

## **POLICIES GOVERNING OPERATIONS & CLIENT SERVICES**

### ***Client Fee Policy***

Equity Trust's Board of Directors maintains a complete client fee schedule and updates it annually. The fee schedule identifies each fee, who it is charged to, what it is charged for, and when it is assessed. The fee schedule is posted on ETC's website here: [link to the document]. This posted version of the fee schedule is official and reliable. All ETC and EASI employees are bound by and responsible for adhering to, and assessing fees in accordance with, this policy and the posted fee schedule.

### ***Fee Recordkeeping***

When assessing any fee, or taking action with respect to a fee, ETC's employees are responsible for appropriately documenting the fee event within ETC's prescribed records management system. This mandatory fee recordkeeping encompasses assessment, collection, credits, debits, waivers, and reductions. For each fee event (credit, debit, reduction, and waiver) ETC staff must clearly state the *reason* for the action taken and identify the party under whose authority such action was taken.

For each fee assessed, ETC's system must reflect an offsetting entry either for "paid," "waived," "reduced."

### ***Fee Categories***

Unless noted otherwise, all fees listed here **MUST** be collected *before* processing a client's request.

#### 1. Account Set Up

- Assessed to NEW Equity Trust clients for account establishment.
- Fee **MUST** be collected *before* reviewing a client's application.
- Fee is NOT refundable.

#### 2. New Account Maintenance

- An annual fee assessed to NEW Equity Trust clients for custodial services.
- This fee is collected before opening an account, either by credit card or by deducting the fee from incoming funds. Account is not opened without payment of fees (exception: transfers and rollovers from which fees are taken from available cash).
- The assessed amount of this annual fee is a percentage of the account's initial funding amount. It applies to custodial services provided through the remainder of that first calendar year.

- If an account is opened in the last quarter of a calendar year, this fee is prorated for the opening year, and charged together with the upcoming year's annual maintenance fee.
- If within 120 days of opening the account client funds actually received differ from the funding amount anticipated, the fee assessed will be adjusted accordingly. Any overpayment is retained as a credit to client, and any underpayment is assessed and collected.
- Additional fee assessments are charged to a client's credit card – if client paid the initial fee by credit card and granted permission to charge additional new account fees assessed within 120 days. If a Client's credit card is declined, or a credit card was not used, the fee is collected from Client's available funds.
- If Client funds are unavailable, receipt of transfer is not processed until fees are paid.
  - In the case of transfers and rollovers (i.e., no funding), if fees are not paid, the new account will be closed after 60 days. Client is then required to resubmit paperwork once transfer or rollover can be processed. The Manager of Operations must approve and sign off on any exception.

### 3. Annual Maintenance Fee

- Assessed annually to EXISTING Equity Trust clients for custodial services.
- Assessed at the end of January for upcoming year based upon the account's market value at prior year-end.
- Must be collected (paid) within 30 days of assessment via credit card, check, or available cash within client's account.

### 4. Closing Fee

Assessed to EXISTING Equity Trust clients when account assets are distributed or transferred, and account is closed.

### 5. Partial Transfer Out Fee

Assessed to EXISTING Equity Trust clients for administering a transfer of account assets.

### 6. Asset Re-Registration Fee

Assessed to EXISTING Equity Trust clients for updating the registration of asset(s) to reflect change of ownership.

### 7. GLS Fee

Assessed to EXISTING Equity Trust clients requesting Gold Level Service.

### 8. Expedited Fee

Assessed to EXISTING Equity Trust clients requesting same day processing. To qualify for expedited processing, documents must be received by 10:00 a.m.

9. Express Transfer In Fee

- Assessed to EXISTING or NEW Equity Trust clients requesting quicker transfer processing.
- Fee includes wire in fee.

10. Wire In Fee

- Assessed upon receipt of wire from EXISTING or NEW Equity Trust clients.
- Fee is either deducted from incoming wire funds or paid in advance by Client's credit card.

