Special Report from Lou’s eBook

Protect Yourself,
Protect Your Assets,
Protect Your Future
Chapter Nineteen – Protect Yourself, Protect Your Assets, Protect Your Future

Without a Plan to Protect It, You Could Lose... Everything!

Should we have a major concern owning real estate? Yes. From an asset protection standpoint, the biggest problem is when your own name is on public record as owner... of anything.

When you invest in the stock market people don't know what you own. In other businesses you can have all kinds of different assets and people can’t easily know what you own. In real estate though, when you take title to property in your own name, then your name appears in public records as owning assets. Sadly that makes you a target in this society.

Do you have real estate in your own name? Yes, you probably do. We have some work to do. We have serious work to do. What you own is now available right there in public records for anyone to look up, and when they become aware that you have assets, you could easily become a target of litigation.

Actually, this is one of our techniques we use in finding leads. You look up an address to find out the owner. Next, you type in the owner's name to find out everything else they own in their name. It’s so easy it’s scary! Yes, it’s just that easy for anyone in most areas to do! Many deed registries are on line now, but otherwise you can go directly to the Registry of Deeds and look things up there.

Now for the solution. I've got a solution I discovered over twenty years ago. I tested it, then I developed a system to implement it. I was forced to because I couldn’t find an attorney with a clue and if they did, they didn’t have the forms to do it. But the answer for all of us is, place your property in Trust. NOT all your properties together in just one trust. To be safe, we need to insulate each property by placing each one in its own
trust. Further, these trusts need to provide privacy. Therefore, we need a unique kind of trust that allows us flexibility to place each property in its own trust and to name it anything we choose.

**Louism “Trust in property, then put your property in Trust.”**

Lou Brown

So you say, “That’s the ticket! I’ll go to an attorney and get that done right away,” you say. Not so fast! The big problem is, though trusts have certainly been around for eons, most attorneys don’t know the details about them. Not only do the attorneys not know, but only a very small percentage of the public knows about Trusts and even a smaller number use trusts. Typically, only the wealthiest people in this country have their assets in trust. Their high-priced attorneys do know. Think about it — the Rockefellers, Kennedys, and Gates - they all have trusts. They hired expensive attorneys who are knowledgeable about trusts. Almost nobody else is using them. Why? Because attorneys don't tell us to use them. Why? Because, 1) Attorneys don’t know or understand them; and 2) They can't make as much money on trusts as they can by recommending other entities.

**Protection Alert:** Place each property in its own separate Trust.

**Entity Nightmares**

It’s no secret that attorneys can make a whole lot more money when they advise you to use something they do understand and can set up for you, such as LLCs (Limited Liability Companies), Corporations or Family Limited Partnerships.

One of the plans attorneys typically suggest is to put everything in one LLC, or one corporation. You’ve probably heard that one. They say that will give you asset protection. Seems like a brilliant idea... Then one day BOOM! That corporation or LLC, (the owner of the property), gets sued and now everything is at risk because it was all owned by a single entity. Can you see that
was a very bad plan because while you personally had protection, your properties had none! Wouldn’t you agree?

Now you’re concerned about each asset, as you should be. When you ask the attorneys what to do, they say, “If you’re so worried about liability, why don’t you just get an LLC for each house?” Another brilliant idea. (NOT!) Now, I’m not a brain surgeon, but doesn’t this mean we’ve got annual dues to pay, annual fees to pay, annual tax returns to do? Does this sound to you like a good idea? And in some states like Maryland, there’s an extra annual fee of $300 per entity. In California it’s even worse: $800 per entity! They also don’t mention that these types of entities are going to cost you a lot to operate. Of course the attorneys will have job security because you’ll need them to explain all the things they didn’t tell you – and they’ll bill you for that too! So I don’t think that’s a Street Smart® plan. Do you?

System Step 20: Avoid Lawsuits… Don't Own Anything In Your Name.

“Own nothing, control everything!” John D. Rockefeller

As you’ve found throughout the book, once again, we're going to operate our business and our lives differently from most folks. What I discovered to be the best entity for an inexpensive overall line of defense that offers both privacy and protection is this wonderful, little-known concept called trusts. There are over 30 kinds of trusts, but for us and our needs, we are going to focus on Land Trusts and Personal Property Trusts.

We needed something that would provide multiple benefits for us -- benefits that can’t be found in the other entities. A single entity that delivers multiple benefits at almost no cost, which we can carryout ourselves without requiring expensive, confusing attorneys.
To fully understand why we need these trusts, let’s review what goes on in the real world. We see these kinds of headlines: “A $2 million dollar paint job,” on an automobile! What if that paint job was on your property? How about, “Jury gives worker $50 million.” Why? How about, “4.3 million dollars in damages given to criminal”? Or “$4,000,000 liability award, largest in county history.” These are the kinds of court cases you’re seeing all the time. “Local woman wins 2.9 million dollars over burning hot coffee.” Remember that one, the McDonald’s case? Excuse me? The coffee was hot? And she sued and won!

As you see, we are hugely at risk in the real world. One wrong (or even right) move and you can lose everything. One thing we don’t have control over is people’s ability to sue.

Did you know that anybody can sue anybody for anything? Absolutely. Doesn't make too much sense, does it? As people trying to get ahead in this world, not looking for a handout we’ve got the challenge of people who have nothing, suing people with something, to get something they didn’t work for and often don’t deserve. Sad that this is possible in our society, but it’s true.

