



Self-Directed Retirement Accounts & Foreclosure Investments

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Security Trust Company

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- You should consult with your legal, tax and investment advisors prior to making any investments.

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Self-Directed Retirement Accounts

● What is a Self-directed Account?

- You may choose any allowable type of asset
 - Includes non-traditional assets like real estate
 - Offers you true diversification
- You manage your retirement plan investments
- You have control

Types of Retirement Plans

- **Traditional IRA**
- **Roth IRA**
- **SEP/SARSEP/SIMPLE**
- **401 k – prior employer**
- **403 b – prior employer**
- **TSA – prior employer**
- **TSP – prior employer**
- **Keogh**
- **Solo 401(k)**
- **401(k) plans**



Some Investment Options

- **Single/Multi-family homes**
- **Vacation investment property**
- **Tax Liens**
- **Raw Land/Building Lots**
- **Commercial Buildings**
- **Real Estate Syndications**
- **Mortgages/Loans**
- **Private Business Investments**
- **Operating Businesses**
- **Foreign Currency/Options/Futures**
- **Stocks/Bonds/Mutual Funds**

Guidelines for Self-Directing

- **Administrative requirements**
 - Annual valuation of plan
 - Annual report to IRS (5498)
 - Books and records
 - State filings
 - Tax returns



Guidelines for Self-Directing

Prohibited Assets:

- **Life Insurance Contracts (except Solo 401(k))**
- **Collectibles (i.e. rugs, works of art, stamps, coins)**

Prohibited transactions:

- **Transactions not for the exclusive benefit of the account**
- **Can't borrow from Retirement Account**
- **Can't pledge Retirement Account assets to secure loan**
- **Can't utilize credit or guarantee to obtain loan for account**
- **Can't benefit any disqualified person**

Guidelines for Self-Directing

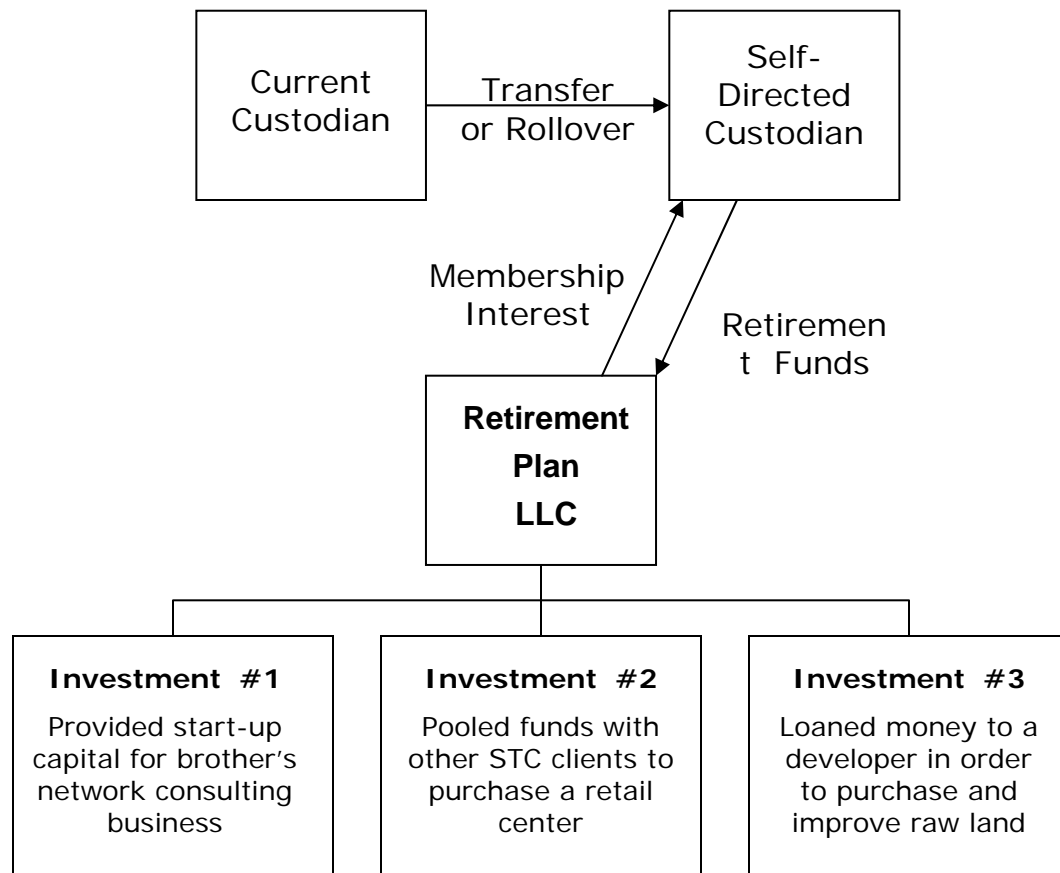
Disqualified persons:

