



Processing Checklist for Real Estate

Sterling Trust Company
P.O. Box 2526, Waco, TX 76702-2526
7901 Fish Pond Rd., Waco, TX 76710
254.399.5200
254.751.0872 fax
IRAServices@matrixbancorp.com
www.Sterling-Trust.com

The following information must be sent to Sterling in order to process your real estate purchase. Incomplete or incorrect paperwork may result in the delay of funding your investment.

1. **Do not set a closing date until your account has sufficient funds to make the purchase, and you have provided Sterling with all of these items:**
2. Copy of the Title Commitment or Title Insurance. The insured must be "Sterling Trust Company, Custodian FBO Accountholder Name, Account # _____".
3. Copy of the draft of the deed which conveys the property to "Sterling Trust Company, Custodian FBO Accountholder Name, Account # _____". An unsigned copy of the deed is acceptable, but the executed and recorded original deed must be sent to Sterling Trust upon closing. It is the accountholder's responsibility to verify that holding title in this manner is consistent with the state and local law where the property is located.
4. Contract or purchase agreement with "Sterling Trust Company, Custodian FBO Accountholder Name, Account # _____" as the buyer and signed by the accountholder. You (or other disqualified persons) cannot be listed as the buyer and then later assign the contract to your Sterling account. Also, if earnest money is required, you must provide written instructions for Sterling to send the deposit from cash in your Sterling account. You cannot use personal money for the deposit and then be reimbursed later.
5. Recent property appraisal or broker's price opinion (must not be more than one year old). Tax appraisal values are not acceptable. A broker's price opinion must be prepared by a real estate professional with one of the following designations: GRI, CRS, SIOR, or CCIM. **A broker's price opinion must provide an exact opinion of value.** Price ranges, approximate values, or suggested sales prices will not be accepted.
6. Copy of the signed property management agreement (Required only if property is income producing). The property manager must be an unrelated third-party.
7. Copy of the liability insurance policy or binder. The insured must be "Sterling Trust Company, Custodian FBO Accountholder Name Account # _____". Liability insurance is required on property with improvements and optional for vacant land.
8. Completed and signed Real Property Investor Direction and Certification (See form attached).
9. Completed and signed Real Property Servicing Agent Agreement (See form attached). A servicing agent is required for all types of property. Sterling cannot be the agent.
10. Wiring Instructions for the Title Company or Closing Attorney.
11. **Important:** Prior to Sterling wiring funds for the closing, all documents requiring Sterling's signature must be signed by the accountholder as "Read and Approved". This includes the Non-Recourse Promissory Note and Deed of Trust/Mortgage if the property is debt financed.
12. \$175 processing fee. This fee will be deducted from your account prior to closing unless paid up front.

For Debt Financed Real Estate Only:

1. All items requested above.
2. Copy of the Non-Recourse Promissory Note, Deed of Trust/Mortgage, and Amortization Schedule in the name of "Sterling Trust Company, Custodian, FBO Accountholder Name, Account # _____". The Non-Recourse Promissory Note must be issued by a lending institution or by the seller of the property if the seller chooses to owner finance the sale.
3. Completed and signed Debt Financing Payment Authorization (See form attached).

ITEMS TO BE SUBMITTED TO STERLING TRUST UPON CLOSING

1. Original recorded deed with original assignments
2. Original title policy
3. Copy of liability insurance policy (if applicable)
4. Copy of the executed Non-Recourse Promissory Note and filed Deed of Trust/Mortgage (if property is debt financed)

If you have any questions, please call (800) 955-3434 ext. 5396 for IRA Client Services and ext. 5395 for Qualified Plans.

Revised Effective 5/2005



Real Estate Questions & Answers

Sterling Trust Company
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Sterling Trust Company believes in offering our accountholders the maximum in investment flexibility. That is why we process real estate as an investment within self-directed IRAs and Qualified Plans. Our ability to hold a vast array of investment vehicles will enable you to optimize your retirement assets. **Please remember that a closing date should only be set once your Sterling account has sufficient funds to make the purchase, and you have provided Sterling with all of the items on our Processing Checklist for Real Estate. Per your custodial agreement, Sterling has up to seven (7) business days to process the closing once your instruction have been received in good order.**

Q. How do I acquire real estate within my Sterling account?

A. Real estate can be purchased directly by your account, transferred from an existing IRA or rolled over from a qualified plan, or it may be acquired by your account as a result of a foreclosure on a mortgage or deed of trust which is currently held within your Sterling account.

