



# CLOSELY HELD ENTITIES TRANSACTION How-To GUIDE



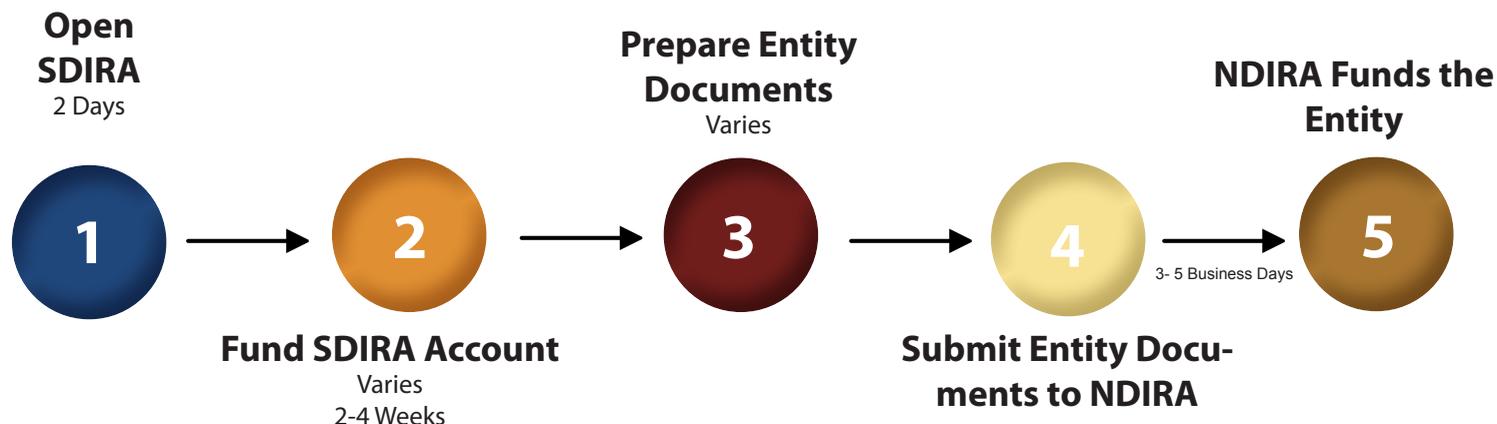
NEW DIRECTION IRA Inc.

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Self-Directed IRAs and more...

If you have questions, please email or call us at:  
[info@ndira.com](mailto:info@ndira.com), 303-546-7930 or 877-742-1270.

# THE INVESTMENT PROCESS TIMELINE



**MINIMUM 15 BUSINESS DAYS REQUIRED,  
DEPENDING ON YOUR SITUATION**

## IMPORTANT NOTES

1. It is your responsibility to read this guide and understand the requirements.
2. Your account must be opened and funded before a transaction can be started.
3. If these guidelines are NOT followed and the investment ends up titled in your personal name and/or SSN, the assets will have to be distributed from the account.
4. In order to have sufficient time for required compliance review and processing, New Direction IRA, Inc. (NDIRA) needs to have completed paperwork in hand **3 Business Days** prior to funding. Weekends and holidays do not count as business days. The three-day period **begins when we have received ALL required paperwork and information**. Forms received after 12:00pm Mountain Time will be considered as having arrived next business day. For example, if you would like your investment funded by Thursday, completed paperwork must be received by Monday morning.
5. When creating an entity in your IRA, it is your responsibility to create the entity. NDIRA only provides administration and bookkeeping for the IRA.

# CLOSELY HELD ENTITY IN AN IRA

## **The Steps to Owning an Entity in Your IRA**

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# OWNING AN LLC IN YOUR IRA

## REQUIRED PAPERWORK

Required Paperwork -- ALL documents must be submitted at least 3 full business days before the anticipated fund date to allow for processing. Coordination with outside parties is your responsibility. If you need assistance with this coordination, New Direction IRA can provide assistance for an additional fee of \$150 per hour.

NDIRA Forms:

- **Buy Direction Letter** -- Directs NDIRA to fund the entity.
- **Closely-Held Entity Acknowledgement** -- Confirms acknowledgement of high-risk investment nature of closely held entities in regards to sections 4975, 408, 408A and other relevant sections of the Internal Revenue Code (IRC).
- **Manager's Acknowledgement Letter** -- to be completed by LLC Manager.

