

Adirondack Funds
Traditional Individual Retirement Account (IRA)
Disclosure Statement and Custodial Account Agreement
(Under section 408(a) of the Internal Revenue Code)

Name of custodian:
Huntington National Bank

Address or principal place of business of custodian
Huntington National Bank
7 Easton Oval, EA4E95
Columbus, Ohio 43219

The custodian named above has given the depositor the disclosure statement required by Regulations section 1.408-6. The depositor and the custodian make the following agreement:

Article I

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

Article II

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

Article III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

Article IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:

- (a) A single sum or
- (b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.

3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

(a) If the depositor dies on or after the required beginning date and:

(i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

(ii) the designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

(iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the depositor as determined in the year of the depositor's death and reduced by 1 for each subsequent year.

(b) If the depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:

(i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70 1/2. But, in such case, if the depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

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

4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:

(a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the depositor reaches age 70 1/2, is the depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the depositor's (or, if applicable, the depositor and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the depositor's death (or the year the depositor would have reached age 70 1/2, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401 (a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year the depositor reaches age 70 1/2 can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more traditional IRAs may satisfy the minimum distribution requirements described above by taking from one traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

Article V

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit to the Internal Revenue Service (IRS) and depositor the reports prescribed by the IRS.

Article VI

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

Article VII

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear below.

Article VIII

1. Definitions

- a. "*Adoption Agreement*" shall mean the Agreement or Application signed by each individual adopting the Plan and establishing an Account on behalf of that individual.
- b. "*Account*" shall mean the Contributory Account, Spousal Account, Simplified Employee Pension Account, or Rollover Account established in accordance with Article VIII, Section 3 of the Plan.
- c. "*Beneficiary*" shall mean the person or persons designated from time to time by a Participant or Participant's surviving spouse to receive benefits by reason of the death of the Participant or of such spouse, or the person or persons described in Article VIII, Section 5b of the Plan who would otherwise be entitled to receive such benefits.
- d. "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- e. "*Compensation*" shall mean total Compensation, including wages, salary, professional fees and other amounts received by a Participant during his or her current taxable year for personal services rendered during that year and includible in his or her gross income for Federal income tax purposes. If the Participant is self-employed, his or her Compensation shall include net earnings from self-employment in which personal services of the Participant are a material income-producing factor. Compensation also includes amount includible in gross income with respect to a divorce or separation instrument described in Section 71(b)(2)(A) of the Code.
- f. "*Contributory Account*" shall mean an Account established by a Participant to which he or she makes contributions out of his or her Compensation.

- g. "Custodian" shall mean the institution listed on page one of this agreement amendment.
- h. "Depositor" shall mean Participant as defined herein below.
- i. "Participant" shall mean the Depositor and an individual who adopts the Plan and who makes contributions or on whose behalf contributions are made to his or her Account pursuant to the Plan. If a Spousal Account is established, "Participant" shall also mean the spouse on whose behalf such Account is established, where the context so requires.
- j. "Plan" shall mean this Individual Retirement Custodial Account Plan, as it may be amended from time to time, in accordance with Article VII of the Plan.
- k. "Rollover Account" shall mean an Account established by a Participant in which amounts are deposited in accordance with Article VIII, Section 3b of the Plan.
- l. "Simplified Employee Pension Account" shall mean an Account established by an individual whose employer has adopted a simplified employee pension plan pursuant to Section 408(k) of the Code.
- m. "Spousal Account" shall mean an Account established by a Participant on behalf of the Participant's non-employed spouse or by an eligible divorced or legally separated spouse.

2. Notices and Change of Address

- a. Any required notice regarding this IRA will be considered effective when mailed by the Custodian to the last address of the intended recipient which is on the records of the Custodian. Any notice to be given to the Custodian will be effective when actually received by the Custodian. The Participant will notify the Custodian of any change of address.
- b. *Representations and Responsibilities.* The Participant represents and warrants to the Custodian that any information the Participant has given or will give to the Custodian with respect to this Agreement is complete and accurate. Further, the Participant promises that any direction given by the Participant to the Custodian, or any action taken by the Participant will be proper under this Agreement. The Custodian will not be responsible for the Participant's actions or failures to act. Likewise, the Participant shall not be responsible for the Custodian's actions or failure to act; provided however, that the Custodian's duties and responsibilities under this Agreement are limited to those specifically stated in the Agreement and no other or further duties or responsibilities shall be implied.

