Successful Trust Management AKA How to Use a Trust

By Lee R. Phillips, JD
US Supreme Court Counselor

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When lawyers explain trusts, they say that the trust should be "funded." What they mean is, the trust has to own your property. That means it has to own all of the property that would normally require your signature to sell or transfer while you are alive or after you have died. Just having Gramps write on a piece of paper, "I hereby fund my trust with $10 and other good and valuable consideration" isn't going to help at all. If the trust is funded with a piece of real estate, that means the trust owns the piece of real estate. How does the trust own the home, car, and bank account?

In the last decade or two, more people have started to actually use living revocable trusts. The public is becoming more familiar with the trust, and they know the trust has to be funded. Twenty years ago, a majority of the trusts that people showed me were "unfunded{." Most of the people who had trusts didn't have any idea that the trust had to be funded, and the rest of them didn't know how to fund the trust, even though they knew it was supposed to be funded. Their trusts were, of course, almost useless, and they had wasted their hard-earned money. A large part of this ebook comes from Chapter 12 in my book, *Protecting Your Financial Future*, which you can get on Amazon. Chapter 12 is dedicated to showing you how to fund your trust. In order to totally avoid probate, your trust has to be fully funded. It has to own all of your property.

What Property?

The terminology "all your property" must be clarified. The trust has to own only the property that has an ownership document, i.e., property that requires your signature in order to be sold, such as your house, car, stocks, bonds, etc. The toaster, microwave, riding lawn mower, diamond ring, and clothes don't need to be owned by the trust. Ownership of these kinds of property is evidenced by possession, not a piece of paper.

I always tell my clients that they don't have to worry about making the trust own anything that their neighbor could physically sell at a garage sale when they were out of town. Your neighbor couldn't sell your car at a garage sale unless he or she had the title with your signature on the transfer line.

The Ownership Hang-Ups of Americans

Ownership is a major issue with Americans. It is a psychological hang-up we have. We have to own things. If you are going to use a living revocable trust, you will have to get over that hang-up. You can control the property, but you can't technically own it. You will use the property just as you always did. You can buy, sell, rent, burn, build, and do anything else you could when you owned the property, but technically it isn't yours.

Some people, especially older people, can't live with the thought of losing ownership, even though it is explained that they will still have control, and life will go on just as it always has. If the emotional price is higher than the monetary savings using a living revocable trust might yield, then don't establish a trust. I have talked several families out of establishing a trust for Mom and Dad, because Mom and Dad couldn't be comfortable giving up ownership of the property they had worked their whole lives for. They felt as though they were losing all their security, and establishing the trust wasn't worth stripping them of their psychological security blanket.

Your Trust Is Like a Company, But It is Not a Company

A trust is not a company and should never be confused with a company. However, the concept of a company can help you understand the relationship between ownership and control. Lots of people have a small company, and they buy their car or computer in the name of the small company. The company then owns the car and the computer. But the person who has the small company drives the car and uses the computer as his personal car or computer. If they want to buy a new car, they have the company sell the old car, and they have the company buy a new car. They don't own the car, but they control the car, as if it were their own. The concept of ownership and control functions about the same way for a trust.

Using Schedules in Trusts

Many lawyers will fund your trust by using what is called a "schedule." You should not rely on a schedule to fund your trust.

If your trust is using a schedule to fund itself, the text of your trust will say that the trust owns everything "listed on the 'Schedule A' which is attached to the trust." The schedule is just

a list of property that goes along with your trust. The schedule is usually known as "Schedule A" because it is the first schedule talked about in the trust. Of course, the schedule could be known as Schedule A, Schedule B, Schedule Green Shoes, or by any other name. Not all trusts call the property list a schedule. The property list is sometimes referred to by a term such as "Exhibit," "Appendix," "Addendum," or some other term. It doesn't matter what your trust calls the property list.

In some cases, the schedule is securely and irremovably attached at the back of your trust using staples or some other binding technique. However, often the schedule is just placed in the ringed binder or folder with the trust papers and wills. Unless it is securely, physically attached to the trust papers, the schedule should clearly state that it is part of your trust. It should refer to your trust by the trust's name, including the date. Text Box 12.1 is a short example of a schedule that would accompany John and Mary Doe's trust. The schedule should simply be a listing of property, including your cars, boats, bank accounts, certificates of deposit, stock certificates, and almost everything else you own. Note that the house and other real estate are transferred by deeds, not by the schedule. There is usually a place for your signature at the end of the property list. Sometimes there is also a notary public attestation following your signature. Not all unattached schedules are signed and notarized, but it is a good idea to have them as official and clear as possible.

In theory, the trust actually does own everything listed on the property schedule. You signed the trust, which states that you are transferring ownership of all of the property listed on the schedule. By signing the trust, ownership of the property listed on the schedule is being transferred from you as a joint tenant, tenant in common, or sole owner to the trust. If you want to get technical, the trust owns the property, but the property is actually transferred to the trustee, as custodian (fiduciary) acting on behalf of the trust. The trust document itself may act as the transfer document. Either the trust will have language of conveyance in it, or the schedule will have language of conveyance.

The Problems with Schedules

In many cases, the lawyer carefully makes out the list, has you sign, pats you on the head, and says, "Run along. You don't have anything to worry about because all of your property is listed on the schedule, and that means it is protected by the trust." This is exactly what happened to my father-in-law.

So, does the schedule work? Do you really avoid probate? In theory, yes. In reality, no. It is a setup and a trap. The trap closes in a scenario something like the following:

Dad's bank account is carefully listed on his trust's property schedule, and if he is like most people, he will never tell the bank about the trust. What happens when Dad dies? After his death, the successor trustee, you, his oldest daughter, go into the bank and say, "Hi, Dad died last night, and I need to get into the checking account." The banker looks up the signature card. The signature card shows that the account is in the name of Mom and Dad as joint tenants with rights of survivorship. The banker is an old friend of Dad's, and he knows Mom died last year and Dad died yesterday. He tells you that he is sorry, but he will have to have a probate order, a letters testamentary, before he can let you get into the bank account or safe deposit box.

When the banker says "probate order," you retort that Dad had a living revocable trust, and there shouldn't be any probate. This is news to the banker. To prove your point, you whip out a copy of the trust for the banker, and say, "Look, the bank account is listed right there on Schedule A." After a quick consultation with the branch manager and a rush call to the bank's half-baked attorney in the home office, the banker says how sorry he is, but that the attorney said that you still need a probate order.