Entity Documents:

- **Operating Agreement / Partnership or Trust agreement** -- signed as "Read and Approved" (see information following forms).
- **Attorney's Opinion Letter** -- See "Attorney's Opinion Letter" section and table on the next page.
- **Table of Membership** -- The entity must reflect the proper titling of the IRA as the member or beneficiary, and list the IRA's capital contribution and percentage of ownership.
- **Organizational Documents** (From Secretary of State)
- **Tax ID Number of Entity**

## ENTITY DOCUMENTS

New Direction IRA, as the administrator, is not responsible for the terms and conditions of the entity documents, i.e. operating agreement, partnership agreement, and/or trust agreement, or for finding and pointing out possible prohibited transactions within it. It is your responsibility and that of your legal and/or tax advisors to ensure the entity documents conform to the existing IRS rules and regulations.

We are responsible for:

- Ensuring the entity documents reflect the proper titling of the IRA as the member
- Providing accurate record keeping of IRA account activity
- Annual IRS reporting and filing for the IRA only

Creating the entity -- It is highly recommended that you consult a competent attorney or tax professional that is familiar with retirement accounts, tax law and IRS rules to create the entity documents, although this is not a requirement. New Direction does not create or provide examples of entity documents.

- **Managers:** The IRA holder can be appointed the manager of a corporate entity (that is not an S-Corp) prior to funding the trust, with an accompanying Attorney Opinion Letter.
- **Trustee:** the IRA holder CAN be appointed the trustee of a trust agreement prior to funding the trust, with an accompanying Attorney Opinion Letter.
- **Transfer of shares:** There must be no limitation or unanimous vote required to transfer members' equity to another individual.
- **Debt Members:** No loan recourse may pass to the IRA holder or other disqualified person through the entity documents.
- **Changes to entity documents:** The entity must not allow changes to the entity documents without member approval; in particular, the approval of the appointing or changing of managers or trustees. NDIRA must approve all changes made to the entity documents on behalf of your IRA.

# OWNING AN LLC IN YOUR IRA

## REQUIRED PAPERWORK (CONTINUED)

### ATTORNEY'S OPINION LETTER

Operating a closely held entity within your IRA is considered high risk by the IRS. New Direction IRA requires an original Attorney's Opinion Letter be provided for these structures, if you, the IRA holder, or another disqualified person will be appointed manager of the entity after the funding. The Attorney's Opinion Letter must affirm that according to IRC SSC 4975, the funding of this structure does not constitute a prohibited transaction.

## NEWLY CREATED ENTITY INVESTMENTS

Please follow the chart below to determine if an Attorney Opinion Letter is required in order to fund the investment.

### Appointing IRA Owner or other disqualified person as Manager\*

Description	Attorney Opinion Letter Required
Single member entity	Yes
Entity with 1 or more disqualified persons owning an aggregate share of 50% or more	Yes
Entity with IRA and IRA holder personally or other disqualified person(s) owning aggregate share of 50% or more	Yes
For Trust Agreements, the IRA holder may be appointed Trustee prior to funding	Yes

\* Disqualified persons are not just family members but various business partners, employers, etc., as well as any entity containing disqualified persons of any type.

### Appointing a non-Disqualified Person as Manager

Description	Attorney Opinion Letter Required
Single member entity	No
Entity with 1 or more disqualified persons owning an aggregate share of 50% or more	No
Entity with IRA and IRA holder personally or other disqualified person(s) owning aggregate share of 50% or more	No
General Partnership IRA as limited partner, IRA and disqualified person owns less than 50%	No

IRAs can not have any ownership in a S-Corp or General Partnership where the IRA is a General Partner. IRAs can only invest in a partnership if they are a limited partner.

# OWNING AN LLC IN YOUR IRA

## PROHIBITED TRANSACTIONS

The following instructions apply to LLCs, Partnerships, LLLPs, C-Corps, Trusts and Joint Ventures.

