

Policies and Procedures for Medallion Use in Guaranteeing Customer's Signatures

Realta Representatives may be asked by customers to provide signature guarantees. Although there is no legal duty to do so, Realta provides this service in the interest of maintaining good customer relationships. Users of the Medallion should keep in mind that every decision to guarantee a signature in Realta's name exposes Realta to potentially significant liability. For this reason, the Medallion is kept securely in Realta's home offices only. Realta will designate an individual or individuals authorized to utilize the Medallion consistent with these Policies and Procedures.

Realta is a member of the Securities Transfer Association Medallion Program (STAMP), and our signature guarantees are provided by appending the Medallion Stamp to the stock power or the back of the certificate. **The Uniform Commercial Code provides that a person guaranteeing a signature warrants that at the time of signing:**

- A. the signature was genuine**
- B. the signer had legal capacity to sign**
- C. the signer was an appropriate person to endorse the security**

If the registered owner of a security is wrongfully changed in reliance upon Realta's guarantee, the issuer and its transfer agent can sue Realta for a loss resulting from a breach of any of Realta's warranties as signature guarantor (i.e. if it turns out that the endorser's signature was not valid, or that the signer was not an appropriate person to endorse, or that the endorser did not have legal capacity to sign).

Obviously, a great degree of care must be taken when a request for a signature guarantee is received. In addition, the utmost care must be taken in safeguarding Realta's Medallion Stamp and limiting its use to authorized Realta officers or designees. The Medallion Stamp should be treated as cash. The following sets forth the policies and procedures regarding documentation and evidence to be provided when asked to guarantee customer signatures, and are designed to reduce Realta's potential risk.

A. Warranty The Signature Is Genuine

1. **Only guarantee signatures of customers.** Direct the customer to an officer, supervisor, or representative who is personally familiar with the customer.
2. **Always compare the signature on the endorsement with the account application on file for the customer.** Signatures of customers should be guaranteed only by or at the direction of an officer, supervisor, or representative who knows the customer.
3. **Require proper identification:** driver's license with picture ID, company ID with picture, etc. Make a photocopy of the ID and retain in your file.
4. **Insist on the appearance in person** of every person whose signature you are guaranteeing. Never guarantee a signature at the request of a person other than the actual signer.
5. When asked to guarantee more than one signature on a certificate, **never allow one owner to vouch for the signatures of the other owners.**

B. Warranty The Signer Has Legal Capacity To Sign

Make sure there is no question that **the person whose signature you are guaranteeing is of legal age (18 in most states)** and competent. Practically speaking, you may not be able to determine whether a person has been adjudicated incompetent. Refuse to guarantee if you know that there has been a legal adjudication of incompetence or if you have serious doubts about the person's ability to understand the consequence of his/her actions.

C. Warranty The Signer Is An Appropriate Person To Endorse The Security

1. **Ask to see the certificate itself** so that you can determine the manner in which the certificate is registered. If the customer tells you that there is no certificate (as would be the case with most mutual fund shares, dividend reinvestment shares, and book entry securities), ask to see a copy of the most recent statement reflecting the registration of the security.

C. Warranty The Signer Is An Appropriate Person To Endorse The Security (con't)

2. Do not guarantee a signature on a blank stock or bond power. The name of the issuer and the number of shares should be filled in on the power in order to provide some assurance that the stock or bond power on which Realta's guarantee appears will be attached to the certificate you have examined when it is sent in for transfer. The name of the transferee should appear to help you determine if there are any impermissible conflicts of interest (e.g., a corporate officer who attempts to transfer a stock owned by the corporation to himself or herself).
3. In cases where more than one name appears on a certificate, you should normally **refuse to guarantee unless fill owners are physically present and sign in your presence**. In situations where you are asked to guarantee a signature when one of the owners is out of town or otherwise absent, the best solution may be a power of attorney signed by the absent owner. Kemark, the administrator of the STAMP program, has a form designed for this purpose: "Specific Power of Attorney for Multiple Security Owners." By signing this form, the absent owner authorizes the local owner to sign his/her name on the stock power. This form can be downloaded at: www.kemark.com/downloads.html.
4. **Joint Tenants**. If you have received proof of the death of one or more of the registered owners (i.e., a certified copy of a death certificate - be sure to keep a copy for your file), it is appropriate to guarantee the signature(s) of the surviving owner(s) only if you are completely satisfied that the ownership of the security is in the form of:
 - a. **Joint tenancy with right of survivorship** (the certificate should say "JT TEN"); or
 - b. **Tenancy by the entirety** ("TEN ENT"), in the case of certain husband- wife registrations for spouses residing states that recognize tenancy by the entirety ownership.

In the case of a security registered as a **tenancy in common** ("TEN COM"), only the personal representative of the deceased owner, acting in concert with the surviving tenant in common, can effect a transfer.

