

GENERAL TAX INFORMATION

Subsequent and/or Amended Tax Forms Are Possible – If you hold investments in a mutual fund, regulated investment company (RIC), real estate investment trust (REIT), unit investment trust (UIT), foreign security or any other security that makes a late income change announcement, you may receive one or more corrected/amended tax form(s) that will include information provided by these issuers after your original tax form was printed. In addition, information regarding whether or not a dividend paid by a foreign company is eligible for the qualified dividend tax rate is subject to change. Dividend amounts are based on the best information that is available to us from the various paying agents at the time your 1099 Forms are prepared for printing. Portions of distributions initially reported as ordinary dividends may later be reclassified by the issuer as qualified dividends, return of capital, short-term capital gain or long-term capital gain income (Section 1202 gain, 28% gain for collectibles, etc.). A corrected tax form will be issued to you reflecting any late reclassification information we receive from the companies or paying agents. BB&T Securities will not be responsible for any costs related to your filing an amended tax return as a result of BB&T Securities receiving reclassification information from the issuer after we have printed your original 1099 Form, or any subsequent revisions by the issuer of previously provided information. **Your 1099 Form is mailed to you in between February 1 and March 15. Any amended forms will be mailed to you between March 1 and April 15. Please ensure you have received required tax forms for all accounts and investments that may have taxable activity before beginning to complete your tax forms for the IRS.**

Original and Adjusted Cost Basis Information for Certain Fixed Income Securities – The cost basis information provided for municipal and taxable bonds has been adjusted for amortization and accretion, where appropriate, using the Constant Yield method and is displayed in the Cost or Other Basis column in the 1099-B section of the 1099 Consolidated Tax Statement. Your tax advisor should be consulted to determine if you should use the Adjusted Cost displayed or the Original Cost from your trade confirmation when completing your Form 8949 and Schedule D – and determining your Gain/Loss for any fixed income securities that were sold, called or matured. BB&T Securities provides no cost basis information for fixed income securities to the IRS for tax years 2013 and earlier.

Collateralized Mortgage Obligation (CMO), Collateralized Debt Obligation (CDO), Real Estate Mortgage Investment Conduit (REMIC) and Widely Held Mortgage Trust (WHMT) Holders – If you own a CMO, REMIC, WHMT or certain CDO securities, all reporting information on these accounts will be mailed to you no later than March 15. Your 1099 statement will contain a list of the REMIC, WHMT and/or CDO securities that you own in the Collateralized Debt Obligation section but will not provide any income information. Do not file your tax return until you receive this CMO/REMIC, WHMT or CDO information. You must use the REMIC 1099 information in addition to the 1099 Form when completing your return. Income derived from REMIC securities must be reported using the accrual accounting method. This means that the interest appearing on your Form 1099 OID/REMIC is reported on an accrual method rather than a cash basis.

Original Issue Discount (OID) Reporting on Form 1099-OID – While generally this income reporting applies to debt obligations sold at a discount, some investments require OID accrual reporting in lieu of the interest payments you received. The accrual amounts are generally different from the cash payment. OID is the difference between the stated redemption price at maturity and the issue price of a bond, debenture, note or other evidence of indebtedness, or the acquisition price of a stripped bond or coupon. Form 1099-OID reporting is required for obligations with a term of more than one year, where some or all of the interest is payable at maturity. OID is taxable as interest over the life of the obligation. The holder must accrue a portion of the unpaid interest income each year, and include it on their income tax return. This income is not reported on the monthly statements.

Regulated Investment Companies (RIC) Notation – Dividends on RIC issues (i.e. Closed- or Open-End Funds; Real Estate Investment Trusts) having record dates in October, November or December and paid prior to February 1 of the following year are reportable and taxable in the year of the record date. Such a dividend is identified on your Form 1099-DIV and will not be reported on your Form 1099-DIV next year.

Constructive Receipt of Income – Generally, income will be reported to you for the year in which it is credited to your account. According to IRS regulations, “income, although not actually reduced to a taxpayer’s possession, is constructively received by him in the taxable year during which it is credited to his account.” For example, if a bond pays interest in 2014 with a record date in 2013, the interest will not be reported to you until 2014.

Unit Investment Trusts (UIT) – UIT securities that are considered grantor trusts for income tax purposes actually pass through a proportionate share of their income and expenses to each unit holder. The unit holder is required to pay taxes on income during the year in which it is earned by the trust, even if the trust did not distribute that income in the same year. Please be aware that the complex reporting requirements for these investments often result in amounts reportable to you and the IRS that are different from what appears on monthly statements.

Limited Partnership Distributions (K-1) – If you owned units in a limited partnership in the previous year, you will receive a Schedule K-1 (Form 1065) directly from the partnership you own. General partners have until March 15 of the current calendar year (or the next business day if March 15 falls on a weekend or holiday) to issue K-1s. If you do not receive your K-1, or if you have further questions about it, you must contact the partnership directly. Additional information is available in IRS Publication 541 or by visiting www.K1support.com.

Managed Account Fees – Management fees are fees that are paid out of investment/fund assets to the investment/fund advisors for portfolio management. These fees are typically a certain percentage of assets under management. The fees are comprehensive and include all commissions charged to manage a client’s investments, even if they are placed with different investment managers. These will be included in the Supplemental Information section of the 1099 Consolidated Tax Statement under the heading “Summary of Non-Reported Income, Fees, Expenses and Expenditures.” These fees are deductible as miscellaneous itemized deductions on Schedule A (subject to the 2% AGI limitation).

Worthless Securities – For information on how to report worthless securities on your tax return, please refer to IRS Publication 550 (see Worthless Securities). You must take this loss by the end of the first tax year for which you determined the shares to be worthless. No Form 1099-B is required. You should report a security as worthless only if you are absolutely certain no more payments will be received.