Q. Can my Sterling account invest in real estate through a Limited Partnership or Limited Liability Company?

A. Yes. If real estate is being acquired through a corporate entity such as an LP or LLC and the Sterling account will hold an equity interest in the entity, please provide only the items on Sterling's Processing Checklist for Private Equity Investments. If the Sterling account will be originating a loan that will be secured by a mortgage or deed of trust, please provide only the items on Sterling's Processing Checklist for Private Debt Investments.

Q. How is title held on property in an IRA or Qualified Plan?

A. Since your IRA or Qualified Plan is buying the property rather than you as an individual, the title must be held in the name of Sterling Trust Company, Custodian FBO Accountholder Name, Account #_____. Therefore, the contract/purchase agreement, title commitment/insurance, deed, liability insurance, etc. must be titled accordingly.

Q. May I sell property that I currently own to my Sterling account?

A. No. Property that you or a disqualified person has ever owned is not eligible to be purchased by your Sterling account since this would be a prohibited transaction.

Q. What is a prohibited transaction?

A. In general, Internal Revenue Code Section 4975 defines a prohibited transaction as a transaction between a plan (your account) and a disqualified person. Generally, "disqualified persons" are defined to be the accountholder, other fiduciaries, certain family members (lineal descendants and spouses of lineal descendants), and businesses under the accountholder's (or disqualified person's) control. In essence, the prohibited transaction rules prohibit an IRA or Qualified Plan from acquiring a piece of property which will be purchased from or used personally by the accountholder or other disqualified persons.

Q. Can I use the property held within my Sterling account?

A. Neither you nor any other disqualified person can have any personal use or benefit of the property while it is held in your retirement account. The property must be purchased for investment purposes only.

Q. If I decide I want to use the property in my account, how do I take possession of property?

A. You may withdraw the property from your account as an in-kind distribution (at the current market value) and pay any taxes and/or possible penalties if you are under age 59 ½. You will need to provide Sterling with a completed and signed Distribution Form and a deed prepared for Sterling's signature that conveys the title of the property from your account to you individually. An updated appraisal or broker's price opinion must also be provided if the current appraisal is more than three years old or if improvements have been made to the property (new construction, etc.).

Q. How is earnest money handled?

A. The earnest money deposit must be funded by your Sterling account. You cannot use personal money for the deposit and then be reimbursed later. You will need to send a copy of the contract or purchase agreement to Sterling along with written authorization for Sterling to send the specified amount of earnest money from your account to the title company or closing attorney. The contract or purchase agreement **must** list Sterling Trust Company, Custodian FBO Accountholder Name, Account #_____ as the buyer. You (or other disqualified persons) cannot be listed as the buyer and then later assign the contract to your Sterling account.

Q. Can my Sterling account borrow funds to finance a real estate purchase?

A. Yes, but only within an IRA. Sterling will hold debt-financed property in an IRA only with the use of a **non-recourse promissory note** issued by a lending institution or by the seller of the property. The non-recourse promissory note cannot be personally guaranteed, and the lending institution can only look to the property securing the note as collateral. **Important:** Debt-financed property may generate Unrelated Business Taxable Income ("UBTI"), and any taxes due must be paid by the account. For more information regarding UBTI, please consult your tax advisor.

Q. Can my Sterling account purchase a portion of a property along with other investors?

A. Yes, as long as the other owners are not disqualified persons. The deed must be registered to “Sterling Trust Company, Custodian FBO Accountholder Name, Account # _____ as to an undivided ___% interest.” The exact undivided interest must be provided.

