinion (on a form acceptable to the Custodian) at least every three (3) years thereafter (or more frequent as deemed appropriate by the Custodian in its sole discretion). The Custodian will use the appraisal or opinion value to report the value of the account, including annual reports the Custodian files with the Internal Revenue Service. The Custodian shall have no responsibility for the accuracy of any values or opinions provided. The Custodian will require the accountholder to obtain such appraisals or broker's price opinions which are performed and prepared by an unrelated third party real estate professional in the form of a real estate appraisal or a broker's price opinion that is compliant with Revenue Ruling 59-60. If accountholder fails to provide the Custodian with the updated appraisal value or broker's price opinion within a reasonable amount of time, the Custodian may distribute the asset in-kind to the accountholder upon thirty (30) days notice.

For any investment that is not publicly tradable on a securities exchange, the Custodian shall seek a valuation of such asset from the asset sponsor/issuer annually (or more frequent as deemed appropriate by the Custodian in its sole discretion). If a value is not received within a reasonable amount of time, then, upon notice from the Custodian, it is the duty of the accountholder to provide the Custodian with the fair market value or good faith estimate of the investment (which is compliant with Revenue Ruling 59-60) either from the investment sponsor or from an independent valuation service of the accountholder's choice, provided such valuation service is acceptable to the Custodian. If the accountholder fails to do so, the Custodian shall be authorized, entitled and directed to distribute such investment to the accountholder, in-kind, at fair market value, which may be original acquisition cost or the last known value, upon thirty (30) days notice to the accountholder. The Custodian reserves the right to resolve differences in values in any manner it deems appropriate.

Valuation or other information reported by the Custodian should not be used as a basis for making, retaining or disposing of any asset. Please refer to reports or other information provided by brokers, general or managing member partners, corporate officers or other asset sponsors (or contact these sources directly) with regard to the current operation and status of any chosen asset(s). The frequency with which the Custodian updates prices depends upon the asset type and the frequency with which asset sponsors provide updated valuation information. This means that a price might be updated monthly, quarterly, semiannually, annually or on the specific date the updated valuation information was received. This may also mean that, while the number of shares or other information regarding an asset has been updated, the price may not have been updated.

- **Availability of Funds After Deposit**

Any funds received into your IRA account which are made by check may be subject to an eleven (11) business day clearing period before funds are available to invest. Using wire transfers, cashier's checks or money orders may help expedite clearance of such funds. Due to the right of revocation, a new account is subject to a seven (7) calendar day waiting period before any funds can be invested.



Account may hold only Precious Metals:

- American Eagle gold, silver and platinum coins
- Other coins as allowed under IRC §408(m)(3)
- Other precious metal products which meet the minimum fineness requirements and are manufactured by a NYMEX or COMEX approved refiner/assayer

Account may hold any combination of:

- Any Precious Metals IRA products
- Brokerage Accounts
- Public REITs
- Public LPs and LLCs
- Public Note or Debt Offerings
- Bank CDs
- Other publicly registered or available products

Account may hold any combination of:

- Any Precious Metals or Basic IRA products
- Real Estate
- Trust Deeds/Mortgages
- Private Stocks and REITs
- Private LPs and LLCs
- Private Note or Debt Offerings
- Other alternative investments permitted by SDIRA Services

