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Prohibited Transaction Signature Form

It is important to understand that **"You"** and **"your IRA"** are different, and your trustee or custodian acts on behalf of your IRA based on your direction. By inference, it is clear that "you" or any other disqualified person **can never** "buy from" or "sell to" your own IRA.

You must open an Individual Retirement Account, and then direct the purchase of an asset through a direction of investment form. A prohibited transaction is generally defined as the improper use of your IRA by you or any disqualified person or entity.

Disqualified persons and/or entities include, but are not limited to:

- The IRA holder and his or her spouse
- The IRA holder's ancestors, lineal decedents and their spouses
- Investment advisors or managers
- Any corporation, partnership, trust or investment in which the IRA holder already has a 50% or greater interest
- Anyone providing services to the IRA such as the trustee or custodian
- Your plan may NOT, directly or indirectly, buy, sell, exchange, or lease any property to or from you or a disqualified person and/or entity. This includes lending money or extending credit. Your plan cannot furnish goods, services, or facilities to you or another disqualified person and/or entity. Neither you nor another disqualified person and/or entity can transfer assets to each other or use/benefit from any assets in the plan.

For a full explanation of disqualified persons and/or entities, please read Internal Revenue Code (IRC) §4975. (www.IRS.gov)

Prohibited transactions (self-dealing) are those transactions that violate the basic intent of your IRA. They do not impose unacceptable limitations. On the contrary, there are numerous methods which do not violate the law that can be used to meet your long term objectives, and allow you to get the most out of your plan. A complete understanding of the applicable rules is encouraged, in order that you realize all the benefits available to you in directing your IRA. Please contact an ERISA attorney or your tax advisor with questions regarding your personal situation.

Loans to IRAs:

IRC §§511-514 allow for non-recourse lending to IRAs for the purchase of real estate in IRAs:

- Loans must have no recourse against the IRA, the IRA holder, or other disqualified persons or entities
- Loans must be made by a third party not related to the IRA holder
- IRAs with loans on assets owned by the IRA must file a 990-T unrelated debt-financed tax return annually. This tax return is procured by the IRA owner, then signed and submitted by the IRA administrator with any taxes owed by the IRA. **Taxes due may not be paid outside the IRA.**

Please sign this document and return to Mountain West IRA, Inc. indicating that you understand these IRA Prohibited Transaction and Self-Dealing Issues.

Client Signature: ____Date: __________________________