Mortgage Your Business

Don’t forget to mortgage your business. Debt-shielding your business is as vital as shielding your personal assets. A mortgage against your business can indeed be your best friend if you must combat your business creditors. Encumber your business to a friendly lender and you position yourself so that your lender can, as an alternative to bankruptcy, foreclose on your business and sell you back its assets for a fresh start.

Your friendly mortgage also effectively lets you control your own business. Should a litigant or unsecured creditor attempt to collect on their judgment, your friendly mortgagee can intervene and, if necessary, foreclose and re-sell to you your own business. No funds need change hands since your mortgage holder can finance you with a new loan. Again, avoid sham mortgages. Your friendly mortgage must withstand close scrutiny.

Your friendly creditor can be a relative who loaned you money to start your business. If you have a friendly supplier, you may give this favored supplier a mortgage against your business, if you’re confident this supplier will cooperate in the tough times. Meanwhile, if your business is sued, this mortgage keeps your business protected.

Done correctly, you can become your own mortgage holder. Entrepreneurs often set up Nevada corporations as a supplier to their own companies. The Nevada corporation could indirectly be owned by the entrepreneur, but operated through nominee officers and directors so that the owner’s affiliation and true ownership of the lender corporation is undetectable. For further privacy, the Nevada corporation may be owned by an offshore company.

But you need do more than give a mortgage to your friendly mortgage holder. Be prepared to validate your mortgage and prove that you actually owe the money. Perhaps consulting or other services were provided by the Nevada corporation. Can you document these services were actually rendered and are worth what you say you owe?