IRA Fee Schedule

Effective January 1, 2012

Account Set-up Fee (Due upon account opening)	\$25 (effective 5/1/2011)	—	—
Annual Account Fees			
First Year Account Fee (Due upon account opening)	\$60	\$80	\$100
Account Fee After First Year (Due annually on anniversary of account opening)	\$60	\$100	\$300
Paper Statements Mailed (Electronic statements provided at no cost)	\$20	\$20	\$20
Late Fee (Charged for every 30 days past due)	\$15	\$15	\$15
Annual Asset Holding Fees Charged with Annual Account Fee after 1st year.			
Real Estate Holding (per property)	—	—	\$100
Private Investment Holding (per asset)	—	—	\$50
Annual Precious Metals Storage Fee Charged upon opening the required storage account and each January.			
Commingled Precious Metals Storage (through Delaware Depository) \$1 per \$1,000 of value stored (10 basis points) if value stored ≥ \$250,000 Effective 1/1/2012	\$100 if value stored < \$250,000	\$100 if value stored < \$250,000	\$100 if value stored < \$250,000
Segregated Precious Metals Storage (through Delaware Depository) \$2 per \$1,000 of value stored (20 basis points); \$200 minimum Effective 5/1/2011	\$200 min.	\$200 min.	\$200 min.
Processing Fees Charged at time transaction processed.			
Real Estate Purchase or Sale (per transaction)	—	—	\$125
Loan Origination (per loan)	—	—	\$50
Private Investment Purchase or Sale	—	—	\$50
Precious Metals Purchase or Sale	\$40	\$40	\$40
Precious Metals Shipping	\$10 + cost	\$10 + cost	\$10 + cost
Service Fees Charged at time service is provided. Fees subject to change without notice.			
Overnight (if charged to our overnight account) - effective 5/1/2011	\$10 + cost	\$10 + cost	\$10 + cost
Stop Payment	\$25	\$25	\$25
Return Check	\$25	\$25	\$25
Wire - Domestic	\$25	\$25	\$25
Wire - International	\$50	\$50	\$50
Distribution/Withdrawal by ACH (if scheduled monthly or quarterly)	No charge	No charge	No charge
Distribution/Withdrawal by Check	\$5	\$5	\$5
Distribution/Withdrawal by Wire	\$25	\$25	\$25
Federal Withholding	\$5	\$5	\$5
Cashier's Check	\$25	\$25	\$25
Roth Conversion (per asset)	\$25	\$25	\$25
990-T Processing	\$50	\$50	\$50
Asset Transfer (per asset)	\$25	\$25	\$25
Transfer and Recording of Assets	At cost	At cost	At cost
Research/Special Services (per hour)	\$50	\$50	\$50
Account Termination	\$150	\$150	\$150
Minimum Cash Requirement Account is required to maintain this minimum balance in the cash account.	No minimum required	\$500	\$500 \$5,000 if directly-owned Real Estate held

Self Directed IRA Services, Inc. reserves the right to charge for other services not shown above.

Cash Account Information for Un-invested Cash: Funds received on behalf of an IRA account are automatically deposited into a Custodial NOW account held with Horizon Bank, an affiliate of Self Directed IRA Services, Inc. ("SDIRA Services"), where they are FDIC-insured up to \$250,000 per depositor, pending further investment direction. Interest rates are subject to change in accordance with market conditions at the sole discretion of SDIRA Services. Please refer to the *Terms for Uninvested Cash* section in your IRA Accountholder Agreement for more information.

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

Privacy Notice

Rev. 12/11

FACTS

WHAT DOES SELF DIRECTED IRA SERVICES, INC. DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and transaction history
- Account balances and payment history
- Account transactions and retirement assets

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Self Directed IRA Services, Inc. chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Self Directed IRA Services, Inc. share?	Can you limit this sharing?
For our everyday business purposes – Such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Call (512) 637-5739 or go to www.sdiraservices.com

Who we are

Who is providing this notice?	Self Directed IRA Services, Inc.
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What we do

How does Self Directed IRA Services, Inc. protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
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How does Self Directed IRA Services, Inc. collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ open an account or direct us to sell your securities ▪ provide account information or direct us to buy securities ▪ make deposits or withdrawals from your account <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
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Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes – information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
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Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies.
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- Self Directed IRA Services, Inc. does not share with our affiliates

Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
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- Self Directed IRA Services, Inc. does not share with nonaffiliates so they can market to you

Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.
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- Self Directed IRA Services, Inc. doesn't jointly market

Other important information**COMPLAINT NOTICE**

Self Directed IRA Services, Inc. is chartered under the State of Texas and by state law is subject to regulatory oversight by the Texas Department of Savings and Mortgage Lending. Any consumer wishing to file a complaint against Self Directed IRA Services, Inc. should contact the Texas Department of Savings and Mortgage Lending through one of the means indicated below:

In Person or by Mail: 2601 North Lamar Boulevard, Suite 201, Austin, Texas 78705-4294

Telephone Number: (877) 276-5550, Fax Number: (512) 475-1360, Email: www.sml.state.tx.us/contacts.html



For regular mail:
P.O. Box 685133
Austin, TX 78768

For overnight delivery:
600 Congress Avenue, Suite 400
Austin, TX 78701

Phone:
866.928.9394
512.637.5739

Fax:
512.495.9554

Website:
www.SDIRAServices.com

Internal use only

1

Provide information about the account from which you wish to transfer or rollover.

