

Land Trust (A brief overview that may not be one's actual process)

Land trusts can provide asset protection benefits by providing one with privacy of ownership for real property. Each piece of real estate can be placed into a separate land trust. If a lawsuit is associated with one piece of real estate, other properties titled to different trusts are not automatically encumbered.

The public records show that a land trust owns the property. The trust is not publicly recorded. A simple search does not show the land trust owner. Privacy of ownership provides lawsuit deterrence, a form of asset protection. By privately owning property an individual who is being sued would appear to have no assets to satisfy a judgment, if no assets can be located by a legal opponent it drastically reduces the odds that a suit will be filed.

Land Trusts are private documents that hold title to real property. Although public records can be searched to identify property ownership, only the trust name is public information. This is **asset protection** only in that land trusts assist keep prying eyes from knowing what one owns.

An LLC can be formed that records a second mortgage against a property that strips any equity from the real estate. These privacy techniques implement legal instruments that can deter a lawsuit.

One can generally establish land Trusts quickly. There are useful tools for separating real estate from one's personal name that are legal tools of homeowners and real estate investors.

Land Trust Documents

To place a property into a land trust, there are several legal documents involved.

1. **The trust itself.** The land trust typically names the trustee who controls the trust. It names the settlor, who had the trust assembled. This is also usually the one who places the assets inside of the trust. Finally, the beneficiary or beneficiaries are named. These are the ones who benefit from the trust. The trust document can go into a filing cabinet at home or in a safe deposit box. It generally does not need to be filed in the public records.
2. **A deed.** The deed is the document that is recorded in the public records that conveys the title from the prior owner to the trust, itself. More accurately, the deed transfers the title to the property to the trustee in his, her or its fiduciary capacity. This means that the trustee does not own the property personally. The trustee holds title to the property under the terms of the trust.

Another document often used is an "**Assignment of Beneficial Interest.**" This document transfers one's interest in the trust to another party. For example, let's suppose a house is owned by John Smith. John Smith conveys title to the trust. The trustee of the trust is ABC Trustees, LLC, a company owned by John. John might also want Fred Jones, his brother-in-law, to be the trustee.

John wishes an asset protection instrument to own the trust. If John is sued, there are legal provisions to protect John from losing the trust in a lawsuit. If there is a lawsuit on the property, John does not want to have personal exposure. John signs an Assignment of Beneficial Interest in the land trust. This

document transfers his position as beneficiary over to Blue Sky Holdings, LLC, another company owned by John.

The Process

Name the trust: This is could the same as the street address of the property with the word "Trust" added to it. If the address of the property is 123 Main Street, you would simply name the trust the "123 Main Street Trust," for example. The address of the property is public record, anyway. So, there is no loss of privacy in naming it in that manner. Some prefer a name with no connection. If one as multiple properties and trusts, some nomenclature system makes it easy for you identify what trust is associated with which property.

Name and address: The name and address of the trustee: One can choose a trusted friend or relative to serve as trustee or an economical professional, all with non-disclosure status. Alternatively, one could establish a private LLC in Wyoming, for example, to serve as trustee. You can option for nominee trustee managers. This way, one owns and controls the company serving as trustee. But no one in the public is aware. One could have an associate listed in the public records as company manager. One's nominee manager, in turn is contractually obligated to only act at you request. With a company plus nominee service, one maintains one's privacy.

Settlor of your trust: This is the person who is creating the trust. This is commonly the current property owner. This must be exactly as listed on the current title document. One uses this detail to draft the deed that transfers the property from one's name to the trust name.

Wis for extra protection? For the home that is not one's primary residence, most experts advise that one make the beneficiary of your trust a limited liability company, an LLC.

A land trust is an asset protection method only as a privacy device. It prevents one's name in the public records. The beneficiaries of the trust are exposed to liability. When you put an LLC in that place, the LLC is exposed rather than one personally. If one is sued personally, the LLC can offer true asset protection. There are provisions that allow you to protect one's ownership in an LLC and what the LLC owns.

Where does one wish to assign one's beneficial interest in the trust? In addition to one's trust and the transfer deed, one includes an Assignment of Beneficial Interest document. So, one can transfer the "ownership" of the trust, called your **beneficial interest** in the trust, to another entity.

Most tax advisors recommend against assigning beneficial ownership of one's personal residence to a company. That is because a personal residence is a different tax category than investment property. There are certain benefits in maintaining beneficial interest in the land trust that owns your home. Some examples are writing off the interest on our home mortgage. Another is selling the property and not paying taxes on significant portions of the gain if you have lived in the home two years or longer. So, the most common recommendation is to assign your beneficial interest to LLCs for investment property. Consider maintaining one's personal beneficial interest in the trust for one's personal residence.

Property address with the county in which the property is located: Next, we need to know where you What address for one's county to mail one's property tax bill? What is the tax parcel number?. One typically attaches the legal description to the deed for filing.

You Receive Your Land Trust

If one receives a trust by email, one will open the attachment and print. Proofread the document to make sure that one's name the addresses are correct. Date the trust. One and one's trustee sign the land trust in front of a notary public.

Some states use Quitclaim Deeds. Some use Grant Deeds. The current owner signs the appropriate deed with a notary to notarize.

Record the deed in the public records in the county recorder's office in the county where the property is located. One places the trust itself in a safe filing area in one's home or office or in a safe deposit box. Once one has recorded the deed, the property is now titled to the trust. A public records search will not display the current owner of the property.