So the challenge becomes how to work and accumulate assets to support yourself and your family with no need for government
handouts and not have your assets exposed as an easy target. What we need is an “equalizer.”

Let me give you an example. You're driving down the highway in your brand new BMW, minding your own business. You’ve worked hard to get your Beemer. You're enjoying life and enjoying all you've created through the sweat of your brow. But then you're in a traffic mishap; you bump into a '77 Estate Wagon with nine ladders strapped to the roof.

Now can that driver sue you? Can they get anything? Like maybe everything you own?! In our society, of course they can. All they have to do is convince a jury, a jury largely made up of their own peers — not yours. Why? Because, their attorney will strike all the jurors who own property or have money. The ones left will make the decision. Non-property owners and tenants! (How do I know this?).

Now, let's reverse that. You're driving down the highway in your brand new Beemer, minding your own business when a guy in a '77 Estate Wagon with nine ladders strapped to his roof runs into you.

Can you sue? Yes! Can you get anything? Nine ladders! Exactly right. What's wrong with this picture? The problem is you own stuff and he doesn’t.

Isn’t it true that people just don’t bother to sue people who have nothing? After the expense of time, money and personal energy, folks don’t typically bother to pursue someone when there is no expectation of a valuable outcome. Isn’t that you? That’s where the “equalizer” comes in.

It should be your goal to appear broke, one way or another. That’s the only real solution in our society. We're going to get you to a place where you don't appear on public record as owning anything. How do we do that? Not by placing everything in a corporation or LLC. The “Great Equalizer” is the Magic of Trusts.
As I’ll show you, certain kinds of Trusts can allow you to legally and morally “hide” your assets from the prying eyes of others.

And if it weren't enough to worry about traffic mishaps and tenants, we’ve got other people out there in the world to worry about, like this lady, Ms. McColm. The headline reads, “One Thing to Say About Ms. McColm Is: She Sues People.” This is a Wall Street Journal article which reads, “Over the years Ms. McColm, a one time actress with a law degree,” (now isn’t that a dangerous combination!), “has filed nearly fifty lawsuits against her neighbors, tenants, department stores – and others – for all manner of injury.” Then it goes on to say that she's been involved in nine automobile accidents.

Have you heard about these stories where somebody slams on the brake and you run into them and BOOM! They’re now in a position to sue? Next, they find an attorney; they get the doctor or chiropractor. Then what’s next? They sue. We should definitely be worried about people like Ms. McColm. In fact, the article says she even won a nuisance lawsuit, $5,000, over the sound of a bouncing basketball, the neighbor's basketball! She also sued one San Francisco department store three times for slip and fall incidents. Are you next? Could a broke contractor, a visitor, or someone like Ms. McColm sue you?
As if that’s not enough to worry about… How about people close to us who own nothing? Tenants can sue, and whom are they going to sue? -- The owner of the property… and who's the owner of the property? Is your deed in your name? Then right now, it’s you. Can they get a judgment against you? Of course! And what? Everything you own in your name can be used to pay that judgment. So now you see that you’ve got problems, or at least risk. That is, until you play Louopoly! My game is to Avoid lawsuits, not defend them.

**Don't Own Anything In Your Name**

Attorneys look for low-hanging fruit. One of the ways to avoid lawsuits is not to appear like low-hanging fruit. That’s how Louopoly is played. Attorneys like easy money, don't they?

Here’s how the attorney-client conversation goes: Mrs. Jones, your tenant, goes to the attorney and says, “I slipped and fell down the back staircase and my landlord didn't do something (didn't shovel the walkway, or did shovel the walkway and it froze over and caused a slip and fall).” Whatever it is, they want to sue.

Now the attorney has the ability, with the age of technology, to type in the address to see what shows up in the real estate records database. Don't they? And what pops up but your name, Just like when you look up a seller’s property. You can find what they own, when they bought it, the original mortgage amount, the interest rate, the term, the number of bedrooms and baths, the tax assessors’ valuation, and more. Doesn’t it make sense that an attorney would look up that information? -- Especially if the client is asking for a contingent fee arrangement. This is when the client has the case, the attorney has the know-how and they form a partnership of sorts to go after you for money. Nothing personal. It’s just business.

Now let's contrast this with the Louopoly plan for just a second. The attorney types in your property address and a trust name shows up. They type in your name and nothing shows up. Aah-Haa! Now what does the attorney want to do? The attorney
says, “Mrs. Jones, I'll be glad to take your case, but unfortunately we won't be able to do this ‘pro bono’ (for free), and we won't be able to do this on a contingent fee basis. We charge a $2,500 retainer and we bill out at $250 per hour. Please leave a check with my secretary on your way out, sign the documents she has ready for you and we'll get started on your case right away.”

Now, what is Mrs. Jones going to do? She's going to leave. She doesn't want to buy a $2,500 lottery ticket, because that's exactly what it is. And that's $2,500 to start, right? And it won't take long for that attorney to use up that $2,500. Oh, no baby! Have you ever heard of any refunds on retainers? Once they get your money, they keep it. They're not planning to send any of it back. So Mrs. Jones has got to make a business decision. Since the attorney won't be her business partner on this deal, she's got to decide if she's going to play this lottery where there's only one ticket and it costs $2,500.

What do you think Mrs. Jones is going to do? Go home. Go home! Leave us alone! Yeah! That's exactly our plan.

Remember the Louopoly wealth wheel in the beginning of the book? It says, “Protect Assets—Avoid Lawsuits.” The final wedge in our wealth wheel. Now, let's create a strategy to avoid the lawsuit altogether.