### PROHIBITED TRANSACTIONS

Information on prohibited transactions is defined by the IRS under Title 26 › Subtitle D › Chapter 43 › § 4975 › Subsections A - F. The full text of IRC§ 4975 can be found on the Cornell University Law School's website: <http://www.law.cornell.edu/uscode/text/26/4975>

- When an IRA buys into an entity, the entity is required to comply with the IRS prohibited transaction rules.
- A prohibited transaction occurs when the IRA directly or indirectly deals with or provides a benefit to the IRA holder or any disqualified person.
- Disqualified persons to your plan are: you, your spouse, your ancestors, your direct descendants and their spouses as well as certain fiduciaries to your plan. A retirement plan held by a disqualified person is also disqualified, as is any entity in which disqualified persons own a significant or majority share or actual control of the entity regardless of the ownership percentage.
- An IRA cannot purchase shares from or sell shares to a disqualified person. Disqualified persons may not be employed by or be compensated in any way by the entity, they may not personally pay expenses for the entity or be reimbursed for expenses or travel by the entity.
- If it is done correctly, it is possible to create an entity that has disqualified persons as members. Ownership between disqualified persons must be decided prior to initial funding; once the initial investment has been made, the percentages must remain in the same proportion throughout the life of the entity. Disqualified members must also receive the same deal, dollar for dollar on the entity investment. If a distribution from the entity is needed, all disqualified persons must distribute funds according to their ownership.
- Entering into a prohibited transaction, such as providing goods or services to your IRA-owned LLC or making loans, advances or other transactions with your IRA-owned asset, will result in your IRA being distributed to you as of January 1st of that year.
- Distribution results in you having to pay income tax and/or penalties and interest on the amount distributed effective that year. The penalties and interest can potentially go back multiple years.

# OWNING AN LLC IN YOUR IRA

## RULES, REGULATIONS AND GUIDELINES

A closely held entity held by an IRA and managed by the IRA owner is considered a "high risk" investment, because your IRA funds are in a checking account that you control. For this reason the IRS looks at all investments more closely. Not only is it important that these funds be used solely for the IRA and its assets, there can be absolutely no "self-dealing" with regard to the assets purchased or services provided to the asset. As the manager or trustee of the entity, it is your responsibility to understand the Prohibited Transaction rules as stated in IRC 4975.

The entity must be able to conduct all its business with the cash available in the account without involving disqualified persons or your personal funds.

Some of the responsibilities of managing an entity within your IRA are:

- Filing tax returns for the entity
- Filing annual reports with the Secretary of State
- Paying reporting fees to the Secretary of State.
- Filing 1099s or other IRS reports as required.
- Providing financial statements and valuation of the entity to New Direction IRA.

Remember, the requirements for an entity owned by your IRA are the same as any other business entity.

**Note: IRAs cannot have any ownership in a S-Corp or General Partnership where the IRA is a General Partner. IRAs can only be Limited Partners.**

## ANNUAL VALUATIONS

- A value of each asset within the entity is required in order to determine the value of the entity as well as supporting documents showing that they are correctly titled to the entity
- Real estate assets owned in an entity must be evaluated by a third party using the same standards as if it were owned directly by the IRA.
- Other assets, such as bank or brokerage accounts should have year-end statements proving their value.
- If you need further guidance on how to determine the value of the entity, consult your accountant.
- K-1s are not acceptable valuations because they represent the book value of the company which is based on historical cost less depreciation.