Q. What types of property can I purchase with my Sterling account?

A. Vacant lots, raw land, and income producing property such as rental houses, condominiums, or commercial real estate.

Q. Are there any types of property that Sterling will not hold?

A. Yes. Sterling will not process investments of mobile homes, timeshares, foreign real estate, or property purchased through an auction or tax sale. Permanently attached manufactured homes may be purchased only if the certificate of title has been surrendered. Please contact the taxing authority with regards to the process of surrendering the title.

Q. May I purchase foreclosure property in my Sterling account?

A. Only if the property has already been foreclosed upon, and you can provide all of the items on Sterling’s Processing Checklist for Real Estate. However, Sterling will not process a foreclosure purchase directly through an auction or tax sale.

Q. How are expenses and/or improvements handled for real estate held in my Sterling account?

A. All earnest money deposits, insurance premiums, taxes, debt payments, or other expenses of the property (including any improvements) **must be paid by the account to an unrelated third party**. Since Sterling requires your written authorization to pay invoices, it is important that you use your mailing address when setting up utilities, etc. so that bills are sent directly to you (or property manager) for your approval. A copy of the invoice or tax notice must then be faxed to Sterling along with the your written authorization to pay the expense from your account. You may not pay for an expense on a credit card and remit the statement for payment. Sterling will not process payments to a credit card issuer.

Q. Does rental income have to be deposited in my Sterling account?

A. Yes. All rental income must return to your Sterling account. Sterling requires you to appoint an unrelated third party to act as the property manager for income producing property. The property management agreement will be provided by the property manager and will be signed by you and the property manager. Your third-party property manager may also pay expenses from rents received as long as Sterling is provided with a monthly or quarterly report of income received and expenses paid. The report should accompany the property manager’s deposit check (if any).

Q. Does Sterling provide any management services with regards to the property?

A. No. You must appoint a Real Property Servicing Agent to handle all property servicing functions including monitoring the performance of the property manager. A servicing agent is required for all types of property. Please see the Real Property Servicing Agent Agreement in the Processing Checklist for Real Estate for the specific duties of the agent.

Q. Do I need to provide Sterling with a property appraisal?

A. Yes. Sterling requires you to provide a property appraisal or broker’s price opinion prior to Sterling processing a real estate purchase. In addition, an updated appraisal or broker’s price opinion must be provided to Sterling every 3 years in order to update the value of the account. **Important:** If you choose to obtain a broker’s price opinion, the broker must specify an exact opinion of value. Price ranges or approximations will not be accepted. In addition, the opinion must be prepared by a broker with a GRI, CRS, SIOR, or CCIM designation, and the broker must provide a copy of the certificate attesting to the appropriate designation along with his or her opinion.

Q. Do I need to carry liability insurance on property held in my Sterling account?

A. Liability insurance is required on property with improvements and is optional for vacant land. The insured on the policy must be Sterling Trust Company, Custodian FBO Accountholder Name, Account # _____. The property cannot be covered by a policy in your name.

Q. What should I know about selling property within my Sterling account?

A. Once you have the property under contract and are ready to close, you will sign the closing documents as “Read and Approved” and forward them to Sterling for signature. Sterling will then execute the closing documents and return them to the title company or closing attorney to complete the transaction. The title company or closing attorney will then remit the proceeds of the sale to your Sterling account.

Q. When I sell the property within my account, can the account seller finance the transaction?

A. Yes. Once the property is sold, you may carry the note and deed of trust/mortgage within your account. The principal and interest payments will be deposited into your Sterling account, and you can reinvest the cash however you choose. Please see Sterling’s Processing Checklist for Private Debt Investments for specific details on the note vesting and for additional forms that you will need to complete.

Again, a Sterling self-directed IRA or Qualified Plan offers you the highest degree of investment flexibility. For any questions regarding the holding of real estate or other special assets in a Sterling account, please contact us at 800.955.3434 ext. 5396 for IRA Client Services and ext. 5395 for Qualified Plans.



Real Property Investor Direction and Certification

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Please review the following information carefully. It outlines Sterling Trust Company's policies regarding the holding of real property in your self-directed Sterling Trust Account, and supplements the Agreement between you and Sterling Trust governing your Account. THIS FORM MUST BE COMPLETED IN ITS ENTIRETY PRIOR TO STERLING TRUST PROCESSING ANY REAL PROPERTY INVESTMENT.