I think about it this way. When you’re walking through an apple orchard or orange grove, the trees are covered in fruit. You’d like a nice ripe piece of that fruit. There’s tasty, low-hanging fruit and there’s tasty fruit high up in the tree. What fruit would you go for? Right. It’s the easy-to-get “low hanging” fruit. Sure, you can see the other nice fruit, but to get it you would have to spend energy, time, and risk, by climbing the tree. Wouldn’t you just go to the next tree and get that easy fruit? That’s right, just like an attorney or unscrupulous tenant. The attorney is looking for low-hanging fruit. They all want to walk along underneath and pick the good, easy fruit. So the best strategy is to move ourselves up the tree, out of reach, where people don't want to go. Don’t be easy pickings for anyone!
Before getting into the meat of trusts I’ve spent some time to help you understand the risks and why we need an “equalizer” between the “haves” and “have-nots.” I’ve explained that I believe Trusts are the answer, but not just any trust. There are many types of trusts. For our needs, we’ll focus on Land Trusts and Personal Property Trusts and their benefits.

**Trust Benefits**

**Trust Benefit #1: Privacy of ownership.** You may have heard of living trusts. Typically when attorneys create a living trust for you it's called “Your Name Living Trust” or “Your Name Family Trust.” Is there any privacy there? Absolutely none at all.

But with a Land Trust, you are free to name the trust anything you choose. Like the “Sister Mary Francis Trust.” Now it appears the trust is owned by the nuns. Who wants to sue the nuns? How about the “Native American Youth Trust”? Does anybody want to fool with the Indians? How about the “Children with Special Needs Trust”? Do you have any kids? They’ve all got special needs, don't they?

Do you see my point? The name could throw them off the scent.

Using these trusts will put us in a position to control assets in a name other than our own.

**Trust Benefit #2: Beneficiary's Name is Kept Private.** One of the biggest benefits of trusts is that the beneficiary's name is kept private. Nobody knows who the beneficiary is, except in Pennsylvania and Arizona, and even there I've got solutions to that problem.

**Trust Benefit #3: Transactional Privacy.** With these trusts you can do hundreds of deals and no one can see that you've done any business because nothing's in your name. How do you like that benefit? Even if you do all of your purchases in an LLC or a Corporation you are still at risk. Oh, I don’t mean you, I mean just everything owned by the LLC or Corporation! You see, if that attorney I mentioned earlier sues the property owner, who happens to be a Corporation or LLC, then the judgment goes...
against that entity with your stuff in it! You could be safe personally, but all your assets could be lost. It would be far better if that entity were actually the beneficiary of a trust. And no one would ever know that it has all these assets because they are beneficial shares of trusts, which is not on any public record.

And for goodness sake, keep your mouth shut about what you own. The only people you brag to about your brilliance in real estate are other people who are in the real estate business. You never brag to your tenants. Shhhh!

**Trust Benefit #4: Government has limited control.** What about housing codes? One of the things housing code enforcement officers love to do is to look up the other properties you have and go inspect those properties as well. And BOOM! They make lists of everything wrong with everything else you've got. Ah-ha! When your property is in individual Land Trusts, they can't find all your stuff. They can't connect the dots on all the properties you own. Let me quickly say that I encourage you to keep up your property. This is just to protect from the overzealous control freaks.

**Trust Benefit #5: No relationship with state government.** Corporations, LLCs, and Limited Partnerships are creatures of the state. The state gave them life. Therefore the state has control over their operation within the state. They can require annual dues, annual fees, and annual tax returns. I told you earlier they could charge these entities annual fees. For example: $300 in Maryland, and $800 in California, per entity, per year! State governments are always looking for ways to create more profit centers that don't obviously affect voters’ pockets or risk losing votes. So they look for ways to tax business people instead. State created entities can cost a lot of money to operate.

What if you were brilliant enough to listen to your attorney who had you put all your properties in those LLCs, each one in a different LLC, and then the state comes along one day and passes a law that says $800 per year per entity? Did you just have a bad day?
They can't do that with trusts! Trusts have no relationship with State Government. They can't tax trusts within its boundaries because in the Constitution of The United States, Article 1; Section 10 states that no state shall pass a law “impairing the Obligation of Contracts.”

A trust is a contract between a trustee and a beneficiary, and no one else. Is that a good thing? Yeah Baby! Government has limited control, in fact there’s no relationship to state government. Now, do you believe this trust concept provides asset protection?

But it doesn’t stop there.

**Trust Benefit #6: Land Trusts convert real estate interests into Personal Property.** One of the unique benefits of a land trust is that it converts real estate into personal property interests. Land trust interests — the beneficial shares — become personal property. Aah-Haa! When they become personal property interests, what can we do now? We get the added benefit of a layered trust strategy by having those interests held by another type of trust called a Personal Property Trust. In other words, the beneficial interest of the land trust can be held in a Personal Property Trust. This gives you two layers of privacy and protection for very little cost. Not only that, there are no annual dues, no annual fees and no annual tax returns on the trust (the beneficial still has to file it’s own taxes).

By the way, you can also use these personal property trusts for vehicles, for stocks, bonds, mutual funds, bank accounts, CDs, Sea-Doos, mobile homes, motor homes, gun collections, coin collections. Everything else in your life goes into personal property trusts. Each asset should have its own trust to further protect it.

