

Letter 11-08
Trustee Accounting and Tax Services

<Date>

<Client Representative>

<Client Name>

<Client Address>

Dear <Client Representative>:

This letter will serve to confirm our understanding whereby our firm has been retained by you, as the trustee of <Name>, in connection with certain accounting, federal and <Name(s) of State(s)> state income tax services to be rendered to the above-entitled trust. Any accounting, <Name(s) of State(s)> state and federal income tax returns, worksheets, or other documents prepared by us in connection with this assignment will be submitted directly to you. It is agreed that this assignment includes the following work to be done by us:

1. Preparation of accounting for The <Name> Trust.
2. We will prepare the federal and <Name(s) of State(s)> State Fiduciary income tax returns for the above-mentioned trust for the year(s) ending December 31, <year(s)>, from the information you provide us.

With regard to the presentation of accounting for the court, you or your attorney shall instruct us as to the format required by the local rules of the court. We will make every effort to keep our time to a minimum, consistent with the requirements of the engagement.

With regard to the fiduciary income tax return, we will not audit or otherwise verify the data you submit, although we may ask you to clarify some of it or to furnish written or verbal assurance that records or other evidence exist to substantiate deductions. You should retain all the documents, books, and records that form the basis of income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

In preparing the above referenced tax returns, we will not independently determine values, except where the values could be determined by reference to market quotations contained in *The Wall Street Journal* or other equally reliable sources. Since we are not <business or real estate> appraisers or valuers, all valuation services will be performed by qualified third parties who will be chosen on a timely basis by <representative of the estate (e.g., the trustee)>. The <representative of the estate> will be solely responsible for selecting the third-party appraisers or valuers. The parties agree that we may rely on the values determined by said third-party appraisers or valuers in preparing the estate tax returns and that we shall not be liable for any damages that may result from the use of said values in the event they are not accepted by the relevant taxing authorities.

We will use our professional judgment in preparing your return(s). Whenever we are aware that possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will share our knowledge and understanding of the possible positions that may be taken on your return(s). We will adopt whatever position you request

on your return(s) so long as it is consistent with our professional standards and ethics. If you desire a legal opinion before choosing among alternative tax positions, legal counsel should be separately retained for this purpose. We will work with you and your chosen legal counsel to the best of our abilities in giving you whatever information we have that may help you in your decision. You have the final responsibility for positions taken on the return(s). If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax liability plus interest and possible penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.

Provisions of the Internal Revenue Code require you to have the necessary records to support your travel (including auto), entertainment and related expenses. If you do not have the required records, including receipts, do not record the expenditure as a deductible item. If you have any questions as to the type of records required, please ask us.

Your return(s) <is/are> subject to examination by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the information shown on the tax return(s). We are not responsible for Internal Revenue Service calculation of values or for resulting taxes, penalties, and interest. Any items resolved against you by an examining agent are subject to certain rights of appeal. In the event of an examination, we will be available to represent you. Such services will be covered in a separate engagement letter.

We will require a retainer of \$<amount> prior to starting work, which will be applied to current billings as registered.

In the event the retainer is exhausted during the engagement, we will require one or more additional advance retainer fee deposits. The amount of the additional retainer will depend on the amount of the work remaining. In the event that the work is in progress when the initial retainer or additional retainers are exhausted, there will be no obligation on our part to continue with this engagement until additional retainer fee deposits have been received.

It is our policy to keep records related to this engagement for <number> years. However, <Firm Name> does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the <number>-year period, <Firm Name> shall be free to destroy our records related to this engagement.

If a dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the <Name of Association> under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the <Name of Association>, except that

under all circumstances the arbitrator must follow the laws of <Name of State>. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

If the above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us.

We appreciate the opportunity to provide you with the kind of service you need in these complex and rapidly changing times.

Very truly yours,

<Accountant Name>

<Firm Name>

I have read and understand the foregoing and agree to these terms.

<Client Name>

<Client Representative>

Date