11. Wire Out Fee

Assessed to EXISTING Equity Trust clients requesting that a wire be sent from their account.

12. Cashier's Check Fee

- Assessed to EXISTING Equity Trust clients requesting a cashier's check.
- Cashier's checks must be mailed overnight, and the fee includes charges for overnight mail service (only one overnight fee will be charged regardless of the number of cashier's checks issued for a given transaction).

13. Overnight Fee

Assessed to EXISTING Equity Trust clients requesting overnight mail service.

14. Certified Mail Fee

- Assessed to EXISTING Equity Trust clients requesting certified mail service.
- Certified mail service is mandatory when mailing original documents.

15. Document Processing Fee

Assessed to EXISTING Equity Trust clients that have documents requiring a notary.

16. NSF Fee

- Assessed to EXISTING Equity Trust clients upon return of check for lack of funds.
- See Outstanding Fees if fee is not collectable from client available cash.

17. 990T Fee - Assessed to EXISTING Equity Trust clients requesting 990t filing.

***Fee Write Down, Waiver, Refund, or Reimbursement***

Fees can be written down, waived, refunded, or reimbursed only in accordance with the following policy.

**Authority**

ETC's Sales professionals, governed by Director of Marketing & Sales, have the authority to write down or waive account establishment fees (including New Account Maintenance, Set-Up, GLS, Express Transfer In, and Expedite fees).

ETC's Tax professionals, governed by the Director and Manager of Operations, have the authority to write down, waive, refund, or reimburse 990t filing fees.

ETC's Client Service Team and Operations Supervisors, governed by the Director and Manager of Operations, have the authority to refund or reimburse account fees.

- Account fees exclude fees associated with account establishment and 990t filing.
  - If an account is closed before March 1<sup>st</sup>, Annual maintenance fees may be waived for that year.
  - Closing fees may be waived only if the account has paid ALL maintenance fees AND never used the account or lost all account value.
  - Closing fees are not assessed for pass through accounts used when converting to Roth IRAs.
1. Fee waivers, reductions, and reimbursements are processed by the Accounting & Reporting Team, reporting directly to the Manager of Operations.
  2. ETC captures the "Reason Code" for a fee reduction within the fee documentation process.
    - Reason codes include: REG event, GLS certificate, sales person discretion, manager discretion, quality, timeliness.
  3. For each fee reduction, ETC's "Process Control Analyst" signs off on the amount reduced by person and by account.
  4. Permanent fee waivers and reductions may only be granted with a sign-off by the Director of Operations', and the President of ETC, and the President of EASI. These sign-offs are retained in the Client's file. Permanent reductions are maintained within fee receivable.

### ***Overpaid, Delinquent, and Unpaid Fees***

1. When Client fees are overpaid, ETC holds the overpayment as a credit in the Client's fee receivable.
2. Outstanding Fees are aged.
3. For Annual Fees, the following policies apply:
  - a. If fee is not collected within 30 days, ETC assesses \$50 late fee and locks the account from any activity except fee collection, deposits, and customer information updates.
  - b. At the beginning of March, ETC issues notice to client via delinquency letter detailing collection method (and ETC's rights) and consequence of failure to pay annual fee and late fee by the end of March.
  - c. Commencing April 1<sup>st</sup>, ETC will collect outstanding fees from assets held in Client's accounts and, if appropriate, place a lien on Client's real estate assets.
  - d. Unpaid fees are posted on client's quarterly statement.