The banker was Dad's friend. He really does want to believe you, but maybe the trust isn't real. Maybe someone forged Dad's signature. Maybe Dad revoked his trust and decided trusts were garbage. Maybe Dad left a will that he established only three weeks ago. The bank's attorney is very good at playing the "maybe game."

The maybe game is going to wear out your patience very quickly. In frustration, you finally scream, "OK. I am calling my lawyer." The trap closes!

Your call to the lawyer that drafted Dad's trust confirms your suspicions that the bank's lawyer is a turkey. Your lawyer points to the checking account listed on the property schedules and assures you that everything will be worked out when he calls the bank's lawyer. After running his clock for 2 hours at $465/hour, your lawyer calls you up and reconfirms your suspicion that the bank's lawyer is a turkey. In fact, your lawyer is so livid that he informs you he has already started to file the papers needed to sue the bank. But, there is no need to be concerned, because there is absolutely no ques-

Schedule "A"

The below listed property is hereby transferred, conveyed, assigned and delivered to John H. Doe and Mary A. Doe as Trustees, and their successor Trustees, subject to the terms and conditions of the John and Mary Doe Living Revocable Trust dated the 4th of July, 2012, and signed by the Undersigned:

1. The following accounts in the following institutions together with all future additions, interest or accumulations therein and also including all new accounts and the accumulations and the future additions of interest or the accumulation in any and all other financial institutions in which new accounts are opened in the future:
   Invest Your Money Here Bank of Nevada
   1001 Main Street
   Carson City, NV 89701
   Safe Deposit Box #222
   Checking Account #99-754-333-1
   Savings Accounts #22-4456-7-88
2. The following owned vehicles:
   1959 Chevrolet Corvette
   VIN #EL024246VI81S12
3. The following securities, stocks, and other investments:
   IBM Stock Certificate #694231026
   Ford Stock Certificate #12431C

DATED the 4th day of July, 2012.

_____
John H. Doe

_____
Mary A. Doe

State of Nevada)
: ss
County of Washoe)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared John H. Doe and Mary A. Doe, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signature on the instrument, the persons executed the instrument.

SUBSCRIBED AND SWORN TO before me the 4th day of July, 2012.

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

Text Box 12.1—Schedule A Accompanying John and Mary Doe Trust

tion—the checking account is listed on the property schedule, and you will win the suit against the bank.

Needless to say, you are now livid. You are breathing lawsuit with every breath. Can you sue the attorney who drafted the trust? No, probably not. The attorney prepared a schedule for Dad and pushed him out the door assuring him everything was fine. However, on Dad's way out the door, the attorney handed Dad a copy of all of his paperwork. The lawyer never told Dad he needed to do a lot of homework. Dad was supposed to read the papers and follow the instructions. The first four pages of the paperwork were a cover letter from the attorney that clearly stated it was Dad's responsibility to contact the bank, file the deed (which is now nowhere to be found), and do all of the other things required, in addition to simply listing the property on Schedule A, to effectively transfer property to the trust and avoid probate. So, as far as the attorney is concerned, this mess with the bank is all Dad's fault. In fact, just to cover his tail, the attorney had Dad sign a paper saying he received the trust and all the associated instructions. So when you threaten to sue the attorney, he says he has evidence it was Dad's fault.

Before the banker will help you, you are going to have to prove to the bank that this was Dad's real trust, that it hadn't been revoked, and so on. When your lawyer said you will win the lawsuit with the bank, he was right. After all the legal hairs are split, the court will determine that the trust is for real and will tell the bank that Dad's trust really does own the checking account. Isn't that nice? To get into Dad's bank account, you didn't need a probate order, all you had to do was sue the bank. When your lawyer says he is suing the bank, if you are smart, you will immediately back out of the lawsuit and hire a different attorney to probate Dad's estate.

It will probably be faster, easier and cheaper to go through probate instead of suing the bank. Besides, why go to the trouble of suing the bank, when you will have to go through probate anyway because you can't find the deed transferring Dad's house into the trust. Dad never recorded the deed. You either have to find the deed or probate the property. Because you don't have the deed and there is no record of the deed, you will have to get a probate order to sell the house. All of the existing records show the house is jointly owned by Mom and Dad. Because Mom's name is still on the deed, you will be lucky if you don't have to probate Mom's estate too or bring a quiet title action to get Mom's name off the deed.

What went wrong? The problem has nothing to do with the trust itself. Dad just didn't do his homework. He was never told that only listing the property on the schedule could cause problems. Dad never really understood what had to be done, because the lawyer ushered him out of the office before he could even ask a question. Dad should have recorded the deed or put it in a safe place where you could find it. Obviously, just listing the bank account on Schedule A wasn't enough. Dad needed to do something else at the bank. Dad had to go into the bank after he got his trust and change the signature card from his name to the trust's name.

When Dad changes the signature card, the banker will often want a copy of part of the trust, or he will want a summary of the trust, i.e., Certification of Trust. In rare cases, the banker will want to keep a full copy of the trust. Let the banker have whatever he wants. It will be kept relatively private in your bank file.

When the banker changes the name on the signature card and the safe deposit box, he is agreeing to honor the terms of the trust. He will copy part of the trust so that he can identify the trust when you show up with it after Dad has died. Trusts are private, not secret. The banker has a copy he got from Dad, so he knows that the trust was what Dad wanted.

When the bank knows about the trust, things will go smoothly after Dad dies. You will show up at the bank with the trust document and Dad's death certificate. The banker will examine the trust to make sure it is the one Dad had when he came in to change the account to a trust account. Sure enough, everything matches up, so the bank is secure in transferring power to you as the named successor trustee. The banker simply says, "Sign here," and you are home free.

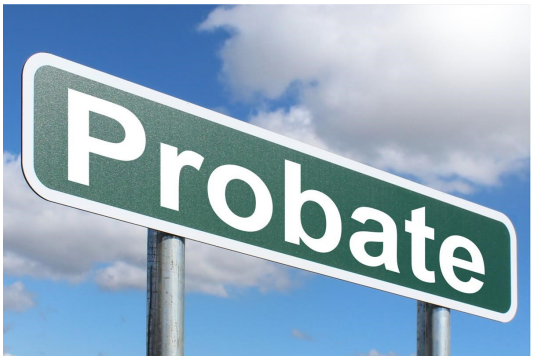
Just listing the property on a schedule attached to the trust may be technically sufficient to fund the trust. But in order to make the trust work smoothly and provide the benefits it promises, the property all has to be owned by the trust and actually titled in the name of the trust. I don't know how many times I have already written that in this book, but it can't be overstated.