To make this easy, I give you these trusts on a computer disk in *Street Smart® System* Vol. 4 “Land Trusts” and Vol. 5 “Personal Property Trusts.” That way, every time you acquire another asset, you push print and you’ve got another trust to place it into. Press print, you've got another trust... press print, you've got
another trust... press print, you've got another trust! Very low cost, No attorneys to pay!

**Protection Alert:** With this system, you press print and you’ve got another trust for each asset. No need to pay an attorney!

You don't have to pay an attorney to create each one of these trusts because it's already created—with tried and true documents! You just fill in the blank lines. Just press print, and you've got another trust. Doesn't that make sense? This alone will save you a fortune.

Now, when they come a-knockin’, you don't own anything. It’s true. Meanwhile you have the use of a lot of things. In fact you may even lease the vehicle that you're driving. Who do you lease it from? The trust that owns it. Or you could be an authorized driver for the Trust. My paperwork even includes a lease form.

How about if you lease the computer you use from the trust that owns it? And if anyone wants to collect a judgment against you, guess what? What do you own? Nothing. The computer you use is owned by a Trust.

How do you like this plan so far? Each property goes into a separate Trust. Vehicles go into separate Trusts. Bank account in Trust. Stocks in Trust. Thieves can’t see what you own. Sounds pretty good, doesn’t it? Sad but you must protect yourself in this society.

**Louism: Prevent the problem before it occurs.**

So we can take the land trust and create a second trust, a personal property trust with a different trustee than the land trust. Then if somebody sues, you get to hang out behind the scenes and just watch what's going on. At this point, you are two steps removed from the property.

**Protection Alert:** The beneficiary of a trust can be another trust.

**Trust Benefit #7: Be the Manager, not the Owner.** What about management of the property? If you are the manager, rents and other income will be paid to you “as agent.” As agent for whom? The trust. How did you become the agent for the trust? The trustee hires you under a specially designed “Management Agreement for Trust Real Estate.” It's all right there in the paperwork in my system. So now you, as the manager, have the right under that agreement to go to court, to evict, to do anything related to the property. Does this sound like a plan?

But where do we deposit the rents and other income checks?

**Trust Benefit #8: You can hold your money in a trust bank account.** You’ll put your money into a trust bank account. It is not related to any of the other trusts. It's a different trust. It's a personal property trust. And that personal property trust opens a trust bank account. For this account you'll be the trustee. Wherever the money is, is where you are, but “as trustee” and not personally.

**Protection Alert:** The only trust where you are trustee is the Personal Property Trust that opens the trust bank account.

So rents are paid to you as agent. You deposit them into the personal property trust bank account for which you are the trustee. You are not the trustee of the land trust, you are not the trustee of the personal property trust that holds the beneficial interest of the land trust, but you are the trustee of the bank
account trust. And you are the signatory of the bank account. Next we're going to write checks from this bank account for the mortgage, the repairperson and any other bills, too. Whew! I know that’s a lot to take I, but after I give you all the forms and teach you how to do it, this will make a lot more sense. You’ll understand this better when you read about benefit #10.

Trust Benefit #9: It’s difficult to collect judgments and liens. If somebody gets a big fat judgment against you, what do you own? Nothing. (You only own an interest in the avails and proceeds, which may flow from the trusts.) Not only that, they are likely not to try.

Trust Benefit #10: Probate avoidance. This one’s so good and valuable it ought to be at the top of the list. Having your assets (and your parents’ assets) held in trust, prevents a process called “probate.”

Probate is a miserable thing! What is probate? Probate is the process by which the local government probate judge takes assets from the grasps of the dead and transfers it to the rightful living people.

The probate process can be very confusing, extremely long and very expensive. The estates of Marilyn Monroe, Elvis Presley and Howard Hughes (just to name a few) are still in probate... years after their deaths!

But, because you were smart enough to place your assets into trusts, then at your death, let’s say you’re the primary beneficiary... it all passes to your successor beneficiaries.
**instantly.** No probate necessary. The trustee already has the deed or title and passes it to your heirs according to the predetermined instructions *in the trust.* And because you did it right the transfer happens without your estate and heirs having to go through the probate process.

Is that a good plan? It's the only way to fly. Think of your parents as well. Your parents should transfer their assets into trusts so you don’t have to administer their estates through the probate maze. That's why I give you audio CDs with my systems, along with a license extension to use my product with your parents so you can let them make the decision to take advantage of the many benefits of trusts and not to have their assets in their name anymore. Avoid confusion, frustration and cost! There’s a reason I extend a special license for you to use my Trust system for your parents’ assets.

Why? To make your life easier! I've been through this already. My step-father died in 1990 and my mom in 1995, God rest their souls. Because this important strategy had been revealed to me and because we had taken advantage of this important step, everything was already in trust. I didn't have anything to do after their deaths. You've heard about people running around forging signatures to get checks cashed after somebody's death and other nonsense. If you’ll transfer everything into trust, you won't have to worry about that, because the assets are already transferred, stored safely in trust. There's even a trust bank account.

**Protection Alert:** This system allows you to maintain control of your assets even after death, avoiding taxes, probate, and arguments among relatives by using trusts.

As I taught you earlier in the book, you're going to make money when you have control and you're going to lose money when you don't have control. This system creates control even after death because it creates probate avoidance for your own property as well. You should want to avoid that whole process of probate because it's an expensive, confusing, thankless, time-sucking
process. In addition, the government requires you to pay them any taxes due within nine months of the death of the person who owned the property. So they force you, or a loved one, to run around and sell the property to people like me at huge discounts, because you're trapped, and must pay the inheritance taxes, and don’t have the cash to pay them.