- e. On May 1<sup>st</sup>, if fee remains unpaid, ETC distributes account assets with a sample 1099, places account into closing status, and notifies Client.
  - f. If Client fails to re-open the account within 60 days (with fees paid and assets returned), account status will automatically change to “closed”.
4. ETC will apply any cash in a Client’s account to satisfy the account’s outstanding fees.
  5. ETC issues final notification to Client Accounts with delinquent fees in March, identifying the delinquent fees due, the assessment of a \$50 late fee, and the total balance due.
  6. Effective March 1<sup>st</sup>, ETC places accounts with unpaid fees in a locked status.
  7. If a client fails to pay delinquent fees by June 1<sup>st</sup>, ETC takes the following steps:
    - Any traditional assets held in the Client’s account (stocks, bonds, mutual funds, foreign currency) are liquidated as necessary to satisfy the delinquent balance and pay any additional brokerage fees incurred. Cash remaining from the sale of these assets is credited to the client’s account.
    - Tax Liens held in the Client’s account will be retained until redeemed. The cash proceeds from those liens are used to pay fees, late charges and any additional fees associated with obtaining the payment. Cash remaining from the redemption of these liens is credited to the Client’s account.
    - If necessary to secure payment of remaining fees, and if delinquent fees and associated legal fees have not been satisfied by May 1<sup>st</sup>, ETC will establish a lien against any real estate assets held in the Client’s account. Once the lien is in place, ETC will distribute the real estate asset at its last known value, place the account in a closing status for 60 days, and issue a sample 1099 to the IRS.
    - For Client accounts holding notes, entities, options, and general investments that have delinquent fees not satisfied by May 1<sup>st</sup>, ETC will distribute the asset at its last known value, place the account in a closing status for 60 days, and issue a sample 1099 to the IRS.
    - If Client does not reopen the account and pay delinquent fees within 60 days of the foregoing events, ETC will issue a 1099 to the IRS in January of the following year.

### ***Consequences of a Fee Policy Lapse or Violation***

ETC Employees are subject to corrective action in accordance with existing HR Scorecard policy for the following fee policy violations:

1. Failure to assess a fee.
2. Reducing a fee without the requisite authority.
3. Excessively reducing a fee (as determined by Operations Director or Manager).
4. Failure to properly record reason for reduction.
5. Failure to document a permanent fee reduction.

### Verification of Funds Policy

Internal studies have demonstrated that prudently limiting customer contact both reduces costs and increases administrative efficiency, by enabling employees to devote more time to other tasks. To minimize the time and expense associated with client contact regarding DOIs:

- ETC contacts clients to verify funds only when a DOI exceeds \$50,000.00, whether the request is for same-day or non-same-day service.
- Regardless of DOI amount, clients are *not* contacted when their DOI is submitted by the Client's duly authorized attorney or accountant.

### Clerical Error Correction

In order to ensure ETC's efficient and timely processing of account documentation, ETC requires that account holders authorize ETC to administer the correction of minor and obvious clerical errors without first returning the documents or securing the client's written permission. Account holder authorization of this clerical correction practice occurs through Section 8.05(c) of the Individual Retirement Custodial Account Agreement, in Direction of Investments, and may occur in other agreements as determined by \_\_\_\_\_, in language substantially similar to the following:

“Account Holder authorizes and directs ETC to correct investment titling errors without notice, and to correct other minor clerical account documentation errors upon securing Account Holder's consent by telephone or email.”

### ***Client Deposit Policy***

To ensure effective funds processing, to minimize the risk of losing or misplacing original checks, and to maximize funds security, ETC maintains a controlled environment (a limited access locked room) within which all client deposits are received, processed, and managed. All checks received from clients remain under depositors' control within this control environment.

All incoming checks are handled only by designated “depositors,” who image (scan) and deposit checks on the day they are received. Check “processors” work only with check images, not originals.

When Clients submit funds in excess of prescribed contribution limits, Client must provide ETC with a written authorization to deposit those excess funds.

Take account negative when hold on funds are waived and reflect reason on control report.

## ***Client Disbursement Policy***

Disbursement cut-off is 4:30 p.m., which means that after 4:30 disbursements stop until the next business day. In this manner, “Cash” can run its sweep and reconcile with minimal overtime.