The situation may arise where you have to deal with a trust that has only been funded by a schedule. The schedule may even list the real property. All may not be lost. To complete the transfer of the property into the trust, the schedule and the trust will probably have to be recorded. Exactly where you record them depends upon state laws. Recording the trust blows its privacy aspects, but the trust can still save you from a messy probate proceeding in many cases. Maybe recording everything will help, and maybe it won't.

Making Your Trust Avoid Probate

Here are a few hints on procedures required to place property in the name of your trust.

One of the major objections lawyers have with living revocable trusts is the complexity, time, and expense of moving property into the trust's ownership. Even if you have a trust, there will be recording fees (on the order of $20 - $50) that will be charged to record a deed showing that property is being transferred into the trust. This is the same recording fee that will be required when a deed is recorded following a probate proceeding. Yes, when the trust is used the filing fee has to be paid now rather than 25 years down the road—there is a time value to money. But that fee is nothing compared to the attorney's fees in probate.



I have never had a client come back to me and say the complexi-

ty of dealing with the trust was too much to handle. Once you learn how to buy and sell property, open bank accounts and brokerage accounts, and generally how to act as a trustee, dealing with trust property is almost exactly like dealing with your own property.

There is one key concept you must master in order to really use your trust to own, buy, sell, and generally deal with assets. You have a first and a last name. Your trust has three parts to its name – Name of trust, Date of trust, Name of trustee. All three elements of the name must be there in order to have the trust hold "good title" to the asset. To drive this point home, which has to be made over and over again, I am including part of Chapter 10 in my book *Protecting Your Financial Future.* Once you understand the naming concept, I will get back to transferring assets into the trust. The naming part reads as follows:

A Trust by Any Other Name Is Not Your Trust

Assume you and your spouse are named John and Mary Doe. After you have created your trust, you must make sure that the trust owns your property. Note that the trust is created by simply writing down the instructions you want to give the trustee concerning the property that will be held by the trust. Making the trust own property is easy.

If you want to own a bank account yourself, then you will go to the bank and open up a bank account in your name, i.e., "John Doe" or "Mary Doe." If you want to have the bank account owned by yourself and your spouse, you will open up the bank account in the name of "John Doe and/or Mary Doe." If you want your trust to own the bank account, you will open up the bank account in the name of your trust.

What do you name your trust? Name your trust as you would your child, i.e., anything you want. However, most people would not name their trust "Jim Doe." The normal name for the trust would be the "John and Mary Doe Living Revocable Trust, dated July 4, 2012." You could name the trust the "Upstitch Trust, dated July 4, 2012," or anything else. In today's society with identity theft running rampant, it is probably a good idea to name your trust by a name that doesn't reveal the people behind the trust. If you like the beach, the trust could be named the "Sandy Beach Living Revocable Trust, dated July 4, 2012." It just makes it a little harder for the identity thief to get the whole picture of your wealth.

Note that your trust has three parts to its name. The first part is the part you make up, i.e., the "John and Mary Doe Living Revocable Trust" or the "Sandy Beach Living Revocable Trust." The second part is the date you created the trust, i.e., "dated July 4, 2012." The third part is your name followed by the word "Trustee," i.e., "John Doe, Trustee." Yes, you do have to have all three parts of the name. People really mess up titles to property, bank accounts, and everything else when they don't use the date and trustee's name as part of the trust's name.

I have had to clean up many deeds where the attorney or the folks themselves have made out a deed and left off the date of the trust. The title isn't any good unless it has the name of the trust, the date of the trust, and the name of the trustee. You have to use the full name of the trust—name, date, and trustee. If you only had one name for yourself, you would always be messed up also.

I have a friend named "Susie." She went to court and had her birth name taken off her records, and she changed her name to "Susie." No, there aren't two names, only one. It is very awkward every time she introduces herself, because everyone waits for the second name. Only having one name has actually caused her a lot of problems. One day she had been to the beach and did not have her purse or driver's license because she had intentionally left them home so that they wouldn't get stolen. She was stopped by the police for a minor traffic violation. The conversation went something like this:

> Police: *May I see your driver's license?*
> Susie: *I am sorry sir, I left it home.*
> Police: *What is your name?*
> Susie: *Susie.*
> Police: *What is your full name?*
> Susie: *Susie.*
> Police: *Don't be cute lady. What is your last name?*
> Susie: *Susie. I don't have two names.*
> Police: *Sure, lady. I'm calling for a backup.*

By the time all was said and done, Susie was hauled off in handcuffs, and she literally spent the night in jail. Even though she can't buy airline tickets, get credit cards, and do other simple things, she still only has one name.

Your trust is going to have three parts to its name. Right? It is named the "(something) Trust, dated (some date), (some name), Trustee." You can create more than one trust, just like you can have more than one child. Each child will receive a different first name and the same last name, because that is just the way our society does the naming thing. Each trust you create will have a different name. The first name, the "John and Mary Doe Living Revocable Trust," could be the same or different for each trust, but the second name, i.e., the date, will

always be different.

So, when you want the bank account to be owned by the trust, you use the trust's name. Let's assume you will be the trustee (controller) for your own trust. The signature card at the bank will read something like this: the "John and Mary Doe Living Revocable Trust, dated July 4, 2012, John Doe and Mary Doe, Trustees." You must always identify the trustee by name, because it is actually the trustee who holds title to the property. I will go into detail later about how to move each type of property into the trust.

I have been very specific as to how you should name your trust. Let me backpedal and say that there are numerous ways to name your trust. You shouldn't get nervous if the bank, brokerage house, or insurance company has a required way they want to see your trust named. In fact, the way you name your trust, or at least the way you write it down, varies from state to state. For example, Wyoming requires the beneficiaries to be named as part of the trust's name. Ask your local title insurance company or escrow company how they want to see your trust's name appear on a deed. Ask your stockbroker how the brokerage company wants to see the name on their forms. After a while you will get a feel for the way your trust's name needs to be written down.

In most cases, the critical part is the date and the identification of the trustee. So, the trust's name on your stock account could read:

John and Mary Doe Living Revocable Trust
Under Agreement July 4, 2012
John Doe and Mary Doe, Trustees
For the Benefit of the Doe Family

Lots of times the trust name is abbreviated so that it will fit into the space allocated on the deed or form. Abbreviations often used in reference to trusts are:

U/A = Under Agreement
U/D = Under Date
U/D/T = Under Declaration of Trust
F/B/O = For the Benefit Of
Tr = Trust
Ttee = Trustee

For example: *John & Mary Doe Tr U/A 7/4/12 John & Mary Doe, Ttee FBO Doe Family*

Enough on naming your trust, but don't forget it. Now back to how do you transfer specific assets into your trust. This mostly comes from Chapter 12 in *Protecting Your Financial Future*.