**Trust Benefit #11: Division of Assets Prior to Death.** You won’t have to worry about that for your family because we're going to do something to solve this... a division of your assets prior to your death. Now that you know how and why to avoid probate, you can take a step that will eliminate the confusion, upset and breakdown that most families with assets are faced with.

Most families use the outdated concept of transferring assets after death using a Will. In the interest of fairness many parents just say, “Everything is to be sold and shared alike between the children.” And after the delay and expense of probate and the cost of legal and selling costs, that happens.

Well that’s fine. But the problem is that all those years of work and toil will now be liquidated by someone who doesn’t know how to maximize the profits on each deal. What’s worse is all that steady income from the assets disappears. All the heirs get their hunk of money and spend it in a blink of an eye. They quickly forget what you gave them because it’s gone.

Personally I think it’s a better advantage to the family to use the fact that each property has been placed in its own trust. While you can be the Primary Beneficiary of each trust, you can have different successor beneficiaries of each trust. This means that each asset goes to whomever you have listed as successor beneficiary. It transfers instantly—at the death of the primary beneficiary to the successor beneficiary—by operation of law.

Now each beneficiary can make a conscious decision as to what to do with the asset(s) they receive independent of the others. Hopefully they will keep it and the steady income that comes with it. Not to mention, the reminder of the inheritance gift they
receive every month when the next check arrives. So, if you've got three kids and three houses, you can make each child the beneficiary of a different house. When you die they can each decide what to do with their own inherited house - nothing to split up or squabble over... you've already done that for them. Isn't this yet another good plan?

Trust Benefit #12: No Separate Tax Return Needed.
Another question I always get is, “What about taxes?” With these type trusts, there's no separate tax return as with other entities. Corporations, LLCs, limited partnerships, all have to file their own tax returns. Not a trust. CPAs charge by the pound don't they?! Your CPA might get excited that you transferred all forty properties into individual trusts because they think they're going to get to sell you forty tax returns. So what do you get in my Trust System to help you? I have a section called Taxes and the Land Trust. Now it's not good old Lou telling you that you don't need to file a tax return for each trust. How about the IRS? Will you take their word for it? Will your CPA? Right in the system it includes the IRS's details explaining why you don't have to file separate tax returns for each trust. What the IRS says is all we're concerned about. The beneficiary of the trust is the one who files the tax return. According to the IRS, the beneficiary files the tax return, not the trust. How do you like that plan? Yeah. No separate tax return. It's the only way to fly! Yet another savings over using traditional entities...

Trust Benefit #13: Trusts give the ability to take title “subject-to” an existing loan, safely.

Now, just what does that mean?

Earlier in the book I talked about buying properties “subject-to” the existing loan. What was I talking about? Taking over someone else's loan -- in that person’s name -- that they qualified for, and for which they paid the closing costs. With their cooperation we come along with our skills, solve their problem, buy their property and take over making their payments. Is that a good plan? It's a wonderful plan to build wealth. No more
worrying about qualifying for loans. No more signing loans with personal recourse. No more banks! Yeah Baby!

My “Asset Protection and Estate Planning” segment of the overall system is “Volume 4, Land Trusts.” Section 4 in that volume is called “Buying Property ‘Subject-To’ Existing Loans.” You might be wondering, “Well, Lou, that's buying. Why don't you have that in the buying system?” I do talk about it in the buying system. But the problem is that you need a trust in order to safely buy properties “subject-to.” Why is that? You see, way back when I bought my first property at the ripe old age of 19, it was because I could take over somebody else's financing that somebody else had qualified for. Back in the 1970’s and 1980’s they had non-escalating, non-qualifying loans. So all I had to do was step in and take over that loan.

But in 1982 Congress, at the behest of the Mortgage Bankers’ Association, passed an act called the “Garn St. Germain Federal Depository Institutions Act.” In that act they granted banks the right to insert a “due upon sale” clause into the mortgage, allowing them to call the loan due if the property transferred to a new owner. But they also allowed some exceptions to the law; one of which said that if you transfer your property to a trust, the lender cannot call the loan due. Paragraph 8 of the Act says, “Exemption: …a lender may not exercise its option pursuant to the due on sale clause upon a transfer into an intervivos trust.”

Now what kind of trust am I teaching you about today? A land trust, which is an intervivos trust, a living type trust. Done correctly, the lender is prevented by law from calling the loan due!

Frankly, I believe that banks secretly love us for having figured this out. Think about it. We come in and reinstate defaulted loans. We take bad loans and make them good. The bank receives money again. I’m aware of thousands of transactions that were “subject-to” existing loans. I shudder to think what our economy would really look like without properly trained real estate investors picking up those bad loans and properties and making them good.
Do we help the seller who can’t pay their mortgage? Yes. Do we help the banker who has a bad loan? Yes. Do we help ourselves by saving costs, struggles and delays in getting loans? Yes. Remember our recurring theme throughout this book, “We help people, we don’t hurt people.” Here, we also help banks, we don’t hurt banks.

So, in order to buy without having the risk of the loan being called due, what should we do? We assist the seller in placing their property into their trust. We make the seller the beneficiary of their trust. And while they're the beneficiaries of their trust, they sign some documents contained in my Land Trust system (Vol. 4) notifying the lender that we have taken over management of the property. Is that true? Absolutely. We're going to be appointed manager by the trustee of the trust. The seller also notifies the lender that all future correspondence and anything related to this property are to be mailed to you, the manager, at your address. So now we've got what? Control over the deed and control over the loan on that property.