### Cash Calls / Follow Ups

When processing client requests, processors may in some circumstances accept verbal instructions from the client regarding the action, without requiring a confirming email or other writing, when doing so does not risk the integrity of ETC’s processes. Client changes that ETC processors can accept verbally (by telephone or voice mail) include: (from attachment 2)

1. Client corrections in a pending action.
2. Client instructions to cancel a pending action.
3. Client instructions to cancel a duplicate action erroneously created (e.g., in eVantage), provided client confirms that the action is a duplicate.
4. Client’s provision of an IRN number necessary to continue processing a request, provided the IRN number is duly entered in the action’s “create” tab, and further provided that the processor directs an email to Cash Calls confirming receipt of the IRN.
5. Client’s confirmation that information omitted from a bill pay request is contained in the bill submitted along with the incomplete bill pay request, provided that the processor directs an email to Cash Calls recounting Client’s confirmation that it is to use the information contained in the attached bill to process the bill pay request.
6. Verification of an illegible address, provided that the processor directs an email to Cash Calls recounting Client’s address verification.
7. Verification of the dollar amount omitted from a Distribution Request Form, where funds are going directly to Client, provided that the processor directs an email to Cash Calls confirming the distribution amount.

In each case, in order to act on a verbal instruction, CMT or IPT must duly note in appropriate records (action comments) when, how, and why the client left the verbal instruction, and what that instruction was.

To ensure the integrity of ETC’s processes, and minimize the risk of error, some client changes must be documented in writing to protect both ETC and the Client. Client changes that ETC processors may only act on when submitted in writing (via resubmitted form, email, fax, or letter) include: (from attachment 2)

1. When client omits the payment amount from a bill pay request, the client must submit the form with that payment amount properly entered.

2. When a client's wiring instructions are unclear or incomplete on a bill pay request form or a distribution request form, the client must correctly enter this information on the form and resubmit it. ETC can only accept wiring instructions in writing.

If a client requests that a "bill pay" action be placed on hold "until further notice," the bill pay action is closed. To resume a "bill pay" action when Client is ready for processing Clients must re-submit the request in writing. In this manner ETC avoids waiting for or relying on verbal client direction (which is easily missed), and reduces the risk of client miscommunication or error.

## ***Processing Timelines and Deadlines***

ETC strives to ensure that all clients are treated fairly and with equivalent priority. All clients are entitled to receive equal and prompt attention, security, and accuracy in processing. No particular client is given preferential treatment in the manner or timing of processing. Exception: the only preference in processing ETC offers is "expedited service," for which clients elect to pay a premium.

For investment, bill pay, and partial cash distributions the following processing policies and deadlines apply:

Normal Processing Service – Client investment processing is typically completed within 3 business days of Client's submission.

Expedited Processing Service – Client's may request expedited service for a \$50.00 "expediting fee." Expedited processing is generally completed in approximately 1 business day.

If Client's submission is received before 10:00 a.m. EST, processing begins on the day of receipt. If Client's submission is received after 10:00 a.m. EST, processing starts on the next business day.

Corrections or Additional Information Required – Normal and expedited processing timelines are subject to change if Client's submission is incomplete or requires corrections. The additional time required will vary depending on circumstances.

When a client submission requires additional information, processing stops until the client submission is complete and correct. For processing to resume on the day it was stopped, ETC must receive the required information by 12:00 p.m. EST; otherwise, processing resumes on the next business day.

- If client has requested expedited processing and the submission requires verbal verification, Client's verbal verification must be completed by 1:00 p.m. EST for expedited processing to occur.

- If an ETC error causes a processing deadline to be missed, ETC waives the deadline and proceeds with processing as though the deadline had been satisfied. In these circumstances, Processors must promptly notify IPT and CMT to ensure timely processing.

