

PROCESS TO PURCHASE REAL ESTATE - RENTAL PROPERTY



CLIENT



REALTOR OR TITLE COMPANY



CUSTODIAN

<p>Client identifies property to purchase. In some cases an Earnest Money Deposit may be required.</p> <p>STOP - A Purchase Agreement cannot be signed by the IRA owner.</p> <p>A copy of the Purchase Contract must be prepared in the name of the IRA (ex. Preferred Trust Company, LLC FBO John Doe, IRA, Account Number and % of ownership of property by IRA) and provided to Preferred Trust Company along with an Investment Authorization & Direction Form to transfer the down payment to the Title Company. Client will pay a Real Estate Asset Transaction Fee and Wire Fee.</p>	<p>Realtors and Title Companies in some scenarios are not familiar with an IRA or Qualified Plan purchase. This is why it is important for Custodian to review the documentation for the purchase to ensure the Purchase Agreement is titled correctly prior to Custodian executing the document.</p>	<p>Custodian reviews the Purchase Agreement for compliance. Compliance review includes: proper titling, funds available for investment amount, plus the 5% cash requirement in the IRA for future property expenses. Custodian sends Purchase Agreement to Client to initial each page as "read and approved" to authorize Custodian to proceed with the execution of the Purchase Agreement. Custodian executes the Purchase Agreement on behalf of the IRA and wires the Earnest Money Deposit to the Title Company.</p>
<p>Client will provide Title Company with contact information for Custodian. Client will continue to keep the Custodian informed during the purchase process to ensure Custodian has all applicable information required to close on the property. Documentation required to be provided to Custodian prior to closing includes, but is not limited to: Purchase Agreement, Title Commitment, Deed, Property Appraisal or Broker Price Opinion, liability insurance, HUD or final closing documentation, wire instruction for Title Company, and any additional documentation used to close on the property.</p>	<p>Title Company is now fully engaged with the Client and Custodian to ensure all documentation is provided and executed.</p>	<p>Custodian sets a reminder to follow up with the Client within the Purchase Agreement timeline in preparation of the pending closure. If the real estate transaction is not completed and the Earnest Money Deposit is not returned to the Custodian, the Custodian will redefined the Earnest Money Deposit as a distribution to the Client. If the purchase is completed, the Earnest Money Deposit is applied to the real estate transaction during the purchase process.</p>
<p>Client completes an Investment Authorization & Direction Form authorizing Custodian to wire the remaining funds to Title Company to complete the purchase. Client will be assessed a Real Estate Asset Transaction Fee and Wire Fee.</p>	<p>Title Company contacts Preferred Trust Company to complete the closing. In some cases this requires a third-party notary to be involved or Custodian may provide if approved by Title Company. Once the transaction is completed all recorded documentation is sent to the Custodian to be maintained in the IRA owner's repository associated with the real estate investment held in custody by Preferred Trust Company.</p>	<p>Custodian works with Client to set up Fluctuating Recurring Property Tax Expense Authorization Form and Fluctuating Recurring Property Insurance Expense Authorization Form to ensure future payments are scheduled. If applicable, Custodian notifies the Property Management Company of processing procedures for future rental income payments and costs associated with repairs.</p>
<p>Client now has a real estate investment in the IRA. Hiring a Property Management Company may have been completed on the onset, but if not, now is a good time to find a reliable one. The Property Management Company will handle the collection of payments from renter, disbursement of payments to the Custodian, general maintenance of the property, and turnover, if needed.</p>		<p>Custodian processes all income and expenses associated with the real estate investment property throughout the year.</p>
<p>Client will be assessed a Real Estate Asset Administration Fee annually for each property held in the IRA.</p>		