# OWNING AN LLC IN YOUR IRA

## RULES, REGULATIONS AND GUIDELINES (CONTINUED)

### IMPORTANT THINGS TO REMEMBER

- **Minimum Investment:** The minimum investment for a closely held entity is \$25,000. This is New Direction IRA's guideline and not an IRS issue. In addition, a minimum balance of \$500 is required to be kept in cash in the IRA account at all times after funding.
- **Funding the entity:** New Direction IRA will only fund the entity by sending the IRA funds directly to an account titled in the name of the entity.
- **Attorney Fees:** All legal fees for the creation of the entity must be paid by the IRA either directly from the account or after the entity is funded. Some attorneys will pay the entity registration fees when they set-up the entity and will bill it back to the entity or the IRA at completion of the set up. (Note: Remember, the client is the IRA.)
- **Compensation:** There may be no compensation paid to the Manager or Trustee of the entity if the IRA holder or a disqualified person is the manager.
- **Resolution:** If you are purchasing real estate within an entity you may want to include designation of signing authority in addition to your other paperwork if you are purchasing real estate within the entity. This is a frequent requirement of title companies and since the entity manager will be signing documents at closing
- **IRA as a Member:** The entity document must not contain language that disallows ownership of shares by an IRA or Qualified Plan.
- You are responsible for knowing whether or not the IRA is subject to Unrelated Business Income Tax and filing the 990T.
- **The Registered Company (LLC, Partnership, C-corps or any other form of a company):** The company is registered with whatever state you filed paperwork. In order to manage the entity, you must know all the rules of both running an entity in your state (operating a business entity from an account's standpoint) and all the IRS rules about the IRA itself.
- Checks can only be written for investment purposes. Using the funds in your entity for personal reasons is a prohibited transaction.
- Taking a distribution directly from your entity is a prohibited transaction. Distributions must go through New Direction IRA so we can record the distribution properly.

## FORMS

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# General Buy Direction Letter

**NOTE:** All investment paperwork must be titled correctly: **New Direction IRA, Inc. FBO (Account Owner's Name) IRA**. If you have a 401(k) or beneficiary account, please call our office for correct vesting (titling).

## 1. ACCOUNT INFORMATION

Your Name: (as it appears on your account, not your title or vesting name)	Account Number:
Account Type: <input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> SEP IRA <input type="checkbox"/> SIMPLE IRA <input type="checkbox"/> Inherited IRA <input type="checkbox"/> Solo 401(k) <input type="checkbox"/> HSA	
Phone Number:	Email Address:

## 2. HOW WOULD YOU LIKE TO PAY FOR THE TRANSACTION? (All fees are due at time of transaction.)

Choose One:  Your Account Credit Card	Credit Card Type: (the following are accepted) <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard <input type="checkbox"/> Discover Card Number: _____ 3 Digit Security Code: _____ Exp Date: _____ Exact Name on Card: _____ Signature: _____
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## 3. HOW WOULD YOU LIKE US TO PROCESS THE TRANSACTION?

Standard Processing (3 business days)  Express Processing (1 business day rush fee, \$500 for Real Estate and \$250 for Non-Real Estate)  
**Please contact your transaction specialist to see if a rush option is possible.**

## 4. HOW WOULD YOU LIKE US TO FUND THE TRANSACTION?

Fund the transaction via:  Check (\$5 fee)  Cashier's Check (\$25 fee)  ACH Transfer (\$5 fee)  Wire (\$30 fee)

Would you like a call to confirm wire? (Please note that this is a courtesy call and will not hold up the funding process.)  Yes  No

Make Check Payable to:	Payee Telephone Number: (needed for overnight deliveries)		
Send Check to:	City:	State:	Zip:

Deliver the transaction (funds and paperwork) via:  Standard Mail  Overnight Mail (\$30 fee applies)

## 5. TELL US ABOUT YOUR INVESTMENT

I hereby authorize and direct the Administrator and/or Custodian to BUY the following asset for my account:

Quantity: (number of shares, units, etc.)	Price: (price per shares, units, etc.) \$	Total Purchase Price: (quantity times price) \$
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I have included company/investment documents with this Buy Direction Letter.

Special Instructions:

## 6. AUTHORIZATION

I confirm that I am directing New Direction IRA, Inc., the 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 Buy Direction Letter. I understand that neither the Administrator nor the Custodian (Mainstar 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 Buy Direction Letter and any accompanying documentation are not received as required, or, if received, are unclear in the opinion of the Administrator, or if there are insufficient undirected funds 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 that neither the Administrator nor the Custodian reviews or approves the subscription agreement, operating agreement, by-laws, limited or general partnership agreement, trust agreement or any other similar agreement regarding the purchase or operation of the entity I am instructing the Administrator to invest in for my account via this Buy Direction Letter (the "Entity").

I understand that I am solely responsible for making sure that the Entity was not formed and will not operate in a way that does or may lead to a prohibited transaction under IRC §4975. I understand that if the Entity becomes a "disqualified person" (as that term is defined in IRC §4975) upon funding, then any future mandatory capital calls may be considered to be a prohibited transaction under IRC §4975. I agree to indemnify and hold harmless the Administrator and the Custodian and their respective officers, directors, shareholders and employees against any liability associated with investing in the Entity, including funding a capital call, and including any liability that arises because the investment is or may be a prohibited transaction under IRC §4975. I understand that I am responsible for confirming that no "disqualified person" with respect to my account will benefit from this investment in any way which is prohibited by IRC §4975.

