

Real Estate Purchase Checklist

Use this guide to assist you in purchasing real estate within your PENSCO Trust self-directed IRA or Solo(k)

When purchasing real estate within your retirement Account, you should exercise the same due care and diligence as if you were purchasing it personally. PENSCO Trust acts only as a passive custodian and gives no investment advice. We require an independent escrow.

Overview

Terms Defined:

- The "IRA Owner" or "Solo(k) Participant" are referred to as: "Account Holder"
- "IRA" or "Solo(k) Plan" are referred to as: "Account"

1. The Account Holder must read, approve and sign all documents before forwarding them to PENSCO Trust for the custodial signature. The signed documents will then be returned, along with the funds, to the identified escrow agent for closing.
2. All documents must be vested:
 - For IRAs:
PENSCO Trust Company Custodian FBO 'Account Holder Name' IRA 'PENSCO Account #'
 - For Solo(k)s:
PENSCO Trust Company Custodian of 'Plan Name' FBO 'Account Holder Name', 'PENSCO Account #'
3. PENSCO Trust Company's Tax ID: 02-0526633
4. Funds must be available in the Account before the contract is signed.
5. The initial deposit, any increased deposit or expense item, and all closing costs must be authorized for payment from the Account using our:
 - ✓ *Investment Authorization Form for Non-Publicly Traded Investments*, and
 - ✓ *Payment and Funding Instructions Form*

The Account Holder should not make any deposits from their personal funds.
6. **Should you require financing** (a mortgage, deed of trust, seller carryback, loan assumption, etc.) either the note, or by separate agreement, **must be non-recourse**. In the event of default/foreclosure the lender can only look to the property as the sole source of repayment. The non-recourse lender cannot pursue other assets owned by the Account Holder or the Account.
7. Financing of an Account-owned property could result in taxes any the income (UDFI) and capital gain. Make sure to discuss this with a CPA or tax professional who is familiar with it, and who is able to file a 990-T Form for your Account.

Processing Requirements and Documentation

1. Proposed preliminary title report (or chain of title) with full property description (i.e. legal description and street address) **(required)**
2. An independent escrow **(required)**
3. Contract of sale, counter offers, escrow and closing documents, etc. These must all be drafted in the Account's name (see vesting instructions above), and be read and approved by the Account Holder. **(required)**
Note: Contract cannot be reassigned from the Account Holder (or from certain other related parties) to the Account, as this could be construed as a prohibited transaction.
4. Title Insurance policy **(required)**
5. Phase I or Phase II Environmental report depending on circumstances **(discuss with PENSCO Trust if you are not sure if you need this)**
6. If you obtain fire & liability insurance then forward a copy of it to PENSCO Trust **(optional)**
7. Property appraisal **(discuss with PENSCO Trust if you do not plan to provide this)**
8. **Payment and Funding Instructions Form (required)** Go to www.PENSCOTrust.com for all PENSCO Trust forms.
9. **Non-Public Investment Authorization Form (required)**
 Use to authorize funds leaving your Account for earnest money, deposits, balances due upon closing, etc. You may use the *Payment and Funding Instructions Form* alone for authorizing future expense payments related to the asset (i.e., property taxes, maintenance, etc.).
Please note: When completing this form, "Name of Investment" = The address or legal description of the property.

If you have any further questions, please feel free to contact Client Services at 800-969-4472. You may find all of the above forms as well as additional educational material on real estate investing within a retirement account at www.PENSCOTrust.com.