Checking Accounts

The bank should not change your account number, make you print new checks, or charge you anything to change the signature card. Some banks are stubborn, and they require you to open a new account with a new number and new checks, but there isn't any law requiring them to do that. Your checks do not need to have the name of the trust on them. Anything can be printed on the check. It's the signature card that controls what happens. When the bank asks for a tax ID number for the trust account, it should be your Social Security number. A revocable trust usually doesn't get a Social Security number.

Safe Deposit Box

Make sure the signature card for the safe deposit box is changed to the name of the trust. The safe deposit box should be easy to change.

Savings Accounts

Don't forget to change each savings account, even the one your grandpa opened for you when you were five years old.

Certificates of Deposit

In order to change the name on a Certificate of Deposit (CD), a new CD must be issued. If you cash in the CD early, you will have a penalty and lose money. I counsel clients to wait to change their CDs that are short term or that are coming due within a few months after the trust is established. Wait until the CD comes up for renewal, then have the next CD issued in the name of the trust. Unless there is some reason to think you will not live to see the CD mature, it is probably worth the bet to wait for the CD to mature before changing it to show that your trust owns it. But remember, it is a bet. If you die before the name on the CD is changed, the CD will have to be probated. Watch to make sure the bank doesn't automatically roll your old CD into a new one before you get a chance to change the name on the new CD.

Stocks

Your stockbroker will have to change the name on any stock certificates you hold. When a name is changed, there is often a transfer fee charged by the company which manages the stock for the corporation that issues the stock. The transfer fees often cannot be avoided if a new certificate is issued in your trust's name. That is unfortunate, but changing the certificate now is much cheaper than the probate fees will be if the certificate

has to be probated. You might note that the same charge will be exacted from your estate to issue a new certificate after you die, but that is on top of the probate fees.

One trick which may save some costs is to open a brokerage account in your trust's name and then deposit the certificate into the account. The broker holds the account. Stock certificates are usually not issued to the brokerage account. Therefore, transfer fees are reduced or are totally eliminated.

If you already have a brokerage account at a brokerage house, the account will have to be changed to reflect the trust's ownership. Your broker will help you change the name on the account. As I have said before, the SEC (Securities and Exchange Commission) requires the broker to keep a copy of your trust or a detailed summary of the trust, i.e., a "trust certificate" or "certification of trust."

S corporation stock is a special type of stock used by small corporations. If you bought your stock through a stockbroker, it won't be S corporation stock. However, if you own stock in an S Corporation or an LLC taxed under Subchapter S, a big red caution flag needs to go up right here. Transfer of S corporation stock or LLC membership interests, where the LLC is taxed under Subchapter S, into the living trust may jeopardize the entity's "S" election with the IRS after the trust becomes irrevocable at your death. The living revocable trust can hold the S corporation stock for a maximum of two years after your death. Almost every estate will distribute the stock within the two-year period. But, if you have your wealth in a company that is taxed under Subchapter S of the IRS Code, you need to consider the S corporation problem of distributing stock from a living revocable trust. Use a Subchapter S qualified trust. Most of the trusts I create and the trusts I supply to "do-it-yourself" people are Subchapter S qualified trusts. When you use a qualified trust, then there's no problem if the trust owns Subchapter S stock.

Treasury Bonds/Notes

One year, an elderly lady and her daughter came to me on April 1st with a $32,000 problem. The local banker and attorney had helped the lady put a simple living revocable trust into place. It was a simple trust, and the banker and lawyer had been smart enough to know that the trust had to be funded.

All the lady owned was about $100,000 in treasury bonds. She and her husband had spent their lives saving these bonds. The banker and lawyer figured that the only way you could get the trust to own the bonds was to have her sell the bonds and then reinvest all of the money in new bonds that would be purchased in the name of the trust.

The banker and lawyer had set her up for a disaster. When she sold the bonds, it triggered the income tax on all fifty years worth of earnings from the bonds. There isn't any tax until you sell; then the tax hits. She paid $32,000 in income tax that year, and there wasn't a thing I could do about it.

All the banker and lawyer had to do to change the name on the bonds was use Form PD F1851, "Request for Reissue United States Savings Bonds to a Personal Trust." The Federal Reserve bank uses the form to change the name on the bonds without triggering any income tax problems. Your banker can help you get the Federal Reserve change papers, or you can get them online.

Whenever you are changing the title on an asset, you must be concerned about the tax consequences. The good news is, almost all assets can be transferred to the living revocable trust without any adverse tax effects.

Cars

Cars, trucks, and other motor vehicles have a title that will require your signature if they are sold or otherwise transferred. They should be transferred to your trust's ownership. The rub comes with the Department of Motor Vehicles. Some states require a sales tax or transfer tax every time the title on a car or truck is changed. If your state doesn't understand what a living revocable trust is and let you move the title to your car without charging a tax, then don't transfer the car to your trust. Check with your state Department of Motor Vehicles and ask how they recommend moving title of your car into the name of your trust.

For small probate estates, the laws in most states leave a loophole or two open so that a car can be transferred without a probate proceeding. In such transfers, filing a simple affidavit will allow the car title to be moved after the owner dies.

Your next car will obviously be purchased in your trust's name. The trust's name will actually be the named owner on the car's title.

The last time I bought a car, the dealer asked if I wanted title in my name alone or as a joint tenant with my wife. I said neither. He responded, "You want your wife to own the car?" "Nope," I said. "I want it in the name of my trust, which is a division of our joint trust." When I rattled off a name that had 29 words in it, the dealer said I must be joking. I assured him that I was serious. He promptly told me to drop dead and explained that the box on the title form was only large enough to have 4 or 5 words. I said that I understood, but I explained that I wasn't going to buy a car unless it could be purchased in the name of the trust. Funny thing, the dealer and the salesman figured out how to put all 29 words on the title. They did abbreviate some words. For example, Tr = trust, and U/A = under agreement. The title read something like this: "John Doe Trust, a separate division of the John and Mary Doe Trust under agreement July 4, 2012, as amended November 6, 2014, John and Mary Doe, Trustees."