ACCOUNT FROM WHICH YOU WISH TO TRANSFER/ ROLLOVER:	ACCOUNT TO RECEIVE YOUR TRANSFER/DIRECT ROLLOVER:
Account Number with Present Custodian or Plan Administrator <input type="text"/>	Your Name <input type="text"/>
Type of Account <input type="radio"/> Traditional IRA <input type="radio"/> SEP IRA <input type="radio"/> 401(k), 403(b), 457(b) or other Qualified Retirement Plan <input type="radio"/> Roth IRA <input type="radio"/> SIMPLE IRA	Your Social Security Number <input type="text"/>
Note: You may <u>initiate</u> a Direct Rollover from a 401(k) or other eligible Qualified Retirement Plan using this form. However, your Plan Administrator will require you to complete its plan distribution forms packet before processing.	Account Number with SDIRA Services <input type="text"/>
Name as it appears on the Account <input type="text"/>	Your Daytime Phone Number <input type="text"/>
Name of Custodian or Plan Administrator <input type="text"/>	Type of Account <input type="radio"/> Traditional IRA <input type="radio"/> SEP IRA <input type="radio"/> Roth IRA <input type="radio"/> SIMPLE IRA
Custodian's/Administrator's Physical Delivery Address <input type="text"/>	<input type="radio"/> Transfer/Direct Rollover of an IRA or eligible Qualified Retirement Plan for which you are the Spouse Beneficiary <input type="radio"/> Transfer/Direct Rollover of an Inherited IRA or eligible Qualified Retirement Plan <input type="radio"/> Transfer/Direct Rollover Due to Divorce
City <input type="text"/> State <input type="text"/> Zip <input type="text"/>	
Phone Number for Custodian/Administrator <input type="text"/>	

2

Give instructions for how this transfer or direct rollover is to be processed.

Complete Transfer/Rollover:

Transfer or rollover all assets as indicated below, including any cash balance, and close my account.

Partial Transfer/Rollover:

Transfer or rollover only what is indicated below and keep my account open.

- Cash: ___ All cash available ___ Exactly \$ _____
- Please liquidate or re-register only the asset(s) indicated below.

Liquidate	Re-Register	Asset Description	# of Shares	Approximate Value
<input type="radio"/>	<input type="radio"/>			\$
<input type="radio"/>	<input type="radio"/>			\$
<input type="radio"/>	<input type="radio"/>			\$
<input type="radio"/>	<input type="radio"/>			\$
<input type="radio"/>	<input type="radio"/>			\$

*** Attach a copy of your most recent account statement with your Present Custodian or Plan Administrator to this form. ***

• Deduct any necessary fees and deliver this transfer/direct rollover as indicated below:

<input type="radio"/> Send Check by U.S. Mail <input type="radio"/> Send Check for Overnight Delivery	Make check payable as shown below. Self Directed IRA Services, Inc., Custodian FBO _____ IRA # _____ U.S. Mail Address: _____ Overnight Delivery Address: _____ P.O. Box 685133 600 Congress Avenue, Suite 400 Austin, TX 78768 Austin, TX 78701
<input type="radio"/> Wire Funds	Wiring Instructions: Horizon Bank 600 Congress Avenue Austin, TX 78701 ABA: 111907940 Account Name: SDIRA Services Custodial Account Account Number: 4515532 FCT: Accountholder Name _____ IRA Account # _____

• For any assets that are to be reregistered, send the necessary asset reregistration/assignment forms as indicated below:

<input type="radio"/> Send Forms by U.S. Mail <input type="radio"/> Send Forms for Overnight Delivery <input type="radio"/> Send Forms via _____	Assets should be reregistered as shown below. Self Directed IRA Services, Inc., Custodian FBO _____ IRA # _____ 600 Congress Avenue, Suite 400 Austin, TX 78701 Tax ID: 26-2637994
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• I instruct my Present Custodian/Plan Administrator to process my Required Minimum Distribution payment as indicated below:

If I am age 70½ or over or the beneficiary of an IRA, I authorize my Present Custodian to:	<input type="radio"/> Distribute my RMD or life expectancy payment to me prior to transferring my assets. <input type="radio"/> Segregate and retain my RMD or life expectancy payment amount. <input type="radio"/> Include the amount that represents my RMD or life expectancy payment in the transfer.
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3 Tell us how you want us to remit this form to your Present Custodian or Plan Administrator.

<input type="radio"/> UPS Ground <div style="border: 1px dashed orange; padding: 2px;"> If no selection is made, this request will be sent by UPS Ground Delivery to your Present Custodian. </div>	<input type="radio"/> Overnight Choose one: ___ FedEx ___ UPS ___ Self Directed IRA Services, Inc. is authorized to deduct the \$25 overnight fee from the transfer of funds received in my Account. ___ Self Directed IRA Services, Inc. is authorized to charge FedEx or UPS account # _____	<input type="radio"/> Fax to # _____ Attn _____ <div style="border: 1px dashed orange; padding: 2px;"> You must first verify your Present Custodian or Plan Administrator will accept a faxed copy and does not require an original signature. </div>
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4 Sign below to authorize this transfer/direct rollover.