Client Management / Escalation Re: Timelines – Clients are sometimes unhappy with or frustrated by ETC’s timelines and deadlines. Waiving timelines or making exceptions is generally not permitted because doing so hampers ETC’s efficiency and fairness - to the detriment of all clients. When customers object to or challenge Processor regarding these policies, processors are encouraged to remind Clients of the policy by making the following statement:

“ETC’s processing guidelines are established to ensure that ETC meets the expectations of all its clients. When the guidelines are not followed or random exceptions are made ETC is unable to guarantee effective or expedited service. To provide our services well, following the processing timelines is essential. All clients are expected to conform to the published guidelines, as provided in their agreement with ETC. Though we would like to help you, because your request does not conform, we are unable to process the request today. Your request will be fully processed the next business day provided no corrections or additional information is required.”

If a Client does not accept the foregoing statement and remains “escalated” demanding special treatment, Processors must refer the matter to their Team Leader or Supervisor for further handling (this applies to IPT for investments and CST for all requests).

When Client is “Highly Escalated” – Exceptions – When a Client is highly escalated and threatens one of the actions listed below the CMT Supervisor, the CMT Team Leader or the Operations Manager may approve a one-time exception to the applicable processing timeframe.

1. Client is escalating through the chain of command and is determined to escalate to an executive level.
2. Client threatens to close his ETC account(s) and has a substantial account value.
3. Client is a COI and threatens to close account(s) or shut down future referrals to ETC, or otherwise harm ETC’s business reputation.
4. Circumstances are such that the Client will clearly lose a substantial amount of money if an investment is not funded immediately.

When exceptions are made for the above reasons, they are one-time exceptions only, and Client must first pay an *additional* \$50.00 Rush Processing Fee (i.e., on top of any expedited fee) before processing continues under the exception. To discourage repeated client conduct of this nature, when such special exceptions are made ETC must advise the Client that this is the only exception ETC will make, and that Client’s future requests must be received within the prescribed time frames.

## ***Money Movement Policy***

Client requests for fund disbursement must be received by \_\_\_\_\_ to be processed on the day of receipt. Fund disbursement requests received after \_\_\_\_\_ are processed on the next business day.

Before releasing disbursements, processor must separately verify conformity with the disbursement request. For distribution requests of \$50,000.00 or more, processor must secure the Director of Operation's approval before releasing funds.

## ***Aged Client Requests***

Clients sometimes submit Disbursement, Account Open, and Direction of Investment requests, but then fail to follow through and submit required documents, information, or funds. Monitoring these "pending" client requests is an administrative burden for ETC, reduces efficiency, and increases the risk of error or confusion. To avoid these problems, pending client requests with outstanding deficiencies (i.e., waiting for client action) are closed after 30 days. However, Client requests pertaining to accounts being funded by transfer are closed after 60 days.

## ***Record Keeping***

Location codes, trust type and tax table, and transaction codes are reviewed and signed-off by x quarterly

Blank statement frequency should never be used

SIC and IRN numbers are controlled by IPT

## ***Investment Processing - Direction of Investment - Supporting Document Policy***

When ETC clients submit a "Direction of Investment" form for processing the DOI must be accompanied by supporting documents. In each investment type's case, the supporting documents are essential to ETC's verification process. Through the supporting documents the Investment Processing Team (IPT) is able to determine that the DOI subject exists, conforms to the DOI's purchase or sale parameters, and complies with applicable laws. IPT must therefore ensure that Clients submit required documents in each case and communicate accordingly.

ETC prescribes the supporting documents required for each investment type to ensure that it can complete its due diligence before proceeding to execute a DOI. Prescribed supporting documents vary from one investment type to another, as detailed below. Before DOI processing can proceed, Clients must submit the documents identified below to IPT, and appropriate ETC employees must audit or administratively review those documents to ensure ETC’s authority and DOI accuracy:

