

# Real Estate Asset Protection

Contributed by Ronald Edwards

The goals of Real Estate Asset Protection are:

Keep the ownership of the real estate anonymous. Anonymous Panama Corporations and Anonymous Panama Foundations do this extremely well; in fact better than any other jurisdiction we are aware of. Anonymous ownership of real estate reduces your profile as a target for lawsuits and collection attorneys can not go after something they do not know even exists.

If a structure of Anonymity is not practical the next best solution is to take away the attachable equity through the use of lawful mortgages and other encumbrances filed on the property locally by anonymous Panama Corporations or Foundations.

You should only use a Law Firm for asset protection so you have attorney client privilege. The law firm used should be out of the reach of the court where the real estate is located. If a lawyer in your country forms an offshore structure for you what are you going to do when he winds up in the lawsuit with you - defrauding creditors would be one possible allegation, or if he has the judge order him to open up his records concerning you. If you felt the courts, laws, judges, lawyers etc. in your country were fair and equitable you wouldn't be reading this. Don't make the mistake of using a law firm in another country which also has flawed privacy laws. The courts in his country will probably cooperate with the courts in your country.

As a last resort but still a valuable one the asset protection structure should present itself to your pursuing financial adversaries as so burdensome, onerous, confusing, time consuming and expensive that they will accept a settlement from you for a mere fraction of the debt in question. This is an often overlooked positive outcome that lets you keep your property and settle the debts for pennies on the dollar, sort of a bankruptcy without going bankrupt.

Detailed Information Follows:

Today many people in different countries are very worried about their real estate being lost due to court actions leaving them homeless or without their real estate portfolio. Real estate is not portable and unfortunately is one of the first things aggressive collection attorneys go after. Since the ownership of real estate in many jurisdictions is open and transparent, the real estate ownership rolls are often used to determine if a person has enough wealth to go after in a civil lawsuit, in other words it flags you as a target. Real estate ownership records are also used to accomplish identity theft since a lot can be learned about the owner from the public records like when the mortgages were taken out, from which company and for how much, the full names and addresses of the owners, etc. This information is then used combined with other public databases like driver's licenses, phone and utility records etc. to create a profile of the victim which is used to steal their identity. Lack of privacy is invasive and also encourages litigation and criminal activity.

So how do you protect your real estate in as anonymous manner as possible? Some sample strategies are briefly described below.

Mortgages:

One real estate asset protection strategy is to borrow against the real estate using mortgages or trust deeds. Typically in most jurisdictions the borrowed money is not taxable as income since it must be repaid. Usually one can borrow up to 80% of the value of the house. Collection attorneys will not spend money to go after a house with 20% or less available equity. This is also true concerning government collection agencies. It is felt that auctions in the courtroom or on the steps of the courthouse will not bring in more than 80% of the appraised value since these auction buyers are looking for a substantial discount. One important point to be considered is the collection attorney may want to know where the borrowed money from the mortgage is to see if it is within his reach like in the country concerned. If the money is offshore they rarely will pursue it. They are not lawyers outside of their country and must retain local lawyers who usually smell deep pockets and charge high fees for this type of service which will rarely ever has a happy ending for them. The country where the money is may be hostile to such collection actions as is very often the case and makes it hard for these cases to be pursued. These countries often dismiss these cases for lack of venue or jurisdiction. Also the collection attorney from your country often has to post a cash bond to cover court costs if they lose which again deters such actions. The potential problem with the above scenario is now you have a mortgage on property that may have been free and clear. You need to go through a credit check and reveal personal information much of it will wind up in public or semi-public databases like credit agencies databases. Now you have to make the payments and pay the interest rates. There are usually penalties involved if you terminate the lease early. Many of these loans have variable interest rates which can go up and now you have a blood sucking Mortgage Company on your property title. There is a better way.

Your own Mortgage Company:

There is nothing wrong with borrowing money from an anonymous Panama Bearer Share Corporation that to protect its