ACCOUNT # : _____ ACCOUNTHOLDER NAME: _____

Short Property

Description: _____

Address: _____

TYPE OF PROPERTY (check all that apply): Improved Unimproved Commercial Residential
 Income Producing Debt-financed

Property to be acquired through (check one):

- Direct Purchase: I authorize Sterling Trust to wire the contract price of \$ _____ plus closing costs (Please attach wiring instructions and signed closing documents prior to funding.)
- Direct Transfer/Rollover of the property from an existing IRA or Qualified Plan
- Foreclosure of Existing Note Investment

I direct Sterling Trust Company ("Sterling") to execute the purchase for or accept through foreclosure, direct transfer, or rollover as indicated, the above-referenced real property investment for the benefit of my self-directed Account. In directing this transaction, I hereby acknowledge receipt of the disclosures contained herein and make the following certifications pursuant to my Sterling custodial account agreement:

1. My Sterling Account has sufficient liquid funds to make the initial purchase plus any future contractual payments or assessments, including insurance premiums, real estate taxes, improvements, or debt payments. I acknowledge that such payments or assessments shall be borne solely by my Account to the extent authorized in written payment instructions from me or my Representative (if I have appointed one), and may reduce or exhaust the value of my entire Account. I further agree to indemnify Sterling for any and all payments or assessments which may result from holding the Property within the Account, and further agree that Sterling 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 Property;
2. I agree to furnish written payment instructions to Sterling regarding any invoice, assessment, fee or any other disbursement notification received by Sterling on behalf of the Property, and Sterling shall have no duty or responsibility to disburse payment or take any action on my behalf until such written authorization is received from me or my Representative (if I have appointed one);
3. I understand that for new purchases, the entire purchase price (including earnest money and all closing costs) must be paid by my account. If the property is debt financed, I acknowledge that only a non-recourse promissory note is acceptable, and that I must complete Sterling's Debt Financing Authorization Form to authorize the periodic payments on the non-recourse promissory note;
4. I understand that an annual special asset holding fee of \$75 per year (\$150 for debt-financed property) will be charged for each real property investment, in addition to the regular fee schedule outlined on the Adoption Agreement. This fee will be billed upon the anniversary date of the account. I understand that additional fees may be charged for special services. I agree to reimburse Sterling

for any additional expenses incurred in connection with the holding of this Property. I hereby acknowledge disclosure of the \$75 (\$150 for debt-financed property) special holding fee and agree to pay same;

5. I agree to enter into a Real Property Servicing Agent Agreement using Sterling's Real Property Servicing Agent Agreement form in order to administer the Property on behalf of my Account. The agent shall be responsible for all administrative duties including, but not limited to, proper recording and filing of deeds, insuring that any necessary environmental inspections/audits are performed, title insurance is properly in place and maintained in good order at all times, all taxes and any other expenses are current and paid in a timely fashion, monitoring all aspects of note payments (if property is debt financed), and communicating with Sterling regarding all of the above matters. I understand that the agent will be any properly-licensed real estate professional including a realtor, real estate attorney, a mortgage or title company, and that I may also serve as an unpaid agent for this Property;

6. I understand that income-producing property will require an unrelated third party to serve as property manager. I further understand that neither I as the accountholder, nor any family member may serve as the property manager;

7. I understand that a recent appraisal or broker's price opinion (not older than one year) must be provided to Sterling prior to the processing of this purchase, and I agree to provide same. Thereafter, I agree to provide Sterling with a new appraisal or broker's price opinion at least every three (3) years. I understand that the appraisal or broker's price opinion value will be used when determining the value of my Account, which is reported annually to the Internal Revenue Service. Until an updated appraisal or broker's price opinion is provided, Sterling will continue to use the value reflected on the previous appraisal or broker's price opinion for this purpose. I agree that Sterling shall have no responsibility for the accuracy of such values provided, and further agree to hold Sterling harmless from any liability for using said values. The appraisal or broker's price opinion will be performed by an unrelated third party.