Houses

Real estate is transferred using a deed. Usually a quitclaim deed or transfer deed is used to transfer title from you to your trust. The quitclaim deed is sufficient, because it transfers all rights that you have in the property. Warranty deeds are often used to transfer title when you are buying a house. The seller is giving you a warranty or guarantee that the title to the house can be transferred. When you use a quitclaim deed, you aren't guaranteeing that the title will be good, but if you can't trust yourself not to cheat yourself, well, whom can you trust?

A quitclaim deed example is shown in Text Box 12.2.

Warranty deeds" or "grant deeds" are considered cleaner by many lawyers, escrow companies, and title insurance companies. The warranty deeds make warranties that the quitclaim deeds don't make, and it may

Mail to:
John H. Doe
598 Doezer Street
Sparks, NV 89431

Quitclaim Deed

For the sum of Ten ($10.00) Dollars and other good and valuable consideration, John H. Doe and Mary A. Doe, Grantors of Sparks, County of Washoe, State of Nevada, hereby Quitclaim to John H. Doe and Mary A. Doe as Trustees of the John and Mary Doe Living Revocable Trust, under agreement dated the 4th day of July, 2012, and the survivor thereof and successors thereto, with full power and authority to assign, sell, transfer, convey, encumber and mortgage the following described tract of land located in Washoe County, State of Nevada.

Commencing at the Southeast Corner of Lot 2, Block 7, Plat "A," Sparks City Survey; and running thence North 8 rods; thence West 3 rods; thence South 8 rods; thence East 3 rods to beginning.

DATED the 4th day of July, 2012.

_____
John H. Doe

_____
Mary A. Doe

State of Nevada)
: ss
County of Washoe)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared John H. Doe and Mary A. Doe, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signature on the instrument, the persons executed the instrument.

SUBSCRIBED AND SWORN TO before me the 4th day of July, 2012.

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

Text Box 12.2—Quitclaim Deed

be a good idea to keep the warranties running along the chain of title to the property. Call your local title insurance company and ask if a quitclaim deed is sufficient or if they would rather see a warranty deed. While you have them on the phone, ask the title company employees how they want to see the name of your trust put on a deed in your state.

Do you record the deed? The answer is usually yes. By federal law, your living revocable trust is an extension of you, and any transfer from you to your trust isn't the type of transfer which triggers a property tax reassessment. However, in some states you have to file something with the state giving them notice that you have transferred the property to your trust. If you don't give the state notice, they will automatically reassess the property value, up your taxes, and get money any way they can.

A local attorney, the people who work in title companies, or the people who record deeds (the county recorder's office) can probably help you find out what happens in your state. In fact, the county recorder's office can be a big help in making out new deeds. Call and ask the recorder how they want the trust's name on the deed and what tax consequences filing a new deed will have. If you don't get the new employee in the office, you can get a lot of tips from the recorder's office. Hopefully, you will get the same information from the recorder's office and the title company. If for some reason you don't want to record the deed, you simply make out the deed, deliver it, and don't record it.

Unless state law dictates otherwise, recording doesn't make the transfer any more valid or legal. However, if the deed isn't recorded and it is later lost, then you are back to a probate proceeding. Recording a deed puts the transfer on public record, overcomes any arguments that there wasn't an adequate transfer of the deed, and protects you if the deed is later lost.

Some states, such as California, have very specific procedures that must be followed in order to transfer real estate into a living revocable trust and avoid a property tax reevaluation. First, the deed must be prepared. You can use either a quitclaim deed or a warranty deed (grant deed). There is no such thing as a "change deed" or "transfer deed." Second, a form called a "preliminary change in ownership form" must be filed with the county where the property is located. You can get a copy of the form from the County Recorder's Office.

If you are transferring the property to your living revocable trust, all you need is the deed and preliminary change in ownership form. Transferring property to a family member requires a third step to be exempt from the property tax reevaluation. An additional page must be filed with the preliminary change in ownership form, which specifically claims an exemption. The extra sheet must claim a spouse to spouse, parent to child, or child to parent transfer.

Wherever you live, you should check with your state or county property tax officers and find out the exact procedure you will need to follow in order to avoid the property tax reevaluation trap, if it even applies in your state, and protect your homestead rights.

The transfer of a piece of real estate to a living revocable trust does not affect the mortgage on the property. Many loan agreements have "due-on-sale" clauses, which adversely affect the mortgage if the property is sold or transferred. Most lenders recognize that a transfer to a living revocable trust doesn't affect their security in the loan, and they pretty much ignore your transfer of the real estate to your living revocable trust. If some lender gets real nasty with you about the transfer of your home to your living revocable trust, then whip out federal law 12 CFR 591.5 and point out that federal law bars the lender from accelerating the mortgage on your personal residence because you transferred it to your living revocable trust. If the property is something other than your personal residence, then you had better walk softly, and don't make waves. Only the transfer of your personal residence is protected by federal laws so that the lender cannot accelerate the mortgage. However, most lenders will grant permission to transfer any piece of real estate to a living revocable trust without affecting the mortgage. If there is a problem, make out a deed to the trust without telling the lender, and don't record the deed. Make sure you deliver the deed to the trustee (yourself), keep it nice and safe, and tell your successor trustees about the deed. Technically, a living revocable trust is an exception to the Garn-St. Germain Act (due on sale law), so you should be fine.

HUD (Housing and Urban Development) loans are not available on property purchased in the name of a living revocable trust. If you want a HUD, FANNIE MAE, or FREDDY MAC loan, purchase the real estate in your name and/or your spouse's name, just as you normally would. Then later, have a quitclaim deed made out to move the property into your trust. You will not record the quitclaim deed. Put it in a safe place and let your successor trustees know where it is so that they can retrieve the deed after your death and avoid probating the property.

How to Handle Real Estate

The same considerations that apply to your home apply to your investment real estate. If you are willing to hold the property in your own name, there usually isn't any reason that the property shouldn't be moved to the ownership of your living revocable trust.

Many real estate investors move their real estate holdings into limited liability companies. That's ok for investment properties, but your personal residence shouldn't be put into a company. If you do that, it's not your personal residence anymore. You will simply be living in a house that a company owns. You'll lose the tax advantages that go along with owning a personal residence. Note that if you put your personal residence into a living revocable trust, the property is still your personal residence.

We'll talk a lot more about limited liability companies in a later chapter [in my book *Protecting Your Financial Future*]. They are good asset protection tools, but there are always tax considerations to using them in addition to the asset protection aspects they offer.

Real estate investors often have to leverage their investments. One investment will be "pledged" or put up as collateral in order to induce the bank to make an additional loan on another piece of property. You often also pledge assets. For example, you may have to use your home as security to get a loan for a new car. If your trust owns your house, how do you use the house as security for another loan?

