



Reasons to Plan

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LET'S CRAFT AN ESTATE PLAN THAT ACCOMPLISHES YOUR GOALS.

Can You Hide Your Home?

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As connectivity grows around us, **we all long for a little more privacy**. You don't have to be famous or paranoid to want anonymity. From corporate executives to abuse survivors, there are myriad reasons why we want more privacy. And there's **no place we want privacy more than in our own home**.

It's common knowledge that a proper Google search can **reveal most anyone's address**. Wouldn't it be nice if fewer people could easily find out where you live? Sure. But how can you hide your house? Two options immediately spring to mind: put the house in a **limited liability company** (often called an "LLC"), or put the house in a

trust. Each of those options can **increase your privacy**.

If you form an LLC and properly use it to buy your home, a title search **will not link your name** with the property. When you form the LLC, have an **unrelated person**—such as your lawyer—organize the LLC for you. The organizer will sign the Articles of Organization, rather than you. Next, choose an **unrelated resident agent**—again, you can choose your lawyer—and office address. That information goes on the Articles of Organization. The final step would be to sign a resolution authorizing an unrelated person to sign the closing documents on behalf of the LLC solely for the

purchase of the home. After the purchase, not only will you own the LLC which owns your home, but you will also be in complete control of the LLC which owns your home.

When someone searches the register of deeds website, the **records will show the LLC as the owner**, rather than you. Additionally, even if someone obtains a copy of the deed or mortgage, as these documents were signed by unrelated person, they will not disclose any information leading to your identity. If your lender requires it, you (and your spouse) may need to sign a **personal guaranty**—a document that clarifies that you are personally

liable for the loan. That document does not become part of the public record. Only the **deed** and the **mortgage** will be recorded with the register of deeds and **available for review**.

The **LLC** maximizes your privacy, but it has three potential disadvantages: **taxes, financing, and insurance**. Under Michigan law, if your LLC owns your personal residence, then you **will not qualify for the principal residence exemption**. That means your property **taxes** will be significantly **higher**. Banks may also force you into a **business loan product**, rather than a typical residential mortgage. Business loans have different qualification criteria and hoops to jump through. So, you may pay more for your privacy. In addition, certain insurance companies may also require you to purchase a **commercial policy** rather than a standard homeowner's policy. You will need to discuss this with your insurance company before having an LLC purchase your home.

A **better option may be to form a trust to own your home**. The setup is just as easy as the LLC method. First, form a trust that does **not include your name in the title**. You can name the trust whatever you want. Next, choose a trustee that

understands the transaction and that preferably has a **different last name** than you. If you have responsible in-laws, they can be a great choice. Again, **your attorney can also serve as trustee**. Much like the LLC manager, the trustee will sign all of the closing documents. The names of the trust and the trustee will appear on the deed and the mortgage. You will also need to sign a personal guaranty, which **will not be made public**.

If the trust option sounds identical to the LLC option, that's because it *mostly* is. But the trust offers the enormous advantage of **preserving your principal residence exemption**. Under Michigan law, the principal residence exemption is allowed as long as the grantors and beneficiaries of the trust are the same and they reside in the home. That's a big property tax cut that you need to consider. It's also my experience that lenders allow purchasers to use a trust with a typical residential mortgage—no business loan rigmarole.

As with all things, however, there is also a potentially important disadvantage to consider before forming a trust to own your home for privacy purposes. Unlike the LLC option (which you own and directly control), the trust will be

legally controlled by whomever you select as the trustee. As long as you implicitly trust this person, this may not be an issue to you. That said, I would typically recommend that you amend the trust immediately after the closing to replace the initial trustee with another trustee, such as yourself. Because the initial trustee signed the deed and mortgage, you have accomplished your goal of privacy, but with the amended trust, have still retained complete control over your home. Amending the trust is not a difficult process, but it is an additional step which is not necessary with the LLC method.

Depending upon your goals, either of these strategies can work for you. If you would like to further discuss these methods of ensuring your privacy, please **email me** to discuss the right plan for you.

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