I further understand that if a broker's price opinion is provided to Sterling, such broker's price opinion must be prepared by a real estate professional with one of the following designations: Graduate Realtor Institute ("GRI"), Certified Residential Specialist ("CRS"), Society of Industrial and Office Realtors ("SIOR"), or a Certified Commercial Investment Member ("CCIM"). The broker must provide a copy of the certificate attesting to the appropriate designation. If none of the designations are available in the property area, I will secure a broker's price opinion from the top professional in the property area. Such broker's price opinion will include a statement certifying that there is no professional in the property area with the GRI, CRS, SIOR, or CCIM designations.

8. I agree that Sterling shall have no duty or responsibility to monitor the sufficiency or adequacy of my actions or duties or those of my heirs, successors, agents or assigns, nor shall Sterling be required to monitor the acts of any consultant, agent, or property manager to whom Sterling may have contractually delegated any duties or responsibilities pursuant to my directions or the directions of my Representative (if I have appointed one);

9. I understand that my Account is considered the owner of the Property, and thus shall be reflected as the buyer/owner on all documents pertaining to the Property. Sterling's tax identification number shall be used in lieu of my social security number. The proper format for registration is exactly as follows:

Sterling Trust Company, Custodian,
FBO: Accountholder Name, Account # _____
Tax ID# 76-0115756
P.O. Box 2526
Waco, TX 76702-2526

10. I understand that after proper recording by my Servicing Agent, all original deeds (including assignments) and title policy shall be sent to Sterling to be held in safekeeping as evidence of ownership;

11. I understand that Sterling requires liability insurance to be carried on the Property at all times unless the Property is raw or vacant land. I agree to obtain or cause my agent to obtain and maintain liability insurance on the Property, and further agree to furnish Sterling a copy of the policy in effect while it is being held in my Account;

12. I understand that Sterling has neither performed, nor caused to be performed, any environmental audits or hazardous waste inspections on the Property. I further understand that the discovery of hazardous materials in, on, under or immediately adjacent to the Property could have a negative effect on the value of the Property, could result in liability for clean-up expenses, and could delay my ability to effectively sell or develop the Property;

I agree to assume responsibility for obtaining any necessary environmental audits or other inspections for hazardous materials on the Property. I understand that the costs for such audits or inspections must come from the Account, and agree to maintain sufficient liquid assets to pay same;

I further agree to hold Sterling harmless from any liability for clean-up costs or other fees, assessments, damages or penalties which may arise as a result of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986, any successor or similar federal laws, and any similar state statutes;

13. I understand that certain transactions are prohibited for tax-exempt retirement accounts under Internal Revenue Code Section 4975. I further understand that the determination of whether the transaction directed hereby is a prohibited transaction depends on the facts and circumstances surrounding this purchase. Specifically, I understand that I or any other "disqualified person" (as defined in Section 4975 (e)(2) of the Internal Revenue Code) or "party-in-interest" (as defined in Section 3 (14) of Title I of ERISA) are prohibited from personal use of the Property in any way, and that my Account is prohibited from purchasing property from or selling property to a party-in-interest or disqualified person. I warrant and represent that the Property is being held for investment purposes only, and that I have consulted with such advisors as I deem necessary and appropriate, and have determined among other things, that this investment does not constitute a prohibited transaction as defined in Internal Revenue Code Section 4975.

14. If the property is debt financed, I understand that such an investment 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, that an IRS Form 990-T tax form must be filed along with the appropriate amount of tax, payable from the assets of my Account. I understand that Sterling does not monitor the amount of UBTI in my Account and does not prepare Form 990-T. If the tax is applicable, I agree to prepare, or have prepared, the proper 990-T tax form and forward it to Sterling, along with authorization to pay the tax from my Account. If I am required to File IRS Form 990-T with regards to any UBTI, I understand that I must utilize a EIN. I will not use Sterling Trust's EIN or my own social security number. I understand that I must apply for my own EIN prior to or in conjunction with requesting Sterling Trust to pay any taxes I may owe with regards to any UBTI that might be incurred.

