



This form must be completed by each IRA Accountholder that is investing into a Multi-Member IRA LLC.

Please complete and submit this form via one of the following methods:

Mail: Madison Administration Company, One Paragon Drive Suite 275, Montvale, NJ 07645 • **Fax:** (845) 947-1212 • **Secure Upload:** www.madisontrust.com/uploads

SPECIAL RULES FOR MULTI-MEMBER IRA LLCS (that have two or more Disqualified Persons as members)

Most of the IRA LLCs that Madison Trust Company holds on behalf of clients are single-member LLCs, whereas the LLC is wholly owned by one IRA. Clients can have several other IRAs co-invest into the LLC provided that the following six conditions are met:

1. The initial funding of the LLC from each of the IRAs must be done contemporaneously (i.e. they must all take place on the same day).
2. Madison Trust will set the percentage ownership for each IRA/member based on the amount of their respective investment into the LLC (as a percentage of the overall investment into the LLC).
3. Once the percentages are set, they can never be changed (because transferring ownership between two disqualified parties is a Prohibited Transaction).
4. All future movement of monies between the IRAs and the LLC must always be done on a pro rata basis (please see the example below).
5. As a multi-member LLC, the LLC Manager is required to file a tax return (Form 1065) and issue K-1s to its members (even though the members are IRAs and not subject to ordinary income).
6. The payment for the set-up of IRA LLC must be paid for by the Accountholders (it cannot be paid for via an Expense Payment Request from the IRAs).

Example (for #4 above):

All transfers of funds between the IRAs and the LLC must be based on the original percentages. For example, if Bill Smith's IRA initially invests \$30,000 into the LLC and Jane Smith's IRA initially invests \$70,000 into the LLC, then Bill's IRA owns 30% of the LLC and Jane's IRA owns 70% of the LLC. Therefore if Jane wishes to transfer \$7,000 from the LLC back to her IRA, then Bill must transfer \$3,000 from the LLC back to his IRA. The same would also apply if the transfer takes place from the IRA's to the LLC.

AGREED & ACKNOWLEDGED

The above is an accurate description of assets that I am transferring/rolling-over to my Madison Trust IRA.

Accountholder name

MTC account number

Signature

Date