HUD, FANNIE MAE, FREDDY MAC, and some lenders will not lend against property owned by a living revocable trust. That is just their policy, and in my opinion, it is a bad policy. Unfortunately, the government and banks don't pay a lot of attention to me, so my opinion isn't worth much.

In the "powers of trustees" section in your living revocable trust, the trust should give the trustee, you, authority to pledge the trust property. The trust can put up the trust property as security for your loan, just as your father could put up his house as security for your loan. Many lenders know what a living revocable trust is and will accept the trust's property as security in exactly the same way they would accept property owned directly by you. Other lenders aren't as congenial, and for no legal or justifiable reason, they will make you transfer the property out of the trust before they will accept it as security. Just take the property out of your trust and put it in your name. After the mortgage is in place, put the property back into your trust.

Using Homesteads to Protect Your Home

When your personal residence is placed into a trust, it usually loses its "homestead" protection. Many states have laws called "homestead laws" which will protect your house and some minimal amount of personal property, such as clothing. The laws are designed to prevent people from taking your last dime through a lawsuit or bankruptcy procedure. Florida and Texas have the most effective homestead laws.

When your house is transferred to ownership of the trust, technically it is not yours anymore. The trust owns it. Because homestead laws only protect "your" house, in most states they will not protect a house owned by the trust.

The law isn't consistent. Because you don't "own" the house, the law won't let you use the homestead laws to protect the house. Yet, the law says that you can lose the house in a lawsuit or bankruptcy, even if it is owned by the trust, because technically you still own the house under the lawsuit and bankruptcy laws. It doesn't matter if the trust owns the house; the trust can't protect it from your personal legal problems under most laws. Aren't you learning to love the law?

Don't concern yourself too much with the homestead laws. In fact, in most states you can pretty much ignore the homestead laws because they don't protect enough to worry about. Most states protect only minimal amounts—amounts in the range of $6,000, $10,000 or $15,000. The rarely used homestead laws simply do not offer enough protection to influence most people's estate planning and the decision to put a house into a living revocable trust.

However, Florida and Texas have traditionally protected 100% of the personal residence, and if you are living in one of those states and are planning on lawsuits and bankruptcy, the homestead rights should be preserved. Your living revocable trust will have to have provisions in it to "preserve" the homestead. So, seek a little extra help from an attorney or title company to make sure the homestead laws are satisfied. You will also have to make sure that the state has preserved the homestead even though the property is in your trust. Wherever you are, it is a good idea to check with your local attorney to see what, if any, homestead rights your state laws afford you and what effect putting your house in a living revocable trust has on those rights.

Also, check the rules that must be followed in order to claim protection under the homestead laws. The homestead protection may not be available to you when you need it if you don't take the necessary steps to qualify you for the protection.

The bottom line is the states will let you preserve your homestead protection, but in many states you will have to do something to keep the homestead protection in place. Unless you live in Florida or Texas, you probably don't need to worry much about homestead laws. You shouldn't give up the probate protection and privacy of a living revocable trust to avoid the minor hassles that are required to preserve the homestead rights. Your chance of cashing in on the probate savings is 100%,

while your chance of ever using the homestead protection is very small. Not many people claim homestead protection outside of Nevada, Florida and Texas, but there are lots of people who have died and used a living revocable trust to avoid an expensive probate mess.

Asset Protection Tip #5

(I give lots of "legal" tips throughout my book, *Protecting Your Financial Future.)*

When you apply for a loan for any reason, never pledge more property than is absolutely necessary to secure the loan. The property listed as security can readily be taken by the lender if you default on the loan. Of course, you never think that you will default on the loan, but it does happen.

When you apply for a loan, find out what the banker will require as the minimum amount of security necessary for you to be approved for the loan.

To persuade the banker to tell you the minimum amount of security you need to pledge, you may need to make the banker think you will have a hard time coming up with enough property. However you do it, you need to determine the minimum amount of property necessary to secure the loan. When you find out what the minimum is, don't list any assets other than those necessary to meet the minimum-security amounts. Don't brag to the banker about your wealth. If you say you have $6 million in property, the banker isn't dumb. He will want all $6 million as security. Flashing around big asset sheets is stupid. Keep your wealth private. It could save you a lot of grief someday.

Retirement Plans, IRAs and Life Insurance

For tax reasons, your spouse, if you are married, should usually be listed as the primary beneficiary on your retirement plans, IRAs and life insurance. This is particularly important on retirement plans and IRAs. The trust will substantially impact the way the IRS taxes the benefits, if the trust is the primary beneficiary. Naming the trust as the secondary beneficiary is commonly done, and the consequences are just not as dire as naming the trust the primary beneficiary. If your retirement plan and the IRA are small, your living trust would probably be a good choice as the secondary beneficiary. If you have a lot of money in the retirement plan or IRA, you need the advice of someone who knows a lot about the tax laws as they will be applied to your particular situation. The laws recently changed under the SECURES Act. Except for some exceptions, the trust and people who are beneficiaries of your IRA money have to take the money out of the IRA within ten years. Before the new law, it was possible for you to leave the IRA to your spouse and then children, and then the child could leave the IRA money in the IRA and let it keep growing tax free or tax deferred for the rest of their life. That was a huge advantage that is now gone.

It is almost always a good idea to list your trust as the secondary beneficiary of your life insurance policies. Make sure that you actually make the changes with the insurance company and the entity that holds your retirement plan and the IRA funds, if you need to change your beneficiary designations. Also, check with your fire and casualty insurance company to see how you can use your trust to avoid probate if your insurance policy has to make payments on any claims after your death. You may have to fill out a change of beneficiary form for each company or have your trust put on your casualty policy as an additional insured, but this is another case where it is worth the effort to cross the "t's" and dot the "i's."

Your life insurance face values are included in your assets as part of your total estate. If you have a taxable estate, you should be using an irrevocable insurance trust to hold your life insurance. This is a special type of trust used to avoid all estate taxes on life insurance. Life insurance trusts are very different from living revocable trusts, but they work great. You can totally avoid estate taxes on any amount of life insurance. That's not a good deal, that's a great deal!

Moving Keepsakes to Kids without a Fight

By now you have a totally negative impression of trust schedules. Wrong! It's my fault. I'm sorry. I have only tried to impress upon you that the property requiring your signature to transfer or sell must be placed in your trust's name while you are alive. Otherwise, there may be a problem after your death.

