



**Southwest Securities, Inc. and/or Broker/Dealers for which it clears**  
Southwest Securities, Inc. Member NYSE/FINRA/SIPC

**Transfer on Death Addendum and Application**

**Transfer on Death Addendum**

This disclosure agreement document and addendum (“Agreement”) is entered into by and between the undersigned Owner (“Owner” or “Owners”) and Southwest Securities, Inc., a Delaware corporation (“Southwest”) and will govern property held by Southwest and designated by Owner as a Transfer on Death Account (“TOD”). This Agreement is intended to establish a TOD for the Owner in accordance with the following terms.

This Agreement creates a non-testamentary transfer. A contrary or inconsistent will or living trust shall have no effect upon this Agreement. The only exception shall be if the Owner’s will or living trust expressly revokes the TOD account designation, in which case the TOD account assets become part of the Owner’s estate. However, unless Southwest receives timely actual notice of the express TOD revocation, the TOD assets will be delivered to the persons designated on the TOD addendum (“Beneficiary or Beneficiaries”).

**Effect of Registration in TOD Form**

The designation of a Beneficiary or multiple Beneficiaries under the TOD has no effect until the death of the Owner or last surviving Owner. The TOD may be amended or cancelled by the Owner at any time prior to the death of the Owner or last surviving Owner, if more than one. Such notice of amendment or cancellation shall be effective upon notice in writing to Southwest signed by all Owners living at the time of said notice.

**Distribution**

At the death of the last surviving Owner, any interest of the Owner in the TOD shall be transferred by Southwest to an account established for the Beneficiaries. Beneficiary ownership percentage shall also be designated on the Transfer on Death Addendum, and if no such designation is made, the apportionment shall be in equal shares among all surviving designated Beneficiaries. Should the designated percentages equal less than 100%, the unapportioned percentage shall be distributed equally to the surviving Beneficiaries.

If the account is jointly owned, it shall be owned as a joint tenancy with right of survivorship. During the life of the Owners, Southwest may pay any sum in the account to any Owner at any time. Upon the death of any joint Owner, no distribution will be made to the Beneficiaries who are then surviving and the surviving joint Owner(s) will become the Owner(s) of the account. The last surviving joint Owner of the account shall have the discretion to modify and or revoke this account without permission of any surviving Beneficiary. Upon the death of the last surviving Owner, if this Agreement has not been revoked, any assets in the account shall be distributed according to the then existing Agreement among the named surviving Beneficiaries. If any Beneficiary has pre-deceased the last surviving joint Owner, (or if a trust or other legal entity which is a Beneficiary has

dissolved or been terminated), that Beneficiary’s designated portion shall be distributed among the surviving Beneficiaries in equal proportions.

Southwest shall be discharged by Owner from all claims to any assets in the TOD account by the estate, creditors, heirs, or devisees of a deceased Owner if it registers a transfer of assets in accordance with this Agreement and does so on the good faith reliance on applicable laws and on information provided by affidavit of the personal representative of the deceased Owner, or by the surviving Beneficiary or by the surviving Beneficiary’s representatives.

**Fractional Shares**

Upon the death of Owner or last surviving Owner, in making distribution to Beneficiaries pursuant to this Agreement, Southwest may sell any assets that cannot be divided into negotiable amounts and distribute the proceeds of such sale. Southwest may also divide fractional shares in any manner it deems appropriate and distribute such assets or the proceeds of the sale of such assets to Beneficiaries, unless directed otherwise by unanimous written consent of all Beneficiaries and submitted to Southwest prior to the time of filing an instruction for execution of non-probate transfer that is acceptable to Southwest. Southwest may, from time to time, establish administrative procedures to facilitate the distribution of assets in the account to Beneficiaries or the sale of the assets and distribution of the proceeds of sale. No distribution of assets can be made until all necessary documents and information have been received by Southwest. After the death of the Owner or last surviving Owner, any change in value of the TOD assets during the period from such death, until said distribution, shall not give rise to any liability on the part of Southwest. Southwest shall, in its sole discretion, determine a reasonable method for distribution or otherwise administering all assets, payments or dividends received into the TOD after the death of Owner or last Owner to die.

**Minors and Incapacitated Adults**

If any designated Beneficiary is a minor, or an incapacitated adult, Southwest may require that assets be distributed only to a legally qualified custodian, conservator or guardian under the law of the state of residence of said minor or incapacitated adult. In the absence of such legally qualified custodian, conservator or guardian, after a reasonable lapse of time from the death of the Owner or last surviving Owner to die, Southwest is authorized to make distribution to the estate of said Owner and Southwest’s obligations to said minor or incapacitated adult under this Agreement or otherwise, shall be fully discharged. Southwest shall have no further responsibility to Owner or Owners (or the estates thereof). Any existing debt collateralized by or constituting a lien against TOD assets in the Account or owed to Southwest in connection with the account or any other account(s) held by

Southwest for the Owner must be satisfied before a distribution to any Beneficiary may be made.

