



**WEALTHWATCH**  
ADVISORS

# **CIM Opportunity Zone**

## **Disclosures & Acknowledgements**

**August 18, 2023**

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## Disclosures & Acknowledgements

The purpose of this agreement is to clarify the understanding and agreement between Advisors and Clients regarding the Opportunity Zone investments offered by the CIM Group (“CIM”) and pertinent information.

Prior to initiating an investment through CIM, the Advisor and Client both agree that they have a full understanding of the Opportunity Zone products, otherwise known as a Qualified Opportunity Fund (“QOF”) offered by CIM. An educational overview was provided directly to the Client by a representative of CIM, through the CIM branded marketing materials, and/or by their Advisor. The Client and Advisor understand and agree upon the general understanding, investor benefits and risks, eligibility, etc., of these products, including but not limited to the following statements contained in this form.

The Client agrees that they understand the accredited investor criteria and meet said criteria prior to investing in an Opportunity Zone product. The Client understands that neither their Advisor nor Wealth Watch Advisors staff is policing or verifying this fact prior to connecting a Client with CIM and guiding them through the investment process, beyond confirmation of the following:

*I hereby represent to Wealth Watch Advisors and attest that I am an accredited investor as defined and set forth by the Securities and Exchange Commission (“SEC”) in Rule 501 of Regulation D, as I:*

\_\_\_\_\_ am an individual with gross income exceeding \$200,000 in each of the two most recent years or joint income with a spouse or partner exceeding \$300,000 for those years; and

\_\_\_\_\_ have a reasonable expectation of the same income level in the current year; and

\_\_\_\_\_ acknowledge that the foregoing income test cannot be satisfied by showing one year of my income and the next two years of joint income with my spouse or partner; and/or

\_\_\_\_\_ I have a net worth, either individually or jointly with my spouse or partner, excluding my primary residence, of \$1 million or more.

The Client and Advisor understand and agree that Opportunity Zone products are required to be held inside Non-Managed accounts at Charles Schwab (“Schwab”) and under Wealth Watch Advisors. In other words, an open and active Non-Managed Schwab account number, along with an Advisor’s Non-Managed rep code, must be provided to CIM during the subscription agreement process for purposes of making the investment visible in the Client’s account at Schwab and under the Advisor’s username at Schwab. The Client and Advisor understand and agree that Opportunity Zone products may not be added to an account inside a Managed account number or under an Advisor’s Managed rep code at Schwab, and therefore may not be comingled inside an account that is actively being Managed by Wealth Watch Advisors and their third-party investment management affiliates. Failure to provide the proper account number and rep code type to CIM during the enrollment and investment process may result in higher fees being charged to the client or trade errors occurring in relation to the Opportunity Zone product, which Wealth Watch Advisors may not be responsible for at their discretion.

The Client and Advisor understand that CIM has their own third-party software outside of Wealth Watch Advisors back-office software that is used to initiate an investment into an Opportunity Zone product, including CIM required paperwork and initial purchase execution. Internal suitability and subscription agreement questions required by CIM will not be approved or reviewed by Wealth Watch Advisors staff prior to any trading execution of an Opportunity Zone product. The Client and the Advisor understand that answers to required questions through CIM's system must be provided by the Client, whether the Advisor is submitting answers online on behalf of the Client, or otherwise.

The Client and the Advisor understand that CIM offers multiple different Custodial options to their clients, and that while CIM does not require that Charles Schwab custody a Client's QOF investment, Wealth Watch Advisors does require that Charles Schwab is used as the Custodian. Any Advisor registered under Wealth Watch Advisors may not recommend or provide advice to a Client regarding an Opportunity Zone product held outside of Charles Schwab or offered by any company other than CIM specifically.

The Client and the Advisor understand and agree that CIM Opportunity Zone investments must be funded by the Client's capital gains only. The source of funding can be from a variety of methods, most commonly a wire transfer direct from a Client's bank account, as long as the invested balance qualifies as eligible capital gains. Wealth Watch Advisors nor CIM suggest purchasing an Opportunity Zone product using monies that do not qualify as eligible capital gains. The Client and the Advisor understand and agree that capital gains earned through a variety of investment scenarios may be eligible for an Opportunity Zone product, but that the Client may wish to consult with their licensed tax and/or legal professional and/or with a representative from CIM before making any investment decision. *Wealth Watch nor any Wealth Watch employee or advisor offer tax, legal or accounting advice. Any tax or legal advice pertaining to this investment should be received from a tax or legal professional.* Neither the Advisor nor Wealth Watch Advisors staff will be policing or approving whether the source of funds for the investment are qualified capital gains before trading execution occurs. The Client agrees that they understand this concept to the full extent and are comfortable moving forward with the investment.