I authorize the IRA transfer or direct rollover in the manner described above and certify that all of the information provided by me is correct and may be relied upon by the Custodian. I understand that I am responsible for determining my eligibility for transfer or direct rollover within the limits set forth by tax laws, related regulations and plan agreements. I represent that I have established an IRA account with Self Directed IRA Services, Inc ("SDIRA Services") as Custodian. I agree to indemnify and hold harmless both my present Custodian/Plan Administrator and SDIRA Services from any and all costs, obligations, losses, claims, damages and expenses (including reasonable attorney fees) related or associated with this request. If special handling is requested (wire or overnight delivery), I authorize the deduction of applicable fees from my account. I assume responsibility for any tax consequences or penalties that may apply and I agree that the Custodian or Plan Administrator shall in no way be held responsible.

- ★ Before signing, check with your present Custodian to determine whether it will require a Medallion Signature Guarantee to process this request.
- ★ If a signature guarantee is not required, please sign below and send this form to Self Directed IRA Services, Inc.
- ★ If required, a signature guarantee can be obtained from your bank or a brokerage firm. A signature guarantee may not be obtained from a notary public.



Accountholder Signature

Date

MEDALLION SIGNATURE GUARANTEE

A Medallion Signature Guarantee Program is approved by the Securities Transfer Association. Participating financial institutions guarantee that the individual signing this form is in fact the owner of the account for which the transfer is being requested.

5 Letter of Acceptance by Self Directed IRA Services, Inc.

The account for the above-named individual is a valid IRA and Self Directed IRA Services, Inc. hereby accepts appointment as Custodian for the IRA account and agrees to accept the assets for transfer or direct rollover as indicated herein.

Authorized Signature of Self Directed IRA Services, Inc., IRA Custodian

Date



Self Directed IRA

S E R V I C E S I N C

A subsidiary of Horizon Bank

600 Congress Avenue, Suite 400 • Austin, TX 78701
866.928.9394 • 512.637.5739 • www.SDIRAServices.com

SEP Information, Instructions and Form 5305-SEP

For establishing an SEP plan
provision on your Traditional IRA

Use this form to add a SEP plan provision to allow your Traditional IRA to receive SEP contributions.

About a SEP Plan

What is a SEP plan?

A simplified employee pension (SEP) plan is a type of retirement plan which allows you, the employer, to provide an important benefit to your employees (including yourself if you perform services for the business). An “employer” may be a sole proprietor, partnership, or corporation. Amounts you contribute for your employees under the SEP plan are deposited into your employees’ Traditional IRAs.

What are the benefits of a SEP plan?

SEP plan contributions you make to your own Traditional IRA and your employees’ Traditional IRAs are tax deductible to you, the employer. Because SEP plan contributions are made to a Traditional IRA, all earnings are tax-sheltered, meaning the earnings are not taxed until they are withdrawn from the Traditional IRA. In addition, a SEP plan helps you attract and retain quality employees while you help meet the increasing need for financial security at retirement.

Must I contribute to a SEP plan each year?

Each year you may decide if you want to make a SEP plan contribution. For years 2010-2011, you may contribute up to the smaller of 25% of each eligible employee’s compensation or \$49,000. For 2012, up to the smaller of 25% of each eligible employee’s compensation or \$50,000 may be contributed. The minimum compensation limit (under 408(k)(2)(C)) is \$550 and the maximum compensation limit (under 408(k)(3)(C)) is \$250,000. You may decide to make no contribution at all.

All contributions made under the plan must be deposited into each eligible employee’s Traditional IRA. Once deposited, all normal Traditional IRA rules apply.

When are contributions due?

You have until the due date for filing your business’ tax return (plus extensions) to fund your SEP plan.

Must I include all employees?

You may set eligibility criteria, such as age, service and compensation requirements. You do not need to make SEP plan contributions for your employees unless they have satisfied such criteria.

Is a SEP plan difficult to maintain?

SEP plans are easy to maintain. Unlike qualified retirement plans, SEP plans do not require any complex plan reporting. You simply deduct SEP plan contributions on your tax return and notify employees of the contributions.

Summary

If you are interested in establishing a SEP plan, consult your tax and legal advisors for guidance in selecting the plan features which are best suited to your business’s needs. Once you are ready to adopt the plan, refer to the instructions that follow for determining eligibility and completing Form 5305-SEP.

SEP Plan Adoption Instructions

The following instructions are designed to assist you in setting up your SEP plan. They are not intended as a substitute for guidance from your tax or legal advisor.

Step 1: Complete the **Employer Eligibility Checklist** below.

Yes	No	Employer Eligibility Checklist
<input type="checkbox"/>	<input type="checkbox"/>	Are you the owner of a business or a person authorized by a business to establish a SEP plan? If the answer is "NO", stop. You are not eligible to establish a 5305-SEP.
<input type="checkbox"/>	<input type="checkbox"/>	Do you currently have a defined contribution plan? If the answer is "YES", stop. You are not eligible to establish a 5305-SEP.
<input type="checkbox"/>	<input type="checkbox"/>	Do you use the services of leased employees (within the meaning of Internal Revenue Code Section 414(n))? If the answer is "YES", stop. You are not eligible to establish a 5305-SEP.

