



Self-Directed Retirement Plans & Opportunities for Small Accounts

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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

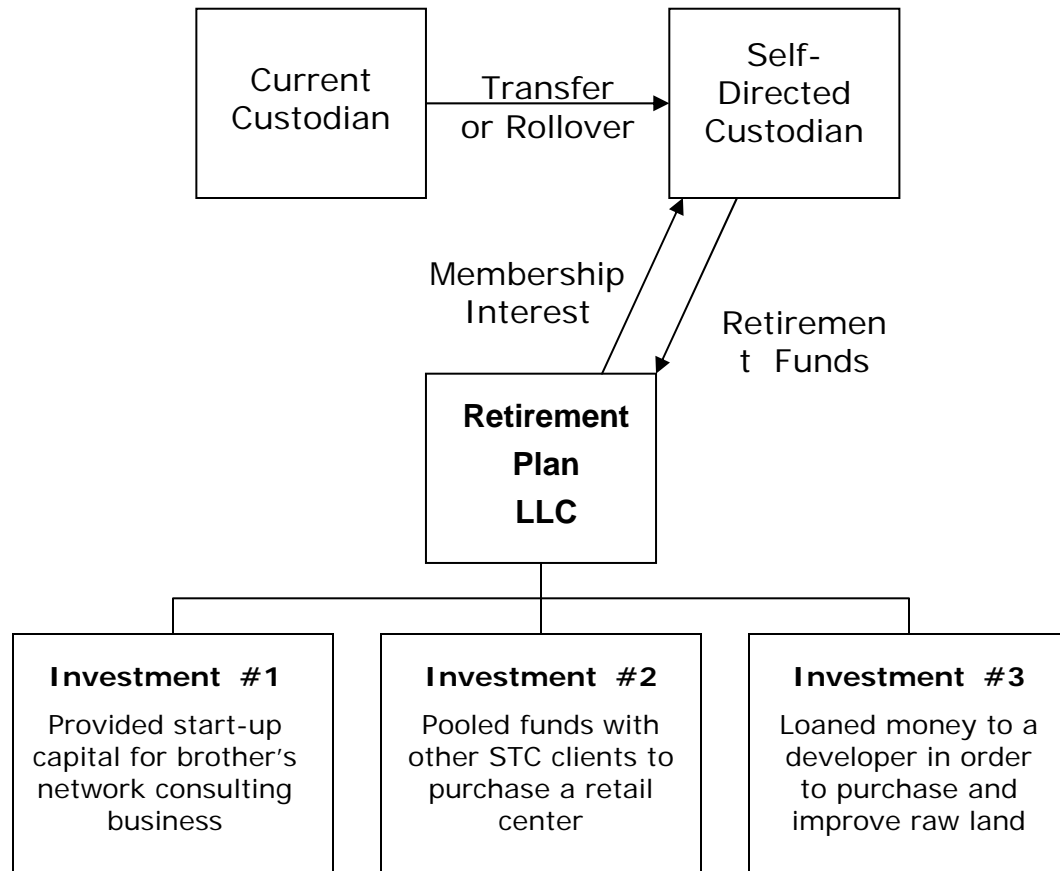
Disqualified persons:

- “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**

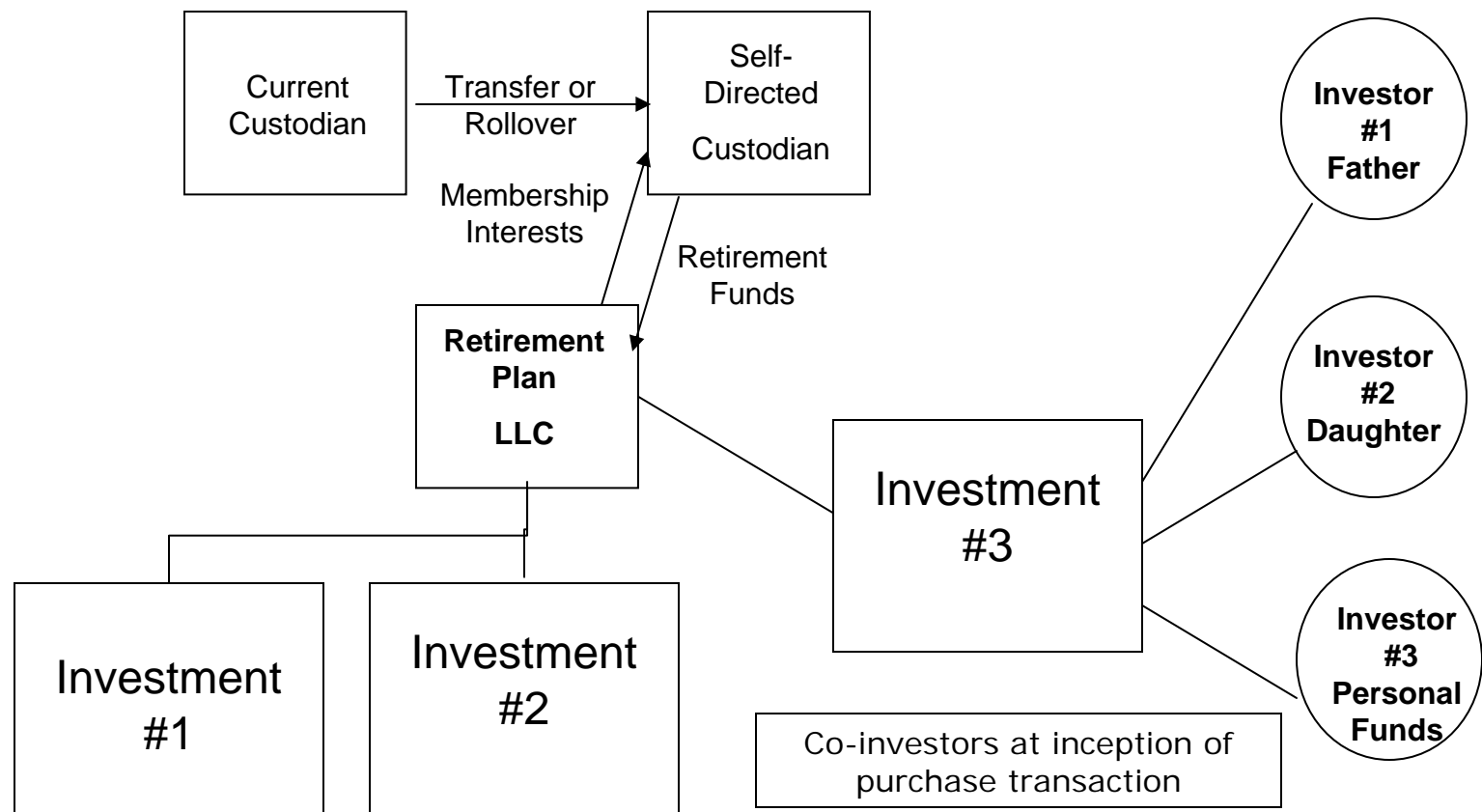
Benefits of the LLC Structure

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

Retirement Plan 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

Mobile Home Ownership & Loans

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Two Opportunities in Mobile Homes

Purchase a used mobile home and then sell it to an owner/occupant with owner financing.

Retirement account could participate in two different ways:

1. Notes that pay 10-12% over 5 years
2. Locate someone to facilitate your retirement account purchase of a manufactured home and make a significantly larger return

Small Retirement Account?

- These transactions don't require large dollar investments.
- \$12,000-\$15,000

Opportunity Availability

- Currently NO national lenders are lending on used mobile homes unless the buyer also has their own land to place the home on.
- There are many individuals looking for financing to purchase used mobile homes
- With investor due diligence this is generally a low risk investment

First Opportunity

Lend to individuals who buy used mobile homes to fill their parks. Loan the funds at 10-12% compounded interest for five years. Park owners buy the home and keep it as a rental or sell it to owner occupants with owner financing.

Loan Amortization Schedule

Enter values	
Loan amount	\$ 15,000.00
Annual interest rate	12.00 %
Loan period in years	5
Number of payments per year	4
Start date of loan	5/1/2010
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 1,008.24
Scheduled number of payments	20
Actual number of payments	20
Total early payments	\$ -
Total interest	\$ 5,164.71

Example Loan Investment

Loan Amount	\$15,000	Scheduled Payment	\$1,008.24
Annual Interest	12%	Scheduled number of payments	20
Loan Payment in Years	5	Total interest paid	\$5,164,71
Loan Payments per year	4		

N	I	PV	PMT	FV
20	36	\$15,000	\$1,008.24	0

Investment Documents

Necessary Documents:

- Promissory Note
- Loan Amortization Schedule

Documents you could ask for:

- Pictures of the home
- Sales Agreement
- Information sheet about home & its condition

Investment Documents (cont.)

Documents related to selling a home:

- Credit Check
- Application for the purchase of the home
- Promissory Note from the buyer
- Purchase and Sales Agreement with the seller
- Amortization schedule for the buyer

6-8 weeks after the home is sold:

- Title to the home-showing your retirement account as second position lien holder
- Retirement account may need to provide borrower with some type of payment coupon

Second Opportunity

- Retirement account purchases used mobile home and then sells it on owner financing to owner occupants.
 - Locate a park that has FSBO property, purchase from park and then sell with owner financing.
 - Locate a park owner who wants their park filled and is willing to find the home, buy it, get it moved, set up and sold for a fee. You get the return.

Example Purchase Investment

You purchase a used mobile home (all in) for \$14,000 and you sell it to a home owner for \$20,000 at 14% interest over 10 years.

All in means – find the home, buy the home, get it moved to a park, get it set up with tie downs, water, sewer and electric hookup, porches on, advertised and sold.

- Your buyer's payment is \$320.53 per month
- Over the 10 year period your retirement account earns \$17,263.94 in interest

Example Purchase Investment (cont.)

What the Buyer Paid

N	I	PV	PMT	FV
120	14	\$20,000	\$320.53	0

- You get all your principle back in 3 yrs 8 mos.
- The remaining 8 yrs 4 mos. are strictly profit.
- Your annual yield is 27% for the first four years and thereafter infinite

Summary

- Used mobile homes can be good investments for small retirement accounts
- There are two general ways to invest:
 1. Lend money on a note that is secured by the home and earn 10%-12% on your money
 2. Locate a park owner and work with them to help you purchase the home and earn 25%-30% selling with owner financing
 - Higher risk since buyer could walk away from the home and you would need to resell

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?

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