ARBITRATION AGREEMENT

THE PARTIES AGREE THAT ALL CLAIMS AND DISPUTES OF EVERY TYPE AND MATTER WHICH MAY ARISE BETWEEN THE DEPOSITOR AND CUSTODIAN, INCLUDING ANY DISPUTES REGARDING THE SCOPE OF THIS ARBITRATION AGREEMENT, SHALL BE RESOLVED BY BINDING ARBITRATION ADMINISTERED BY THE NATIONAL ARBITRATION FORUM UNDER THE CODE OF PROCEDURE THEN IN EFFECT. ANY AWARD OF THE ARBITRATOR MAY BE ENTERED AS A JUDGMENT IN ANY COURT HAVING JURISDICTION. IN ANY MATTER IN WHICH THE AMOUNT IN DISPUTE EXCEEDS \$100,000.00, THE ARBITRATION PROCEEDINGS SHALL TAKE PLACE IN WACO, TEXAS. IN THE EVENT A COURT HAVING JURISDICTION FINDS ANY PORTION OF THIS AGREEMENT UNENFORCEABLE, THAT PORTION SHALL NOT BE EFFECTIVE AND THE REMAINDER OF THE AGREEMENT SHALL REMAIN EFFECTIVE. INFORMATION MAY BE OBTAINED AND CLAIMS MAY BE FILED AT ANY OFFICE OF THE NATIONAL ARBITRATION FORUM, WWW.ARBITRATION-FORUM.COM, OR AT P.O. BOX 50191, MINNEAPOLIS, MN 55045. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED UNDER THE FEDERAL ARBITRATION ACT, 9 U.S.C. SECTIONS 1-16.

BY SIGNING THIS AGREEMENT, THE PARTIES ARE GIVING UP ANY RIGHT THEY MIGHT HAVE TO SUE EACH OTHER IN COURT AND HAVE THEIR CASE DECIDED BY A JUDGE OR JURY.

Important! Accountholder **must check** one of the following boxes:

I represent that I am not related to or affiliated with the seller of the above-referenced real property.

I represent that I am related to or affiliated with the seller of the above-referenced real property.
Specify the nature of this relationship below:

I ACKNOWLEDGE THAT I HAVE SOLE RESPONSIBILITY FOR DIRECTING THE INVESTMENT OF MY ACCOUNT. I ACKNOWLEDGE THAT STERLING HAS NOT PERFORMED A DUE DILIGENCE REVIEW, AND THAT STERLING HAS NOT RENDERED ANY INVESTMENT ADVICE, NOR HAS STERLING EXPRESSED ANY OPINION AS TO THE PRUDENCE OR VIABILITY OF THE PROPERTY. I UNDERSTAND THAT I RETAIN ALL RESPONSIBILITIES AND DUTIES FOR THE PURCHASE, MANAGEMENT AND RETENTION OF THIS AND ALL INVESTMENTS TO THE EXCLUSION OF STERLING, PURSUANT TO MY POWER AS "SETTLOR" UNDER SECTION 114.003 OF THE TEXAS TRUST CODE. I AGREE TO HOLD STERLING TRUST COMPANY HARMLESS FROM ANY LIABILITY FOR ANY LOSS, DAMAGE, INJURY OR EXPENSE WHICH MAY OCCUR AS A RESULT OF THE OWNERSHIP OF THE PROPERTY IN MY ACCOUNT, AND THE EXECUTION OF THIS REAL PROPERTY INVESTOR DIRECTION AND CERTIFICATION.

Accountholder's Signature: _____

Date (must be dated): _____



Real Property Servicing Agent Agreement

Sterling Trust Company
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For good and valuable consideration, this Real Property Servicing Agent Agreement is hereby entered into by and between _____ (hereinafter referred to as "Accountholder") and _____ (hereinafter referred to as "Agent").

