Private Money Lending

The Strategy in 60 Seconds

Your I R A can be the bank. Here's exactly how private lending inside a retirement account works, the two documents, and one worked example, in sixty seconds.

NOT VETTED

Your custodian does not review deals for risk, merit, or suitability

TWO DOCUMENTS, THEN THE WIRE

- **Promissory note - Rate, payment schedule, maturity date**
- **Mortgage or deed of trust - Recorded with the county recorder**
- **Send both to your custodian - They wire from the account, not you**

TERMS TO SPELL OUT

- Interest rate
- Payment schedule
- Maturity date
- Acceleration clause
- Collateral referenced
- Late fees and default

NO OPEN-ENDED NOTES

The Law Behind It (primary sources)

Verify against the source before relying. This is education, not legal or tax advice.

26 U.S.C. Sec. 4975 - Prohibited transactions - critical when lending from a self-directed IRA or Solo 401(k) (no dealing with disqualified persons).

https://www.law.cornell.edu/uscode/text/26/4975