

# PROMISSORY NOTE PROCEDURES



**QUEST TRUST**  
C O M P A N Y

## CONGRATULATIONS ON DECIDING TO PURCHASE NOTES WITH YOUR IRA!

Please use this guide when investing in promissory notes through your IRA. Review and complete all the documents in this packet, and return to Quest Trust Company. *Typical processing time is 24-48 hours from once all executed documents and completed investment forms are received and reviewed.*

One of the following documents must be submitted with the Direction of Investment Form for Promissory Notes.

### Items Needed for Funding Note Secured by Real Estate:

☐ **New Note:** Submit a copy of the drafted Promissory Note and Deed of Trust/Mortgage.

☐ **Existing Note:** Submit a copy of the existing Promissory Note, Deed of Trust/Mortgage, and a copy of all Transfer Liens.\*

*\* Please note that fully executed documents must be provided to QTC within 30 days of funding.*

### Items Needed for Funding Notes Secured by Collateral (Non-Real Estate)

☐ **New Note:** Submit the Original Promissory Note with the borrower's wet ink signature, and the Original Security Agreement with the borrower's wet ink signature.

☐ **Existing Note:** Submit a copy of the Existing Promissory Note, Existing Security Agreement, and Allonge.

### Items Needed for Funding Unsecured Notes:

☐ **New Note:** Submit the Original Promissory Note with the borrower's wet ink signature.

☐ **Existing Note:** Submit a copy of the Existing Promissory Note and Allonge.

**NOTE:** Quest Trust Company is the legal entity in administration of the IRA and thus must sign as the lender. We CANNOT sign anything without the client's written approval. Client must sign "Read & Approved" on each page that requires a signature or initial from Quest Trust.

Normal processing for investments will be completed within 24-48 hours unless amendments are required. If completed paperwork and documentation is received before 10:30 AM central time, the processing period begins on current business day. If the documentation requires any amendments, this could delay review until all documents are completed.



All transactions done in an IRA must be on an arms length basis and for investment purposes only.



It is up to the client to determine if the interest rate on your promissory note complies with the applicable state laws, such as usury laws in Texas.

## THINGS TO REMEMBER



1. Please ensure your Quest Trust Self-Directed IRA has been established and funds have cleared.
2. The first step in funding this transaction is to make sure the vesting for the lender is as follows:
  - Quest Trust Company FBO (account holders name) IRA # (account number)
3. Quest Trust CANNOT sign any of the documents without the client completing their "Read & Approved" signature.
4. The lender's address should be our Houston corporate office address.
  - 17171 Park Row, Suite 100  
Houston, TX 77084

**DISCLAIMER:** Quest Trust Company does not sell or endorse any investment products, and are not affiliated in any way with any investment provider. Quest IRA does not assume responsibility for any tax, legal or investment advice with respect to this investment and is not liable for any loss which results from this investment. Quest Trust Company will not review the merits, legitimacy, appropriateness or suitability of this investments and all clients must do their own due diligence.

## DOCUMENTS COMPLETED?



Submission options include:

- **Corporate** – 17171 Park Row, Ste 100, Houston, TX 77084
- **Email** – Notes@QuestTrust.com
- **Fax** – 281.646.9701

If you are unsure what form to use or how to complete a form, help is only an email or phone call away!



# Direction of Investment Promissory Notes

Quest Trust Company  
17171 Park Row, Suite 100  
Houston, TX 77084  
P: 800.320.5950  
F: 281.646.9701  
Notes@QuestTrust.com

**Processing Instructions:** The official processing of investment documents begins on the first business day in which all investment forms and correctly vested agreements are properly endorsed and submitted to Quest Trust Company. Once all forms and agreements have been correctly submitted, funding can be expected within 48 business hours of that time.

