

# American Estate & Trust, LC (AET), *Hi-Yield* Account

## Disclosure Statement, Terms, Conditions And Agreement

Date: June 15, 2010

### Guaranteed\* Annual Percentage Yield (APY) For Various Account Amounts And Indicated Terms

Term	\$5,000 – 50,000	50,001 – 150,000	150,001 – 500,000	500,001 -1,000,000	1,000,000 +
6 Months	2.00	2.50	3.00	3.50	4.00
12 Months	2.50	3.00	3.50	4.00	4.50
24 Months	3.00	3.50	4.00	4.50	5.00

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**Resetting Yield Rate At End of Account Term.** The interest rates quoted above are guaranteed for the term stated. At the end of the term which you initially choose the yield rate on your *Hi-Yield* account may be reset by AET to something other than the rates quoted above. Any re-setting of the yield will be based on an analysis by AET of a basket of interest rates, including: Average IRA money market account rate (as published by Bankrate.com), Libor 3 month rate and the 3 month U.S. Treasury Bill rate. Any re-setting of your yield will only be done at the end of your initial account term (6, 12 or 24 months) and/or on any subsequent account term.

**Automatic Renewal of Account Term.** Unless you specify otherwise, at the end of the account term which you initially choose (6, 12 or 24 months), AET will automatically renew your account for the same term as you originally chose, and guarantee your new rate for the renewed term (which may be a different rate than you received in your initial term, per the above paragraph). This renewal process will be repeated at the end of each successive term until you end it, or upon a full distribution after your death (for individual owners). You have 30 days at the end of each account term in which to change the term's duration for the upcoming period.

**Penalties For Early Withdrawal or Transfer Requests, Only During The Initial Account Term:** Withdrawals or transfers from your account before the end of your initial investment term will be subject to penalties as follows: Withdrawals or transfers from your account in the Fund within the first six months are subject to a two and one-half percent (2-½%) penalty on the principal amount withdrawn or transferred, and you will lose all interest which otherwise would have been earned on the amount withdrawn or transferred. Withdrawals or transfers from your account between six months and the end of either an initial 12 or a 24 month investment term will lose all interest which otherwise would have been earned on the amount withdrawn or transferred, but no penalty against your principal amount will be assessed after the first six months. In addition, a normal transaction fee will be imposed for any withdrawal or transfer, per the amount stated in the AET fee schedule.

**No Penalties For Withdrawals or Transfers After Initial Investment Term.** You may withdraw or transfer any amount of your account during any renewed term without penalty or loss of interest. "Renewed term" is any term after the initial investment term.

**No Penalties For Withdrawals For Required Minimum Distributions.** No penalties or loss of interest will be assessed for withdrawals which are in the amount of and which are necessary to meet required minimum distribution rules (RMD) for retirement accounts. That is, no RMD withdrawal which is at the RMD amount will be penalized or subject to a loss of interest.

**Time Required To Meet Withdrawal or Transfer Requests.** Requests for withdrawals or transfers of funds, either within or after the penalty periods stated above, will generally be met within 24 hours, but in rare cases could take 3 to 5 business days.

**Annual Percentage Yield & Automatic Interest Reinvestment.** All interest yields are automatically re-invested during an investment term. The APY (annual percentage yield) quotes listed above assume that all interest is reinvested when earned and not paid until the end of the investment term.

**Additions And Reductions To Principal.** Reductions to principal in the first investment term are subject to penalties, per the topic above "Penalties For Early Withdrawal or Transfer Requests, Only During The Initial Account Term". Principal reductions may also subject your remaining balance to begin earning a lower yield if your principal balance is reduced to a lower yield category (for example, a reduction from a \$175,000 balance to \$149,000 would result in lowering the yield earned). Additions to principal in your account will be paid the same yield as whatever your existing account qualifies for, and will be subject to the same investment term or duration and other rules as your existing account is governed by. No new yield or rules will apply to principal additions until your existing investment term ends.

**Underlying Account Investments.** The underlying investments which AET uses to generate your interest rate yields and which provide the guaranteed\* backing for your *Hi-Yield* account consist primarily of a well diversified array of high grade fixed income securities, including: Investment grade or better corporate bonds, A to AAA U.S. government and government agency bonds and notes, bank money market accounts and CDs, bond mutual funds, municipal bonds, high grade preferred stocks, exchange traded funds and notes (ETF, CEF & ETN). Up to 15% of the total underlying investment portfolio can be in investment quality real estate, and up to 5% can be in carefully selected private placements. Margin may be employed at up to two times the investment principal amount. All securities are held with highly regarded, registered securities brokerages and are protected by Securities Investor Protection Corporation (SIPC) coverage. Bank accounts and CDs are all placed in the largest banking institutions with the highest ratings among the large banks and which have implicit U.S. government backing. Bank accounts and CDs have some amount of FDIC protection, but these accounts and CDs may at times exceed FDIC protection limits. *Hi-Yield* underlying assets are professionally and actively managed by AET or its directly supervised designees.