3. Contributions

- a. *Maximum Age for Contributions.* No contributions to an Account shall be made for the taxable year in which the Participant attains age 70 1/2 or any later year.
- b. *Combining of Accounts.* A separate Rollover Account shall be established for the benefit of a Participant who makes a rollover contribution traceable solely to a distribution from a qualified employee benefit trust described in Code Section 401(a) or annuity plan described in Code Section 403(a) and no further contributions shall be made to that Rollover Account, unless the Participant directs the Custodian in writing on a form prescribed by the Custodian to combine the Rollover Account with the Participant's other Accounts under the Plan. Any other rollover contribution made by a Participant may be combined with a Contributory, Spousal, or Simplified Employee Pension Account held for the benefit of that Participant and further contributions may be made to that Account. A Contributory Account may be combined with an SEP-IRA Account.

4. Investment of Contributions

- a. *Direction by Participant.* Each Participant shall direct the Custodian with respect to the investment of all contributions to his or her Account and the earnings thereon. Such direction shall be limited to publicly traded securities, covered call options, mutual funds, money market instruments, and other investments, to the extent that they are obtainable through and subject to the custody of the Custodian in its regular course of business. In the absence of such directions, the Custodian shall have no investment responsibility. All transactions directed by the Participant shall be subject to the rules, regulations, customs and usages of the exchange, market or clearing house where executed, and to all applicable federal and state laws and regulations, and to internal policies of the Custodian.
- b. *Delegation of Investment Responsibility.* The Participant may delegate the investment responsibility for all his or her Account to an agent or attorney in fact acceptable to the Custodian by notifying the Custodian in writing on a form acceptable to the Custodian of the delegation of such investment responsibility and the name of the person or persons to whom such responsibility is delegated. The Custodian shall follow the directions of such agent or attorney in fact and shall be under no duty to review or question any direction, action or failure to direct or act of such agent or attorney in fact. The Participant may revoke the authority of any agent or attorney in fact at any time by notifying the Custodian in writing of such revocation and the Custodian shall not be liable in any way for transactions initiated prior to receipt of such notice.
- a. *Uninvested Cash.* The Participant shall direct the Custodian as to the investment of all cash which is not currently invested in assets described in Article VIII, Section 4a of the Plan, and Participant or his or her legal representative shall direct the Custodian with respect to the investment of cash pending distribution. In the absence of such direction, the Custodian shall have no investment responsibility.

5. Withdrawals

All requests for withdrawal shall be in writing on a form provided by or acceptable to the Custodian. Any withdrawals shall be subject to all applicable tax and other laws and regulations including possible early withdrawal penalties and withholding requirements.

- a. *Required Distributions.* The Participant shall be responsible for computing the minimum required distribution in accordance with Article IV of the Plan, and for causing it to be distributed from his or her Account each year. Notwithstanding anything in Article IV to the contrary, the Custodian shall not, without the consent of the Participant, distribute the value of the IRA where the Participant fails to choose any method of distribution by April 1st of the year following the year the Participant reaches age 70 1/2. The Custodian reserves the right to elect whether life expectancy will be recalculated, provided, however, that notice of such election is given to the Participant.
- b. *Beneficiaries.* If the Participant dies before receiving all of the amounts in the Participant's IRA, payments from the Participant's IRA will be made to the Participant's Beneficiary(ies). The Participant may grant any person(s) as Beneficiary(ies). The Beneficiary designation can only be made on a form prescribed by the Custodian and it will only

be effective when it is filed with the Custodian during the Participant's lifetime. Each Beneficiary designation filed with the Custodian by the Participant will cancel all previous ones. The consent of a Beneficiary shall not be required to revoke a Beneficiary designation. If the Participant does not designate a Beneficiary, the Participant's estate will be the Beneficiary.

- c. *Account Only Source of Benefits.* The only source of benefit for the Participant, Spouse, or Beneficiary of the Account under this IRA Plan shall be the IRA Account.

