

## Fair Market Valuation Instructions

### General Information

Your submission of a fair market valuation (FMV) is used to assign or change the value of an asset. Valuation of the assets in your self-directed account must be provided to The Entrust Group (“Entrust”) on a yearly basis to ensure accurate and proper tax reporting to the Internal Revenue Service (IRS).

#### A fair market valuation is required when:

- Taking an in-kind distribution
- Converting an asset held in a tax-deferred account to a post-tax account
- Converting an entire tax-deferred account to a post-tax account
- Demonstrating an asset no longer has value (worthless asset)

Precious metals and publicly traded assets (stocks, bonds, etc.) DO NOT require your submission of a fair market valuation because these investment values are determined by the market. Entrust updates the value of most precious metals and publicly traded assets daily. Entrust will report the value of precious metals and publicly traded assets, along with any other assets held in your account, to the IRS via Form 5498 on an annual basis.

#### Entrust is required to:

- Provide the fair market value of your account as of December 31 of each year to the IRS
- Provide you Form 5498 with the same FMV information for your account

#### There are two methods to report the FMV of your asset(s):

- 1. Provide supporting documentation:** (please find the list of acceptable supporting documentation on the following page). You can complete the FMV Form and submit your supporting documentation online or via our paper form. In this case, you are the only party required to sign the form.
- 2. Utilize third party valuator services:** If you are not submitting supporting documentation, the use of a third party valuator is required to value your asset(s). A third party valuator should complete the Fair Market Valuation Form and both you, the account holder, and the third party valuator are required to sign the form. FMV forms signed by third parties may be submitted via portal, email, or mail.

Here are examples of qualified, independent third party valuers who could perform the value of your asset(s):

- Managing partner (or equivalent) of investment sponsor
- Certified appraiser
- Licensed real estate professional (such as a broker/real estate agent)
- Knowledgeable party (such as a CPA, attorney, financial planner, etc. who is strictly at “arm’s length” from both you and the investment)

### Important Guidelines

- The Fair Market Valuation Form must be signed and dated by you.
- A separate Fair Market Valuation Form must be completed for each asset held in your account.

### Submission Options

- **Online (recommended):**  
Login to your [Entrust Client Portal](#), go to the Activity tab, scroll down and click on Fair Market Valuation.
- **Email:**  
[fmv@theentrustgroup.com](mailto:fmv@theentrustgroup.com)
- **Fax:**  
510-587-0960  
Attention: FMV
- **Mail:**  
The Entrust Group  
Attention: FMV  
555 12th Street, Suite 900  
Oakland, CA 94607

## Fair Market Valuation Instructions

### Examples of Supporting Documentation

| ASSET TYPE               | SUPPORTING DOCUMENTATION   |
|--------------------------|--|
| <b>Real Estate</b>       | <ul style="list-style-type: none"> <li>▪ <b>Property Tax Bill</b><br/>A property tax bill is acceptable, if it is not used to calculate or take an in-kind distribution</li> <li>▪ <b>Comparative Market Analysis (CMA)</b><br/>A CMA is a detailed report examining the homes currently on the market, under contract, recently sold and recently expired, withdrawn, or canceled to determine what a property is worth in the current market. A licensed real estate professional, who is strictly at “arm’s length” from both, you (the account holder) and the investment, can provide the CMA. If you are providing a CMA, the licensed real estate professional must sign and date the Fair Market Valuation Form</li> <li>▪ <b>Real Estate Appraisal</b><br/>An appraisal is acceptable, but not always required. An appraisal is REQUIRED when taking an in-kind distribution</li> <li>▪ <b>Other Supporting Documents</b><br/>An opinion letter on company letterhead from a qualified, independent third party is also acceptable. If you are providing an opinion letter, the third party must sign and date the opinion letter itself and the Fair Market Valuation Form.</li> </ul> |
| <b>LLCs and Entities</b> | <p>A value of each asset within a limited liability company (LLC) or entity is required to determine the value of the LLC or entity. Real estate assets owned in an LLC or entity must be evaluated by a third party. Other assets owned in an LLC or entity, such as bank or brokerage accounts, should have year-end statements proving their value. The value for these types of assets submitted to Entrust should reflect the total value of the LLC or entity, not the individual value of each underlying asset.</p>  |
| <b>Private Equity</b>    | <p>The value of the asset may be provided by the investment sponsor or via an official letter from the investment on company letterhead signed by someone with knowledge of the asset’s value. An updated asset value may also be acceptable when sufficient supporting documentation is provided by an independent, qualified third party.</p>  |
| <b>Private Lending</b>   | <p>Please provide an amortization schedule at the time your investment is made. If we do not receive an amortization schedule, we will simply report the value of the private lending investment based on our records, along with any other assets held in your account, to the IRS via Form 5498 on an annual basis.</p>  |
| <b>Worthless Assets</b>  | <p>To mark an asset value to \$0.00, the Internal Revenue Code requires specific types of documentation. The following are some acceptable examples of documentation:</p> <ul style="list-style-type: none"> <li>▪ A Trustee’s Deed (for a Deed of Trust asset)</li> <li>▪ Final Bankruptcy or Receivership paperwork showing the Bankruptcy or Receivership has been completed and that the dispersion of all assets has been completed. Evidence of an entity being in bankruptcy or receivership is not by itself adequate.</li> <li>▪ A “cease and desist order” from an entity such as the SEC or a similar state agency</li> </ul>   |