I recommend that every client have a schedule, attached to the trust, which disposes of the little personal items. Do you remember the personal letter associated with the will? (That was talked about in a previous chapter of the *Protecting Your Financial Future* book.) It prevented the family fights over the dollies and doilies. Many states do not allow your will to incorporate a personal letter into your estate plan. But, the ability to change your mind and not have to rewrite your will is important.

You need to know whether or not your state's law allows you to write a personal letter after your will is written. Call the probate clerk at the court, or call your local lawyer.

The use of a second will, a holographic will, in addition to your formal will, has already been discussed in detail. This second will can be used to list the little personal things. It does not have to be in existence when the formal will is executed, and you can rip it up and write out a new one any time you want. However, your state may not recognize holographic wills, and the second will concept is even foreign to most lawyers because everyone thinks you can have only one will —"your last will and testament." The lawyer that says you can have only one will doesn't know any better or is lying.

By the way, you do know how to tell if a lawyer is lying? (His lips are moving.) Everybody knows the answer to that riddle. It is easy. This next riddle is harder. Do you know what a good dead lawyer does? (He lies still.)

Sorry, where were we? Oh yes, we were discussing the personal letter. If your state won't let you have one with your will, don't panic. If your state won't let you have a holographic will, don't worry. In fact, you don't even have to bother checking to see if your state will allow a personal letter with your will or a holographic will, because every state will permit your trust to have a schedule that disposes of your personal property. I always call the personal property schedule, "Schedule B." You could call it "Schedule Dollies and Doilies." It can be called by any name.

The text of your trust must refer to the schedule. For example, the trust will read as shown in Text Box 12.3. The schedule should refer specifically to the trust. It should state that it is a list disposing of your personal property. An example of a Schedule B is shown in Text Box 12.4.

Schedule B Language in a Living Revocable Trust

John and Mary may dispose of personal property by making a Schedule "B" and identifying it as part of this Trust Agreement. All personal properties listed on the Schedule "B" are to be distributed to the person or persons designated, and the items shall be conveyed to the persons in addition to their distribute share, if any, as described in the provisions of this trust.

Text Box 12.3—Language Refer5encing Schedule B

The schedule of personal property is easy to make. However, it does require a little more formality than the personal letter. Whereas the will's personal letter only has to be signed and dated, the Schedule B will have to be signed, dated, and notarized each time it is changed.

The property schedule, or any other schedule used with a trust, has a minor legal problem that is almost always overlooked by lawyers. In many states, the laws will not let you refer to a second document in your trust, contract, or any other paper, unless the second document is in existence at the time the document referring to it is created. There is a whole field of law surrounding the ideas about documents referring to other documents. This field of law is called the "Doctrine of Independent Significance." You don't really care about the doctrine, but you do want to have the power to rip up your Schedule B and write out a new one next week.

Don't be concerned; the problem can be overcome by making a mini amendment to your trust each time you want to make out a new schedule. The form you want to use to make the amendment is shown in Text Box 12.5, and an example of the Amended Schedule B is shown in Text Box 12.6. By using the forms, you can change your schedule as often as you want, and there won't be any problem with the "Doctrine of Independent Significance." Your lawyer may not have thought this one all the way through, but it works. It lets you do what you want to do—get rid of the dollies and doilies and change your mind every week without going back to see your lawyer.

I recommend that you stop worrying about putting a personal letter in your will and go directly to the use of a schedule in your living revocable trust. Your living revocable trust may actually be permitting you to dispose of the dollies and doilies in a way that is impossible with a will.

You may feel that you can't decide what personal property should go to what person. As hard as it is, you need to make the decisions. Just do your best and write them down. If you have written a complete list of personal property, then when you die, the kids can't be mad at each other. One child didn't "steal" the vase from another child. You personally gave the vase to a specific person. If you were wrong, and Jim really wants the vase after you gave it to Jane, Jim and Jane can straighten things out if they agree. But if there isn't an agreement, you, not Jane, are the culprit that cheated Jim out of the vase. Jim can be as mad at you as he wants to be. What is he going to do? All he can do is go out and jump up and down on your grave. He can't be mad at Jane, because she didn't cheat him at all. A personal property list will assure your interest in preserving your family relationships after you are gone.

You, or you and your spouse, should sit down every year or two and redo the personal property distribution on Schedule B or your personal letter. Most of the distributions won't change, but they still need to be reviewed. Remember, the family fight is over the family

Schedule "B"

The personal property listed below is hereby transferred, conveyed, assigned and delivered to John H. Doe and Mary A. Doe as Trustees and their successor Trustees subject to the terms and conditions of the John and Mary Doe Living Revocable Trust dated the 1st of September, 2012 and signed by John H. Doe and Mary A. Doe, as Grantors. This personal property shall be distributed, according to the Trust Agreement, to the individuals indicated on this schedule.

PROPERTY DESCRIPTION	NAME
1. Antique sewing machine in walnut cabinet	Jane Doe Roberts
2. Shot gun, serial #468942	Johnny Doe
3. Oak dining room table with cabriole legs	Joan Doe
4. Six oak dining chairs with pink needlepoint	Joan Doe
5.	
6.	

DATED the 4th day July, 2012.

_____
John H. Doe

_____
Mary A. Doe

State of Nevada)
: ss
County of Washoe)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared John H. Doe and Mary A. Doe, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signature on the instrument, the persons executed the instrument.

SUBSCRIBED AND SWORN TO before me the 4th day of July, 2012.

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

Text Box 12.4—Schedule B Distributing Personal Property under a Living Revocable Trust

heirlooms or the property which has memories attached. The Pollyanna game that belonged to Gramma Sue is more significant than the color TV.

How to Buy Property with a Trust

Once your trust is in place, you will purchase any new property in the name of the trust, rather than in your own name. When you open a new bank account or purchase stock or other assets, transact all of the business in the name of your trust. When assets are purchased directly in the name of the trust, you do not have to go back and write down the description of the new assets on a schedule.

The schedules are simply being used to try to move property which wasn't purchased in the name of the trust into the trust. If an asset is purchased in the name of the trust, there isn't any legal advantage achieved by placing the item on a schedule. The schedule is not necessary to invoke the power of the trust over the item and to avoid probate. However, it is a good idea to maintain complete records which will lead the successor trustee to all of the trust assets. Therefore, it is a good management technique to maintain the schedule or some sort of an inventory, even if the assets are originally purchased in the name of the trust and the schedule or inventory doesn't have any influence over the asset or its ownership by the trust.