Agent hereby agrees to accept all responsibilities and duties necessary to effectively administer the following real property ("Property") held for the benefit of the designated Accountholder by Sterling Trust Company ("Sterling"):

BRIEF DESCRIPTION OF PROPERTY TO BE HELD:

TYPE OF PROPERTY: [] Improved [] Unimproved [] Commercial [] Residential [] Income Producing Property [] Debt-Financed

As Agent, the undersigned shall alone, or in conjunction with Accountholder, perform all duties and exercise all discretion as permitted by law in order to protect the rights of Accountholder. Specific duties of Agent shall include, but not be limited to, the following:

1. Confirm that the Account holds clear title to the Property, that the deed(s) are properly titled and recorded in the county in which the Property is located, and that liability and title insurance is obtained and maintained while the Property is held in the Sterling account, as may be advisable or required;
2. Prepare and send all original documentation, including recorded deed(s), title policy, liability insurance policy, etc. to Sterling for safekeeping;
3. Work with Accountholder to obtain a property manager for any income-producing property to be held in the Account. Agent shall forward copy of property management agreement to Sterling. The Agent may also serve as property manager only if the Agent is an unrelated third party to the Account. Furthermore, the Accountholder may act as his own Agent but may not act as the property manager. If the Accountholder acts as his own Agent then compensation is not permitted;
4. Monitor the performance of any property manager or other third-party performing services for the Property, and remove and replace such parties as may be required from time to time;
5. Receive and forward to Sterling all invoices for real estate taxes, insurance premiums, property maintenance expenses, or management fees. Agent is responsible for making sure all expenses are paid in a timely manner and acknowledges that all payments must be paid from assets within the Account, including any payments made on a non-recourse promissory note if the property is debt financed;
6. Obtain independent property appraisals or broker's price opinions at least once every three years and forward such appraisals to Sterling once they are performed. Such appraisal or broker's price opinions shall be used by Sterling to value the Account as required by law;
7. Insure that all taxes are paid on Property to be held in the Account. Agent shall also be responsible for working with the Accountholder and appraisal districts or other governmental taxing entities to see that the tax value of the Property is reasonable and representative of other like properties in the area;
8. Communicate with governmental entities, utilities, and/or private parties concerning any existing or new easements granted across, over or under the Property;
9. With the Accountholder's approval, instigate any necessary legal action with any party or parties in order to protect the rights, title, or claim of the Account and the Accountholder with regard to the Property; and
10. Keep complete and accurate records of all transactions relating to the Property and the Agent's duties hereunder, and promptly provide copies of such records to Accountholder and Sterling upon request;

Fees: As consideration for the services provided herein, Accountholder agrees to pay fees to Agent as follows: _____

The above fee schedule may be amended by Agent from time to time upon prior written notice to Accountholder.

This Agreement shall be effective for a term not to exceed the length of time Property is held by Sterling for the benefit of Accountholder. This Agreement shall automatically terminate upon the sale, exchange, or in-kind distribution of the Property by the Account.

An IRA Accountholder, by signing this Agreement, hereby amends the Sterling Trust Company Custodial Account Agreement to release Sterling from all duties and responsibilities of administering the Property, other than those requiring the Custodian's signature for performance, pursuant to Section 113.059 of the Texas Trust Code. All duties and responsibilities for administration of the Property shall vest in the Agent. Said Agent shall be an agent for the benefit of Accountholder, and shall not be deemed to be an agent or affiliate of Sterling.

Agent and Accountholder hereby indemnify and save harmless Sterling, its employees and assigns from all suits, actions, or claims of any character, type or description brought or made for or on account of, arising out of, or occasioned by the acceptance of the Property as an investment of the Account, or by the operations, performance or negligent acts of Agent in the execution or management of the Property.

Sterling shall have no responsibility to question the actions of Agent in its performance of the duties outlined in this Agreement, nor shall Sterling be liable for any loss of any kind which may result by reason of any action taken by Agent, Accountholder, or both in regard to the performance of the managed Property.

Agent shall not assign his rights and obligations hereunder. Subject to the foregoing, all of the terms and conditions of this Agreement shall be binding upon and inure to the benefit of the heirs, successors, administrators, legal representatives and assigns, as the case may be, of the parties hereto. If, for any reason, Agent is unable or unwilling to perform the duties outlined herein, then Accountholder shall assume responsibilities for said duties until Accountholder appoints a successor Agent.