Be sure to read **Section D, Decedent Transfers**, to see if it applies to the customer's situation.

5. **Life Tenant**. A life tenant is one who is entitled to the interest or dividends from a security for life, but is not entitled to sell the security without specific authorization. If the certificate reflects ownership by a **life tenant** ("Mary Doe Life Ten UW (or UA) John Doe"), you may guarantee the signature of the life tenant as part of a transfer of the certificate only if you also receive either:
 - a. a certified copy of a will, trust agreement or other instrument authorizing the transfer
 - b. a court order authorizing the transfer, or
 - c. written consent by each remainder beneficiary identified in a certified copy of the governing instrument with signatures guaranteed.
6. **Signing as a Fiduciary**. The signature of an endorser in a fiduciary capacity (e.g. trustee, personal representative, conservator, etc.) presents a multitude of potential issues:
 - a. Where the named registered owner is described as a trustee and endorses in that capacity, you may assume that the owner is still the trustee and you do not need to see a copy of the trust agreement.
 - b. In the case of a named registered owner described as a **personal representative or conservator**, you should ask to see a certified copy of Letters Testamentary of Letters of Conservatorship. If the appointment is more than six months old, ask for a current court-certified copy of the Letters.

C. Warranty The Signer Is An Appropriate Person To Endorse The Security (con't)

Where the endorser signs either as personal representative or conservator, **in place of the original registered owner who is either deceased, incompetent, or a minor** (e.g. "A, personal representative of the estate of B" endorses a certificate registered in the name of B), the Uniform Commercial Code establishes special requirements. You must obtain not only proof of the fiduciary's initial appointment (e.g. Letters Testamentary for a personal representative, Letters of Conservatorship for a conservator), but also that the endorser is serving as fiduciary at the time of signing. You can rely upon a certificate of the court dated within sixty days before the date of presentment for signature guarantee. Be sure to read **Section D, Decedent Transfers**, to see if it applies to your situation.

- c. Where the endorser signs as a **successor to a named fiduciary** who is registered as owner, you need proof that the endorser has succeeded the named fiduciary. With respect to a court-appointed fiduciary, such as a personal representative or conservator, this can be established by a copy of a court order, certified by the court within sixty days before the date of presentment for the signature guarantee, appointing the individual as successor to the original fiduciary. If the customer's court papers are more than sixty days old, it is a simple matter for the customer to have them re-certified by the court.
- d. In the case of a **successor trustee under a trust agreement**, you will need to examine a current certified copy of the trust agreement to determine the procedure for succession upon the death, resignation, removal or disability of the original trustee. A certified copy is a photocopy that contains a typewritten legend, signed by the Trustee, by another financial institution, or by a notary public stating that the copy is a true and correct copy of the original Trust Agreement. You must verify compliance with the required Trustee succession procedure and, depending upon the circumstances, request a certified copy of a death certificate, written letter of resignation, written evidence of removal, or written evidence of the disability of the initial trustee (such as a doctor's letter). You should also ask a successor trustee to sign a Certificate of Trustee, in which such individual swears that he or she has succeeded the initial trustee pursuant to the procedures established in the trust agreement.
- e. Special care should be exercised when a security is registered in the names of **several individuals as fiduciaries**, e.g. "A, Band C as Trustees under Trust Agreement dated xx/xx/xxxx." Problems can arise if less than all the named fiduciary owners sign. You will need to review the Trust Agreement to determine if less than all of the Trustees can bind the Trust. If so, then you should require that the appropriate number of Trustees sign the stock power in your presence. In this situation, you may need to consult with Realta's Chief Legal Officer.
- f. In the case of a security registered under the **Uniform Transfers to Minors Act** ("UNIF TRANS MIN ACT" or "UTMA") or the **Uniform Gifts to Minors Act** ("UNIF GIF MIN ACT" or "UGMA"), the signature of the individual registered as custodian can be guaranteed if you determine that his or her signature is genuine. You should not guarantee the signature of an individual purporting to be a successor to the named custodian unless conclusive evidence of the power of such person to act as successor custodian (such as a properly executed written designation by the retiring custodian or a certified copy of a court appointment) is offered. In most cases, you will need to consult with Realta's Chief Legal Officer before guaranteeing the signature of a successor custodian.

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- 7. Powers of Attorney.** You will sometimes be asked to guarantee the signature of an individual who is endorsing a security as attorney-in-fact for the registered owner pursuant to a Power of Attorney. Before guaranteeing a signature under a Power of Attorney, you will first of all need to review the POA to make sure it is a valid Durable Power of Attorney under state law (since Realta has a policy of accepting only Durable Powers of Attorney). The only exception to the durability requirement is the "Specific Power of Attorney for Multiple Security Owners" form referenced in Section C.3 above. You will also need to determine whether the POA gives the attorney-in-fact the authority to transfer or sell securities. In addition, if the attorney-in-fact wants to transfer securities to himself or herself, the POA must expressly permit the attorney-in-fact to be the recipient of gifts. If you cannot answer these questions yourself, you will need to contact Realta's Chief Legal Officer.