- “You”
- **Certain family members**
 - Ascendants
 - Descendants
 - Lateral family members are not disqualified
- **Company if you have a majority share**
- **Company if you are officer, director, HCE**

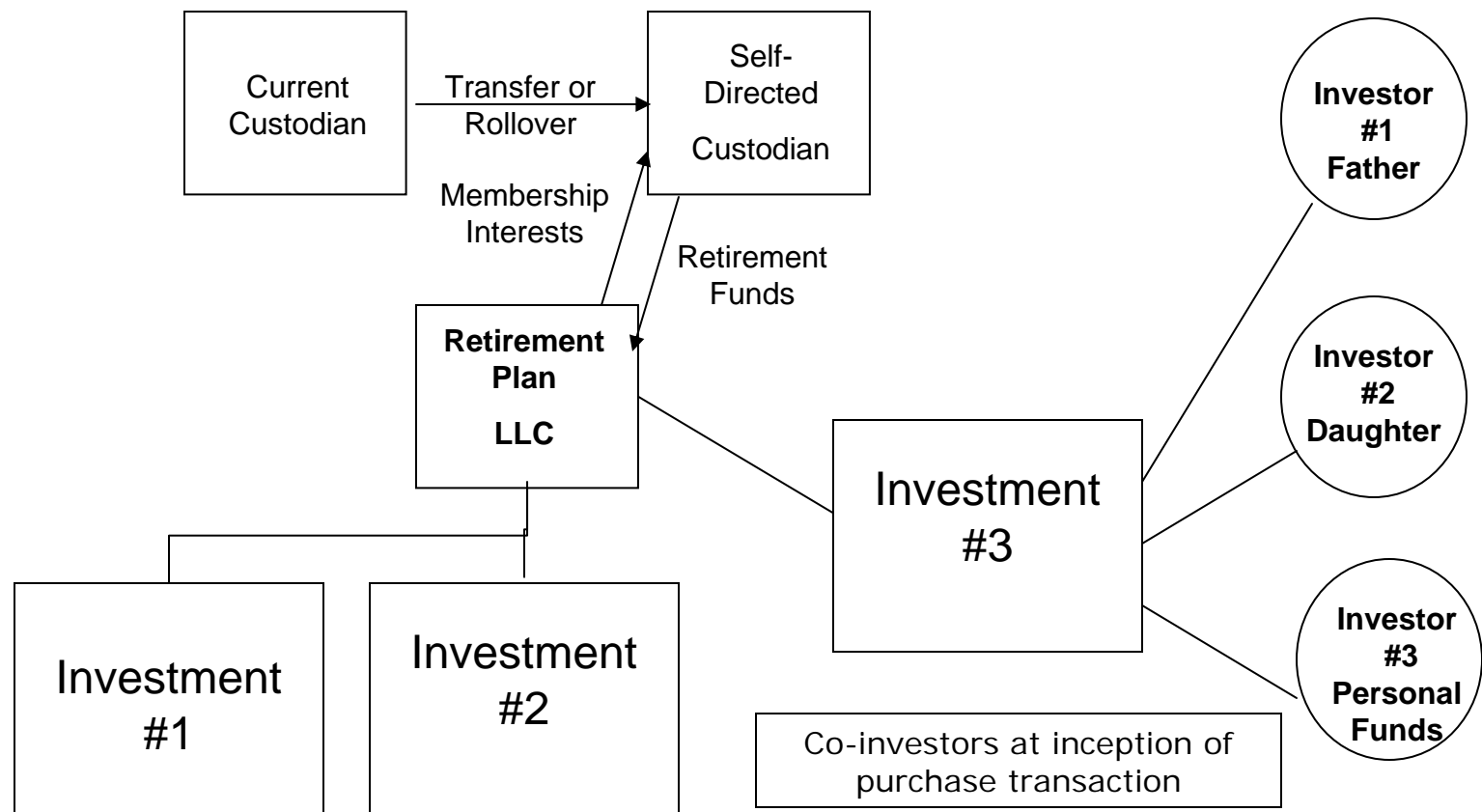
Benefits of the LLC Structure

- **Offers maximum flexibility**
- **Provides additional asset protection**
- **‘Checkbook control’ over retirement funds**
 - **Immediate response to investment opportunities**
- **Simplifies asset titling**
- **Ease of pooling**

IRA LLC Structure



Retirement Plan LLC Structure



Security Trust's Full-Service Approach

- Retirement Plan LLC structure setup
- Protected 'checkbook control'
- CPAs & attorneys to answer technical questions
- Guidance on transaction compliance
- Handle all the 'back office' support
- Maintain LLC financial statements
- Supervise regulatory reporting
- Oversee annual valuation

Foreclosure Investments

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**This material is intended for
informational purposes.**

All information is believed to be correct at this time, but we advise you to seek legal advice from your attorney and/or accountant for your specific application of the material.