6. **Transfer**

- a. *Transfer.* Funds held on behalf of a Participant in another individual retirement account, individual retirement annuity or individual retirement bond, and such other transfers as tax law and related regulations may permit, may be transferred to the Custodian and held in an Account for the benefit of the Participant under the Plan. Upon the request of the Participant in writing on a form acceptable to the Custodian, the Custodian shall transfer funds held in a Participant's Account to another individual retirement account or individual retirement annuity established by or on behalf of the Participant with another approved and qualified Custodian.
- b. *Transfer on Divorce.* A Participant may transfer any portion or all of his or her interest in an Account to a former spouse under a written instrument incident to divorce or under a divorce decree, whereupon such Account, or the transferred portion of such Account shall be held for the benefit of such former spouse subject to the terms and conditions of the Plan.

7. **Powers, Duties and Obligations of Custodian**

- a. *No Investment Discretion.* The Custodian shall have no discretion to direct any investments of an Account, and is merely authorized to acquire and hold the particular investments specified by the Participant. The Custodian will not act as investment advisor or counselor to a Participant and will not advise a Participant or offer any opinion or judgment on any matter pertaining to the nature, value, potential value or suitability of any investment or potential investment by a Participant.
- b. *Administrative Powers.* The Custodian may hold any securities acquired hereunder in the name of the Custodian without qualification or description or in the name of any nominee. Pursuant to the Participant's direction, the Custodian shall have the following powers and authority with respect to the administration of each account.
 - 1. To invest and reinvest the assets of the Account without any duty to diversify and without regard to whether such investment is authorized by the laws of any jurisdiction for fiduciary investments.
 - 2. To exercise or sell options, conversion privileges, or rights to subscribe for additional securities and to make payments therefore.
 - 3. To consent to or participate in dissolutions, reorganizations, consolidations, mergers, sales, leases, mortgages, transfers or other changes affecting securities held by the Custodian.
 - 4. To make, execute and deliver as Custodian any and all contracts, waivers, releases or other instruments in writing necessary or proper for the exercise of any of the foregoing powers.
 - 5. To grant options to purchase securities held by the Custodian or to repurchase options previously granted with respect to securities held by the Custodian.
- c. *Shareholder Rights.* The Custodian shall exercise any rights of a shareholder (including voting rights) with respect to any securities held in the Account only in accordance with the instructions of the Participant pursuant to any applicable rules of the Securities and Exchange Commission and the national exchanges of which the Custodian is a member.
- d. *Records and Reports.* The Custodian shall keep accurate records of all contributions, receipts, investments, distributions, disbursements, and all other transactions of the Account. Within 120 days (or such other deadline imposed by applicable law) after the close of each calendar year (or after a distribution or transfer of a Participant's account or upon the Custodian's resignation or removal) the Custodian shall file with the Participant a written report (which may consist of copies of the Custodian's regularly issued account statements,) reflecting all transactions affecting the Account for the period in question and including a statement of the assets in the Account and their fair market values. Unless the Participant files a written statement of exceptions or objections to the report with the Custodian within 60 days after mailing of the report, the Participant shall be deemed to have approved such report and the Custodian shall be released from all liability to anyone (including any Participant's spouse or Beneficiary) with respect to all matters set forth in the report. No person other than a Participant, the spouse of a Participant or Beneficiary may require an accounting.
- e. *Right to Request Judicial Assistance.* The Custodian shall have the right at any time to apply to a court of competent jurisdiction for judicial settlement of its accounts or for determination of any questions of construction, which may arise, or for instructions. The only necessary party defendant to any such action shall be the Participant, but the Custodian may join any other person or persons as a party defendant. The cost, including attorney's fees, of any such proceeding shall be charged as an administrative expense under Article VIII, Section 10 of the Plan.
- f. *Scope of Custodian's Duties.* The Custodian shall only have the duties which are specifically set forth in this Plan. The Custodian shall have no duty to ascertain whether contributions or distributions comply with the Plan or the Code. The Custodian shall not make any investments or dispose of any investments held in an Account, except upon the direction of the Participant or in accordance with Article VIII Section 11d of the Plan. The Custodian shall not question any such directions of the Participant, review any securities or other property held in an Account, or make suggestions to the Participants with respect to the investment, retention or disposition of any assets held in an Account.
- g. *Scope of Custodian's Liability.* The Custodian shall not be liable for any loss of any kind which may result from any action taken by it in accordance with the directions of the Participant or his or her designated agent or attorney in fact or from any failure to act because of the absence of any such directions. The Custodian shall not be responsible for determining whether any contribution or rollover contribution satisfies the requirements of the Code. The Custodian shall not be liable for any taxes (or interest thereon) or penalties incurred by the Participant in connection with any Account or in connection with any contribution to or distribution from the Account. The Custodian is entitled to act upon any instrument certificate, or form it believes is genuine and believes is signed or presented by the proper person or persons, and the Custodian need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate. The

