

ASSET PROTECTION FOR REAL ESTATE HOLDINGS

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Do you own rental property? How is the title held to these properties? Do you own them in you and your spouse's names? Do you rent these residential and /or commercial properties?

If you have residential and commercial properties which are rented reading this article will provide you with information as to how to protect these assets in the event of a lawsuit which you lose. For example if you have ten (10) rental properties which are held in your name and you are sued relative to one (1) of the properties and you lose the case, all of your rental properties can be reached by the judgement as well as your other personal assets.

Since the ownership of real estate is of public record, anyone can access this information relative to properties held in your name, and you are more likely to be the object of a lawsuit. The object of the ownership of real estate properties held out for commerce is for you to maintain a low profile and not have your name blasted all over the public records. Therefore, it is critical that you develop a better plan to protect your real estate holdings. An entity that works extremely well for asset protection is the utilization of the Limited Liability Company (LLC).

Assuming that you own ten (10) rental properties, you could form an LLC and place all of the properties into the LLC. However, if there was a lawsuit against one of the properties and you lose, the judgement would be against all of the properties held by the LLC. The best plan would be to create ten (10) different Limited Liability Companies and place only one (1) property into each LLC. If there were to be a lawsuit against one of your LLC 's with one property involved and you lost the case, only the property held by the LLC would be affected by the judgement.

It is important that you not treat these entities as your personal checkbook or personal asset. Asset protection techniques such as the utilization of LLCs' will become more attractive in the future as liability insurance gets more expensive each year for less coverage. The LLC enhances your protection, it is not intended to replace liability insurance coverage. You will continue to maintain liability insurance to indemnify the LLC, its members and managers. In conclusion, asset protection planning does not have to become some complex mystical procedure, but it is essential to get something in place to protect those real estate holdings.

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