

# Real Estate

## Documents Required Prior to Investment Funding

Below is the process for funding your real estate investment. This property will be part of your Midland investment portfolio. Incomplete documentation may result in delays.

### To be supplied by client to Midland by fax/email/mail:

- **Real Estate Purchase Authorization** — All sections of this form must be completed prior to funding.
- **Proof of Hazard Insurance (not required for vacant land)** — Client can elect out of hazard insurance requirement by sending opt-out letter/email.

### Midland will work with closing agent and attorneys to oversee preparation of:

- **HUD/Settlement Statement**
- **Warranty Deed** — Preliminary is accepted.
- **Title Insurance Commitment** — IRA account must be shown as the proposed insured. It is the client's responsibility to record the deed properly.

### IRA Investor's name, address & Tax ID listed as owner:

Midland Trust Company As Custodian FBO Client Name and Midland Account #  
Client address  
Trust Tax ID: 47-5560347

### Typical closing timeline:

- Closing documents must be sent to Midland for review at least 72 hours before closing.
- Midland will send prepared documents to client for approval 48 hours before closing.
- Client will initial documents on bottom right-hand corner of each page.
- Upon receipt of client approval, Midland will execute and mail all closing documents 24 hours prior to closing.
- At close of escrow, Midland must receive the following: Warranty Deed, Title Policy, Closing Statement, Hazard Insurance.



# Real Estate FAQs

## Frequently Asked Questions About Real Estate IRAs

### Q: I have found a property that I would like to purchase, what do I do now?

A: Make an offer on the property. The IRA investor is allowed to sign the offer letter. Make sure the buyer's name is listed as "Midland Trust Company FBO Client Name and Midland Account #."

### Q: My offer has been accepted, what do I do now?

A: Have the real estate contract prepared. Remember to make sure the buyer's name is listed correctly as your IRA. Send Midland the contract, along with Midland's Purchase Authorization Letter (PAL) for review. If earnest money needs to be provided, include that dollar amount in Section 2 of the PAL. If the PAL and contract are in good order, Midland will execute the contract and issue applicable earnest money from the IRA.

### Q: Can I get a loan to buy this property?

A: Yes. However, it must be a non-recourse loan. This means that neither you nor your IRA (as the buyer) can personally guarantee the mortgage. The loan can only be secured by the property itself. Most traditional banks do not offer non-recourse loans. Contact our office for more information.

### Q: What other options do I have to finance a property?

A: You can partner with yourself or other parties on this transaction. For example, your IRA might contribute 40%, you personally contribute 40% and your business partner contributes 20%. All income and expenses related to the property would be split pro rata, according to the percentages contributed. Each party's ownership would be listed separately as an undivided interest on the Deed and Title policy.

### Q: Will there be a representative from Midland at my closing?

A: No. IRA closings are completed similar to trust closings. All documents will be executed by a Midland signatory and sent overnight to the closing agent at least 24 hours prior to closing. As the IRA owner, you may attend a table closing, but it is not necessary as the IRA client has no authority to sign on behalf of Midland ("Buyer").



**1 ACCOUNT INFORMATION**

<b>Name</b> <input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Mrs. <input type="checkbox"/> Dr. _____	<b>Midland Account Number</b>
---	-------------------------------

**2 PROPERTY DETAILS**

<b>Property Address</b>		<b>City, State, Zip</b>	
<b>A.P.N. / Legal Description</b>			
<b>Property Contract Price</b>	<b>Deposit Amount</b> <i>(Must be funded by IRA)</i>	<b>IRA Percentage of Ownership</b>	<b>Will the property be mortgaged?*</b> <input type="checkbox"/> No (Skip to Section 4) <input type="checkbox"/> Yes (Please complete Section 3)
<small>*Any mortgage on an IRA owned property must be non-recourse and may subject the IRA to Unrelated Debt Financed Income Tax. For more information consult your tax professional or review IRS publication 598.</small>			

**3 LOAN DETAILS (Only applicable if there will be financing involved)**

<b>Is this loan Non-Recourse?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No (Please Contact Midland)		<b>Do we have your authorization to set the mortgage payment up to go out automatically?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Note Face Value</b>	<b>Loan #</b>
<b>Interest Rate</b>	<b>Payment Amount</b>	<b>Frequency of Payments</b> <input type="checkbox"/> Monthly <input type="checkbox"/> Annually <input type="checkbox"/> Other: _____		<input type="checkbox"/> Interest Only, or <input type="checkbox"/> Amortized	<b>Maturity Date</b>
<b>Date of Month Payment is to be Sent</b>		<b>Lender Name</b> (Checks Made Payable To)			<b>Lender Phone</b>
<b>Lender Address</b> (Payment Mailed To)					

**4 TITLE COMPANY / ESCROW AGENT**

<b>Company Name</b>			<b>Contact Name</b>		
<b>Phone Number</b>	<b>Fax</b>	<b>Email</b>			

**5 PROPERTY MANAGER**

A property manager is not required for your IRA owned property, however it is recommended to name a third party manager should there be a need for immediate payment or repairs, which you and any disqualified party are personally prohibited from providing. This third party manager can provide immediate payment and be reimbursed from the IRA with appropriate authorization and applicable invoice. **The IRA owner and any disqualified parties CAN NOT be reimbursed for any expenses paid personally on behalf of the IRA.**

Check here if there will not be a third party property manager

<b>Name</b>	<b>Address</b>	<b>Phone Number</b>
-------------	----------------	---------------------

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**6 FUNDING INSTRUCTIONS** Please send the funds for purchase via:  WIRE  CHECK  TO BE PROVIDED