We've now got everything we need to be able to do the deal – “Subject-To” the existing loan. Yet another benefit of trusts. Are we doing things differently from everybody else? Now you might have heard other investors talk about buying property subject-to, but they use only one document… a deed. That's not wise because the unfortunate thing is that the lender can call that loan due… because the investor didn't do all the necessary steps to prevent it. It’s likely they didn’t know any better. I’ve seen it happen to others who didn’t have the right paperwork.

Listen up, I have twelve steps you need to do in order to properly buy a property “subject-to” an existing loan.

“Wow, Lou, that sounds like a lot of work!” Let me ask you something. If you can take over somebody else's financing in
somebody else's name, and save the loan costs, is it worth it? Absolutely. Is it worth it to go through the twelve steps? Oh Yeah! The savings of the closing costs on a single loan you didn’t have to borrow will pay for your entire Street Smart® System!

Here’s what one licensee said, “I bought your Whole Enchilada at a recent seminar. I purchased my first home “subject-to” the existing mortgage with no money down and I was only halfway through your land trust system. I had my attorney review your trust documents, as you suggested, and he said they were the best real estate agreements he had ever seen. He also told me it would have cost me thousands of dollars for him to produce similar documentation that wouldn't have been nearly as thorough as yours. But despite your brilliant paperwork, I must admit, the first transaction did not go as smoothly as I’d expected, due to my own lack of hands-on experience. I cannot thank you enough for quickly replying to my late night pleas for help via the fax machine. Your help has proved invaluable. I consider you a mentor and a friend. I’m looking forward to working with you, attending your training events…” And so on.

One of the things you might be thinking about is, “Yeah, Lou, I did see a document like that.” Or “I have a document like that”. In fact I want you to know that there are other trust documents out there. I call them “Freeware trusts”... But the problem is they are flawed.

Let me give you an example. In all those documents, there's no successor trustee. Is that a problem? It sure is. What happens if something happens to your primary trustee? This is who is shown as the owner on the deed. Do you have a problem? Oh Yeah... you have a major problem! So what are we going to do to fix that problem? In my system I have a successor trustee already built into all the trust documents. So if my trustee gets frisky, or as happened to one of my licensees, (who unfortunately
became a licensee too late), the trustee said, “I'll be glad to sign your deed at the sale. I charge a $5,000 deed signing fee.” Do you see the problem? The property was in that trustee’s name solely. The trustee had total control. The owner had used the wrong paperwork. Isn’t it true that you don’t know what you don’t know?

I've identified about fifteen flaws in other people's trust paperwork. Do you think I fixed those in ours? Just like a franchise would, I fixed every one of them... so you're not going to have to worry about the things that other people don't even know that they don't know, we’ve paved that road for you.

I know what you don't know. Been there, done that. I’ve been to the closings... found out where the pitfalls and potholes are... and put a system in place to make sure you don't have those problems. We have licensees now using these Street Smart® documents and this very system in all 50 states!

Here’s what one of my licensees in Pennsylvania said in his letter to me, “I Bought the Whole Enchilada at one of your seminars several months ago when you were in the Philadelphia area. Read your course from cover to cover... I love the Whole Enchilada.” He says, “I love this stuff. You ask your licensees to keep in touch. Just wanted to say I'm so glad my friend told me to get your system. I must admit I was afraid to spend that much money, but as they say, ‘one deal can more than pay for good material.’ One of the things you said is, ‘Sometimes you have to be a pioneer to bring in concepts that work elsewhere, but not in your area as yet.’ I did, and now everyone wants to know how I do it. I'll give you the details. I took a house ‘subject-to,’ put it into trust as you taught me in your system. Everyone here in Pennsylvania told me I couldn't do what I did and land trusts don't work in Pennsylvania. Well ... (here’s what I did) I took the
house ‘subject-to’ in trust. My costs were $30 notary fee plus $60 to record my deed. After the rehab costs I left the settlement table with over $49,000 in my pocket.”

How do you like that? He bought it in trust. He sold it out of trust. It worked like I told him it would.

He goes on to say, “This has allowed me to buy three more houses I’m keeping for rentals, or should I say lease/options, rent to own, another great concept I learned from your system. My new ‘buyers’ just love their houses and the concept of home ownership through lease/options and agreement for deed. Lou thanks for your great training and your great set of course materials. I will always be a fan and grateful.” – Phil Homer, Philadelphia, PA this was several years ago. (Phil was just elected as the President of the Diversified Investors Group (DIG) Real Estate Investors Association in Philadelphia, PA.

They say you can’t do “subject-to,” yet you can. They say the seller would never pay you to buy their house, yet they will. They say you can’t avoid using the bank, yet you do. They say you can’t be the bank, yet you will. They say you can’t do these trusts... and yet, you can. We have licensees doing them all the time, in all fifty states, and even thirteen foreign countries, using this Street Smart® “franchise without the cost” system that provides a straight path to the money with all the potholes filled in.

As a user of my system one of the things I provide when you receive your system from me is access to the “Members Only” area of my website, www.StreetSmartInvestor.com. The computer forms CD-ROM disk provided with your system package contains a special code. You simply put in your serial number, which is your forms CD licensee number (each one is different) and you can access valuable information available only to my licensees.
On my website you're going to find foreclosure laws of your state, the landlord tenant laws of your state. You're going to find a copy of a deed for your state, a copy of a mortgage for your state, a copy of the notary laws for your state. In fact you can click on Maryland, or Arizona, or any state and BOOM! Everything’s right there you need to know.

