

Leverage Suitability Checklist

Goal Identification

- Retirement income
- Estate
- Lump-sum for purchase
- Restructure non-deductible debt
- Diversify by strategy
- Other _____

Financial Qualifications

- Loan to net worth ratio is less than 50%
- Total Debt Service Ratio is less than 35%

Strategy to Reduce or Eliminate Margin Call Risk

- Using a loan or (home equity) line of credit where investments are not used as collateral, and a margin call is not possible
- Using a loan program where there is no margin call
- The investor has, and will maintain, sufficient “margin call buffer” in the form of other liquid investments to cover a margin call even if the leveraged investments drop by 40%

Initial Each to Acknowledge ...

- _____ I understand that funds fluctuate in value and future returns are not guaranteed
- _____ I understand leveraging magnifies gains and losses
- _____ I plan to invest for a minimum of 8 years
- _____ I have received an educational book/booklet on leveraging, outlining the risks
- _____ I have received a personalized projection of net benefits (or loss) from leveraging over a range of returns, including 0%
- _____ I understand the tax deductibility of interest is not guaranteed
- _____ I understand that leveraging creates a CNIL balance that could reduce use of a capital gains exemption
- _____ I understand that interest rates and loan payments can fluctuate
- _____ I feel that this use of leverage is both appropriate and conservative for my situation
- _____ I have signed the Leverage Disclosure Form and Emotional Acid Test

Signature (Investor)

Signature (Investor's Spouse)

Date

Signature (Advisor)

Signature (Manager)

Date