

**It's Easy to Make  
Investments with a  
Self Directed IRA**



**If you have purchased an asset** (such as a house or made a loan etc) you already know the steps for buying an asset with your Self Directed IRA. The main difference is the name on the on the title (or other documents) is the name of your Self Directed IRA (and not you name as an individual).

**If you buy an asset:**

1. You (the buyer) provide money to the seller for the asset.
2. The seller of the asset gives you proof that you are the new owner of the asset. The proof may be provided by:
  - A Bill of Sale – listing your name as the owner
  - A Title – listing your name as the owner
  - A Deed – listing your name as the owner
  - Or just a Statement identifying that you are the owner of the asset.

**If your IRA buys an asset:**

1. Your IRA (the buyer) provides the money to the seller of the asset.
2. The seller of the asset provides proof that the IRA is the new owner of the asset. The proof may be provided by:
  - A Bill of Sale – listing the name of the IRA name as the owner
  - A Title – listing the name of the IRA as the owner
  - A Deed – listing the name of the IRA as the owner
  - Or just a Statement identifying that the IRA is the owner of the asset.

Based on the above you can see the process is very much the same if “you” make an investment or if “your IRA” makes an investment. The difference is identifying the who is the investor. I.e. Is the investor “you” or is it “your IRA”; once we know that; we know what name to insert in the document.

## Example #1 Making a loan

Someone prepares the loan document: (Example)

- A mortgage
- A promissory note

The loan document will show

1. The date
2. The name and address of the borrower
3. The name and address of the lender
4. The amount of the loan

It also lists:

5. The amount to be repaid (how it is computed)
6. When it will be repaid
7. Where it is to be repaid
8. Remedies if it is not repaid (this may be where we see the collateral)
9. A Payment Amortization Schedule  
Let us know if the payments will consist of principal and interest
10. Description of the collateral (if any)

If you are lending the funds items 3 & 7 will list your name and address

If your IRA is lending the funds items 3 & 7 will show the name and address of your IRA.

If you are lending the funds – you will use your money to write the check to the borrower

If your IRA is lending the funds – your IRA will send the funds to the borrower.

If you are lending the funds – the borrower will pay you back principle and interest.

If your IRA is lending the funds – the borrower will pay you back principle and interest to the IRA.

If your IRA is lending the funds – The IRA Club will record all payments as received for you to review on line anytime you chose. (The IRA Club records payments as received. The IRA Club is not a “collection agency”)

If you have purchased Real Estate you know that there can be a lot of paper. In addition, each Real Estate transaction can be slightly different due to local regulations. The following is a general guideline:

We recommend that you always ask that the Real Estate closing take place at a Title Company or with a qualified Real Estate attorney. The Title Company will be familiar with their local requirements.

No matter if you or if your IRA was buying the investment real estate the typical documents that you would want to have to be sure that the transaction is in order are:

Before the Closing (Before you pay for the Real Estate you should review):

1. A Purchase Agreement
  - Identify the property
  - Identify the seller
  - Identify the buyer
  - Identify the price
2. A copy of Title Commitment or Title Insurance
3. If the property is being financed you will want to review a copy of the loan document.
4. If you are using a management company; a copy of the management agreement.
5. Where will the closing take place (often this is at a Title Company)

After the Closing

6. Original Recorded Deed  
(This will have a stamp from the County where the real estate is located)
7. Original Title Policy
8. Copy of the Liability Policy (if any)
9. Copy of the loan document indicating the name of the borrower

If you are buying the investment property

Items 1, 3, 4, 6, 7, 8, 9 identify you as the new owner

If your IRA is buying the investment

Items 1, 3, 4, 6, 7, 8, 9 identifies your IRA as the new owner

If you are buying the investment property

You are responsible for the cost of buying and maintaining the Real Estate

If your IRA is buying the investment

Your IRA is responsible for the cost of buying and maintaining the Real Estate

If you are buying the investment property

You will receive the income from the Real Estate

If your IRA is buying the investment

Your IRA will receive the income from the Real Estate

## IRA Investing Notes:

1. Do not overextend your IRA. If your IRA is investing in real estate it's a good idea to hold some funds in your IRA account as unexpected costs can happen even in the best planned investment.
2. You may "manage" the investments held by your IRA. This means you may select the investment; you may manage the money (such as making sure rents are paid). You may select & hire contractors and handymen.  
However, you may not "add value" to the assets of your IRA. I.e. You (or a member of your family) may not do the "work" on the property. If there is work to be done, your IRA can hire and pay a contractor or handyman to do the work.
3. The investment made by an IRA must be for the "exclusive benefit" of the IRA.
4. The IRA may not provide goods or services or assets to the IRA owner or their linear family. The IRA owner and their linear family may not provide goods or services to the IRA. This is sometimes referred to as the "no co-mingling" rule.

**The above report is intended as a guideline. For additional support consider employing a qualified Real Estate Attorney in the State where the property is located.**



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