Use this form to direct Quest Trust Company to fund an investment for your account. All investment documents must be titled in the following format:

**Quest Trust Company FBO [Account Holder's Name] [IRA or HSA or CESA] #[Account Number]**

## A. ACCOUNT HOLDER INFORMATION

Legal Name:	Account Number:
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Account Type:	<input type="checkbox"/> Traditional IRA	<input type="checkbox"/> Roth IRA	<input type="checkbox"/> SEP IRA	<input type="checkbox"/> SIMPLE IRA	<input type="checkbox"/> HSA	<input type="checkbox"/> ESA
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## B. HOW WOULD YOU LIKE TO PAY YOUR FEES? (ALL FEES ARE DUE PRIOR TO FUNDING)

Fees Due:	
\$125.00 Transaction Fee	\$35.00 Overnight Mail (If applicable)
\$30.00 Wire Transfer (If applicable)	\$5.00 ACH Transfer (If applicable)
\$295.00 Administrative Fee (If applicable)	

Choose A Payment Method:	<input type="checkbox"/> Deduct From Account	<input type="checkbox"/> Check Enclosed	<input type="checkbox"/> Credit Card on File
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To add, change, or update a credit card, please contact our office.

## C. INVESTMENT DETAILS

Note Type:	<input type="checkbox"/> New Note	<input type="checkbox"/> Additional Funding to Existing Note	<input type="checkbox"/> Purchase of Existing Note	<input type="checkbox"/> Seller Financed Note*	<input type="checkbox"/> Convertible Note
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\*Please also submit a Direction to Sell for Real Estate OR use an Asset Conversion Form.

Principal Amount of Note:	Dollar Amount to be Funded:	Interest Rate:	Maturity Date:
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Percentage of Ownership in Account: _____ % <i>If this investment is split amongst other Quest account holders, please note that all incoming payments for this investment will be split according to the percentage of ownership indicated above, UNLESS prior written authorization has been given by all Quest account holders privy to this investment.</i>	Type of Payment: Interest Only <input type="checkbox"/> Amortized* Other: _____ *If amortized, please include copy of amortization schedule. Payment Amount: _____
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Borrower's Name (Individual or Entity Name):	If borrower is entity, please provide name of Managing Member:
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Borrower's Street Address:	Borrower's City, State, Zip Code:
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## D. LOAN COLLATERAL

<input type="checkbox"/> Unsecured (Please read and initial below)
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_____ I acknowledge that Quest Trust Company did not recommend this investment nor are they responsible to perform any due diligence on this investment. I acknowledge that this loan is unsecured and is not guaranteed by Quest Trust Company or any other party, entity or individual.
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<input type="checkbox"/> Secured (Please read and initial below)
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_____ I understand that Quest Trust Company will not record any collateral documents, including, but not limited to mortgages, deeds of trust, or other liens, with any county or governing body. I understand it is my responsibility to ensure proper recording is done regardless of whether funds are sent through a title company or directly to the borrower. Loan Secured by: <input type="checkbox"/> Real Estate: Property Address: _____ Title Company Name and Contact: _____ <input type="checkbox"/> Mobile Home: VIN: _____
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[ ] Other: Description: \_\_\_\_\_

## E. EXECUTED DOCUMENTS ACKNOWLEDGEMENT

Quest Trust Company requires fully executed documents to hold any asset in your account. Fully executed documents are documents that have been signed by all parties (lender and borrower). The reason we require these documents is because they prove, legally, that your IRA owns the aforementioned investment. If we do not receive these documents within 30 days of funding your investment, we may, at any time, distribute the asset out of your IRA and back to you, personally, at full face value. Note: Typically, if you are closing at a title company or with a fee attorney, these executed documents will be forwarded to our office after closing has occurred.

\_\_\_\_\_ I acknowledge and ensure that QTC will receive fully executed documents within 30 days of the funding of this investment. I agree and understand that failure to submit these documents may lead to distribution of the asset at full face value.