Before I leave the topic of trusts, we’ve just covered twelve benefits here. I’ve identified over thirty benefits of trusts you can’t find in any other entity. When I discovered the power of trusts over twenty years ago, and found out anyone, regardless of income level, could use them, I made it my business to bring that message to real people just like you. Attorneys and those in the know simply don’t want you in the know. Now you have just learned key information known only to a precious few that others don’t want you to know. Review that list again, that’s only a third of the benefits others don’t get by not knowing about trusts.

Finally, here is a huge secret, previously reserved for only the most wealthy, that you can understand and use. My trust system of guidebooks, forms and audio CDs delivers it all to you. To learn about the home study system, visit www.StreetSmartInvestor.com. The live “Maximum Asset Shield™” training event is where we do them all, together, in class. You will place your property in trust and so much more. To learn more about MAS training, check out www.MaximumAssetShield.com.

Isn’t this what you need? You need it all made very simple and easy for you to apply in your own backyard. How do you like this plan? You have the plan to follow, the documents to implement it and the safety net to be sure you don’t fail.

Yeah Baby!

For everything you’ve thought of as a reason not to do this business, I’ve provided a reason to do it, and back you up with support. Because we buy in many different states, I’ve already been there and have had the challenges myself. I’ve had to spend
the time researching and figuring out how to fix them. Now I’m making that available for you as well.

Earlier, we talked about folks who attempt to build their business like a patchwork quilt – a form from here, a concept from there, an idea from another place. Folks, that’s not a recipe for success, it’s a guarantee of disaster!

I know there are thousands of reasons stopping people from getting into or staying in this business. But I live by these words, “If it is to be, then it’s up to me.” If you truly want to change your life, then it is up to you. The only thing holding you back is fear or laziness. You’re either too scared to step out there on your own and take the risk or, deep down in your heart, you know that you are just too lazy to put in the effort to make a critical change in your life. Are you either of these? I hear it almost every day. When I ask how this program or that is working out for them, they say, “Well, I read it, but I didn’t think I could do it.” Why not? Why can’t you do it? Folks, that’s fear. Are you actually afraid of being successful? No. You are afraid of failure! Do you know what fear is? Fear is “False Evidence Appearing Real.” FEAR.

Is that you? If it is, Do you think you have it in you to overcome it? If not then please don’t purchase my programs, or come to my training sessions. Save your money because your life won’t change. But if you have this gnawing, burning feeling inside your gut telling you that you can do better, you can achieve more, you can make a difference in your life and the lives of your family members and you know it, then together we can do something for you. Something that really works!

Recap and Wrap Up

Now we have gone through my system, the Street Smart® System, and you have learned about:

• Buying Right and Buying Cheap.
• Creating Income so you can get out of the job.
• Using Tax Benefits to allow you to potentially never pay taxes again because you’re going to get depreciation then Be the Bank, thereby Creating Retirement Accelerators for you.

• Paying Down your mortgages to get Freedom Sooner.

• Using Profit Centers throughout the process to Accelerate your Cash Flow.

• Protecting Your Assets by Avoiding Lawsuits.

Those are the keys to the kingdom right there for you. And when you follow that plan, you can’t help but win! Just follow the steps in the process, be patient and you’re good to go.

How do you feel? I hope this book has inspired you. I hope you’ve learned that the status quo just doesn’t have to be so. I hope you’ve learned there’s a better way – one that wrings out the most money with the least effort.

Whether you’re just getting started or intend to continue to build your real estate business, I suggest that you follow the system outlined in this book closely. Re-read this book. It is the E-Myth for real estate investing. It shows you how to give up following your own instincts. Too often I see folks spend time and dollars on the wrong things. First things first. You must learn to Buy Right and Buy Cheap, and in the beginning you must focus your business on lead generation. Later you can buy office equipment, set up multiple entities, go to everybody else’s training, etc.

I want YOU to look at doing this business differently. I’m asking you to trust in the system: The Street Smart® way to Buy; The Street Smart® way to Sell; and the Street Smart® way to Protect your assets. That’s the training you need to be supported by the system we have gone over in this book. Later, as your business grows and you want to accelerate, then I’ll teach you the Street Smart® way to Manage and Build your business by using the energy of others to accelerate your business.
The real issue is you. Are YOU ready to really go for what you say you want? From time-to-time I see folks get into this business and actually start to make it work (hard not to, if you follow the system to the letter). Then they do something to kill it off. Have you seen that Pogo cartoon that says, “I have met the enemy, and the enemy is me”? Ask yourself, “Do I really want this?” “Am I really cut out for this?” “Am I willing to do whatever it takes to get what I want?” “Am I willing to subject myself, give up my ego and follow the system to the letter?”

In fact, one of the questions on my questionnaire when licensees apply for our mentoring program is, “Are You Coachable?” I’m really asking, “Are you putty in my hands? Will you allow me to mold and lead you down the right path to true riches and not false profits?” I’ve personally been truly amazed at the acceleration that happens by just having support from someone who knows.