The Three Categories of Foreclosures

- ❑ **Pre-foreclosure**
- ❑ **Foreclosure**
- ❑ **REO**

Pre-Foreclosure

- Occurs when owner is in default AND has received breach letter from their lender
- Can be difficult to find

Foreclosure

- ❑ Occurs when owner is in default AND a Notice of Default has been filed in the courts
- ❑ Easy to find
- ❑ Websites offer lists of owners in foreclosure
- ❑ Most services are not up to date

Locating Foreclosures

- 1. Most States have a Judiciary website available online**
 - Look for active Trustees in area of interest
 - Search Judiciary case files for active foreclosures
 - Shows names, addresses, amount of debt owed on the mortgage

Locating Foreclosures

2. **Go to the Courthouse in area of interest**
 - Request Lis Pendens of active foreclosure cases
 - Look for properties that meet your criteria

Locating Foreclosures

3. **Search ads in local business newspaper for upcoming auctions**
 - Not listed as “Foreclosures”
 - Look for “Trustee Sales”

Locating Foreclosures

What to look for in advertisements:

- Date of the auction
- Property address
- Statement of debt
- Amount of deposit

Locating Foreclosures

4. **Locate an abstractor at Courthouse who is researching deeds**
 - Ask them to send you a Lis Pendens on a daily or weekly basis
 - Pay them a small fee for this service

Locating Foreclosures

5. Go to Auctioneer Websites – look for Trustee Sales auctions

Example of what to locate on Auctioneer's website

Friday, November 6th, 2009

Sale Time	Deposit	Address City	Location	Ad Start
10:00 AM	\$25K	1206 DRUID HILL AVE	BALTIMORE CITY CHS	10/21/2009
10:02 AM	\$10K	1619 N WARWICK AVE	BALTIMORE CITY CHS	10/21/2009
10:04 AM	\$10K	3338 ELMORA AVE	BALTIMORE CITY CHS	10/21/2009

Example-Newspaper Advertisement

Listed in The Washington Post October 24, 2009.

\$360,000.00

TRUSTEE'S SALE: Trustee's Sale of valuable fee simple property improved by premises known as 1311 VAN BUREN DRIVE, Annapolis, MD 21403. By virtue of the power and authority contained in a Deed of Trust from **BENJAMIN EVANS AND JACQUELINE D. EVANS**, dated July 31, 2007, and recorded in Liber 19513 at Page 22 among the land records of the **COUNTY OF ANNE ARUNDEL**, in the original principal amount of \$360,000.00 with an interest rate of 7.75% . Upon default and request for sale, the undersigned trustees will offer for sale at public auction at the front of the Courthouse for the **COUNTY OF ANNE ARUNDEL**, 7 1/2 Church Circle , Annapolis, Maryland, on October 27, 2009 at 4:24 PM,

TERMS OF SALE: A deposit of \$25,000.00 cash or certified funds shall be required at the time of sale. The balance of the purchase price with interest at 7.75% per annum from the date of sale to the date of payment will be paid within **TEN DAYS** after the final ratification of the sale. Trustee's File No. 09-158593. **LOAN TYPE = Conventional.** John S. Burson Substitute Trustees. **SHAPIRO & BURSON, LLP, 13135 LEE JACKSON HWY., SUITE 201 FAIRFAX, VA 22033 (410) 769-9797 www.hwestauctions.com OCTOBER 9, 16, 23, 2009**

Important Things to Know

Does your State have a Foreclosure Law?

- If so, what restrictions have been placed on purchasers?
- Do you have a real estate attorney who is proficient in the foreclosure law?
- What is the foreclosure process in your State?
- Does the owner have the right of redemption?

REO-Real Estate Owned by Bank

- ❑ Contact local realtors who have properties listed as bank-owned
- ❑ Go to bank website to locate property they have listed
- ❑ Bank website will show properties and give you agent contact information

Selected REO Websites:

- ❑ **Bank of America:**
 - ❑ <http://bankofamerica.cyberhomes.com>
- ❑ **Wells Fargo:**
 - ❑ <http://www.pasreo.com/pasreo/public/propertySearch.do>
- ❑ **Wachovia**
 - ❑ <http://reo.wachovia.com>
- ❑ <https://www.altisourcehomes.com>

Example

2144 South 38th Street Kansas City, KS 66106
Single Family 3 beds; 1 bath
Listing Price - \$20,000
Property Contact Info Jim Good
Realty Executives of Kansas City
Source: Ocwen Financial Corporation



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How can Security Trust serve you?

Do you...

- **want to open a self-directed retirement account now?**
- **have clients or colleagues who would be interested in self-direction?**
- **need more information?**

Security Trust Company

- **Contact your STC representative.**
- **Website: www.securitytrustcompany.com**
- **Corporate: 1-866-682-3683**