**Tax Considerations.** All yields paid to a *Hi-Yield* account are classified as interest or ordinary income (tax deferred for Traditional IRAs and non-taxable for Roth IRAs).

**Statements.** Your *Hi-Yield* account statement and statements detailing the underlying investment portfolio are readily available on-line 24/7 for your inspection and/or downloading.

**Right To Change Terms And Conditions.** Upon the end of any investment term, AET reserves the right to change these herein terms and conditions under which a *Hi-Yield* account will operate under its next or successive term.

**Front End Load.** To cover sales, marketing and general overhead costs, AET charges a one time, up front fee of one percent (1%) to new funds placed in a *Hi-Yield* account. This front end load or commission will reduce your initial investment by one percent. However, *Hi-Yield* accounts which have a balance of \$25,000 or more are not charged an annual fee. This can more than offset the 1% load. In addition, the yields paid to *Hi-Yield* accounts are significantly greater than yields generally available in money market accounts & funds, bank certificates of deposit, T-Bills, fixed annuities, etc., and this can also more than offset the 1% load. There are no further loads or commissions, nor any back end or termination loads charged no matter how long you maintain a *Hi-Yield* account, other than the above stated early withdrawal penalties in the first investment term. AET does reserve the right to charge an annual account fee for account balances under \$25,000. See AET's separate fee schedule or contact an AET representative for more information.

**Investment Portfolio Management Fees.** AET's fees for managing your *Hi-Yield* account's underlying investments *do not come out of your principal nor your stated interest yield.* AET's investment portfolio management fees come only from earnings which are exceed both: The amount needed to pay your stated yields and principal, and above a further amount held in reserve to minimize risk to your principal. Earnings, *if any*, above that threshold and obligation to your account are retained by AET or its designees as its/their investment portfolio management fee.

\* An investment in a *Hi-Yield* account involves risks. American Estate & Trust, LC (AET) is regulated by the Financial Institutions Division of the State of Nevada. But underlying investments are only partially covered by FDIC insurance and the underlying investments are not regulated under the SEC Investment Company Act of 1940. There is Securities Investor Protection Corporation (SIPC) protection for all publicly traded securities, and these securities comprise at least 80% of the total underlying investment portfolio value. The safety of principal and the return of interest are guaranteed and backed only by the reserves of this portfolio and the quality of its investments. To minimize risk in the investment portfolio, portfolio funds are spread across, invested in, a large number of investments so that the poor results of any one investment, if any, should have a limited effect on the overall portfolio, and AET maximizes safety with thorough research, analysis, and close monitoring of the investments. AET assumes no liability for losses in the underlying investments, if any, though the company's only means of compensation for ongoing management and administration of the investment portfolio is to maximize the safety of principal in the portfolio.

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## AGREEMENT

### Disclaimer of Legal and Tax Advice

I expressly acknowledge and agree that federal, state and local laws and regulations with respect to retirement plans and other accounts may be modified or amended from time to time and thereby affect the legal or tax status of my account and/or the operation of it. By signing this Agreement, I declare that I, with or without assistance from my own independent advisors, will assume sole responsibility for all legal and tax consequences arising from my account transactions, including all contributions, investments, and distributions, and that I have sole responsibility for ensuring my actions will comply with all laws, regulations and guidelines. I declare that I am authorized to establish an account with American Estate & Trust (AET) and to make investment decisions therein. I also declare that AET has not and will not provide legal or tax advice, representations, guarantees or warranties with respect to the applicability of laws, regulations or guidelines to my particular situation. I further acknowledge and agree that AET is not responsible for any legal, accounting, financial, tax, investment, actuarial or any other such professional services and/or advice rendered to me by any other persons or entities and that AET does not provide and has not provided legal, accounting, financial, tax, investment or actuarial advice or opinions on any specific facts or circumstances of mine. Although AET's employees may discuss generically the rules pertaining to retirement plans and investments, and certain publications and materials may be provided by AET to me on some related topics, such is provided for general informational, illustrative and educational purposes only. If professional assistance is required, I am advised to seek the services of a competent professional. It is my sole responsibility to use independent counsel, advisors or planners to verify any representations, claims, or discussions made by AET to determine for me the appropriateness and proper ongoing operation of my retirement plan or private trust account.

I wish to place funds in an American Estate & Trust (AET) *Hi-Yield* account using retirement plan or private funds. I accept and subject my investment to the above Terms and Conditions of the *Hi-Yield* account, and I understand the risks which are involved with this voluntary choice:

Initial Investment Amount: \_\_\_\_\_

Initial Term Selected: [ ] 6 Months [ ] 12 Months [ ] 24 Months (check one box only)

[ ] I Am Selecting the Guaranteed Introductory Interest Rate of Five Percent (5%) which will be paid to my *Hi-Yield* account for the first six (6) months of whichever term I selected immediately above. After the first six months, my guaranteed interest rate will be paid according to the rate table on the first page of this document and/or according to all the Terms and Conditions of this Disclosure and Agreement.

Name: \_\_\_\_\_  
(Print Only)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)