I represent that I have done my own due diligence on the Entity. I understand that neither the Administrator nor the Custodian makes any attempt to evaluate the Entity or the individuals involved with the Entity. I understand that I am solely responsible for evaluating the Entity, its operations and its investment potential. I understand that my investment in the Entity may be subject to the Plan Asset Regulations (29 C.F.R. § 2510.3-101) and Interpretive Bulletin 75-2 (29 C.F.R. § 2509.75-2) issued by the U.S. Department of Labor. If these regulations apply to this investment, the Entity is disregarded for purposes of the prohibited transaction rules of IRC §4975, and officers, directors, managers and the like may become fiduciaries of my account. I represent that I understand the Plan Asset Regulations and Interpretive Bulletin 75-2 or I have consulted with competent legal counsel regarding these regulations and their potential application to the Entity prior to making my investment decision.

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 Buy Direction Letter and any accompanying documents or information, and to the best of my knowledge and belief, it is all true, correct and complete.

**Transactions with insufficient funds will not be processed until sufficient funds are received. If fees are being deducted from your account, the full amount of the transaction plus fees must be available before your transaction can be processed.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
*Please read the disclosure above the signature line before signing and dating.*

### FOR INTERNAL OFFICE USE ONLY:

Return To: _____	<input type="checkbox"/> Sig Check	Fee Option and Invoice Cycle: _____
Balance: _____	<input type="checkbox"/> RTN	Trans Fee: \$ _____
Cusip: _____	<input type="checkbox"/> TNet	Annual Admin Fee: \$ _____
Trans Code: _____	<input type="checkbox"/> Scan for Funding	Wire Fee: \$ _____
Fund Date: _____		FedEx Fee: \$ _____
Amt Funded \$ _____		Total Fees: \$ _____

# Closely Held Entity Acknowledgement

## 1. CLIENT INFORMATION

Client Name:	New Direction Account Number:
Name of Investment:	

## 2. CLOSELY HELD LLC ACKNOWLEDGEMENT: (Initial in the space provided)

- I acknowledge this type of investment structure has been identified as high risk with regard to IRS Code Section 4975, 408, 408A and other applicable codes.
- I acknowledge New Direction IRA, Inc. does not give investment or legal advice with regards to the operation or creation of these investments. I have a competent legal advisor who can council me on the regulations pertaining to the IRA investment in these investment structures.
- I understand New Direction IRA, Inc. is not responsible for the details of the entity operating agreement. New Direction IRA, Inc.'s signature on entity documents is affixed at the instruction of the IRA holder and does not imply any review or certification of the documents or investment.
- I understand my IRA is the member of the LLC/entity and New Direction IRA, Inc. is the only party authorized to sign on behalf of my IRA. I acknowledge that I am required to submit all changes to the documents and operations of the entity to New Direction IRA, Inc.
- I acknowledge that I am required to provide a valuation of the LLC/entity annually in which the valuation is performed by an independent third party who is qualified to provide such valuation. Documentation supporting and detailing the value of each asset held in the entity, including any real property held by the entity, must be provided along with professionally prepared financial statements. I understand that failure to provide a valuation as indicated herein may constitute a violation of IRS rules and may result in the termination of the services provided by New Direction IRA, Inc.
- I understand for the purposes of this acknowledgement, the term "IRA" shall include Roth, HSA, 401(k), SEP or SIMPLE accounts.

