



## How To Use This Form

Purpose: This form is to be used when reporting the asset values for the assets held in your account. Fill out sections I and II and submit it back to us. You should provide supporting documentation for the valuations when possible.

### Section I: Account Information

- Account # - The account number on your AET account
- Owner Name – Your name
- Valuation Date – The date on which this form is being submitted.
- Valuation Reporting Year – Which tax year does this valuation apply.

### Section II: Asset Value Details

- Asset ID – This is the AET ID #. This number can be located next to the asset name by logging into your AET account or by looking at a recent statement
- Asset Description – Describe the asset to verify it with the account
- Quantity or Units – List how many units or the quantity of this asset is held in the account
- Current Value – List the current value of the asset.

## General Instructions

When updating asset values for IRA accounts, certain steps must be followed. When the account holds non-cash, or hard to value assets, then an accurate asset valuation must be obtained. Examples of non cash, hard to value assets can be:

- Real Estate
- Tenants in common (TIC) in real estate
- Checkbook control LLC
- Private Placements (LLC, partnerships, thinly traded stock, etc.)
- Loans or notes

- 1) If the IRA holds any of these type of assets, then the following steps must be followed in order to insure IRS compliance for establishing fair market value:
  - a) Obtain fair market valuation of the assets by a qualified independent expert for that asset type or category. For example, if the asset is real estate, then a qualified real estate appraiser must be hired to provide the valuation.
    - i) Fair market value is generally defined by receiving a formal appraisal of the assets from a qualified, independent appraiser for the type of asset(s) held in the account.
    - ii) A qualified appraiser is generally someone that is trained and certified in the specific asset class in question.
    - iii) Appraisals should be timely. This means that the appraisal provided for updating your assets should be completed and delivered within 1-4 weeks of the completion.

*NOTE: You, the account holder or your spouse, would not be considered to be independent. So, if you are a trained real estate appraiser, or business valuation expert, you or your spouse could not provide the valuation on behalf of your IRA. You must hire a true independent subject matter expert.*

- b) If you hold interest in a private placement or other thinly traded or hard to value business entity, then you should contact the manager or partner of that entity and request a signed valuation statement showing what your current interest in that entity is worth. Such a statement should be signed, dated and notarized by the person(s) authorized to act on behalf of the entity.
- c) Provide a copy of the valuations of the various assets held in the IRA to your IRA custodian or administrator, along with a letter from you stating under the penalty of perjury that the

valuations and information that you have provided are correct, true and accurate to the best of your knowledge.

- 2) IRA that holds membership interest in a checkbook control LLC
  - a) Option 1 – Asset Value based upon balance sheet
    - i) If you hold membership interest in your own IRA-LLC, then Section 1, above, would apply to any and all assets held in the LLC. This means that any non-cash, hard to value assets held in the LLC must also have a fair market appraisal or valuation by a independent expert.
    - ii) Once any valuations are obtained, if required, you then need to have a trained and qualified tax professional such as a CPA provide a audited balance sheet showing the total value of the LLC. The tax professional must provide the valuation, supporting documentation and a signed letter stating that this is their valuation based upon the information provided.
    - iii) Provide the tax professional's valuation report and balance sheet to your IRA custodian along with your personal certification that all information is true and accurate in the penalty of perjury.
  - b) Option 2 - An alternative would be to hire a certified appraiser to provide a full appraisal of the LLC.
- 3) Documentation Requirements
  - Fair Market Valuations of any non-cash assets being updated or re-characterized.<sup>1</sup>
  - Calculations of any gains or losses associated with the Roth IRA that are to be re-characterized, if applicable

### **What Not To Do**

Do not send detailed reports, schedules or statements and request that we add up values or do calculations in order to calculate the assets value.

Do not attempt to send us reports or statements of assets held in a LLC, Corp, or Trust and have us attempt to calculate and validate your valuations.

### **What To Expect**

Your valuations will be completed within 2-3 days of receipt. The new values will be visible on your account statement or online.

The valuations provided may not be suitable or acceptable for taxable event transactions such as a Roth conversion, or an in-kind distribution. So, do not expect that your informational valuation will be suitable for completing any transaction that involves taxes or distribution of assets.

### **Transmittal of This Form**

This form may be mailed, emailed or faxed to us at:

Email: [administration@udirectira.com](mailto:administration@udirectira.com)  
Fax: 866-446-7454  
Mail: uDirect IRA Services, LLC  
8 Corporate Park - Suite #210  
Irvine, CA 92606

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<sup>1</sup> IRS guidelines for asset valuations must be followed. A CPA statement or a client generated value will generally not suffice for a valuation. In general a valuation must be completed by someone who is qualified and trained to value such assets. Related parties cannot be used as the valuation expert.