Step 2: Complete and sign the Form 5305-SEP agreement.

Step 3: If you have employees, provide a completed copy of the 5305-SEP form to each eligible employee.

Step 4: Make sure all eligible employees have established a Traditional IRA with a financial organization.

Send a copy of your completed Form 5305-SEP to us for processing.

Mail



Self Directed IRA Services, Inc.
P.O. Box 685133
Austin, TX 78768

Physical Delivery



Self Directed IRA Services, Inc.
600 Congress Avenue, Suite 400
Austin, TX 78701

Fax



Fax to 512.495.9554
Attn: Client Services



Form **5305-SEP**
 (Rev. December 2004)

Department of the Treasury
 Internal Revenue Service

**Simplified Employee Pension-Individual
 Retirement Accounts Contribution Agreement**

(Under section 408(k) of the Internal Revenue Code)

OMB No. 1545-0499

**Do not file with
 the Internal
 Revenue Service**

_____ makes the following agreement under section 408(k) of the Internal Revenue Code and the instructions to this form.
 (Name of Employer)

Article I – Eligibility Requirements (check applicable boxes – see instructions)

The employer agrees to provide discretionary contributions in each calendar year to the individual retirement account or individual retirement annuity (IRA) of all employees who are at least _____ years old (not to exceed 21 years old) and have performed services for the employer in at least _____ years (not to exceed 3 years) of the immediately preceding 5 years. This simplified employee pension (SEP)

includes **does not** include employees covered under a collective bargaining agreement, includes **does not** include certain nonresident aliens, and includes **does not** include employees whose total compensation during the year is less than \$450*.

Article II – SEP Requirements (see instructions)

The employer agrees that contributions made on behalf of each eligible employee will be:

- A. Based only on the first \$205,000* of compensation.
- B. The same percentage of compensation for every employee.
- C. Limited annually to the smaller of \$41,000* or 25% of compensation.
- D. Paid to the employee's IRA trustee, custodian, or insurance company (for an annuity contract).

Signature Important: Please read before signing.

- I certify that:
1. I am authorized to establish this SEP plan on behalf of the employer.
 2. The employer is eligible to establish this SEP plan.
 3. In determining its eligibility to adopt this SEP plan, the employer has relied solely upon the advice of its own advisors.
 4. The employer agrees not to hold Self Directed IRA Services, Inc. responsible for any income tax liabilities it may suffer as a result of being found ineligible to establish this SEP plan.

Employer Signature _____ Date _____

Printed Name and Title _____

* For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.

Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 5305-SEP (Model SEP) is used by an employer to make an agreement to provide benefits to all eligible employees under a simplified employee pension (SEP) described in section 408(k).

Do not file Form 5305-SEP with the IRS. Instead, keep it with your records.

For more information on SEPs and IRAs, see **Pub. 560**, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and **Pub. 590**, Individual Retirement Arrangements (IRAs).

Instructions to the Employer

Simplified employee pension. A SEP is a written arrangement (a plan) that provides you with an easy way to make contributions toward your employees' retirement income. Under a SEP, you can contribute to an employee's traditional individual retirement account or annuity (traditional IRA). You make contributions directly to an IRA set up by or for each employee with a bank, insurance company, or other qualified financial institution. When using Form 5305-SEP to establish a SEP, the IRA must be a Model traditional IRA established on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter. You may not make SEP contributions to a Roth IRA or a SIMPLE IRA. Making the agreement on Form 5305-SEP does not establish an employer IRA described in section 408(c).

When not to use Form 5305-SEP. Do not use this form if you:

1. Currently maintain any other qualified retirement plan. This does not prevent you from maintaining another SEP.
2. Have any eligible employees for whom IRAs have not been established.
3. Use the services of leased employees (described in section 414(n)).
4. Are a member of an affiliated service group (described in section 414(m)), a controlled group of corporations (described in section 414(b)), or trades or businesses under common control (described in sections 414(c) and 414(o)), unless all eligible employees of all the members of such groups, trades, or businesses participate in the SEP.
5. Will not pay the cost of the SEP contributions. Do not use Form 5305-SEP for a SEP that provides for elective employee contributions even if the contributions are made under a salary reduction agreement. Use Form 5305A-SEP, or a nonmodel SEP.

Note: SEPs permitting elective deferrals cannot be established after 1996.

Eligible employees. All eligible employees must be allowed to participate in the SEP. An eligible employee is any employee who: **(1)** is at least 21 years old, and **(2)** has performed "service" for you in at least 3 of the immediately preceding 5 years. You can establish less restrictive eligibility requirements, but not more restrictive ones.

