**Part [XX]: Petitioner’s Background and Lawful Source of Funds**

**Overview of Petitioner’s Source of Funds**

Petitioner owns [XX]% of [Name of Asset Used as Collateral], [brief description of asset, including address of immovable asset] (the “***Shortened Name of Asset***”), which is valued at $[XX]. ***See*** ***Exhibit 1****, [Asset Valuation Letter];* ***see Exhibit 2****, [Third-Party Proof of Asset’s Existence/Operation]*. Thus, Petitioner’s share of the [Shortened Name of Asset] has an implied valuation of $[XX% of value]. The [Shortened Name of Asset] and the [XX parcels of land on which the building is constructed] represent(s) the “***Collateral***.”***See******Exhibit 3****, Deed of Mortgage.*

The Collateral was previously held by [Name of Original Title Holder]. [Name of Original Title Holder] died on [date of death], and upon his death and as per the terms set out in his will, 100% of the ownership of the [Shortened Name of Asset] was transmitted by operation of law to the surviving spouse, [Name of Surviving Spouse] ([XX]% ownership), and each of the couple’s [XX] children, [Name of Petitioner] ([XX]% ownership), [Name of Beneficiary 2] ([XX]% ownership), and [Name of Beneficiary 3] ([XX]% ownership), making each of the [XX] surviving family members co-owners of the [Shortened Name of Asset]. ***See*** ***Exhibit 4****,* *Death Certificate of [Name of Original Title Holder];* ***see Exhibit 5****,* *Will of [Name of Original Title Holder];* ***see*** ***Exhibit 6****, Certificates of Title for [Shortened Name of Asset].*

On [date], [Name of Donor] and [Name of Petitioner] executed a deed of donation (the “***Deed of Donation***”) in which [Name of Donor] gifted [XX]% of [his/her] ownership share to [Name of Petitioner]. ***See Exhibit 7***, *Deed of Donation*.

On [date], Petitioner received a loan for $[XX] (the “***[Name of Asset] Loan***”) from [Name of Lender], a natural person (“***[Lender’s Surname]***”). ***See******Exhibit 8****, Passport for [Name of Lender];* ***see*** ***Exhibit 9****, 2018 [State] Tax Return for [Name of Lender]*. The [Name of Asset] Loan is directly and solely secured by a deed of mortgage on the Collateral and a personal guaranty granted by Petitioner in favor and for the benefit of [Lender’s Surname]. Taxes related to the recording of the mortgage in the public record were paid on [date]. ***See******Exhibit 10****, Petitioner Loan Agreement;* ***see*** ***Exhibit 11****, Petitioner Note;* ***see*** ***Exhibit 12***, *Petitioner Personal Guaranty;* ***see Exhibit 3****, Deed of Mortgage;* ***see*** ***Exhibit 13****, [Shortened Name of Asset] Valuation Letter;* ***see*** ***Exhibit 14****, Monthly Documentary Stamp Tax Declaration Return for the Recording of the Deed of Mortgage*.

**Source of [Asset Name] Loan**

The [Asset Name] Loan, advanced by [Lender’s Surname] on [date], is ultimately derived from funds disbursed as dividends from [Name of Company], a [State] [company type] (“***[Company Short Name]***”) formed on [date], of which [Lender’s Surname] is a managing member. ***See*** ***Exhibit 15****, Certificate of Formation of [Name of Company];* ***see*** ***Exhibit 16****, FEIN Letter from IRS for [Name of Company];* ***see******Exhibit******17****, Operating Agreement for [Name of Company]*.

[Company Short Name] was formed with zero initial startup funding. ***See******Exhibit******18****, [Name of Bank] Statements for [Name of Company], Account #[XX] from [date] through [date].* The company provides the following services (***see******Exhibit******17****, Operating Agreement for [Name of Company]*):

1. [Service description 1];
2. [Service description 2];
3. [Service description 3]; and
4. [Service description 4]

Since its formation, [Company Short Name] has derived income from services rendered to clients. All funds were earned by lawful means in exchange for services rendered, and the taxes on all earnings have been paid. [XX] client invoices totaling $[XX] for services rendered with payment received during the period of [date] through [date] have been included as ***Exhibit******19****, [Name of Company], Select Invoices for Year Ending [date]*. ***See*** ***Exhibit 20****, [Name of Company], Audited Financial Statements for Year Ending [date];* ***see*** ***Exhibit 21****,* *[Name of Company], Tax Return for Year Ending [date];* ***see******Exhibit******22****, [Name of Bank] Statements for [Name of Company], Account #[XX] from [date] through [date].*

