

Accuracy-Related Penalties

Certain additional penalties may be imposed on taxpayers as a result of an underpayment of tax that is attributable to one or more specific causes, including: (i) negligence or disregard of rules or regulations, (ii) substantial understatements of income tax, (iii) substantial valuation misstatements and (iv) the disallowance of claimed tax benefits by reason of a transaction lacking economic substance or failing to meet the requirements of any similar rule of law. Except with respect of the disallowance of claimed tax benefits by reason of a transaction lacking economic substance or failing to meet the requirements of any similar rule of law, however, no penalty will be imposed for any portion of any such underpayment if it is shown that there was a reasonable cause for the underpayment of that portion and that the taxpayer acted in good faith regarding the underpayment of that portion. With respect to substantial understatements of income tax, the amount of any understatement subject to penalty generally is reduced by that portion of the understatement which is attributable to a position adopted on the return: (A) for which there is, or was, "substantial authority"; or (B) as to which there is a reasonable basis and the relevant facts of that position are adequately disclosed on the return. Taxpayers must pay interest on any underpayment of tax, which interest is subject to compounding.

Possible Legislative or Other Actions Affecting Tax Aspects

Prospective purchasers should recognize that the present federal income tax treatment of an investment in EDGE196TM may be modified by legislative, judicial or administrative action at any time and that any such action may affect purchases and commitments previously made.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process, the IRS, and the Treasury Department, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in federal tax laws and interpretations thereof could adversely affect the tax aspects of purchase in EDGE196TM.

Tax Treatment of Trusts, Estates, Tax-Exempt Organizations, Foreign Persons, and Person's Subject to Specialized Tax Rules

The tax treatment of trusts, estates, foreign persons, and person's subject to specialized tax rules can differ materially from the tax treatment of U.S. tax resident individuals. Such prospective purchasers should consult with their own tax advisors regarding the applicability of the tax rules discussed in this section.

All purchasers will need to provide EDGE196TM with identification documentation allowing EDGE196TM and member purchaser to comply with Foreign Account Tax Compliance Act.