Service is any work performed for you for any period of time, however short. If you are a member of an affiliated service group, a controlled group of corporations, or trades or businesses under common control, service includes any work performed for any period of time for any other member of such group, trades, or businesses.

Excludable employees. The following employees do not have to be covered by the SEP: **(1)** employees covered by a collective bargaining agreement whose retirement benefits were bargained for in good faith by you and their union, **(2)** nonresident alien employees who did not earn U.S. source income from you, and **(3)** employees who received less than \$450* in compensation during the year.

Contribution limits. You may make an annual contribution of up to 25% of the employee's compensation or \$41,000*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of \$205,000*.

If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of \$41,000* or 25% of compensation for any employee.

You are not required to make contributions every year, but when you do, you must contribute to the SEP-IRAs of all eligible employees who actually performed services during the year of the contribution. This includes eligible employees who die or quit working before the contribution is made.

Contributions cannot discriminate in favor of highly compensated employees. Also, you may not integrate your SEP contributions with, or offset them by, contributions made under the Federal Insurance Contributions Act (FICA).

If this SEP is intended to meet the top-heavy minimum contribution rules of section 416, but it does not cover all your employees who participate in your salary reduction SEP, then you must make minimum contributions to IRAs established on behalf of those employees.

Deducting contributions. You may deduct contributions to a SEP subject to the limits of section 404(h). This SEP is maintained on a calendar year basis and contributions to the SEP are deductible for your tax year with or within which the calendar year ends. Contributions made for a particular tax year must be made by the due date of your income tax return (including extensions) for that tax year.

Completing the agreement. This agreement is considered adopted when:

- IRAs have been established for all your eligible employees;
- You have completed all blanks on the agreement form without modification; and
- You have given all your eligible employees the following information:
 1. A copy of Form 5305-SEP.
 2. A statement that traditional IRAs other than the traditional IRAs into which employer SEP contributions will be made may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.
 3. A statement that, in addition to the information provided to an employee at the time the employee becomes eligible to participate, the administrator of the SEP must furnish each participant within 30 days of the effective date of any amendment to the SEP, a copy of the amendment and a written explanation of its effects.
 4. A statement that the administrator will give written notification to each participant of any employer contributions made under the SEP to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

Employers who have established a SEP using Form 5305-SEP and have furnished each eligible employee with a copy of the completed Form 5305-SEP and provided the other documents and disclosures described in **Instructions to the Employer and Information for the Employee**, are not required to file the annual information returns, Forms 5500 or 5500-EZ for the SEP. However, under Title I of the Employee Retirement Income Security Act of 1974 (ERISA), this relief from the annual reporting requirements may not be available to an employer who selects, recommends, or influences its employees to choose IRAs into which contributions will be made under the SEP, if those IRAs are subject to provisions that impose any limits on a participant's ability to withdraw funds (other than restrictions imposed by the Code that apply to all IRAs). For additional information on Title I requirements, see the Department of Labor regulation at 29 CFR 2520.104-48.

* For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.

Information for the Employee

The information below explains what a SEP is, how contributions are made, and how to treat your employer's contributions for tax purposes. For more information, see Pub. 590.

Simplified employee pension. A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement. Contributions are made to a traditional individual retirement account/annuity (traditional IRA). Contributions must be made to either a Model traditional IRA executed on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter.

An employer is not required to make SEP contributions. If a contribution is made, however, it must be allocated to all eligible employees according to the SEP agreement. The Model SEP (Form 5305-SEP) specifies that the contribution for each eligible employee will be the same percentage of compensation (excluding compensation greater than \$205,000^{*}) for all employees.

Your employer will provide you with a copy of the agreement containing participation rules and a description of how employer contributions may be made to your IRA. Your employer must also provide you with a copy of the completed Form 5305-SEP and a yearly statement showing any contributions to your IRA.

All amounts contributed to your IRA by your employer belong to you even after you stop working for that employer.

Contribution limits. Your employer will determine the amount to be contributed to your IRA each year. However, the amount for any year is limited to the smaller of \$41,000^{*} or 25% of your compensation for that year. Compensation does not include any amount that is contributed by your employer to your IRA under the SEP. Your employer is not required to make contributions every year or to maintain a particular level of contributions.

Tax treatment of contributions. Employer contributions to your SEP-IRA are excluded from your income unless there are contributions in excess of the applicable limit. Employer contributions within these limits will not be included on your Form W-2.

Employee contributions. You may make regular IRA contributions to an IRA. However, the amount you can deduct may be reduced or eliminated because, as a participant in a SEP, you are covered by an employer retirement plan.

