
**INSTRUCTIONS for INVESTING in ILLINOIS Tax Liens with PIP-West
with Regular Investment Funds**

(Last Revised 7-4-2010)

Greetings, Investors!

ILLINOIS is a great place to start (or continue) to invest in tax liens, and Platinum Investment Properties – West (PIP-West) is well underway in preparing for the next Illinois tax lien auctions! The maximum yield on Illinois tax lien certificates is **36%(!)**, and our performance objective for each client is to place funds at an average between 24% and 36% gross annualized yield. The auctions start in October and continue into December (although in decreasing numbers), and there are several last auctions in the first several months of the new year.

PIP-West always contacts all current Clients and interested Investors well in advance of the first auctions to determine the amount of interest, so that we are able to perform sufficient due diligence to meet the demand.

Below are the detailed **INSTRUCTIONS** (*starting on page 3*) for investing in ILLINOIS tax liens **with regular investment funds (i.e. non-IRA)**.

When following the detailed Instructions below, you are basically doing the following:

- 1) **Opening a PIP-West account by filling out the PIP-West Agency Agreement and a W-9 form in your investment titling name, and sending all this paperwork to PIP-West (STEP I)**
This step need only be done once for each PIP-West account (i.e. for a particular name/titling).
- 2) **Sending the investment funds and the fee check to PIP-West [Minimum Initial Investment: \$20,000] (STEP II)**
This step will be repeated for each investment that you make for the life of your PIP-West account. Instructions may differ for each state, in which we buy tax liens, and those of any given state may periodically change; **thus** PIP-West will provide you with the most current INSTRUCTIONS at the time of your investment.

*Note: To invest **IRA** funds in tax liens, please request the set of Instructions for that purpose.*

PIP-West then purchases your high yield tax liens during the several month auction period, awaits each county's final accounting of your purchases (about 6-8 weeks after the purchase is made), sends you the Final Investment Results Report describing your investment, performs the county filings described in the ILLINOIS Policy and Procedure, forwards your redemption checks to you as we receive them, provides the Quarterly Management Report on your portfolio (usually *within* 1 month after the end of the quarter), and contacts you as the next auctions are approaching.

In order to maximize your return on investment, it is important to keep your redemption proceeds "working" for you by rolling them over into more tax liens at the next available auction, along with any new capital that becomes available. Both reinvesting your redemption proceeds and adding new capital help your portfolio to grow; and as the total number of liens grows, so do the number of redemptions!

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We place the funds on a *first-come-first-served basis*, and we *start* to accept the investment funds and fee checks **at the beginning of September** in advance of the first auctions in October. We are able to continue to accept funds throughout the auction dates depending on the competition^{**}, and we will continue to attend auctions as long as there is sufficient opportunity to place Clients' funds at the performance objective and as long as there is sufficient capital to justify expenses to do so. The "core" of the Illinois auction season is from October to December since most of the auctions occur then, so it is best to target these months to ensure placement of your funds. However for capital that becomes available late in the season, there are also a number of additional opportunities during the first several months of the new year. Although we do not need the investment funds and fee check (and paperwork, if a new client) until a week or two before the target auctions, if you plan to invest in IL tax liens, we advise sending the funds earlier than later (if possible) to ensure your spot in the queue.

***Note: Illinois auctions are very competitive, and the total amount of placement at PIP-West's high-yield performance objective is very difficult to predict since the auctions are very dynamic and the competition can be fierce. Thus, I recommend submitting the checks sooner than later, if you are able. Missing a month or so of money market interest is a small price to pay for a better chance of getting your funds placed. Although PIP-West makes every effort to place all Clients' funds, it becomes increasingly difficult to purchase tax liens at our high-yield performance objective as we approach the end of the auction season.*

For planning purposes please let me know the approximate amount that you plan to invest in Illinois tax liens as soon as you know. This is not a commitment, but it helps PIP-West plan the amount of due diligence that will be necessary to select a sufficient number of tax liens to fill your order.

Please feel free to contact me with *any* questions on these instructions, or on Tax Lien Investing in general.

Thank you very much for your *interest* and your *trust*, and we look forward to a *long* and *profitable* association!

I look forward to hearing from you.

Sincerely,

Don

949-433-8864 (cell)

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INSTRUCTIONS

INVESTING in ILLINOIS Tax Liens using Regular Investment Funds (Last Revised 7-4-2010)

Please follow the instructions below in order to open a PIP-West account and to invest in ILLINOIS tax liens with regular investment funds. Please keep PIP-West informed of your plans and progress.