**Entity DOI Form –**

<b>Entity Type</b>	<b>Documents Required (Copies OK)</b>
Limited Liability Company (LLC)	<ol style="list-style-type: none"> <li>1. Subscription Agreement signed by Client</li> <li>2. Membership Certificate (if applicable)</li> <li>3. Operating Agreement</li> <li>4. Private Placement Memorandum</li> <li>5. Articles of Organization</li> </ol>
Limited Partnership (LP)	<ol style="list-style-type: none"> <li>1. Limited Partnership Agreement signed by Client</li> <li>2. Certificate of Limited Partnership as filed with State</li> </ol>
Private Stock / C-Corporation	<ol style="list-style-type: none"> <li>1. Subscription Agreement signed by Client</li> <li>2. Stock Certificate (if applicable)</li> <li>3. Articles of Incorporation</li> <li>4. Private Placement Memorandum</li> </ol>

**General DOI Form –**

<b>Investment Type</b>	<b>Documents Required (Copies OK)</b>
Option	<ol style="list-style-type: none"> <li>1. Option to Purchase Agreement signed by Client</li> </ol>
Land Contract	<ol style="list-style-type: none"> <li>1. Land Contract Agreement signed</li> </ol>

	by Client
Oil and Gas Venture	1. Joint Venture Agreement signed by Client
Foreign Currency	1. Application signed by Client
Lease Option	1. Lease Option Agreement signed by Client
Equipment Lease	1. Lease Agreement signed by Client
Mobile Home	1. Mobile Home Purchase Agreement signed by Client 2. Mobile Home Title
Joint Venture	1. Joint Venture Agreement signed by Client

### Promissory Note DOI Form –

Promissory Note Type	Documents Required (Copies OK)
Unsecured Promissory Note	1. Unsecured Promissory Note signed by the Borrower or Maker.
Secured Promissory Note	1. Secured Promissory or Mortgage Note signed by the Borrower or Maker where feasible. 2. Mortgage or Deed of Trust signed by Borrower or Maker.

ETC requires signatures on unsecured Promissory Notes to ensure the authenticity and validity of the document. When clients submit an unsecured DOI with an unsigned promissory note the Investment Processing Team must secure a copy of the *signed* note from the Client before continuing processing. By assuring that the note instrument has been signed by the Client's identified borrower before processing, IPT has evidence that a valid debt agreement exists, and that borrower accepts its terms, thus assuring the Client's informed consent and reducing the risk of error. Where a promissory note is secured by a mortgage or deed of trust, IPT must secure a copy of *either* the signed note or the signed mortgage or deed of trust, preferably both. In a secured transaction one signed instrument is sufficient evidence of the transaction's validity.

## Real Estate DOI Form –

Purchase Type	Documents Required (Copies OK)
No Financing Purchase (Client purchases property with cash)	1. Settlement Statement (HUD-1) 2. Purchase Agreement
Property Purchase with Debt Financing (where Client is financing portion of purchase price)	1. Settlement Statement (HUD-1) 2. Non-recourse Note signed by Client 3. Purchase Agreement

## Tax Lien DOI Form –

Type	Documents Required (Copies OK)
N/A	none

## Account Opening Policy

### ***Acceptance of Accounts***

Governing Documents - To protect the integrity of ETC's processes and its clients' interests, ETC must secure reliable evidence of each Client's underlying authority to create an account. This also assures a sufficient basis for ETC's administration of the account. Before accepting any account, ETC must obtain Client's IRS Form 5305, or an authenticated copy, which must be retained in the Client's file.

Any exception to this requirement must be approved by \_\_\_\_\_.

Customer Identity Verification – To comply with applicable laws and regulations affecting IRA administrators (including the USA Patriot Act), ETC must be capable of accurately and verifiably identifying account holders. Thus, ETC collects and maintains sufficient information from applicants and account holders to ensure error-free client identification and its compliance with those laws and regulations.

## ***Account Maintenance***

Account critical information may need to be changed from time to time, and ETC's administrative function depends on the accuracy of this information. It is imperative that ETC avoid mistakes when accepting changes to account critical information (defined below) in the customer information file (CIF). Before ETC will process such changes of record, Clients must submit the changes in writing, along with their signature, on ETC's prescribed submission form. These submission forms are retained in the CIF for future reference and as evidence of the authority under which a change has been made.