## F. FAIR MARKET VALUATIONS

**Updated Annual Valuation:** The Internal Revenue Service (IRS) requires that the value of all assets in my account must be updated annually at the end of each calendar year, including this asset I intend to purchase. To satisfy this requirement, please review the following options available to you:

[ ] I will obtain an independent qualified valuation and provide it to Quest Trust Company when requested.\*

[ ] I authorize Quest Trust Company to obtain a qualified valuation as outlined above. I understand and agree that the charge for this service will be the cost of the valuation plus \$50. \*\*

*\*By making this election, I agree to provide the prior year-end value of this investment by no later than January 15th of each year on a form provided by the Custodian, with substantiation attached to support the value provided.*

*\*\*Please note that QTC will, to the best of our abilities, attempt to obtain the annual valuation for this asset by utilizing the information you have provided on this form. However, if QTC is unable to collect the information, we will notify you and a fee will not be assessed. In addition, this authorization only covers annual fair market valuations. You are responsible for providing the valuation related to any taxable events (e.g. in-kind distribution or Roth conversion).*

## G. THIRD PARTY SERVICER

The loan servicer is who will monitor payments made to the account. Quest Trust Company receives payments and record-keeps but does not service loans or monitor the timeliness of payments made.

Servicer: [ ] Account Holder [ ] Third Party

Loan Servicer Name:	Point of Contact:
Phone Number:	Email Address:

## H. FUNDING INSTRUCTIONS

Process this investment via Wire (\$30 fee) ACH (\$5 Fee) Check (\$5 Fee)

### FOR ACH/WIRE

### FOR CHECK

Name of Bank:	Account Name:	Make Check Payable to:
ABA/Routing Number:	Account Number:	Mail Check to:
For Further Credit to:	Send Check via:	Regular Mail Overnight Mail (\$35)
	Hold for pickup	Houston office Austin office Dallas office

## I. DISQUALIFIED PERSONS (PARTIES IN INTEREST) STATEMENT

Please answer the following questions as it relates to these individuals: **you, your spouse, your children or other direct descendants or their spouses, or your parents or other direct ascendants.**

1. Are any of the above mentioned individuals, either personally or through an entity, a borrower or borrowing entity on this note?

[ ] Yes [ ] No

2. Will any of the above mentioned individuals or any other disqualified person receive a personal gain or benefit as a result of the purchase of this note?

[ ] Yes [ ] No

If yes to any of the questions above, please explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



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## J. AUTHORIZATION

I confirm that I am directing Quest Trust Company (QTC), as Custodian of my account, to complete this transaction as specified above. I specifically authorize the Custodian to execute any and all documents necessary to complete this transaction. I understand that my account is self-directed, and I take complete responsibility for any investment I choose for my account, including the investment specified in this Direction of Investment. I understand that the Custodian does not sell or endorse any investment products, and that they are not affiliated in any way with any investment provider. I understand that the role of the Custodian is limited, and the Custodian's responsibilities do not include investment selection for my account. I acknowledge that the Custodian has not provided or assumed responsibility for any tax, legal, structuring or investment advice with respect to this investment, and I agree that the Custodian will not be liable for any loss that results from my decision to purchase this investment. I understand that the Custodian has not reviewed nor will review the merits, legitimacy, appropriateness or suitability of this investment for my account, and I certify that I have done my own due diligence investigation prior to instructing the Custodian to make this investment for my account. I understand that the Custodian does not determine whether this investment is acceptable under the Employee Retirement Income Security Act (ERISA), the Internal Revenue Code (IRC), or any applicable federal, state, or local laws, including securities laws. I understand that it is my responsibility to review any investments to ensure compliance with these requirements.

I understand that in processing this transaction the Custodian is only acting as my agent, and nothing will be construed as conferring fiduciary status on the Custodian. I agree that the Custodian will not be liable for any investment losses sustained by me or my account as a result of this transaction. I agree to indemnify and hold harmless the Custodian from any and all claims, damages, liability, actions, costs, expenses (including reasonable attorneys' fees) and any loss to my account as a result of any action taken in connection with this investment transaction or as a result of serving as the Custodian for this investment, including, without limitation, claims, damages, liability, actions and losses asserted by me.