\_\_\_\_\_ **I agree to all terms listed above.** (Initial in the space provided)

## 3. CLOSELY HELD LLC/CHECKBOOK CONTROL RULES ACKNOWLEDGEMENT: (Initial in the space provided)

Violation of the prohibited transaction rules may result in immediate distribution of your account along with associated penalties, taxes and interest back to the date of the prohibited transaction occurrence. The IRA holder understands that the following actions may constitute a prohibited transaction:

- Writing a check or transferring funds to a disqualified person from the monies of the entity accounts.
- Making an IRA distribution from the monies of the entity directly to the IRA owner. All IRA distributions to the IRA owner must be processed by New Direction IRA, Inc.
- Receiving an IRA contribution directly into the entity accounts. Contributions to the IRA may only be submitted through New Direction IRA, Inc.
- Receiving a deposit of funds belonging to the IRA holder or any other disqualified person into the entity accounts.
- Personal guarantee of a loan for the entity by the IRA holder or any other disqualified person.
- Receipt of revenue or payment of expenses by the LLC/entity that are disproportionate from the LLC/entity's percentage of ownership in the underlying investment.
- Personal use of the entity assets by the IRA holder or any other disqualified person.
- Payment of compensation to the IRA owner or any other disqualified persons by the entity.
- Provision of services to the entity by the IRA holder or by any other disqualified person or entity.
- Receipt of a personal benefit, either tangible or intangible, by the IRA holder or disqualified person resulting from the IRA's investment in the entity.

\_\_\_\_\_ **I agree to all terms listed above.** (Initial in the space provided)

## 4. SIGNATURE

I acknowledge and understand that I am fully responsible for the operation of the IRA investment and I understand the rules and regulations set forth in IRS Code Sections 4975, 408 and 408A. I acknowledge that I have read and understand this document and my initials on the items listed above indicate that I take responsibility for these specific items as well as any other items set forth in IRS Code Sections 4975, 408 and 408A. I further certify that I have an understanding of the basics of creating, managing and operating business entities in addition to the rules of IRA investment in these entities.

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

# Manager's Acknowledgement Letter

## 1. CLIENT INFORMATION

Client Name:	New Direction Account Number:
Name of Investment:	

## 2. MANAGER INFORMATION

Manager/General Partner Name:	Name of LLC / C-Corp / LP / LLLP:		
Address:	City:	State:	Zip:

## 3. MANAGER'S ACKNOWLEDGEMENT

- Registration to be: **Member:** New Direction IRA, Inc. FBO client name, IRA  
**Address:** 1070 W. Century Dr. Ste 101. Louisville, CO 80027  
**Tax ID:** 20-0157510
- Certificates and/or proof of ownership (showing the proper vesting) are to be held by New Direction IRA, Inc.
- All payments, income distributions and/or payoffs for this holding must be sent to New Direction IRA, Inc. Under the Internal Revenue Code, it is never acceptable to send funds directly to an IRA holder or IRA holder's nominee. Should that happen, you agree to indemnify New Direction IRA, Inc. against all liability concerning IRS compliance.
- If an IRA holder has any questions concerning the IRA (such as, but not limited to, payments, distributions, or fees), you agree to inform the IRA holder to contact New Direction IRA, Inc. directly. Under no circumstances will third party inquiries be answered.
- You agree to honor all written instructions from New Direction IRA concerning changes in asset registration.
- You agree to make potential investors aware that investments in Limited Partnerships or Limited Liability Companies may generate Unrelated Business Taxable Income, which is the responsibility of the IRA holder.
- You agree as part of your Investor Suitability Process to determine if an IRA holder may be subject to Required Minimum Distributions.
- You agree to inform the IRA holder that you have referred New Direction IRA as an accommodation and that New Direction IRA neither endorses your product nor has received consideration.
- You agree to provide potential investors with Subscription Documents (or alternately, with Private Placement Memorandums or any offering documents, as may be applicable). The Subscription Document must be signed off as having been "Read and Approved" by the IRA holder prior to receipt by New Direction IRA. Until New Direction IRA receives and reviews such documents, no decision will be made concerning whether an New Direction IRA account holder may hold such an investment based on our understanding of Internal Revenue Code Section 4975.
- You agree to inform New Direction IRA, Inc. promptly of any change in address, telephone number, or company status (such as bankruptcy filings, regulatory agency investigations or litigation).
- You certify that the entity named above is not a disqualified entity in respect to the above named IRA as described in IRC Section 4975.
- (Closely Held LLC ONLY) You Agree to submit an Attorney Opinion Letter prior to appointing the IRA holder or disqualified person as manager.

\_\_\_\_\_ **I agree to all terms listed above.** (Initial in the space provided)

## 4. MANAGER'S SIGNATURE:

As the manager, I agree to comply with the above terms.

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

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_