Any exception to this requirement must be approved by \_\_\_\_\_.

### Critical Information includes:

- Full Name
- Mailing Address
- Telephone Number
- Email Address
- Beneficiary
- Social Security Number
- ETC issued Private Identification Number (PIN)

## ***Account Closing***

Before ETC will process the closing of a client account, Clients must submit the closing instruction in writing, along with their signature, on ETC's prescribed "account closing" submission form. A request to close an account must:

- specify the expected closing date
- provide complete distribution instructions
- provide withholding tax instructions if applicable

These submission forms are retained in the CIF for future reference and as evidence of the authority under which the account was closed.

# Safekeeping Client Assets

## ***Custody of Assets and Recordkeeping***

Generally, ETC maintains custody and control of the Client assets under its administration, and is responsible for safeguarding the assets in its custody. To ensure such safekeeping, ETC always maintains accurate ownership records sufficient to clearly and easily distinguish one client account or asset from another and from ETC's assets.

In its role as an administrator ETC handles and harbors a wide variety of documents necessary to the financial and titling transactions directed by Clients. When administering a transaction ETC must ensure that necessary documents are in order and that they conform to the requirements of public and private authorities. By doing this, ETC fulfills its legal and contractual duties.

## ***Documentation Responsibility***

In many cases ETC furnishes instructions to clients identifying the documents necessary to complete a particular transaction. However, ETC *does not prepare* transaction documents for its clients. Under ETC's client agreements (Adoption Agreement and Direction of Investment)

- The responsibility for preparing, securing, providing, and recording a transaction's underlying documentation lies with the Client. (Examples include promissory notes, mortgages, deeds, and titles.)
- Because final transaction documents are sometimes unavailable until after ETC's transaction has been completed (e.g., when documents must be recorded or sent to third parties for completion, signing, etc.) Clients are also responsible for assuring that all *finalized* documents are returned to ETC for safekeeping.
- To ensure the receipt of finalized transaction documents, ETC issues written reminders to Clients (in their quarterly statements) until the documents are received.

## ***Outside Depositories***

When a Client's account assets are held by outside depositories ETC requires that those depositories:

- Acknowledge ETC's ownership.
- Clearly identify where the assets are held.
- Issue periodic statements to ETC with sufficient detail to permit ETC to reconcile the asset's status to its records.

## Client Cash Policy

### ***Deposit Investments***

When ETC receives custodial deposits from Clients without a signed DOI, ETC deposits those funds into interest-bearing savings, share, or money market accounts, or various certificates of deposit.

### ***Clients' Available Cash Balances***

To ensure that Clients' cash funds are wisely deployed ETC periodically [how often] sweeps available free credit balances and automatically moves those balances into interest-bearing money market funds or FDIC insured bank accounts, where those funds remain until the Client submits further direction. This sweep function is performed by \_\_\_\_\_, and Clients are notified of the action through \_\_\_\_\_ [their quarterly statement, letter, etc.].

In each of the above circumstances, the decision where to place such funds (i.e., the type of interest bearing account) is made by \_\_\_\_\_, and the determination is based on the following factors: [list factors].

## Client Investment Policy

### ***Clients' Responsibility for Investment Decisions***

All authority and responsibility for investment direction lies with ETC's Clients. ETC's investment of Clients' contributions or its reinvestment of clients' custodial assets occurs only in accordance with clients' written instructions. ETC prescribes the format for Clients' direction of investment (the direction of investment form), and clients' written investment instructions must conform to that format before ETC may rely on the instruction and process the investment.