Alternative Minimum Tax (AMT) – The tax laws give preferential treatment to certain types of income and allow special deductions and credits for certain kinds of expenses. AMT attempts to ensure that anyone who benefits from these tax advantages pays at least a minimum amount of tax. The AMT is a separately-figured tax that eliminates many deductions and credits, thus increasing tax liability for an individual who would otherwise pay less tax. The tentative minimum tax rates on ordinary income are percentages set by law. For capital gains and certain dividends, the rates in effect for the regular tax are used. Investment Expenses – UIT expenses classified as Investment Expenses include operating expenses related to portfolio supervision, administration, evaluation, trustee fees and bookkeeping. The investment expenses may be offset against reportable income and can be taken as a deduction by an investor on the Form 1040. The trustees supply investment factors in a variety of formats, most often, as a factor of distributed income. The factor may also be based on distributed principal for the tax year or units held at year-end.

Undistributed Long-term Capital Gains (Otherwise known as Form 2439) – Form 2439 is issued instead of Form 1099-DIV for long-term capital gains paid by mutual fund companies, regulated investment companies or real estate investment trusts. Mutual funds may keep some of their long-term capital gains and pay taxes on those undistributed amounts even though shareholders did not receive the distribution. Shareholders can take a credit of their share of any tax paid because it is considered paid. When you report undistributed long-term capital gains from a mutual fund, you must increase your basis of the shares. Please read the instructions carefully on Form 2439.

Widely Held Fixed Investment Trust (WHFIT) Information Reporting – In 2010, the IRS finalized regulations covering WHFITs which impact 1099 reporting. The regulations do not alter the income and expense impact for a taxpayer. They do, however, require BB&T Securities to report the information to you supplied by the various trustees. This information is more comprehensive with respect to the gross income and expenses and other information necessary to compute adjustments to income. Types of securities that are defined as WHFITs are primarily mortgage pools issued by Freddie Mac (FHLMC – Federal Home Loan Mortgage Corporation), Fannie Mae and Ginnie Mae along with unit investment trusts, royalty trusts, commodity trusts and HOLDERS trusts.

Under the WHFIT requirements, the distributions (principal and interest) are reportable in the year of record date, not when paid and traded interest is reported, in the year of receipt. IRS reporting requirements now stipulate that nominees must report all items of gross income, expense and credit and any other information that may affect a beneficial owner's tax liability. Generally, expenses are deductible on your tax return to the extent that they, along with your other miscellaneous itemized deductions, exceed 2% of your Adjusted Gross Income. Income from WHFITs must be recognized when it is received by the trust, not when it is distributed. This will result in an acceleration of income reporting similar to mutual funds and REITs. Unlike mutual funds and REITs, where only payments received in January can be recognized as income in the prior year, there are cases where some or all of a distribution made as late as March will be recognized as income in the prior year.

The trustees are responsible for supplying relevant information to financial services firms by January 31. BB&T Securities, in turn, has a deadline of March 15 to furnish the information to you. Due to the timing, you may receive an initial 1099 somewhat later than in prior years. In some cases, generally with respect to ownership of mortgage pools, you may receive a separate, additional 1099 statement specific to those securities. The regulations do not allow for any thresholds. As a result, you may receive delayed or revised reporting for minor changes. This information is required to be reported to beneficial owners of a trust to enable them to correctly report their share of the items of income to enable the IRS to verify that trustees and middlemen are accurately reporting information to beneficial owners of trust interests and the beneficial owners are properly reporting their ownership of a trust interest.

Following are additional details regarding WHFITs:

- **Mortgage WHFITs** – A WHMT is a WHFIT for which the assets consist only of mortgages, regular interests in a REMIC, interests in another WHMT, reasonably required reserve funds, amounts received with respect to these assets, and during a brief initial funding period, cash and short-term contract(s) to purchase these assets. BB&T Securities will be generating a separate information statement (WHMT Statement) with all available information from the mortgage pool issuers. The statement will provide you with all the information needed to complete your tax return. These statements will be mailed out by March 15 – similar to Form 1099-REMIC.
- **Non-Mortgage WHFITs** – As a unit owner, you will be treated as the owner of a pro-rata portion of each of the Trust Assets, and as such, you will be considered to have received a pro-rated share of income (e.g., dividends and capital gains, if any) from each Trust Asset when such income would be considered to be received by you if you directly owned the Trust Assets. Information on these securities, which include unit investment trusts, royalty trusts, commodity trusts and HOLDERS trusts, will feed directly into our 1099 Consolidated Statement. There will be some additional sections included on the 1099 that will assist you in completing your tax return.
- **Principal Payments on 1099-B Gross Proceeds** – Form 1099-B reports receipt of Scheduled and Unscheduled Principal Payments on the mortgages held by the WHMT. Under final IRS regulations, trustees must calculate and provide information regarding these principal receipts and, as with all information provided by the trustee, it must be done in a manner that enables a requesting person to determine with reasonable accuracy the principal receipts attributable to a unit interest holder. Scheduled and Unscheduled Principal receipts are aggregated with the WHMT's proceeds from sales and dispositions of mortgages and reported as trust sales proceeds to the IRS on Form 1099-B. Unless a trustee reports under the safe harbor for certain WHMTs, scheduled and unscheduled principal receipts and trust sales proceeds are reported separately to beneficial owners. Due to these additional WHFIT reporting requirements, BB&T Securities will also be adding all principal payments to its 1099-B Gross Proceeds section of the 1099 Consolidated Form and in turn will be reporting these amounts to the IRS.

For more information on Reporting Rules for WHFITs, please visit www.irs.gov and search for 2006-36 IRB.