



# Private Lending

Private Lending in a Self-Directed Retirement Account



*Did you know you can lend money from your IRA account? Receive principal interest just like a bank. Set your own terms and have more control over the growth of your retirement funds.*

In these transactions, the IRA lends funds to an individual or entity in the same manner a typical lending institution would. Borrowers may be seeking funds for a new home, vehicle, capital for their own investment, business funding, and more. Self-directed retirement accounts can also participate in fractional ownership of notes and can purchase existing, discounted, or distressed notes.

## BENEFITS

### Earn Tax-Sheltered Income

The IRA earns tax-sheltered income that flows directly into that account at rates that are generally higher than more traditional investments such as bonds, CDs, or mutual funds.

### Acquire Income Quickly

The borrower is able to acquire income more quickly without the hassle of today's restrictive lending requirements imposed by typical lending institutions.

## CASE STUDY

In 2009, Buddy buys a property in his IRA for \$50,000. In 2010, Buddy sells the property and offers seller financing. The contract price is \$65,000 (with \$15,000 down from the buyer) with a \$50,000 five-year loan to the buyer secured by a mortgage.

The mortgage is paid in monthly, fully amortized payments of \$1,014. In 2015, the loan is paid in full. Interest paid in the amount of \$10,829 along with the full principal of \$50,000 went into Buddy's IRA as tax-sheltered gains.

## HOW IT WORKS

1. The IRA owner performs due diligence, including fully vetting the borrower.
2. The IRA owner sets the terms of the loan such as interest rate and life of the loan.
3. The loan can be secured by collateral (which the IRA claims ownership of in case of default) or unsecured with a higher interest rate.

***Call today to learn more!***

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