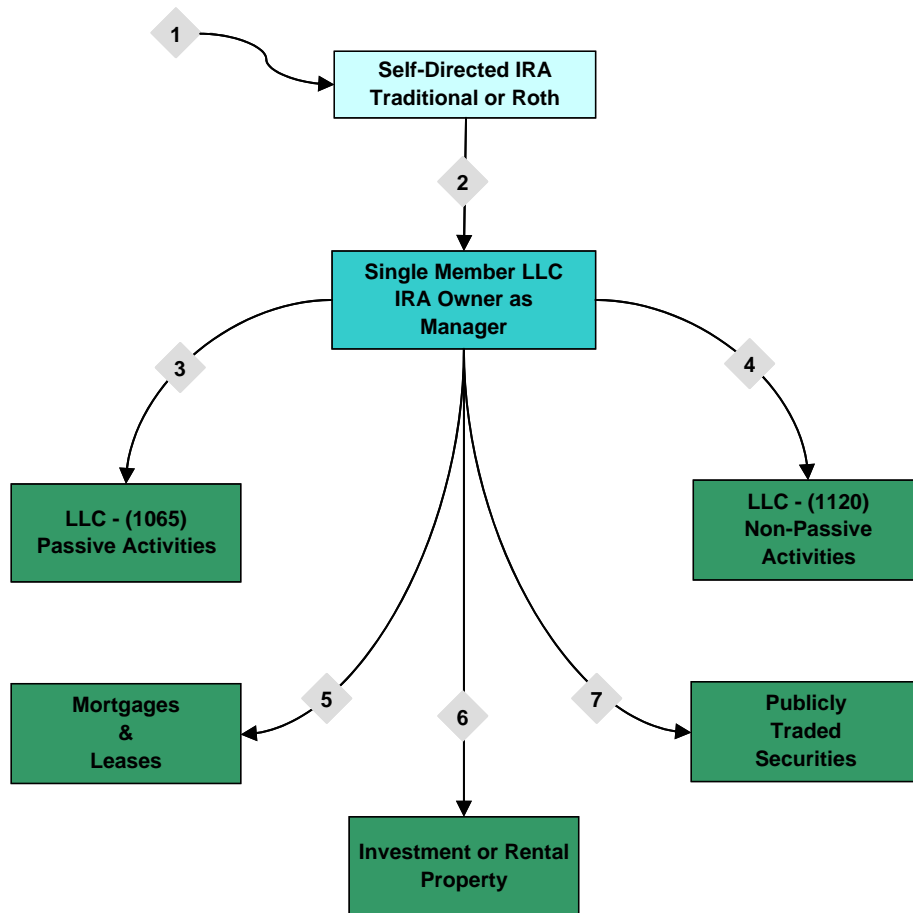


Structure and Operations True Self-Directed IRA Account



This chart illustrates the options that are available to build value in a Traditional or Roth IRA. The rules are not difficult, but violation of the rules would trigger recognition of the values in the IRA account as income and result in penalties.

1. Self-Directed Account is established and funded with qualified Custodian.
2. Single Member LLC is formed in a state with no State Income Tax. Initial Owner of the LLC is the IRA Account. Account Owner is engaged as Manager, but may not be compensated. Rules concerning prohibited investments & transactions must be carefully followed.
3. LLC (1065) formed by not-disqualified person or entity and Single Member LLC may purchase up to 95% of this LLC. 5% owner must have authority to determine any compensation or benefit to the IRA owner or family. Assets of this LLC are not considered IRA assets. This LLC may invest in virtually any type of passive activity including rental property, real estate "flips" or other forms.
4. LLC (1120) formed by not-disqualified person or entity and Single Member LLC may purchase up to 95% of this LLC. Assets of this LLC are not IRA assets. 5% Owner must have authority to determine any comp or benefit to IRA owner or family. This entity may engage in any business activity, including leasing property to the business of the IRA owner, provided the minority owner has authority over the terms of the transaction and the transaction is at "arms-length" terms/rates.
5. Single Member LLC may issue mortgages or leases, but not to disqualified parties.
6. Single Member LLC may own investment property, rental property and other investments that are not prohibited.
7. Single Member LLC may invest in most types of publically traded securities.