SEP participation. If your employer does not require you to participate in a SEP as a condition of employment, and you elect not to participate, all other employees of your employer may be prohibited from participating. If one or more eligible employees do not participate and the employer tries to establish a SEP for the remaining employees, it could cause adverse tax consequences for the participating employees.

An employer may not adopt this IRS Model SEP if the employer maintains another qualified retirement plan. This does not prevent your employer from adopting this IRS Model SEP and also maintaining an IRS Model Salary Reduction SEP or other SEP. However, if you work for several employers, you may be covered by a SEP of one employer and a different SEP or pension or profit-sharing plan of another employer.

SEP-IRA amounts—rollover or transfer to another IRA. You can withdraw or receive funds from your SEP-IRA if, within 60 days of receipt, you place those funds in the same or another IRA. This is called a "rollover" and can be done without penalty only once in any 1-year period. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have these funds transferred between the trustees or the custodians so that you never have possession of the funds.

Withdrawals. You may withdraw your employer's contribution at any time, but any amount withdrawn is includible in your income unless rolled over. Also, if withdrawals occur before you reach age 59½, you may be subject to a tax on early withdrawal.

Excess SEP contributions. Contributions exceeding the yearly limitations may be withdrawn without penalty by the due date (plus extensions) for filing your tax return (normally April 15), but are includible in your gross income. Excess contributions left in your SEP-IRA after that time may have adverse tax consequences. Withdrawals of those contributions may be taxed as premature withdrawals.

Financial institution requirements. The financial institution where your IRA is maintained must provide you with a disclosure statement that contains the following information in plain, nontechnical language:

1. The law that relates to your IRA.
2. The tax consequences of various options concerning your IRA.
3. Participation eligibility rules, and rules on the deductibility of retirement savings.
4. Situations and procedures for revoking your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation. This information must be clearly displayed at the beginning of the disclosure statement.
5. A discussion of the penalties that may be assessed because of prohibited activities concerning your IRA.
6. Financial disclosure that provides the following information:
 - a) Projects value growth rates of your IRA under various contribution and retirement schedules, or describes the method of determining annual earnings and charges that may be assessed.
 - b) Describes whether, and for when, the growth projections are guaranteed, or a statement of the earnings rate and the terms on which the projections are based.
 - c) States the sales commission for each year expressed as a percentage of \$1,000.

In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statements to evaluate your IRA's investment performance.

Paperwork Reduction Act Notice. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping..... 1 hr., 40 min.

Learning about the law or the form..... 1 hr., 35 min.

Preparing the form..... 1 hr., 41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. **Do not** send this form to this address. Instead, keep it with your records.

^{*} For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.



Self Directed IRA

S E R V I C E S I N C

A subsidiary of Horizon Bank

600 Congress Avenue, Suite 400 • Austin, TX 78701
866.928.9394 • 512.637.5739 • www.SDIRAServices.com

Deposit Coupon

Instructions and Form

Use this form to remit with any contribution, rollover or investment-related deposit or payment made to your IRA account.

Guidelines

The following form should be completed and remitted with any contribution, rollover or investment-related deposit made to your IRA account, whether by check or bank wire.

- ✔ Please use the appropriate investment direction form if you wish to provide investment instructions. Do not include any written investment instructions on the Deposit Coupon.
- ✔ Please include a separate Deposit Coupon for each check or wire.
- ✔ Additional Deposit Coupons can be obtained by visiting the Forms section of our website, www.SDIRAServices.com.

Check Instructions

- ✔ Make checks payable to: **Self Directed IRA Services, Inc. Custodian FBO (Accountholder Name) IRA # _____.**
- ✔ Please include your IRA account number on the memo line of the check.

Wiring Instructions

- ✔ Please complete and submit the Deposit Coupon **prior to the wire being sent.** Wires received without prior notification may cause delays in processing.

Funds should be wired to your IRA account with Self Directed IRA Services, Inc. as follows:

Wire to:	Horizon Bank 600 Congress Ave. Austin, TX 78701 ABA: 111907940
For Credit To:	Self Directed IRA Services Custodial Account Account #: 4515532
For Further Credit To:	Accountholder's Name, IRA # _____

Send your completed Deposit Coupon to us.

Mail



Self Directed IRA Services, Inc.
P.O. Box 685133
Austin, TX 78768

Physical Delivery



Self Directed IRA Services, Inc.
600 Congress Avenue, Suite 400
Austin, TX 78701

Fax



Fax to 512.495.9554
Attn: Accounting



Self Directed IRA

SERVICES INC

A subsidiary of Horizon Bank

Deposit Coupon

600 Congress Avenue, Suite 400 • Austin, TX 78701
 Phone 512.637.5739 • Fax 512.495.9554 • www.SDIRAServices.com

Please complete all applicable information on the Deposit Coupon and submit along with the check. If funds are being wired, please fax this Deposit Coupon to the attention of "Accounting" prior to the wire transfer.