interests places a mortgage on your property. You basically write a mortgage through your corporation to yourself to record on the title of the property you wish to protect. This requires a lawyer in the city where the real estate is to advise you as to how the mechanics and local laws will work when recording your mortgage and pertaining to it. You may need to fund an escrow in the area where the real estate is in some countries to validate the mortgage, but there are work arounds for this as well. After the escrow closes the loan is recorded against the property tying up the equity in the property reducing your profile as a target greatly. You could make the loan at more than 80% of the value like 99% if you so desired. The corporation or an additional corporation could be used to make a second or even a third mortgage. Of course your borrowed money is not taxable and but you do need to make payments with interest to your own corporation. This is a real loan. If one researches you or your real estate they will see encumbered real estate and someone thinking of suing you may think you are not worth the time and expense which is one of our goals. If someone does try to levy or auction your real property they will have to pay the mortgage off from any auction or sale proceeds and if the amount of the mortgage (LTV- Loan to Value) is at least 80% of the appraised value a sale for enough money to pay off the mortgage will be extremely unlikely thus they will not bother spending the legal fees and auction fees. Auction buyers are price buyers, not people looking for a certain home in a certain school district etc. Remember the Panama Corporation owning the mortgage has no listed owner anywhere so it is impossible for ownership to be looked up by a potential financial enemy sizing you up. In any event the obstacle of the mortgage makes normal collection actions immensely more difficult for them if they should try to pierce through the corporate veil. Panama corporate veils do not pierce. They do not know this is your mortgage and that you own the corporation that wrote the mortgage and the only way of finding out would be to take your deposition and ask you. Well for all they know you don't own the corporation, perhaps you did and transferred the ownership, or they might assume you would lie and they could not catch you in your deception, or they may assume it is owned by a friend or relative or whatever else comes into their mind. You are not responsible for their thoughts; this is something they do all on their own. One thing to be perfectly clear on is now collection costs for your financial adversary has now gone up, way up and the person going after your assets has some decisions to make as to how much money they want to spend. The collection attorney is going to be anything but encouraging because he is now in an environment that he does not understand &ndash; welcome to the jurisdiction of Panama Counselor. He is going to tell your financial enemy that more money is required to pursue this, in the back of his mind not really wanting to pursue this and if he does have to do it he is going to want to get paid big time. When lawyers do not want to do something they charge a lot. Now if the attorney gets into it and finds out the corporation ownership is non-transparent and soon discovers that Panama has tight bank secrecy etc. he will become more frustrated and this means higher fees for your financial enemy. What will the other side do if a Panama Private Interest Foundation owns the Corporation and you can legally say you do not own the Corporation? Panama Foundations really have no owner so you could also say you do not own the Foundation. Welcome to Panama Mr. Collection Attorney. You are not responsible for providing the other side ownership details of a foundation or corporation that is their problem. You can say you do not own the corporation or foundation and that is where it stops as far as you are concerned. Folks when they see a Panama Corporation or a Panama Foundation on the mortgage they are more than likely to drop it right there because they know they are spinning their wheels and will more than likely never get anywhere and spend a ton of money getting nowhere. Remember the collection attorney doesn't deal with Panama Asset Protection scenarios everyday, or even every decade for most of them. He will see things as a brick wall, blind alley, etc and not know what to do. Remember the attorney that is doing the collection can be sued by his client for frivolously spending his client's money and running up a big bill when chances for a positive return are most unlikely.

#### Line of Credit Mortgage:

There are other ways of protecting real estate assets where no actual funding of a mortgage is required. A line of credit is set up through a Panama Financial Institution that records a trust deed based on the size of the line of credit. This is very similar to what finance companies in the USA do with home equity lines of credit. This also requires you to retain a local attorney in the area where the real estate is located to ensure that proper papers are filed with the local government registry. The line of credit need not be drawn down upon, yet it can still be used to protect your real estate equity, or boat equity, car equity, airplane equity, art collection equity etc. The line of credit can be cancelled at any time by you and within 30 days the mortgage on the property will be released. There are safeguards put in place to ensure you have control over this.

#### Real Estate Asset Protection Annuity:

Another way to protect real estate or other assets is through the use of an annuity. Basically the anonymous Panama Corporation or anonymous Panama Foundation would receive your real estate or other assets in return for an annuity. The annuity pays you a certain specified sum of money monthly, quarterly or yearly. The money can be paid into a secure Panama Bank account even in the name of another Panama Foundation which is acquiring and protecting assets for you to retire on and for the eventual benefit of your beneficiaries. So if you were asked in a lawsuit in your home country why you transferred the real estate to this Panama Corporation and what consideration did you receive for the transfer, you reply the transfer was done in return for an annuity of so much money per month for as long as you live, or 5 years or whatever you decide for a term. Now they say where is this money paid thinking about garnishing it. You say into a Panama bank that my Panama Private Interest Foundation maintains think dead end for the collection attorney. If the sum is paid monthly the collection effort is so costly compared to the reward you could even have the annuity money paid into a bank account in your home country. They are not going to go do a new collection action each month, and if

they did well you could change banks, or use a Panama Bank and withdraw the money with an ATM card.

## WARNING

It is common to see entities selling asset protection structures using trusts and other vehicles that are located in the countries that have done away with privacy and fairness in the courts. These are the countries where they judges do what they want, judgments awarded are staggering high, the lawyers run legal bills up on the people until they can no longer defend themselves because they are broke, etc. If you own property in such a country and use an attorney who is also in this country or another country like this you are at serious risk. Why. For a lot of reasons.

### About The Author

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