Participant shall duly indemnify and hold harmless the Custodian from any liability, which may arise hereunder except liability arising from the gross negligence or willful misconduct of the Custodian.

8. Resignation or Removal of Custodian

- a. *Resignation.* The Custodian may resign as Custodian hereunder as to any Account by mailing or actually delivering written notice to the Participant 30 days prior to the resignation. Upon its resignation the Custodian may, but shall not be required to, appoint a corporation or other institution as the successor Custodian under this Agreement. Each Participant, after the receipt of the resignation, shall have 30 days to appoint an alternative successor custodian. If no alternate is chosen, the Participant will be deemed to have accepted the Custodian's appointed successor custodian. Upon acceptance of appointment by the successor, the Custodian shall assign transfer and deliver to the successor all assets held in the Account to which such resignation or removal relates. The Custodian is authorized however, to reserve such amounts as it deems advisable to provide for the payment of expenses and fees then due or to be incurred in connection with the settlement of its account, and any balance remaining after the settlement of its account shall be paid to the successor custodian or trustee. If Custodian does not choose to appoint a successor, Participant has 30 days after receiving notification of the Custodian's resignation to appoint a qualifying successor custodian. If Participant does not appoint a successor custodian within this time period Custodian shall have the right to terminate the Custodial Account and distribute the assets directly to the Participant.
- b. *Removal.* The Participant shall substitute another custodian in place of the Custodian upon notification by the Internal Revenue Service that such substitution is required because the Custodian has failed to comply with the requirement of Treasury Regulation Section 1.408-2(e), or is not keeping such records, or making such returns, or rendering such statements as are required by that regulation.
- c. The Custodian shall not be liable for the acts or omissions of its successor.

9. Amendment and Termination of the Plan

- a. *Amendment or Termination.* The Custodian may amend or terminate this Plan at any time consistent with the provisions of applicable law without obtaining the consent of the Participant, the spouse of the Participant or Beneficiary. No amendment of the Plan, however, shall deprive any Participant, spouse of a Participant or Beneficiary of any benefit to which he or she was entitled under the Plan from contributions made prior to the amendment unless the amendment is necessary to conform the Plan to the current or future requirements of the Employee Retirement Income Security Act of 1974, Code Section 408, or other applicable law, regulation or ruling, in which case the Custodian is expressly authorized to make amendments that are necessary for such purposes retroactively to the later of the effective date of the Plan or the effective date of any future legal requirements.
- b. *Distribution on Termination.* If the Plan is terminated for any reason the balance held in each Account for the benefit of a Participant, spouse of a Participant or Beneficiary shall be distributed by the Custodian to a successor custodian or trustee, in accordance with Article VIII, Section 8, of the Plan.

10. Fees, Expenses, and Indebtedness

- a. *Compensation of the Custodian.* The Custodian shall be entitled to such reasonable fees for its services hereunder as shall be agreed upon from time to time in writing between the Custodian and the Participant and to reimbursement for all reasonable expenses incurred in the management of the Account.
- b. *Payment and Deduction of Fees and Expenses.* Periodic Custodial maintenance and related fees and expenses of the Custodian shall be due and payable upon notification to the Participant for services rendered by the Custodian. The Custodian may deduct from and charge against an Account all reasonable fees, shares and expenses, when incurred, in the management of the Account which have not been timely paid by the Participant. Upon the termination, or transfer of any Account appropriate fees and expenses may be charged against the Account unless paid. The Custodian may allocate such fees, charges and expenses among the separate Accounts at such time or times and in such manner as the Custodian, in its reasonable discretion, determines. Brokerage fees shall be payable in accordance with the Custodian's usual practice. Fees charged against an Account shall not be reimbursed to the Account.
- c. *Indebtedness.* The Participant shall pay any debit balance or other obligation owing to the Custodian on demand.

