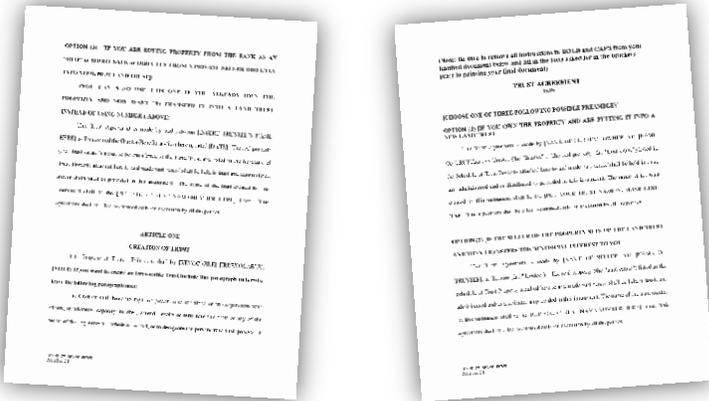


Lesson #1

What Is a Land Trust?

Land Trusts are nothing more than a few pieces of paper designed to hold title to real estate (and real estate related assets like options, contracts for deed, mineral rights, air rights, etc.).



To create a Land Trust you need a **Deed in Trust (similar to a Warranty Deed)** and a **Trust Agreement (a contract between the Trustee and the Beneficiary)**. That's it. The heart of the Land Trust is the Trust Agreement and I will explain this agreement in more detail in lesson #2. For now it is important to understand the “big picture” when it comes to trusts.

Most Trusts are “**Trustee Driven**” meaning that the Trustee makes all the decisions about what happens with the Trust’s assets. This is **NOT** the case with Land Trusts. Land Trusts are “**Beneficiary Driven**” meaning that the Beneficiary makes all the decisions about the assets inside the Trust. This difference between Land Trusts and most other kinds of Trusts leads to confusion amongst professional advisors and oftentimes prevents real estate investors from benefiting from using a Land Trust in their business.

The benefits of using a Land Trust are primarily **privacy of ownership, asset protection and to make higher profits.** I will explore these benefits in more detail throughout this series of Land Trust Lessons. In fact, there are so many benefits to using a Land Trust I wrote a booklet called, “50 Reasons to Use a Land Trust.” After you complete all the lessons I will send you a copy.

NOTE: In these lessons I will be discussing Land Trusts that hold title to real estate as opposed to “not-for-profit” or “community” Land Trusts.

You are embarking on a series of training lessons about Land Trusts and the reasons why all real estate investors should consider using a Land Trust to hold title to their property. The benefits are many and the negatives are few.

What’s the big deal? Why shouldn’t I just hold title in my own name?

Real estate investors are perceived by the general public as “rich” and therefore are bigger targets for frivolous lawsuits. Lawsuits will cost you lots of money (in defense costs), time (that you could use to create more profits) and aggravation (diminishes productivity). Lawsuits will take you away from doing what you do best...making money in the real estate business.

Consequently, smart real estate investors spend some of their valuable time learning how to protect their assets from attack (liens and judgments). The cheapest form of asset protection is personal privacy. The cheapest form of privacy for a real estate investor is to use a Land Trust to hold title to their investments. With a Land Trust only the Trustee and the name of the trust are known to the public. The deed to the property is held in the name of the Land Trust Trustee and the Trust

only. There is NO recorded document on planet Earth indicating who the beneficiary of the Trust is. The only way to determine the beneficiary of a Land Trust is to sue the Trust (we will discuss this process in more detail in future lessons) and that is not always easy (or inexpensive) to do.

Are Land Trusts Really Legal?

Land Trusts have been around for thousands of years and came to us from England. Over 100 years ago the first Land Trust was formed in the United States by Chicago Title Company to help develop a subdivision in Chicago, Illinois. Since the first American Land Trust was formed in Illinois many other states refer to the Land Trust as an **“Illinois Type Trust.”** This does not mean that all Land Trusts are “Illinois Land Trusts.” Each state either has a Land Trust Statute or not and there is no Federal Land Trust Law. Some states have better Land Trust Statutes than others and we will learn in this series of lessons which states are best to form a Land Trust in and why (no matter what state YOU live in OR what state the property is located in).

So, buckle up and get ready. I am going to take you where most people have never been...inside a Land Trust!



Mr. Land Trust

P.S. Before you study lesson #2 I would like you to complete the following three tasks:

1. Ask your fellow real estate investors if they have ever used a Land Trust.
2. Ask your attorney if she/he knows how to create a Land Trust
3. Write down the names of two people that you would consider asking to be your Trustee (more about who should be your Trustee in later lessons)

P.P.S. If you want to jump start your Land Trust education, we'll be holding a webinar in September. We will only have 100 spots so you can pre-register and we will send you the link to the webinar as soon as it is available. Watch for our next lesson and blog post to pre-register.