I understand that if this Direction of Investment and any accompanying documentation are insufficient, or if the Custodian deems it to be administratively infeasible to act as the Custodian for this investment, the Custodian may choose not to process this transaction. For instance, if the required information or documents are not received as required, or, if received, are unclear in the opinion of the Custodian; or, if there is insufficient Undirected Cash in my account to fully comply with my instructions to purchase the investment and to pay all fees. Again, the Custodian reserves the right to not process this transaction until proper documentation and/or clarification is received, and the Custodian will have no liability for loss of income or appreciation.

According to my Custodial Agreement, I understand that the Custodian, in lieu of the original records, may cause any, or all, of its records, and records at any time in its custody, to be photographed or otherwise reproduced to permanent form, and any such photograph or reproduction shall have the same force and effect as the original thereof and may be admitted in evidence equally with the original.

I understand that my account is subject to the provisions of Internal Revenue Code (IRC) §4975, which defines certain prohibited transactions. I acknowledge that the Custodian has not made nor will make any determination as to whether this investment is prohibited under §4975 or under any other federal, state or local law. I certify that making this investment will not constitute a prohibited transaction and that it complies with all applicable federal, state, and local laws, regulations and requirements.

I understand that my account is subject to the provisions of IRC §§511-514 relating to Unrelated Business Taxable Income (UBTI) of tax-exempt organizations. If this investment generates UBTI, I understand that I will be responsible for preparing or having prepared the required IRS Form 990-T tax return and any other documents that may be required. I understand that the Custodian does not make any determination of whether or not investments in my account generate UBTI.

I understand that with some types of accounts there are rules for Required Minimum Distributions (RMDs) from the account. If my account is now subject to the RMD rules, or will become subject to those RMD rules during the term of this investment, I represent the following: I have verified that this investment will provide income or distributions sufficient to cover each RMD; or as an alternative, I affirm that there are other liquid assets in this account or in another account from which I will be able to withdraw my RMDs. I understand that failure to take RMDs may result in a tax penalty of 50% of the amount I should have withdrawn.

I understand that all communication regarding this transaction must be in writing and must be signed by me or by my authorized agent on my behalf, and that no oral modification of my instructions will be valid. I agree to indemnify and hold harmless the Custodian and its respective officers, directors, shareholders and employees against any liability associated with making this investment, including any liability that arises because the investment is or may be a prohibited transaction under IRC §4975. I understand that I am responsible for confirming that no "disqualified person" with respect to my account will benefit from this investment in any way which is prohibited by IRC §4975.

I represent that I have done my own due diligence on the investment. I understand that the Custodian does not make any attempt to evaluate the investment or the individuals involved with the investment. I understand that I am solely responsible for evaluating the investment and its potential for profitability.

I understand that the Custodian does not bear or assume any responsibility to notify me or to secure or maintain any fire, casualty, liability or other insurance coverage, including but not limited to title insurance coverage, on this investment or on any property which serves as collateral for this investment. I acknowledge and agree that it is my sole responsibility to decide what insurance is necessary or appropriate for investments in my account, and to direct the Custodian in writing (on a form prescribed by the Custodian) to pay the premiums for any such insurance.

I further understand and agree that the Custodian is not responsible for notification or payments of any real estate taxes, homeowner's association dues, utilities or other charges with respect to this investment unless I specifically direct the Custodian to pay these amounts in writing (on a form prescribed by the Custodian), and sufficient funds are available to pay these amounts from my account. I acknowledge that it is my responsibility to provide to the Custodian or to ensure that the Custodian has received any and all bills for insurance, taxes, homeowner's dues, utilities or other amounts due for this investment. Furthermore, I agree that it is my responsibility to determine that payments have been made by reviewing my account statements.

I understand that no person at the office of the Custodian has the authority to modify any of the foregoing provisions. I certify that I have examined this Direction of Investment and any accompanying documents or information, and to the best of my knowledge and belief, it is all true, correct and complete.

Prepared By:

Account Holder

Limited Power of Attorney

Signature

Date