### **Execution of Non-Probate Transfer and Notice**

In making a distribution under this Agreement, Southwest shall be entitled to receive and rely upon information provided in an instruction for execution of non-probate transfer document in a form acceptable to Southwest submitted for Beneficiary or personal representative of the Owner's estate when distributing or transferring assets under the terms of this Agreement. Southwest shall not be held accountable to any Owner, Beneficiary or other person for making a distribution of assets in the TOD based upon information contained in any instruction for execution of non-probate transfer. Southwest shall be entitled to receive said instruction for execution of non-probate transfer, a certified death certificate, an inheritance tax waiver (for states requiring a waiver or consent to transfer), and such additional documentation deemed appropriate before making such distribution. If a personal representative signs the instruction for execution of non-probate transfer, a certified court document (dated within 60 days of execution of the instruction) evidencing appointment of the personal representative may be required.

Southwest shall be considered to be on notice of any changes in Beneficiary, the death of the Owner or surviving joint tenant or other information regarding the account on the date which it receives the required documentation sent, by mail, facsimile or other acceptable means. In the case of death, Southwest must receive a copy of the death certificate and any other documentation required to complete the distribution of the Owner's account.

### **Southwest Securities, Inc. Rights and Duties Concerning Beneficiaries**

Southwest has no duty to locate Beneficiaries, determine the marital status of Owner or Owners at any time, or to determine any other fact which may affect a distribution under this Agreement. Should a dispute arise prior to the distribution of the TOD assets, Southwest shall be entitled to require the parties involved to adjudicate the dispute by means (arbitration, etc.) acceptable to Southwest.

Southwest shall not be required to make any distribution until the rights of the disputants have been finally settled.

### **Spousal Consent**

If at the time of the Owner's death, the Owner's spouse survives the Owner and is not the sole joint tenant on the TOD account or the sole survivor Beneficiary, all features of the TOD account shall be void unless a completed spousal consent acceptable to Southwest is signed by the spouse. A spousal consent may be revoked by the spouse upon signing and filing with Southwest a revocation form satisfactory to Southwest prior to Owner's death.

Subsequent marriage or divorce shall have no effect on TOD distribution to a former or current spouse. Only a post marriage or divorce amendment by the Owner to the TOD Beneficiary designation shall have effect on distribution.

### **Revocation**

This Agreement may be revoked or changed by the Owner or last surviving Owner, at any time prior to death by filing a new Agreement with Southwest only if such Agreement is received by Southwest prior to the last Owner's death.

A personal representative, attorney-in-fact, or conservator of the Owner shall not amend or revoke the Agreement without a court order of a court having proper jurisdiction on the subject matter. However, a conservator or attorney-in-fact acting on behalf of the Owner may, within the scope of their authority, authorize the sale, purchase or transfer of securities or assets for the TOD.

### **Incapacity of Owner**

Should the Owner become incapacitated, a duly appointed guardian or conservator or an agent acting under a durable power of attorney may effect transactions within the TOD account, but may not change the designation of Beneficiaries or revoke the TOD ownership. Likewise, no guardian, conservator or attorney in fact may establish a TOD account for their principal or ward in the first instance; Southwest will only establish TOD accounts upon written request of the Owner personally.

### **Terms and Conditions**

**IMPORTANT NOTE TO OWNERS: THIS AGREEMENT AND ALL TOD ACCOUNTS ACCEPTED BY SOUTHWEST SHALL BE GOVERNED BY THE LAWS OF TEXAS INCLUDING WITHOUT LIMITATION THE PAYMENT ON DEATH PROVISION UNDER NON-TESTAMENTARY TRANSFERS. IF THE TRANSFER ON DEATH REGISTRATION IS NOT PERMITTED UNDER THE LAWS OF THE JURISDICTION WHERE THE OWNER IS DOMICILED AT THE TIME OF DEATH, SOUTHWEST SHALL DISTRIBUTE THE ACCOUNT PURSUANT TO THE BENEFICIARY DESIGNATIONS AS SET FORTH IN THE TOD ADDENDUM AND SHALL HAVE NO LIABILITY TO THE ESTATE OF THE OWNER OR ANY BENEFICIARY THEREOF UNLESS SOUTHWEST HAS RECEIVED WRITTEN NOTICE OF OBJECTION PRIOR TO DISTRIBUTION. SOUTHWEST, ITS EMPLOYEES, AND CORRESPONDENTS WILL USE THEIR BEST EFFORTS TO INFORM THE CLIENT OF THE AVAILABILITY OF TOD ACCOUNTS IN EACH STATE. HOWEVER, COMPLICATED TAX AND LEGAL ISSUES MAY BE INVOLVED IN SETTING UP THE ACCOUNT. SOUTHWEST, ITS EMPLOYEES, AND CORRESPONDENTS CANNOT ADVISE THE CLIENT ON WHETHER THE TOD ACCOUNT IS APPROPRIATE FOR AN INDIVIDUAL'S TAX AND OR ESTATE PLANNING NEEDS. CLIENTS SHOULD ALWAYS CONSULT THEIR OWN LEGAL AND TAX ADVISORS BEFORE ELECTING OR REVOKING THE TOD ACCOUNT DESIGNATION.**