The table below provides a quick reference correlating the itemized invoices in **Exhibit 19**, presented in the same order as on the pages on which the relevant transactions appear in the bank statements for [Company Short Name] in **Exhibit 22**, as indicated in the right-most column of the table. These select transactions are highlighted in **Exhibit 22**.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Item #(Exhibit 19)** | **Invoice Date** | **Paid Date** | **Invoice #** | **Client Name** | **Amount ($)** | **Statement Page (Exhibit 22)** |
| 1 |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |

XX dividends were disbursed, the first on [date] in the amount of $[XX], the second on [date] in the amount of $[XX], and the [XX] on [date] in the amount of $XX (together, the “***Dividends***”), for an aggregate amount of $[XX] in disbursed dividends. [Lender’s Surname] received total dividends of $[XX] for the year ending [date], from [Name of Company], which includes the Dividends. ***See Exhibit******9****, 2018 [State] Tax Return for [Name of Lender];* ***see*** ***Exhibit 23****, Tax-related Documents for [Name of Company] Showing Dividend Disbursement;* ***see Exhibit 20****, [Name of Company], Audited Financial Statements for Year Ending [date];* ***see Exhibit 21****, [Name of Company], Tax Return for Year Ending [date];* ***see Exhibit 22****, [Name of Bank] Statements for [Name of Company], Account #[XX] from [date] through [date];* ***see*** ***Exhibit 24****, [Name of Bank] Statements for [Name of Lender] Personal Account, Account #[XX] from [date], through [date].*

The Dividends represent the first disbursements from [Company Short Name] to [Lender’s Surname], and according to [State] auditing rules, they are shown in the audited financial statements of [Company Short Name]. ***See Exhibit******20****, [Name of Company], Audited Financial Statements for Year Ending [date];* ***see******Exhibit******21****, [Name of Company], Tax Return for Year Ending [date];* ***see*** ***Exhibit 25****, Advanced Members Capital Dividend Explanation Letter.*

**Summary of Exhibits**

***Exhibit 1****, [Asset Valuation Letter]*

***Exhibit 2****, [Third-Party Proof of Asset’s Existence/Operation]*

***Exhibit 3****, Deed of Mortgage*

***Exhibit 4****,* *Death Certificate of [Name of Original Title Holder]*

***Exhibit 5****,* *Will of [Name of Original Title Holder]*

***Exhibit 6****, Certificates of Title for [Shortened Name of Asset]*

***Exhibit 7***, *Deed of Donation*

***Exhibit 8****, Passport for [Name of Lender]*

***Exhibit 9****, 2018 [State] Tax Return for [Name of Lender]*

***Exhibit 10****, Petitioner Loan Agreement*

***Exhibit 11****, Petitioner Note*

***Exhibit 12***, *Petitioner Personal Guaranty*

***Exhibit 13****, [Shortened Name of Asset] Valuation Letter*

***Exhibit 14****, Monthly Documentary Stamp Tax Declaration Return for the Recording of the Deed of Mortgage*

***Exhibit 15****, Certificate of Formation of [Name of Company]*

***Exhibit 16****, FEIN Letter from IRS for [Name of Company]*

***Exhibit******17****, Operating Agreement for [Name of Company]*

***Exhibit******18****, [Name of Bank] Statements for [Name of Company], Account #[XX] from [date] through [date]*

***Exhibit******19****, [Name of Company], Select Invoices for Year Ending [date]*

***Exhibit 20****, [Name of Company], Audited Financial Statements for Year Ending [date]*

***Exhibit 21****,* *[Name of Company], Tax Return for Year Ending [date]*

***Exhibit******22****, [Name of Bank] Statements for [Name of Company], Account #[XX] from [date] through [date]*

***Exhibit 23****, Tax-related Documents for [Name of Company] Showing Dividend Disbursement*

***Exhibit 24****, [Name of Bank] Statements for [Name of Lender] Personal Account, Account #[XX] from [date] through [date]*

***Exhibit 25****, Advanced Members Capital Dividend Explanation Letter*