1 Account Information

Accountholder Name		Account Number
Daytime Phone	Email Address	
Account Type	<input type="checkbox"/> Traditional <input type="checkbox"/> Roth <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE	
Deposit Amount	Check Number	Wire Transfer Date

2 Specify Type of Deposit

• Contribution or Rollover Deposit Accountholder must sign and date Section 3 below.

- Contribution For Tax Year _____ (SEP contributions are reported in the year received.)
- Rollover

• Investment-Related Deposit Must specify name of the investment below.

Investment or Property Name

- Note or Debt Payment: Must complete the payment information below, including any interest and principal breakdown.

Interest \$	Principle \$	Note Payoff: _____ Partial _____ Full
New Ending Balance on the Note/Debt \$		

- Rental Income
- Dividend
- Return of Capital
- Sale Proceeds: Partial Sale _____ Complete Sale _____

3 Signature

Accountholder must sign and date below if deposit is a Contribution or Rollover.

I hereby certify that all information provided is true and correct and may be relied on by SDIRA Services.

If making a Contribution, the undersigned understands the terms and conditions applicable to the IRA account are contained in the IRA plan agreement and agrees to be bound by those terms and conditions. The undersigned certifies that (i) the eligibility requirements have been met for making the type of IRA contribution indicated above, (ii) accountholder assumes complete responsibility for ensuring that all IRA contributions made are within the limits set by the tax laws, related regulations and plan agreement and for the tax consequences of any contributions (including any rollover and conversion contributions) and distributions, and (iii) the deposit described above is eligible to be contributed to the IRA.

If making a Rollover, the undersigned Accountholder understands the rules and conditions applicable to direct rollovers and certifies that (i) the requirements have been met for making a direct rollover of the funds shown above (ii) all funds are being deposited within the allowable 60 day period since distributed to me, (iii) this is the only rollover for or by me within the previous 12 month period, and (iv) none of the assets being deposited contain amounts from a Required Minimum Distribution. I acknowledge that I have been advised to see a tax professional due to the important tax consequences of rollovers. I assume full responsibility for this rollover transaction and will not hold Self Directed IRA Services, Inc. (SDIRA Services") liable for any adverse consequences that may result. I hereby irrevocably designate the rollover amount shown above as a rollover contribution.

Accountholder Signature _____ Date _____



CONSUMER INVESTOR AWARENESS NOTICE

Today more than ever it is important that owners of self-directed retirement plans conduct research to make informed decisions and avoid fraud, but where do you start?

For your convenience, a number of websites and specific resources are available at www.ira.com. At the website you can download a free DVD "Tricks of the Trade – Outsmarting Investment Fraud" and free e-books "Fighting Fraud 101" from FINRA and "Seniors Against Investment Fraud (SAIF)" from the California Department of Corporations.

www.investor.gov (800-732-0330) The Securities and Exchange Commission (SEC) is dedicated to helping Americans protect their investments.

www.nasaa.org (202-737-0900) The North American Securities Administrators' Association (NASAA) provides information on investor education.

www.finra.org (301-590-6500) The Financial Industry Regulatory Authority (FINRA) has an "Investor" section on Smart Investing.

www.aarp.com (888-687-2277) American Association of Retired Persons (AARP) includes a section on scams, fraud and consumer protection.

BE AWARE OF FALSE CLAIMS & ENDORSEMENTS

Be mindful of individuals who offer investments that are "approved by the government" or imply that because the transaction occurs through a custodian that the custodian approves the investment, that it is appropriate for you or that it carries little or no risk.

There are risks associated with any investment that is not FDIC-insured. Neither governmental agencies nor self-directed IRA custodians endorse specific investments. The fact that an investment is *permitted* in an IRA should not be used in determining whether the investment is *appropriate* for you.

A SAMPLE OF QUESTIONS TO CONSIDER WHEN CONTEMPLATING YOUR INVESTMENTS

Have you checked the investment history of the individual(s)/entity offering this investment?

Have you checked with the Secretary of State to ensure that this entity/company is in good standing?

Have you consulted with an independent financial professional to ensure that this investment is suitable for you and meets your investment objectives?

Have you reviewed the consumer investor awareness resources provided above?

Of course, the resources and issues identified above are not intended to be all-inclusive, but they should give you a head-start on reducing the risk of the investment decisions that you make for yourself and your self-directed retirement account.

This notice is not intended to be nor should it be construed as investment advice, nor should this notice or the resources cited above be considered the ultimate authority with respect to your investment decisions. If you feel that you need specific investment advice, we encourage you to consult with an independent financial professional when considering an investment to ensure that your investment is suitable for you and fits within your investment objectives.