



FAQs - Real Estate Transactions

I've been told that buying and selling real estate in my self-directed retirement plan was illegal. Why?

Many professionals are misinformed about self-directed plans. Neither the IRS nor the Department of Labor has ever published a list of legal investments. However, there is a list of Prohibited Transactions and Disqualified Persons that deal with what is not permitted. Real estate and numerous other alternative asset investments are permitted provided you follow the rules.

What do I do if I don't have enough money to buy real estate in my IRA?

There are many options. You may partner with yourself or others; you may make allowable contributions; you may obtain debt financing through private sources or financial institutions on a non-recourse basis; you may arrange a seller carry back loan; you may sell other assets in your IRA to raise cash to make the purchase; you may transfer funds from other IRAs or rollover funds from qualified plans, such as 401(k), 403(b) or government 457 plans you may have had at employers where you no longer work; you may be able to make in-service withdrawals and roll those to the IRA within 60 days if you have a profit sharing of 401(k) plan where you currently work.

Where can I get a loan for real estate purchases using my IRA?

Private lenders and mortgage companies may lend to your IRA on a non-recourse basis. Sometimes banks and credit unions may make non-recourse portfolio loans to IRAs.

Can my IRA take out a loan to enhance the purchasing power of the IRA?

Yes. However, the loan must be a non-recourse loan: non-recourse against the IRA and the IRA Holder.

If I run out of money in my IRA to pay expenses on my real estate investment, what happens? How do I pay the expenses?

You can transfer funds in from another existing IRA or 401K (qualified plan), make a contribution if you're eligible, or sell the asset (or a % of it).

What if I need to pay an emergency expense on the property and can't wait for a check from the IRA?

You can pay the expense with a credit card and then submit the invoice and copy of the credit card statement along with a Payment Authorization Letter. Vantage will cut a check to the credit card company. *NOTE: if the bill was paid with personal funds, we CAN NOT reimburse you because that is prohibited. Submit a Payment Authorization Letter and copy of the invoice and Vantage will pay the company who will then have to return the money to you on overpayment.

My spouse and I are Vantage clients. Can we use one Buy Direction Letter with our info on it to buy a property?

No. You must both complete and sign your own Buy Direction Letter.

If I want to buy a particular property in my IRA but I don't have enough IRA funds, can I just put in personal funds to make the purchase?

No. If all other means of IRA funds are exhausted, you may purchase a % with your IRA and a % with personal funds.



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Self-Directed Retirement Plans

***NOTE:** Bear in mind that all rents coming in and expenses being paid must be paid in their % share. For example – 50% ownership IRA / 50% ownership personal name. Rent coming in must be 2 checks, 1 to the IRA, 1 to personal name (unless a property management company is used in which case the management company can issue the 2 checks). Expenses being paid also need to be paid 50/50.

***NOTE REGARDING PROPERTY TAXES:** Property taxes being paid in %. The county won't accept partial payments and will return checks not made in the correct amount. Therefore, when paying taxes on properties where there are % ownerships, it's best to have all checks mailed together. If it's % owned by IRA and % owned personally, then arrangements should be made to include both checks in the envelope to mail to the county.

If the IRA only owns a percentage of the property and the remaining percentage is owned personally can we use the property some of the time during the year?

No. If the IRA owns any percentage of the property, it cannot be used by any disqualified person of the IRA.

If I choose not to use a title agency, what is the procedure?

Vantage needs a Hold Harmless Agreement, the original Warranty Deed / Quit Claim Deed, the Purchase Contract, and a Payment Authorization Letter for recording fees if the seller is recording themselves.

What documents must be notarized?

Warranty Deed and Limited Power of Attorney.

Can I move a real estate asset held within an IRA to a newly formed LLC?

Yes. Once LLC documents are in good order, you can complete the transaction and invest into the LLC. The assets must also be re-registered:

- i.e.: if it is property → Quit Claim Deed
- i.e.: if it is a note → Re-Assignment of the note
- i.e.: if it is an LLC → Articles of Amendment