For WIRE - Please complete the info below \$30 wire fee applies		For CHECK - Please complete the info below Allow additional processing time if sent regular mail Void after 90 days	
Bank Name		Make Check Payable To	
Account Holder Name		Mail Check To	
ABA Routing Number	Account Number	Address	
For Credit To		City, State, Zip	
		Send Check via: <input type="checkbox"/> Regular Mail <input type="checkbox"/> Overnight Mail (\$30) <input type="checkbox"/> Cashier's Check (\$30 + Overnight Fee) <input type="checkbox"/> Hold for pick-up	

**7 SIGNATURE AND ACKNOWLEDGEMENT**

I confirm that I am directing Midland IRA, Administrator, to complete this transaction as specified above. I understand that my account is self-directed, and I take complete responsibility for any investment I choose for my account, including the investment specified in this Purchase Authorization. I understand that neither the Administrator nor the Custodian (Midland Trust) sells or endorses any investment products, and that they are not affiliated in any way with any investment provider. I understand that the roles of the Administrator and the Custodian are limited, and their responsibilities do not include investment selection for my account. I acknowledge that neither the Administrator nor the Custodian has provided or assumed responsibility for any tax, legal or investment advice with respect to this investment, and I agree that they will not be liable for any loss which results from my decision to purchase the investment. I understand that neither the Administrator nor the Custodian has reviewed or will review the merits, legitimacy, appropriateness or suitability of this investment, and I certify that I have done my own due diligence investigation prior to instructing the Administrator to make this investment for my account. I understand that neither the Administrator nor the Custodian determines whether this investment is acceptable under the Employee Retirement Income Securities Act (ERISA), the Internal Revenue Code (IRC), or any applicable federal, state, or local laws, including securities laws. I understand that it is my responsibility to review any investments to ensure compliance with these requirements.

I understand that in processing this transaction the Administrator and the Custodian are only acting as my agent, and nothing will be construed as conferring fiduciary status on either the Administrator or the Custodian. I agree that the Administrator and the Custodian will not be liable for any investment losses sustained by me or my account as a result of this transaction. I agree to indemnify and hold harmless the Administrator and the Custodian from any and all claims, damages, liability, actions, costs, expenses (including reasonable attorneys' fees) and any loss to my account as a result of any action taken in connection with this investment transaction or resulting from serving as the Administrator or the Custodian for this investment, including, without limitation, claims, damages, liability, actions and losses asserted by me.

I understand that if this Purchase Authorization and any accompanying documentation are not received as required, or, if received, are unclear in the opinion of the Administrator, or if there is insufficient Undirected Cash in my account to fully comply with my instructions to purchase the investment and to pay all fees, the Administrator may not process this transaction until proper documentation and/or clarification is received, and the Administrator will have no liability for loss of income or appreciation.

I understand that my account is subject to the provisions of Internal Revenue Code (IRC) §4975, which defines certain prohibited transactions. I acknowledge that neither the Administrator nor the Custodian has made or will make any determination as to whether this investment is prohibited under §4975 or under any other federal, state or local law. I certify that making this investment will not constitute a prohibited transaction and that it complies with all applicable federal, state, and local laws, regulations and requirements.

I understand that my account is subject to the provisions of IRC §§511-514 relating to Unrelated Business Taxable Income (UBTI) of tax-exempt organizations.

If this investment generates UBTI, I understand that I will be responsible for preparing or having prepared the required IRS Form 990-T tax return and any other documents that may be required. I understand that neither the Administrator nor the Custodian makes any determination of whether or not investments in my account generate UBTI.

I understand that the assets in my account are required by the IRS to be valued annually as of the end of each calendar year. I agree to provide the prior year end value of this investment by no later than January 10th of each year on a form provided by the Administrator, with substantiation attached to support the value provided.

I understand that with some types of accounts there are rules for Required Minimum Distributions (RMDs) from the account. If I am now subject to the RMD rules in my account, or if I will become subject to those rules during the term of this investment, I represent that I have verified either that the investment will provide income or distributions sufficient to cover each RMD, or that there are other assets in my account or in other accounts that are sufficiently liquid (including cash) from which I will be able to withdraw my RMDs. I understand that failure to take RMDs may result in a tax penalty of 50% of the amount I should have withdrawn.

I understand that all communication regarding this transaction must be in writing and must be signed by me or by my authorized agent on my behalf, and that no oral modification of my instructions will be valid.

I understand and agree that neither the Administrator nor the Custodian bears or assumes any responsibility to notify me or to secure or maintain any fire, casualty, liability or other insurance coverage, including but not limited to title insurance coverage, on this investment or on any property which serves as collateral for this investment. I acknowledge and agree that it is my sole responsibility to decide what insurance is necessary or appropriate for investments in my account, and to direct the Administrator in writing (on a form prescribed by the Administrator) to pay the premiums for any such insurance.

I further understand and agree that neither the Administrator nor the Custodian is responsible for notification or payments of any real estate taxes, homeowners association dues, utilities or other charges with respect to this investment unless I specifically direct the Administrator to pay these amounts in writing (on a form prescribed by the Administrator), and sufficient funds are available to pay these amounts from my account. I acknowledge that it is my responsibility to provide to the Administrator or to ensure that the Administrator has received any and all bills for insurance, taxes, homeowners dues, utilities or other amounts due for this investment. Furthermore, I agree that it is my responsibility to determine that payments have been made by reviewing my account statements.

I understand that no person at the office of the Administrator or the Custodian has the authority to modify any of the foregoing provisions. I certify that I have examined this Purchase Authorization and any accompanying documents or information, and to the best of my knowledge and belief, it is all true, correct and complete.

**Print Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_