Third Amendment to the John and Mary Doe Living Revocable Trust

This, the third amendment to the John and Mary Doe Living Revocable Trust, dated the 1st day of September, 1998, is made on this, the 10th day of January, 2013, and executed in duplicate between John H. Doe and Mary A. Doe, acting in their capacities as Grantors, and John H. Doe and Mary A. Doe, acting in their capacities as Trustees.

WHEREAS, the Grantors and Trustees entered into a trust agreement dated the 1st day of September, 2004, hereinafter referred to as the "Trust Agreement," and whereas Article 2(C) of the Trust Agreement provided that the Grantors reserved the right to amend the Trust Agreement in any manner or revoke in whole or in part the Trust Agreement, and whereas the Grantors are desirous of modifying and amending the Trust Agreement and the Trustees are agreeable to the modification and amendments contained herein.

NOW THEREFORE, IT IS AGREED:

FIRST

Schedule B, attached to the Trust Agreement as part of the Second Amendment, dated the 15th day of November, 2005, is hereby revoked in its entirety and a new Schedule B, which is attached to this amendment and made a part hereof, is substituted in lieu thereof.

SECOND

The Trust Agreement and any prior amendments, if any not revoked or amended hereby, shall in all other respects remain in full force and effect.

In witness whereof, the Grantors and the Trustees have executed this Third Amendment to the Trust Agreement.

Dated the 10th day of January, 2013.

_____ _____

John H. Doe, Grantor John H. Doe, Trustee

_____ _____

Mary A. Doe, Grantor Mary A. Doe, Trustee

State of Nevada)
: ss
County of Washoe)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared John H. Doe and Mary A. Doe, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signature on the instrument, the persons executed the instrument.

SUBSCRIBED AND SWORN TO before me the 10th day of January, 2013.

WITNESS my hand and official seal.

_____

Notary Public in and for said County and State

Text box 12.5—Third Amendment Authorizing a New Schedule B

Trusts Give You Prestige

Buying property in the name of your trust is fun. Who uses trusts? Rich people do. Trusts are the tools of the wealthy. A strange thing happens when you start to use a trust. People will start to treat you differently.

Kristy and I had the name of our trust printed on our checks. No, the trust's name doesn't have to be on the checks, but it does have to be on the signature card as the owner of the account. But, just for fun we had the trust name put on the check.

When you go to the store and use a check, the clerk always asks you for two forms of ID. When Kristy goes to the store and uses a check, the clerk hardly ever asks her for ID. In fact, I can stand there and question the clerk. "Hey, don't you need two forms of ID from her?" The clerk will pick up the check and read, "The Lee R.

and Kristy S. Phillips Living Revocable Trust, U/A July 4, 1994," and then look at Kristy and say "Lady, you must be rich." That always helps her ego, but it hurts the bank account because the clerk takes the check.

In today's society where identity theft is becoming a big issue, it may actually be wise to rethink the information printed on your checks. Rather than your name or the name of your trust, it might be best to simply use your initials. That way the identity thief doesn't have the obvious name to forge and to track down to steal your identity. Of course, you would never put your Social Security number, driver's license number, birth date, or any other personal information on a check. In the old days, you could get away with putting personal information on the check, but today you are asking for trouble if you do that. You might use the office address on the check rather than your home, or just don't put an address on the check. The printing of your checks today shouldn't be a thoughtless process.

Your Biggest Mistake is to Think Your Estate is Too Small for a Trust

The biggest mistake you can make is to conclude that you don't have enough property to have a living revocable trust. That is wrong. You might not have enough property to justify paying big bucks for the trust, but even if you have a small estate, you need the protection of the trust. Probate is often more devastating to small estates than it is to big estates. Of course, people with larger estates critically need the protection of the trust. It doesn't matter if you are old or young, married or single, or whether or not you have children or grandchildren, you should at least investigate using the trust for yourself. Whether you admit it or not, you have a moral obligation to your family and loved ones to take care of your business affairs. The living revocable trust forms an excellent basic plan for most people.

Third Amendment
Schedule "B"

The personal property listed below is hereby transferred, conveyed, assigned and delivered to John H. Doe and Mary A. Doe as Trustees and their successor Trustees subject to the terms and conditions of the John and Mary Doe Living Revocable Trust dated, as amended, this, the 10th day of January, 2013, and signed by John H. Doe and Mary A. Doe, as Grantors. This personal property shall be distributed, according to the Trust Agreement, to the individuals indicated on this schedule.

PROPERTY DESCRIPTION	NAME
1. Antique sewing machine in walnut cabinet	Jane Doe Roberts
2. Shot gun, serial #468942	Johnny Doe
3. Oak dining room table with cabriole legs	Martha Doe
4. Six oak dining chairs with pink needlepoint	Martha Doe
5.	

DATED the 10th day of January, 2013.

_____
John H. Doe

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Mary A. Doe

State of Nevada)
: ss
County of Washoe)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared John H. Doe and Mary A. Doe, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signature on the instrument, the persons executed the instrument.

SUBSCRIBED AND SWORN TO before me the 10th day of January, 2013.

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

Text Box 12.6—Amended Schedule B

I have seen people actually gain wealth by using the trust. No, I am not talking about the probate and tax savings. What I am talking about is very subtle. If you believe something and you start to act the part, does your belief often come to pass? If you use the tools of the wealthy, people who watch you will conclude you must be wealthy, and they will start to discuss ideas and opportunities with you. Your world will change, and you will be in a position to accumulate greater wealth. Not everyone who uses a trust is guaranteed to become wealthy, but your chances of becoming wealthier are a lot better if you play the game the way the wealthy do. Using the tools of wealth puts you on a different playing field where the rewards are a lot higher.

Ignoring estate planning is like trying to build a house from the roof down. Without a good foundation in place, everything collapses. Don't be afraid of using a trust. As you have seen in this ebook, putting property into a trust is not difficult. It takes some time, but it is the best way to "use" your trust. Once you have taken care of funding a trust, you then need to keep it up to date by putting in future purchases of real estate, stock or bonds into the trust. You do not need to maintain a Schedule A. Just buy the properties and open the accounts directly in the name of your trust.

There is one final point I need to state again. Your trust has three parts to its name – Name of trust, Date of trust, Name of trustee. All three elements of the name must be there in order to have the trust hold "good title" to the asset. My book *Protecting Your Financial Future* is a complete discussion on how to take care of your personal estate. It is an easy read, full of interesting stories and helpful scenarios. Get it and use it as your guide.

Your Trust Has 3 Names

First Name — Name of the Trust
Middle Name — Date of the Trust
Last Name — Name of the Trustee