## Fair Market Valuation Instructions

### Frequently Asked Questions

**Q: Why does the IRS need to know the value of my account assets on an annual basis?**

**A:** If a taxable event such as a non-cash distribution or a Roth conversion takes place during a given tax year, the assets must be valued so that the recipient pays income tax on the correct amount.

**Q: How long is my FMV valid for?**

**A:** Your FMV is valid for 90 days after submission. Please note that in the case where an asset valuation is needed to facilitate a taxable event after the 90-day period, you will need to submit a new FMV.

**Q: Am I required to seek out a qualified third party to value my asset?**

**A:** No. If you are able to provide supporting documentation that clearly demonstrates your assets' value, you can submit it on your own.

**Q: Who is considered a disqualified person to my account?**

**A:** According to IRS Publication 590, disqualified persons to your plan are:

- You
- Your beneficiaries
- Your spouse
- Your ascendants
- Your lineal descendants
- Your lineal descendants' spouses
- Fiduciaries

**Q: How should the assets in my account be valued?**

**A:** To comply with the Internal Revenue Code, assets must be valued at fair market value. A FMV is the market value of a property or asset, based on what a knowledgeable, willing, and unpressured buyer would pay to a knowledgeable, willing, and unpressured seller in the market.

**Q: What happens if I do not turn in my Fair Market Valuation Form?**

**A:** Entrust is required to obtain the most current FMV available for the investment(s) in your account at least once a year. If Entrust does not receive the Fair Market Valuation Form, the last known value of the assets in your account will be reported. Please note that the IRS requires annual valuations.

**Q: Is this only a requirement for self-directed accounts?**

**A:** No. All IRA custodians are required to provide a year-end value to the IRS. Non-traditional assets are not easily determined by the market and require individual valuation.

**Q: Who pays for this valuation?**

**A:** Your account does. If your account does not have sufficient undirected cash to cover the cost, you will have to make an annual contribution, transfer, or roll over funds from another custodian to pay for the valuation services.

## 1 Account Owner Information

Check box to update your contact information

|  |                        |   |          |
|--|------------------------|---|----------|
| NAME (as it appears on your account application) | ENTRUST ACCOUNT NUMBER | ACCOUNT TYPE  |          |
| EMAIL ADDRESS (required)                         | MOBILE                 | DAYTIME PHONE NUMBER <input type="checkbox"/> Home<br><input type="checkbox"/> Work |          |
| ADDRESS  | CITY                   | STATE   | ZIP CODE |

## 2 Asset Information

**NOTE: Please attach supporting documentation with regards to this valuation/appraisal.**

|  |  |   |  |
|--|--|---|--|
| ASSET DESCRIPTION/NAME                           |  | ASSET TYPE (select one)   |  |
|  |  | <input type="checkbox"/> Real Estate <input type="checkbox"/> Private Equity <input type="checkbox"/> Private Lending |  |
| PERCENTAGE OF OWNERSHIP FOR YOUR INVESTMENT<br>% | CURRENT ASSET VALUE BASED ON PERCENTAGE OF OWNERSHIP<br>\$ | CURRENT TOTAL ASSET VALUE<br>\$   |  |
| NOTES:   |  |   |  |

## 3 Third Party Valuator Information and Signature (if applicable <sup>1</sup>)

**NOTE: If you are using a qualified, independent third party to value your asset(s), this section must be completed and signed by them.**

|                 |                              |       |          |
|-----------------|------------------------------|-------|----------|
| VALUATOR NAME   | TITLE                        |       |          |
| COMPANY NAME    | COMPANY DAYTIME PHONE NUMBER |       |          |
| COMPANY ADDRESS | CITY                         | STATE | ZIP CODE |

I certify that I am qualified to give an independent valuation/appraisal for this particular asset. I understand that this valuation/appraisal will be used for reporting purposes to the Internal Revenue Service and that any false or misleading valuation/appraisal of any assets may result in penalties and fines for both the valuator/appraiser and the account owner.

|                       |       |
|-----------------------|-------|
| VALUATOR'S SIGNATURE: | DATE: |
|-----------------------|-------|

## 4 Account Owner Signature

I certify that I am the owner of the above referenced account and that the information contained herein is true and accurate to the best of my knowledge.

|                            |       |
|----------------------------|-------|
| ACCOUNT OWNER'S SIGNATURE: | DATE: |
|----------------------------|-------|

<sup>1</sup> Please refer to Fair Market Valuation Instructions for information on when a qualified, independent third party is required to perform the valuation.