Accountholder may terminate this Agreement immediately upon notice (in person, by phone, or by facsimile or other writing) at any time. Agent may terminate this Agreement upon not less than fifteen (15) days prior written notice. Upon termination, Accountholder agrees to appoint a successor Agent within thirty (30) days. Until a successor Agent is appointed, Accountholder shall be responsible for the duties of administering the Property as provided herein. Following termination, Agent shall provide to Accountholder all books, records, ledgers, correspondence, files and other materials in Agent's possession or control with respect to the Property and/or Accountholder.

This Agreement contains the entire understanding of the parties hereto with respect to the subject matter contained herein, supersedes all prior and contemporaneous agreements. This Agreement may be amended upon the prior written consent of the parties.

BY SIGNING THIS AGREEMENT, ACCOUNTHOLDER UNDERSTANDS THAT STERLING SHALL NOT BE REQUIRED TO PROVIDE PROPERTY MANAGEMENT OR ADMINISTRATION, INCOME OR RENT COLLECTION, VERIFICATION OF INSURANCE COVERAGE OR TAX PAYMENTS ON PROPERTY, PURSUE COLLECTION, INSTIGATE LITIGATION, MONITOR PAYMENTS ON A NON-RECOURSE PROMISSORY NOTE, OR TAKE ANY OTHER ACTION WITH REGARD TO THE PROPERTY TO WHICH THIS AGREEMENT APPLIES EXCEPT AT THE EXPRESS DIRECTION OF AGENT OR ACCOUNTHOLDER.

TO BE COMPLETED AND SIGNED BY AGENT:

TO BE COMPLETED AND SIGNED BY ACCOUNTHOLDER:

Agreed to by **AGENT** as of ____ / ____ / ____

Agreed to by **ACCOUNTHOLDER** as of ____ / ____ / ____

Agent Name : _____

Accountholder Signature

Mailing Address: _____

Sterling Account Number: _____

TO BE COMPLETED AND SIGNED BY STERLING TRUST COMPANY:

Phone # : (_____) _____

Reviewed and Accepted this ____ day of _____, 20__

Agent Signature

Sterling Trust Company Authorized Signature



Debt Financing Payment Authorization Form

Sterling Trust Company
P.O. Box 2526, Waco, TX 76702-2526
7901 Fish Pond Rd., Waco, TX 76710
254.399.5200
254.751.0872 fax
IRAServices@matrixbancorp.com
www.Sterling-Trust.com

Accountholder Name: _____ Account Number: _____
Short Property Description: _____
Property Address: _____

Please choose **one** of the following options:

I authorize my Property Manager to make periodic debt payments from income generated by the Property and/or funds provided by my Sterling account. I understand my Property Manager must provide monthly or quarterly reports to Sterling of all rents received, expenses paid, and remaining note balance.

I authorize Sterling Trust Company to make periodic debt payments as instructed below:

Lender Information	Payment Instructions
Lender Name: _____ Lender Address: _____ Lender City, State, Zip: _____ _____ Lender Phone Number: _____ Loan or Reference Number: _____	Payment Amount: \$ _____ The first payment should be processed on ____/____/____ (mm/dd/yy). Subsequent payments should be processed on the _____ day of each month. <i>(Must specify an exact date.)</i> Note: Should your processing date for debt payments fall on a weekend or holiday, the payment will be processed the following business day, provided funds are available. Checks will be sent via US First Class Mail.

I understand and acknowledge that all provisions under my executed Real Property Investor Direction & Certification form will also apply to the periodic debt payments authorized by my execution of this Debt Financing Payment Authorization. I further agree to indemnify Sterling Trust Company for any and all payments or assessments which may result from holding the Property within my account, and further agree that Sterling Trust Company 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 Property. I authorize Sterling Trust Company to continue making this periodic payment until instructed in writing by me or my authorized representative to stop the periodic payments.

Accountholder Signature: _____ Date: _____