11. Miscellaneous

- a. *Prohibited Transactions.* Anything contained herein to the contrary notwithstanding, no Participant, spouse of a Participant or Beneficiary shall be entitled to use a Participant's Account, or any portion thereof, as security for a loan, nor shall the Custodian or any other person or institution engage in an any prohibited transaction, within the meaning of Code Section 4975, with respect to any Participant's Account.
- b. *Prohibition Against Assignment of Benefits.* Except to the extent otherwise required by law, none of the benefits, payments or proceeds held in an Account on behalf of any Participant, spouse of a Participant or Beneficiary shall be subject to the claims of any creditor of such Participant, spouse or Beneficiary, nor shall any Participant, spouse or Beneficiary have any right to anticipate, sell, pledge, option, encumber or assign any of the benefits, payments or proceeds to which he or she is or may be entitled under the Plan.
- c. *Applicable Law.* The Plan is intended to qualify as an individual retirement account plan under Code Section 408. The Plan shall be governed by and interpreted under the laws of the state of Ohio, except to the extent applicable federal law supersedes such laws. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions, and the Plan shall be construed and administered as if such provision had not been included.
- d. *Liquidation of Assets.* If the Custodian must liquidate assets in order to make distributions, transfer assets, or pay fees, expenses or taxes assessed against a Participant's Account, and the Participant fails to instruct the Custodian as to the liquidation of such assets, assets will be liquidated in the following order to the extent held in the Account: (a) any shares of a money market fund or money market-type fund, (b) securities, (c) other assets.
- e. *Purpose of Form.* Form 5305-A is a model Custodial account agreement that meets the requirements of Section 408(a) and has been automatically approved by the IRS. An individual retirement account (IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian and must be completed no later than the due date of the

individual's income tax return for the tax year (without regard to extensions). This account must be created in the United States for the exclusive benefit of the Depositor or his or her Beneficiaries.

Individuals may rely on regulations for Tax Reform Act of 1986 to the extent specified in those regulations.

- f. *Identifying Number.* The Depositor's social security number will serve as the identification number of his or her IRA. An employer identification number is required only for an IRA for which a return is filed to report unrelated business taxable income. An employer identification number is required for a common fund created for IRAs.
- g. Contributions to an IRA Custodial account for a nonworking spouse must be made to a separate IRA Custodial account established by the nonworking spouse.
- h. Distributions made under Article IV may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the Depositor reaches age 70 1/2 to ensure that the requirements of Section 408(a)(6) have been met.

DISCLOSURE STATEMENT

The Disclosure Statement provides a general description of the features of an Individual Retirement Account (the "Account" or the "IRA").

A. Right of Revocation By Participant

- 1. Each individual who signs the Adoption Agreement (the "Participant") shall have the right to revoke the Agreement for a period of seven days from the date it is signed by mailing or personally delivering a written notice of revocation to Mutual Shareholder Services, LLC, 8000 Town Centre Drive, Suite 400, Broadview Heights, OH 44147. The notice of revocation shall be deemed mailed on the date of the postmark (or if sent by certified or registered mail, the date of certification or registration) if it is deposited in the United States mail in an envelope, or other appropriate wrapper, first class postage prepaid, properly addressed. If such notice is not received within seven days after the deemed date of mailing, the notice of revocation shall not be valid.
- 2. If a change is made in the Disclosure Statement or the IRA when the Participant still has the right to revoke the Adoption Agreement, the Custodian will inform the Participant of the change, and the Participant shall be permitted to revoke the Agreement for a period of seven days from the date he or she receives notice of the change in the manner described in paragraph (1) above.
- 3. If the adoption agreement is revoked, the Custodian will return to the Participant his or her entire contribution to the IRA without penalty, service charge, administrative expenses, or any other reduction. The contribution to an IRA that is revoked, and the distribution from an IRA that is revoked, must be reported to the Internal Revenue Service.