At an event recently, I asked four of my coaching students to come to the stage. Before the event, I had asked them to add up the cash and equities they had made in the last year by following the system. Three of them were slightly over 1 million dollars in cash and equities in that period. One couple had made over 2 million dollars. That’s in one year. Let me say that again. That’s over 2 million dollars in one year! Usual people doing unusual things. Is that you? Can you do it? Is this right for you? That’s all I ask of you. Follow the system I have laid out in this book for one year. This means you will not “Patchwork Quilt” your business together. Do what I ask you to do. You cannot help but win. The system I have given you works. Proof shows it works in all 50 states. Regardless of whether your market is up or down or whether your market is a buyers’ or a sellers’ market, this works. This system has been honed and refined over my 30 plus years in the business to take advantage of every profit center and protection available. You too can be a Street Smart® Investor!
Take some time to view the materials I have mentioned throughout the book; read articles and a whole lot more just by registering on my website, www.StreetSmartInvestor.com.

Call my marketing department at 1-800-578-8580 and they’ll be able to answer any questions you might have about the product and to take your order.

Please be careful of imitators of our system. There are others out there who have tried to copy and profit from the promotion of a similar system. Simply put, these imitators are incomplete patchwork quilters who did not originate the paperwork or the testing of this system. Street Smart® - often imitated, but never duplicated.

Thank you for allowing me to share this incredible wealth strategy with you. It’s my baby and I hope you like it. I hope you agree that this is a great plan and you can do it. I look forward to seeing you soon.

To your wealth,
Chapter Nineteen - Recap:

1. **Step 20:** Avoid lawsuits... Don’t own anything in your own name.

2. Trusts are the “great equalizer.” After setting them up you won’t own anything – just like everybody who may sue you!

3. Trusts are the best way to go because of these benefits:
   - a. Privacy of ownership.
   - b. Beneficiary’s name is private.
   - c. Transactions remain private.
   - d. Limited government control.
   - e. No relationship with state government.
   - f. Land Trusts convert real estate interests into personal property.
   - g. Be the Manager, not the owner.
   - h. Makes it difficult for others to collect judgments & liens.
   - i. Can hold your money in a trust bank account.
   - j. Estate avoids the probate process.
   - k. Division of assets prior to death.
   - l. No separate tax return needed.
   - m. Gives ability to take title “subject-to” safely.

4. There are even more benefits to trusts

5. Don’t let **FEAR** (False Evidence Appearing Real) stop you from being successful!
From The Desk of Lou Brown

Dear Friend,

I have a few parting words I wanted to share with you. We’ve spent some quality time together. I hope you’ve found it valuable. If you haven’t figured it out by now, your success is all that really matters to me. I thrive on it. I dwell on how to make others ‘Richer Faster’. It’s likely you now understand this is a process. It’s also likely you now understand it is duplicatable.

I know I’ve used the word ‘system’ a lot throughout this book. I didn’t do it to bore you or to be self-serving. Why did I do it? Because it’s likely that if you bought or borrowed this book it’s because you are an entrepreneur. Those genes come with a certain impression of how to proceed in business. Most entrepreneurs think they have to do a good bit of the thinking and heavy lifting themselves. As Gerber proved in his book, that is wrong-headed thinking that simply comes with the package called Entrepreneur. However, what you’ve just read offers something else. This offers much of the process and planning “done for you” I just want you to know there is a difference.

I call it the paved road theory. Have you ever gone over a bumpy road? One that was unpaved and not very smooth? Sure you have. Maybe others had been there before you and at least pressed down the grass or dirt and made a path for you to follow. At least you had a path to lead you somewhere. Of course sometimes those paths take wrong turns or peter out then you have no idea what to do next. If you were in a vehicle did you notice the road was quite bumpy and took considerably longer to traverse than a paved one? Pain and Time. That’s what is solved when instead you go down a paved road. Not only that, the confusion is gone. You’ve got a clear well traveled path to follow. It’s even mapped out and you know where you’re going before you get on the road. You find that the road takes you where you are going in quick order if you just follow it.

Have you ever considered what it took to build that road in the first place? The planning, the equipment, the time, the testing, the cost? No, of course you don’t think about it. You just get on
the road and go. In short order you are on your way. Maybe a few bumps, maybe a few detours but you get there in minutes or hours when before it took hours and even days. That’s the distinction of having a system to follow. It’s done for you. You just get on the road and go. And you get there so much faster than all the others who are trying their own path.

According to the poem by Henry David Thoreau, “Two roads diverged in a wood”. The majority of travelers go down Patchwork Alley. That’s an unpaved road where the directions are many and the path to the money is unclear. They take an idea from here, a concept from there, and a form from another place. They try to cobble that together into a business. They follow the unpaved road because they think it is cheaper, they want to be different or they are smarter. You instead plan carefully not to go down the road of the patchwork quilt. You’ve learned there’s a better way. Instead you take the road less traveled called Systems Boulevard. This one follows a step-by-step path, the “straight path to the money”. Thoreau’s poem ends “Two roads diverged in a wood and I, I chose the one less traveled and that made all the difference.” Which one will you choose? (I have not read this poem in over 40 years... better check my memory).

I’ve carefully outlined my clear path for you to follow. It’s the best paved road I’ve found. Now it’s up to you. I’d love to spend some more time together with you. What there is to do next is to get involved. I recommend that you start with “The Whole Enchilada®, Jr. Vol. 1 – 5 to give you the tools to implement much of what you’ve learned in this book. And because you have this book, you are granted a scholarship to my two-day Millionaire Jump Start™ Training as well. Not only that but we are granting you some other bonuses to help you get started. Call 1-800-578-8580 Now. It will make all the difference for you and your family.

To Your Wealth,