*Note: Skip to **Step II** if you already have a PIP-West account. You only need Step I if you are opening a new PIP-West account as a new Client or if you plan to invest under an additional name or titling.*

STEP I. To open a PIP-West account for tax lien investing, please complete the following forms and send the forms containing your original notarized signature to PIP-West at the following address:

PIP - West, LLC
Attn: Don Fullman
23974 Aliso Creek Road, Suite #465
Laguna Niguel, CA 92677-3908

- (1) **Platinum Investment Properties - West Agency Agreement** (select the "Forms" link at the top of the PIP-West Homepage, www.platinuminvestmentproperties.com)

Instructions:

As the "Principal(s)", you need to:

- (a) Enter your **name(s)/titling** and the **mailing address** in which you hold your investments at the top of page 1 (e.g. "John Smith", "The Smith Family Trust dated xx/xx/xx", "Smith Investments, LLC", etc.).
- (b) Initial item (6) on page 2 (where indicated).
- (c) Enter your personal and contact information in the "Principal" portion of page 3 (TOP half).
- (d) Provide your ***notarized signature*** where indicated in the "Principal" portion of page 3 (TOP half).

- (2) **W-9 Form - Request for Taxpayer Identification Number** for interest income reporting by the Counties (select the "Forms" link at the top of the PIP-West Homepage, www.platinuminvestmentproperties.com)

Instructions:

As the "Principal(s)", you need to:

- (a) Enter your **name(s)/titling** in which you hold your investments at the top of W-9 form.
- (b) Enter your contact information and other information requested.
- (c) Enter your social security number if titled in your name, or the **Employer identification number (EIN)** if titled in an **entity's name** (as per the W-9 form instructions).

*Note: **International Clients** will need to have a U.S. Tax ID number, which can be obtained from the IRS by filing form SS-4 (see www.irs.org for forms and instructions), and will need to submit the appropriate W-8 form (also see www.irs.org). The current forms and instructions can be obtained from www.irs.org.*

STEP II. To invest in ILLINOIS tax lien certificates, please send the following checks to PIP-West at the above address.

- (1) **One check** (personal, business or cashier's) made out to a Payee of "**PIP-West, LLC Investment Funds**" (a client trust account), for the total amount of your investment. **[Minimum Investment: \$20,000]**
- (2) **One check** (personal, business or cashier's) made out to a Payee of "**PIP-West, LLC**", for the total amount of the PIP-West setup fees which are calculated on the total amount of your investment. When investing in Illinois tax liens, the setup fees consist of the **6% setup fee** plus the **2% supplemental setup fee** (for all IL purchases), thus totaling 8% of the total amount of your investment.

For example, if the total amount of your investment is \$50,000 of new funds, the fee amount would be 8% of \$50,000, or \$4000. This fee total would be lower if the Client account has available Rollover Funds.

Note: The 6% setup fee is charged one-time only on "new funds", and enables you to reinvest all redemption proceeds (i.e. "Rollover Funds") in the future without re-incurring that 6% setup fee. Investment amounts that exceed your available Rollover funds are considered new funds and would incur the 6% setup fee, but then redemption proceeds from those additional new funds would also be exempt from the 6% setup fee.

Note: If you are a current PIP-West Client and your account has available Rollover funds, the 6% setup fee will be reduced by the amount of 6% of your available Rollover funds from your last Quarterly Report; however the 2% IL supplemental setup fee applies to the total amount of your investment (as per the Illinois Policy & Procedure).

Note: Once the purchase is complete, and the County has provided its final audited purchase results along with the original certificates, PIP-West will know the exact amount of each Client's investment, refund, and PIP-West setup fees. PIP-West will also know the exact number of liens purchased by each Client for which to calculate the "per-lien" Take Notice and Lien Assignment county filing fees.

Note: The "ILLINOIS Policy and Procedure" in the Final Report contains an explanation of the filing fees charged by each IL County for each lien purchased, and of the PIP-West supplemental setup fee for all IL purchases. The County fees are the approximately \$20 per lien Take Notice Fee and the \$10 per lien Lien Assignment Fee, of which the Take Notice Fee is returned to you as part of the tax lien redemption payment. Although these fees seem to add up quickly, rest assured that they have a minimal impact on the net yield when your gross yields in IL are between 24% and 36%.

STEP III. Please keep PIP-West informed of when the paperwork and the checks have been sent and when we should expect to receive them. PIP-West will do the same by letting you know when we receive your paperwork and checks.

Be sure to become more familiar with the PIP-West website (<http://www.PlatinumInvestmentProperties.com>) in order to maintain your familiarity with Tax Lien Investing.

Please don't hesitate to contact us with any questions.

Thank you very much for your *interest* and your *trust*, and we look forward to a *long* and *profitable* association!

Sincerely,

Don
949-433-8864 (cell)

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