The Client and the Advisor understand that a minimum of \$150,000.00 up front investment is required in order to invest in an Opportunity Zone product.

The Client and Advisor understand and agree that the initial investment and earnings are inaccessible and otherwise "locked up" for a minimum period of 4 years. The lock-up period is determined and enforced by CIM. Attempting to liquidate a portion or all of the investment before this period has elapsed could be financially damaging to the Client. Such damages may include loss of principal investment, penalties, additional tax liabilities that would otherwise not be incurred, and the like.

The Client and the Advisor understand and agree that the initial purchase value of a CIM Opportunity Zone product will be reflected at Schwab within 2-3 weeks of purchase, and ongoing values are updated approximately once every 60 days after the end of each calendar quarter thereafter. Values are pushed to Schwab at the discretion of CIM and their third-party affiliates. TD will not be equipped to receive values from CIM unless all required paperwork is in good order first. Wealth Watch Advisors does not control the frequency of how often values are updated at Schwab for these specific products. Wealth Watch Advisors

will calculate and deduct fees based on the most recent values available at Schwab during each monthly billing cycle.

The Client and the Advisor understand and agree that the CIM Opportunity Zone products are subject to the normal Non-Managed account fee schedule rules and rates in accordance with the Attachment A Fee Schedule page of the Non-Managed Investment Advisory Agreement.

The Client and Advisor understand that cash must be available in the Schwab account housing the CIM Opportunity Zone in order to cover the monthly fees charged by Wealth Watch. Cash may not be raised by selling the Opportunity Zone investment to cover fees and therefore cash must be provided by other means. Cash may be added into the Schwab account a number of ways, including a check, ACH or wire deposit direct from an outside bank account, by sale of an in-kind position that may also be present within the same Schwab account, or by quarterly income distributions from the QOF pushed into the Schwab account by CIM and their third-party affiliates.

The Client and the Advisor understand and agree that if sufficient cash is not available within the Schwab account to cover monthly Wealth Watch fees at the time of the billing cycle, the fee will still be charged against the account, and will create a negative cash debit on the account. Negative cash debits are a credit risk violation at Schwab, and over time will damage Wealth Watch's compliance standings with Schwab. Because of this fact, and because income distribution amounts and deposit schedules can be unpredictable, Wealth Watch requires that a bank account be connected to each Non-Managed account housing a CIM Opportunity Zone up front by use of the Schwab Money Link Authorization form. Wealth Watch staff will automatically initiate an incoming ACH deposit from said attached bank to cover all or a portion of monthly fees if necessary. If cash from income distribution activity or that may have been deposited by the client ahead of time is available to cover fees, this balance will be charged against monthly fees first before any ACH deposit is initiated. If an ACH deposit is necessary to cover any remaining fees, the deposit will be initiated online by Wealth Watch staff without pre-approval from the Client or the Advisor, and will not exceed the necessary amount to clear cash debits and/or cover the outstanding fees.

The Client and the Advisor understand that internal costs are also charged directly to the Client's investment by CIM based on a percentage of the net asset value or "NAV", which has been explained to the Client in full and disclosed on paperwork produced and provided by CIM.

The Client and Advisor understand and agree that future tax benefits related to CIM Opportunity Zone investments may change over time as laws, regulations, and offerings at CIM evolve. Similarly, CIM may alter the proprietary policies and procedures surrounding these investments over time. Lastly, CIM may enforce additional policies and procedures outside of Wealth Watch Advisors that may not be contained within this document and may not be the responsibility of Wealth Watch Advisors.



# CIM Opportunity Zone Disclosures & Acknowledgements

**The Client and the Advisor understand and agree to the statements contained in this disclosure, and acknowledge this fact by signing below:**

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*Printed name and any representative capacity      Client or representative's signature      Date*

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*Printed name and any representative capacity      Client or representative's signature      Date*

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*Printed name of Investment Advisor Representative      Signature      Date*