Clients may delegate their investment decision and account management authority to 3<sup>rd</sup> parties such as investment advisors, brokers, attorneys, trustees, attorneys-in-fact, etc. For such delegation to bind ETC, however, Client must first authorize ETC to take instruction from a particular 3<sup>rd</sup> party, and provide sufficient written evidence that Client has properly delegated decision making authority to that 3<sup>rd</sup> party (e.g., power of attorney, trust agreement, assignment, brokerage agreement, etc.). After receiving this authority and the supporting documentation of the 3<sup>rd</sup> party's authority, ETC will follow the direction of that duly authorized 3<sup>rd</sup> party until Client instructs otherwise.

Upon receiving a Client's direction of investment, ETC will endeavor to acquire or sell the investment in accordance with the Client's instructions within a reasonable time in the circumstances.

When Clients fail to submit a direction of investment along with a contribution (custodial deposit), ETC holds that contribution as provided in Client Cash Policy above.

### ***Custodial Assets - Titling***

When Clients direct ETC to acquire assets, ETC does so as a custodian and the assets acquired are deemed custodial assets for the benefit of the Client's IRA account. Custodial assets are titled in the name of ETC (or its nominee) "for the benefit of Client's IRA."

### ***ETC's Passive Custodial Role – Limits on Authority***

ETC acts solely as a passive custodial holder with respect to Clients' assets, and has no authority or discretion to direct the investment of those assets. As an account / asset custodian, ETC is *not* a fiduciary as that term is defined under applicable laws and regulations.

ETC does not review, evaluate, or sanction the merit, soundness, prudence, suitability, or prospects of its Clients' investment choices and directions. ETC does not, and its employees are not permitted to:

- Offer investment advice or counseling.
- Endorse any investment, investment product, or investment strategy.
- Endorse any investment advisor, representative, party, broker, or agent.

As a passive custodian ETC has no obligation to question and bears no responsibility for questioning the investment directions submitted by its Clients, or their advisors, representatives, or agents. ETC does not investigate, analyze, monitor, verify title to, or otherwise validate any Client's investment choices.

To ensure its independence in this regard, ETC, its officers and employees, refrain from commenting to Clients about the quality or character of the Client's investment decisions (or those of their agents and advisors).

### ***ETC's Passive Custodial Role – Extent of Investment Review***

ETC *does* review each investment directed by a Client, but only to determine its administrative feasibility and conformity with laws and regulations governing ETC. Neither this review nor

ETC's acceptance of a Client's investment instruction or its action based on those instructions is an endorsement of the Client's investment, investment company, or investment strategy.

### ***ETC's Rejection of an Investment***

If ETC determines that a Client's proposed investment or transaction is beyond the scope of its administrative capabilities or expertise, ETC may reject the Client's direction. When unable or unwilling to fulfill a Client's investment direction, ETC will notify the Client accordingly.

Depending on the Client's further instructions, ETC may remit funds for the proposed investment to the Client or as directed. When this occurs, ETC's custodial role with respect to those funds terminates and ETC bears no responsibility for verifying or assuring that the funds released are used to purchase the investment or asset Client had identified in the DOI.

As a matter of policy, ETC will not process certain investments. ETC maintains and regularly updates an active list of these "do not process" investments. The current list is found \_\_\_\_\_ [\[hyperlink to document containing list\]](#). Listed below are the "do not process investments" on the date of this policy statement:

- Apostolate Family Consecration
- Learn Water House
- Refco
- Westhaven
- Parish Economics 4-21-2006
- Van Zandt Agency / Burke & Grace
- ATM's
- Gaming Systems
- Telephones
- Pacific Coast
- Yucatan / Resort Holdings
- Alliance Leasing Pinnacle Development
- Mexbank
- Goldern Summit Group
- Finex Group

The determination of "do not process" is made by \_\_\_\_\_, based on the following types of problems: [\[here list what causes an investment to be put on the list\]](#)

### ***ETC's Liquidation of a Custodial Asset***

In order to pay fees, expenses, federal tax levies and other assessments on custodial accounts, ETC must occasionally liquidate custodial assets. When required to liquidate a Client's assets without direction from the Client, ETC will use its discretion and act in the Client's best interest to the extent practicable in the circumstances.