If the POA is ascertainable, you will need to have the attorney-in-fact sign Realta's standard **Durable Power of Attorney Affidavit**. By this affidavit, the attorney-in-fact swears that the principal was competent at the time the Power of Attorney was executed, the Power of Attorney has not been revoked by the principal's death or otherwise, and the copy attached to the affidavit is a true and correct copy of the Power of Attorney. Never guarantee a signature under a Power of Attorney if you know that the principal is deceased.

- 8. Corporations.** Where securities are registered in the name of a corporation, the officer signing on behalf of the corporation must furnish you a certified copy of resolutions of the board of directors authorizing the endorsement of securities by designated officers. The corporate secretary's certificate should be under the corporate seal (unless the corporation has no seal), state that the copy of the resolution is true and correct and remains in full force and effect, and be dated within six months prior to the date of presentment for guarantee. The resolutions should be accompanied by a certificate of incumbency (under similar seal and signed by an officer other than the officer endorsing the certificate within six months prior to the presentment for guarantee), on which the signatures of all officers authorized to endorse will appear. In the event the stock power or back of the certificate indicates that a security registered in the name of the corporation is to be transferred to the individual who is endorsing on behalf of the corporation, you should ask for a certificate by a corporate officer other than the transferee containing a board resolution specifically authorizing the transfer. Finally, in the case of a transfer by a sole officer of a corporation, ask for a certificate signed by a majority of the board of directors (rather than by the corporate secretary), if there is more than one director.
- 9. Partnerships.** The endorsement of a general partner binds the partnership unless the partner endorsing the certificate has no authority to do so and for some reason you know that he or she has no such authority. In most situations, you will be able to determine the authority of the partner by reviewing a current certified copy of the partnership agreement (i.e., photocopy containing a typewritten legend signed by a partner, another financial institution, or a notary public stating that the copy is a true and correct copy of the original). If there has been any change in the identity of the partners, you will need additional documentation, such as notices of resignation, succession or addition of partners. These notices must be signed by a general partner on behalf of the partnership. Any further doubts about the partnership status of the endorser can often be resolved by a written statement that the endorsing partner is a member of the partnership, signed by any general partner other than the one endorsing the security. If the stock power or back of the certificate indicates that the security is to be transferred to the individual partner who is endorsing on behalf of the partnership, you should require a certificate executed by all the general partners specifically authorizing the transfer. Securities registered in the name of a partnership should be endorsed with the name of the partnership along with the signature of the endorsing partner, e.g., "Smith & Sons, by Sam Smith, General Partner."

C. Warranty The Signer Is An Appropriate Person To Endorse the Security (can't)

10. **Limited Liability Companies.** In the case of securities registered in the name of a Limited Liability Company (LLC) you will need to review a current certified copy of the Operating Agreement for the LLC. This document sets forth the rules by which the members of the LLC have decided to conduct business, including whether the LLC is to be managed by its members or manager(s). A stock power must be signed either by the manager(s), in the case of LLCs managed by manager(s), or by the members, in the case of LLCs managed by members.
11. **Unincorporated Associations.** Endorsements of individuals purporting to act on behalf of unincorporated associations (such as investment clubs, labor unions, and certain religious and educational institutions) will have to be considered on a case-by-case basis and will often require a review of substantiating documentation by Realta's Chief Legal Officer.
12. **Prohibited Guarantees.** Occasionally, you may be asked to guarantee an endorsement (with respect to a certificated security) or to provide either a special signature guarantee or guarantee an instruction (with respect to an uncertificated security), such as the following: "Endorsement Guaranteed" (note that this is not the same thing as an endorsement guarantee on a check), "Signature(s) Specially Guaranteed" or "Instruction Guaranteed." **Under the UCC, an issuer may not require any of these guarantees, and an officer, supervisor, or representative should never execute any of these guarantees.** Each of these guarantees extends warranties far beyond the usual signature guarantee warranties and should therefore be avoided.