B. Income Tax Consequences of Establishing an IRA

1. IRA Deducibility

The Tax Reform Act of 1986, (TRA-86) provides new IRA deduction rules for 1987 and subsequent year IRA contributions. Under TRA-86, the amount you can deduct for contributions you make to your IRA will depend on whether or not you are an active Participant in a retirement plan maintained by your employer.

IF YOU ARE COVERED BY RETIREMENT PLAN AT WORK		
If your filing status is...	AND your modified AGI is ...	THEN you can take ...
SINGLE or	less than \$34,000	a full deduction
	at least \$34,000 but less than \$44,000	a partial deduction
HEAD OF HOUSEHOLD	\$44,000 or more	no deduction
MARRIED FILING JOINTLY or	less than \$54,000	a full deduction
	at least \$54,000 but less than \$64,000	a partial deduction
QUALIFYING WIDOW(ER)	\$64,000 or more	no deduction
MARRIED FILING SEPARATELY	less than \$10,000	a partial deduction
	\$10,000 or more	no deduction

IF YOU ARE NOT COVERED BY RETIREMENT PLAN AT WORK		
If your filing status is...	AND your modified AGI is ...	THEN you can take ...
SINGLE HEAD OF HOUSEHOLD or QUALIFYING WIDOW(ER)	any amount	a full deduction
MARRIED FILING JOINTLY or MARRIED FILING SEPARATELY with a spouse who is NOT covered by a plan at work	any amount	a full deduction
MARRIED FILING JOINTLY with a spouse who IS covered by a plan	less than \$150,000	a full deduction
	at least \$150,000 but less than \$160,000	a partial deduction
	\$160,000 or more	no deduction
MARRIED FILING SEPARATELY with a spouse who IS covered by a plan	less than \$10,000	a partial deduction
	\$10,000 or more	no deduction

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

- a. A qualified pension, profit sharing, or stock bonus plan,
- b. A qualified annuity plan of an employer,
- c. A Simplified Employee Pension (SEP) Plan,
- d. A retirement plan established by the Federal government, a State, or political subdivision (except certain unfunded deferred Compensation plans under IRC Section 457),
- e. A tax sheltered annuity for employees of certain tax-exempt organizations or public schools, and
- f. A qualified plan for self-employed individuals (HR 10 or Keogh Plan).
- g. A SIMPLE IRA plan or a SIMPLE 401(k) plan.

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

NOTE: The TRA-86 changes described above do not affect IRA contribution rules. The IRA contribution limit remains the lesser of 100% of Compensation or \$3,000. The TRA-86 changes only affect whether, and to what extent, an IRA contribution can be deducted. If you make an IRA contribution and it cannot be deducted, it is treated as a non-deductible IRA contribution.

No deduction is allowed for a contribution made to your IRA if you attain age 70-1/2 before the close of the taxable year.

2. The investment earnings of your IRA are generally not subject to Federal income tax until distributions are made (or in certain instances when distributions are deemed to be made.)

3. **Non-Deductible Contributions**

For taxable years beginning after December 31, 1986, you will be able to make designated non-deductible contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and non-deductible IRA contributions cannot exceed your contribution limit. You may elect to treat deductible IRA contributions as nondeductible contributions.

In addition to the amount of deductible contributions for a particular tax year, you must provide the following information on your Federal income tax return:

- a. the amount of designated non-deductible contributions for the tax year.
- b. the aggregate amount of all designated non-deductible contributions for all preceding years which have not been withdrawn
- c. the aggregate balance of all IRAs as of the last day of the tax year, and
- d. the amount of distributions from all IRAs during the year.

If you overstate the amount of designated non-deductible contributions for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown. Failure to file any form required by the IRS to report non-deductible contributions will result in a \$50 per failure penalty.

4. Taxation of Distributions

The taxation of IRA distributions received after December 31, 1986, depends on whether or not you have ever made non-deductible IRA contributions. If you have only made deductible contributions, any IRA distribution will be fully included in income.

