

Protect the Loan Proceeds

Protecting the cash proceeds from your loan is usually an easier task than structuring the mortgages. Usually a client isn't equity stripped until crisis mode hits and a judgment looms. We then complete the loan and transfer the proceeds into offshore protective entities or into exempt assets. We do not normally use domestic FLPs or LLCs at that point because such transfers would be susceptible to creditor challenge as fraudulent transfers.

Your end game plan – once in crisis mode – is to transfer your domestic assets to some protective entity (i.e., FLP, LLC, etc.) and to fully secure those assets to one or more mortgage holders so no equity is exposed to your creditor. The loan proceeds are then moved to an offshore trust, foreign LLC, or self-protected investment (such as certain foreign annuities). We usually combine or layer these entities, investments, and strategies to maximize protection.