D. Obtaining and Safeguarding a Medallion Stamp

1. Realta is a member of the Securities Transfer Association Medallion Program (STAMP), and our signature guarantees are provided by appending the Medallion Stamp to the stock power or the back of the certificate. Realta will purchase and distribute Medallion Stamps on a limited basis. Do not attempt to purchase one through an outside vendor. Any signature guarantee stamp other than the Realta-issued Medallion Stamp will be rejected by the transfer agent. If the stamp runs out of ink, you must order additional replacement pads (with green security ink) through the Home Office. The transfer agent will reject medallion guarantees that are not done with green security ink.
2. The importance of proper safeguards and security procedures for Realta's Medallion Stamp cannot be overemphasized. In terms of security procedures, Medallion Stamps must be thought of as equal to or as important as cash. If the stamp were to fall into the wrong hands, it could be used to perpetrate a fraud and Realta would be liable. For this reason, only authorized officers and their designees should have access to the Medallion Stamp and they should be kept in a secure place when not in use.

E. Decedent Transfers

If you are asked to signature guarantee a transaction where either the named shareholder or the beneficial owner of a fiduciary account (e.g., trust or conservatorship) has died, **you must see a certified copy of the death certificate.** Since a number of states require an inheritance tax waiver or impose liability if a tax waiver is not obtained in the case of the death of a shareholder, transfer agents will not complete a securities transfer without some proof that an inheritance tax is not due. Furnishing this proof is the responsibility of the decedent's heir or representative, not Realta. You may assist your customer by having your customer sign an **Affidavit of Domicile** which establishes the state where the shareholder resided. However, your customer should be aware that the transfer agent will also require an Inheritance Tax Waiver if the decedent died in a state which still imposes an inheritance tax.

All requests for signature guarantees involving a decedent should be referred to Realta's Chief Legal Officer.

F. Supporting Documentation Required

Since July 5, 2005, transfer agents ceased review of documentation supporting so called "legal transactions" (e.g., Trust Agreements, Powers of Attorney, partnership or LLC agreements, court orders, etc.) In fact, some transfer agents may discourage signature guarantors and shareholders from sending in such supporting documentation by charging signature guarantors for storage costs.

F. Supporting Documentation Required (can't)

This change affects Realta in two important ways:

1. The transfer agent office will no longer provide a back-up review of legal documentation. Realta will now bear the sole responsibility for reviewing documents such as Trust Agreements and Powers of Attorney to determine whether the signer of the stock or bond power is an "appropriate person". This procedural change has the potential to increase Realta's risk.
2. Realta will now bear the sole responsibility for retaining legal documentation supporting stock and bond transfers. It is imperative that you make and retain copies of all such documentation because of the possibility that a claim could arise. Please refer to section G.2 of these P&P's for additional information.

G. Additional Guidelines

1. **A signature guarantee may not be qualified in any way.** This means that you should not append a date or any other terms of limitation or explanation next to the Medallion Stamp.
2. **Guaranteeing other documents.** You may be asked to affix the Medallion Stamp on a Power of Attorney or a Trust Agreement. By doing so, you guarantee that the Power of Attorney is in full force and effect and the principal is still alive and, in the case of a Trust Agreement, that the copy of the document is a true and correct copy of the original and that the signers of the stock power are all of the present acting trustees. Because of the difficulty of verifying these facts, you should refer all such requests to Realta's Chief Legal Officer. Customers may also request that you signature guarantee documents that are not related to securities transfers. All such requests should be referred to Realta's Chief Legal Officer.
3. If you are asked to guarantee a stock power by **a customer who is unable to write his or her name**, the customer should endorse by means of a mark ("X"), accompanied by the signatures and addresses of two witnesses (neither of whom is the transferee of the security), and a written statement by the witnesses that "the transfer instrument was read to the transferor in our presence, that he or she made his or her mark in our presence and that he or she signified an intention thereby to transfer the security." All such requests should be referred to Realta's Chief Legal Officer.
4. **SEC Regulations** impose special requirements whenever securities (**worth more than \$10,000**) come into the possession of a broker-dealer from someone other than the registered owner. Whenever this situation arises, the broker-dealer is required to make inquiry with the Securities Information Center, Inc., a central data base designated by the SEC, whether the security has been reported missing, lost, stolen or counterfeit. There are additional reporting requirements if the security is actually confirmed as being missing, lost, stolen or counterfeit.
5. **Stock powers** which are to be used for transactions through Realta, should have the clearing broker First Clearing, filled in as the transferee. Once these stock powers have been medallion-stamped, they should be sent to the Realta main office.
6. **It is imperative that you make and retain copies of all signature guarantees and supporting documentation** (such as Powers of Attorney, board resolutions, Letters Testamentary, drivers' licenses, etc.) With respect to a Trust Agreement, you should only keep copies of the cover page, signature page and pages dealing with trustee succession. Management has determined that copies of this documentation should be kept both at the office of issuance and at Realta's Home Office in Wilmington, DE. Realta's current policy is that this documentation should be retained permanently, although this policy is under review.

By signing below you warrant and represent that you have read the above Policies and Procedures for Medallion Use in Guaranteeing Customers' Signatures, understand the contents, and agree to be bound by its terms.

Signature

Date