If you have ever made non-deductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income:

$$\frac{(\text{Aggregate Non-Deductible Contributions}) \times (\text{Amount Withdrawn})}{\text{Aggregate IRA Balance}} = \text{Amount Excluded From Income}$$

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

5. Rollovers

Your IRA may be rolled over to an IRA of yours, or may receive rollover contributions provided that all of the applicable rollover rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from any of your IRAs, or your employer's Qualified Retirement Plan or Tax Sheltered Annuity. The rollover rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover, please see a competent tax advisor.

- a. IRA to IRA Rollovers--Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of IRC Section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll the same dollars or assets only once every 12 months.
- b. Qualified Plan (or Tax-Sheltered Annuity) to IRA Rollovers--Effective for qualified plan distributions received after January 1, 1993, you may rollover, directly or indirectly, any eligible rollover distribution. An eligible rollover distribution is defined generally as any distribution from a qualified plan (other than distributions to nonspouse beneficiaries) unless it is part of certain series of substantially equal periodic payments, after-tax dollars or a required minimum distribution.

To qualify as a rollover, your eligible rollover distribution must be rolled over to your IRA not later than 60 days after you receive it.

If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator will generally be required to withhold 20% of your distribution as a prepayment of income taxes. When completing the rollover, you may make up the amount withheld, out of pocket, and roll over the full amount distributed from your qualified plan balance, if you so choose. Alternatively, you may claim the withheld amount as income and pay the applicable income tax and, if you are under age 59 1/2, the 10 percent early distribution penalty (unless an exception to the penalty applies).

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

If you place your rollover contribution in a separate (i.e., conduit) IRA plan which holds just those dollars, you preserve the right to later roll the money originating from the qualified plan into another qualified plan.

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

Written Election--At the time you make a proper rollover to an IRA, you must designate to the Custodian, in writing, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

- d. You cannot rollover to your IRA required minimum distributions which you receive from your IRA or your employer's QRP or TSA. Required minimum distributions are those which you must start taking for the year you attain age 70 1/2 or older.

6. Contributions

A contribution is deemed to have been made on the last day of the preceding taxable year if you make a contribution by the deadline for filing your income tax return (not including extensions), and you designate that contribution as a contribution for the preceding taxable year. For example, if you are a calendar year taxpayer and you make your IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.

C. Limitations and Restrictions

1. Under a Simplified Employee Pension (SEP) Plan that meets the requirements of IRC Section 408(k), your employer may make contributions to your IRA. The basic rules for a SEP-IRA are:
 - a. Each year your employer may make payments to your IRA of up to 25% of your compensation or \$11,000 for 2002, \$12,000 for 2003, \$13,000 for 2004, \$14,000 for 2005 and \$15,000 for 2006 and future years, which ever is less. The \$15,000 amount may be further increased for cost-of-living adjustments in 2007 and beyond.
 - b. In addition, you may contribute up to the lesser of \$3,000 or 100% of your Compensation.
 - c. Your employer deducts SEP contributions made to your IRA while you deduct your own IRA contribution if you are allowed to (see IRA Deductibility above).
 - d. The yearly limit on contributions to an IRA established pursuant to a SEP is \$43,000 (\$3,000 for you and \$40,000 for your employer).
 - e. Your employer is required to provide you with information that describes the terms of your employer's SEP Plan.
2. If you are married and have Compensation for a particular year, you may make payments to an IRA established for the benefit of your spouse. Your spouse must not have attained age 70 1/2 in that year, even if you are age 70 1/2 or older. You must file a joint tax return for the year that the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of \$6,000 or 100% of your Compensation. However, you may not contribute more than \$3,000 to any one IRA.
3. A deduction is not allowed for rollover or transfer contributions.
4. The \$100,000 Federal estate tax exclusion previously available has been repealed for decedents dying after 12/31/84. No exclusion will be allowed for decedents dying after that date. Transfer of your IRA assets to a named Beneficiary made during your life and at your request or because of your failure to instruct otherwise, may be subject to Federal gift tax under IRC Section 2501 if made after October 22, 1986.
5. Capital gains treatment and favorable ten-year forward averaging tax authorized by IRC Section 402 do not apply to IRA distributions.
6. Any withdrawal from your IRA, except a direct transfer, is subject to Federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal not less than 10% of the amount withdrawn must be withheld.
7. If you or your Beneficiary engage in a prohibited transaction with your IRA, as described in IRC Section 4975, it will lose its tax exemption and you must include the value of your account in your gross income for that taxable year.
8. If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

D. Federal Tax Penalties

1. If you are under age 59 1/2 and receive an IRA distribution, an additional tax of 10% will apply, unless made on account of death; disability; a qualifying rollover; a direct transfer; the timely withdrawal of an excess contribution or if the distribution is part of a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or joint life expectancy of you and your Beneficiary. This additional tax will apply only to the portion of a distribution that is includible in your income. Beginning January 1, 1997, payments made to pay medical expenses which exceed 7.5 percent of your adjusted gross income and distributions to pay for insurance by an individual who has separated from employment and who has received unemployment compensation under a federal or state program for at least 12 weeks are also exempt from the 10 percent tax. This additional tax will apply only to the portion of a distribution that is includible in your income.
2. An excise tax of 6% is imposed upon any excess contribution you make to your IRA. This tax will apply to each year an excess remains in your IRA. An excess contribution is any contribution, which exceeds your contribution limit, excluding rollover and direct transfer amounts. Your contribution limit is the lesser of \$3,000 or 100% of your Compensation for the taxable year.
3. One of the requirements listed above is that you are required to take a minimum distribution by April 1 of the year following the year you attain age 70 1/2 and the end of each year thereafter and that your designated Beneficiary(ies) is required to take certain minimum distributions after your death. An additional tax of 50% is imposed upon any excess of the minimum required to be distributed over the amount actually distributed. This tax is referred to as an excess accumulation penalty tax.
4. You will be taxed an additional 15% of any amount received and included in income during a calendar year from QRPs, TSAs and IRAs which exceeds \$112,500 (or the current excess distribution limit of IRC Section 4980A). Certain exceptions may apply. If you receive an excess distribution as described above, you should see your tax advisor to determine if these exceptions apply to

you. This tax is referred to as an excess distribution penalty tax. However, this penalty is suspended for payments received during 1997, 1998 and 1999 as a result of the Small Business Job Protection Act of 1996.

5. Your estate will have to pay additional Federal estate tax if you die with an excess retirement accumulation. The increased estate tax will be equal to 15% of the excess retirement accumulation. An excess retirement accumulation exists if, at the time of your death, the value of all of your interests in QRPs, TSAs and IRAs exceeds the present value of an annuity with annual payments of \$112,500 (or the current excess distribution limitation of IRC Section 4980A) payable over your life expectancy immediately before your death. This tax is referred to as an excess retirement accumulation tax.

6. You must file Form 5329 with the Internal Revenue Service when any additional or excise taxes are due.

E. Other

The Agreement used to establish this IRA has been approved by the Internal Revenue Service. The Internal Revenue Service approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

1. You may obtain further information on IRAs from your District Office of the Internal Revenue Service. In particular, you may wish to obtain IRS Publication 590 (Individual Retirement Arrangements).

F. Additional Financial Information

1. Custodial Fees

If not accompanied by this Disclosure Statement and Individual Retirement Custodial Account Plan, a schedule of fees is available from the Custodian or from the financial institution which has introduced your account to the Custodian. The Custodian will notify all IRA Participants prior to changing the fee schedule. The Participant may receive an invoice for the custodial maintenance and other related fees that are due and payable upon receipt. Unless timely paid by the Participant, fees will be automatically charged against the Account, or as directed in writing by the Participant, charged against another account over which the Participant has investment authority.

2. Brokerage Commissions

Commissions shall be as charged by the financial institution which has introduced your Account to the Custodian.

3. Other Expense

Any taxes of any kind which may be imposed with respect to the IRA and any reasonable expenses incurred by the Custodian in the management of a Participant's Account under the IRA together with any fees referred to above, shall be paid by the Participant, or if not timely paid, will be charged against his or her Account, or as directed in writing by the Participant, charged against another account over which the Participant has investment authority.

4. Earnings

The earnings of each separate Account shall be allocated only to that Account.

5. Growth in Value

Growth in value of a Participant's Account will depend entirely on the investment decisions made by the Participant and is neither guaranteed nor projected.