

# The Jumbo Solution

Are you a Real Estate Professional having a hard time closing luxury residential (and commercial) properties requiring jumbo financing? If you could close just one more deal a year, how might that affect your finances?

*Do you have:*

- A buyer that can't qualify for jumbo financing?
- A listing you can't take?
- A listing that won't sell?
- A listing getting ready to expire?
- A deal falling out of escrow?

Before Realtors walk away from their clients and their commissions, they need to bring in the Jumbo Solution team for an evaluation.

*We can help you:*

**Resurrect and close a "dead" transaction**

**Resuscitate a marginal deal**

**Achieve customer satisfaction**

**Gain additional referrals in the process!**

*How do we do it? By utilizing:*

- The homeowner's existing equity
- The existing financing already on the property (when attractive)
- Or a combination of the two

to forge a mutually acceptable structured transaction for the Principals. Essentially, we use the same kind of deal-making magic professionally trained RE Exchangers use to accomplish 1031 transactions for their RE investor clients! **And provide similar benefits as well!**

The Jumbo Solution team provides the parties to the transaction with the all of the advantages of a "subject-to," lease-option, installment note, land contract or "wrap" – as well as several elemental estate planning and asset protection benefits built-in – **without** ANY of the disadvantages.

**And . . . YOU GET PAID!!!**

Depending on Seller needs, Buyer available cash and/or market conditions, more transactions are put together and **CLOSED** – **participating Realtors** are PAID their commissions through:

1. Escrow at the inception of the transaction;
2. Escrow at the termination of the trust;
3. Periodic installments;
4. Any combination of the above

\*NOTE – the **Jumbo Solution** is NOT a loan program and NO new financing is involved in the transaction (though the property owner may elect to refinance the property through a third-party Lender prior to trust inception if it makes sense).

## The Jumbo Solution Platform

The Jumbo Solution uses the “Illinois type” title-holding land trust (a *revocable inter-vivos* Beneficiary-directed trust), coupled with our proprietary documentation system to allow the property owner (Settlor) to vest both the legal and equitable title of the property with the trustee of a land trust to be created...

and then to subsequently transfer a *Beneficial Interest* in that land trust to a **Resident Co-Beneficiary** – upon the mutually agreed terms and conditions of the Principals.

The **Jumbo Solution** results in a personal property interest in the Trust being conveyed to a Resident Beneficiary *without an unauthorized transfer of the real estate title*, and **without a violation of an existing mortgage lender’s “due-on-sale” clause, or other “alienation” clauses** (FDIRA 12USC1702j-3 aka Garn – St. Germain).

### Before You Start Rolling Your Eyes . . .

Forget what you don’t know, and most of what you may have heard: Fannie and Freddie have had loan programs for Land Trusts in the MFR commercial lending sector for years, and the IRS even grants Land Trusts special and potent benefits in several code sections!

Though many real estate agents, lenders, and even attorneys are not entirely familiar with them, Land Trusts (particularly “Illinois-type” title-holding Land Trusts) have been used for real property ownership and transfer in the U.S. since the early twentieth century, and are authorized and/or accepted in various closely related forms in every state throughout the U.S. at this time.

While setting up and operating a land trust does require a lot of paperwork, a careful review of the process demonstrates that the **Jumbo Solution** is less complicated than a typical 1031 exchange or wrap around mortgage, while also generally offering more advantages for all parties and their representatives.

It's also easier than pushing through a full documentation conventional loan any day of the week!

The **Jumbo Solution** is a meticulous, straight forward process that incorporates:

1. A title-holding *Land Trust Agreement* between the Settlor and a Trustee; followed by
2. An *Assignment of a Beneficial Interest* to a Resident Beneficiary; in conjunction with
3. A *Beneficiary Agreement* (analogous to a joint venture agreement) between property owner and Resident Beneficiary; along with,
4. An *Occupancy Agreement* (NNN RE lease) whereby a Co-Beneficiary leases the corpus real estate from the trust, rather than holding an equity interest in the real property itself; and, when circumstances dictate,
5. A limited *Power of Attorney* from the Settlor to Buyer for handling the management of the property according to the dictates of the Trust Agreement, and the Beneficiary Agreement between the Co-Beneficiaries.

The **Jumbo Solution** deal structure/documents effectively afford a would-be buyer all the benefits of homeownership, including income tax deductions ... without the transfer of title ownership.

Unlike other types of trusts, the Beneficiaries of a land trust retain full direction and control of all trust decisions. The **Jumbo Solution** also effectively protects the property owner (Settlor), as well as any Co-Beneficiary (or Resident Beneficiary) from legal action by third parties.

Utilizing the **Jumbo Solution**, the property owner (Settlor)'s property rights are fully protected, and Settlor's equity, if any, is safely preserved. In addition to the important benefits described above, the land trust also provides an effective buttress for the Settlor's real estate ownership against threat of lawsuits, creditor claims,, IRS tax liens, bankruptcy and legal claims in marital dissolution, probate proceedings, etc.

As an additional safeguard, the **Jumbo Solution** uses **Equity Holding Corp.** (formed in 2000 to function exclusively as a non-profit corporate trustee for Illinois-type land trusts) as the Trustee. **Equity Holding Corp.** has extensive experience in this capacity, acting as trustee on behalf of hundreds of property owners and investors nationwide.

**What you *don't know* about Land Trusts, Seller Financing and the Secondary trust deed market *CAN HURT YOU...***

Knowledge is power and puts money in your pocket. And sometimes, it's not just about WHAT you know, but WHO you know.

***We are your local Jumbo Solution & Seller Financing specialists***

We have the ability to help you:

- **Close more real estate transactions today**, regardless of market conditions. There's a solution that's right for your client.
- **Protect your clients far into the future** when they go to sell their real estate note in the secondary market, or through the title-holding land trust system.

Help them sell now, and save them thousands down the road by working with note professionals and/or Jumbo Solution specialists *before* you close the deal.

***Isn't it time to give your office the competitive edge?***

**Invite us in for a short presentation at your next meeting.**



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## **Bio**

Dawn Rickabaugh is a CA Real Estate Broker specializing in legal and ethical creative financing. She regularly puts and keeps real estate transactions together using proven seller financing strategies. She also buys and brokers notes secured by real estate, and is therefore poised to help sellers and their agents understand how to carry paper safely. She loves teaching intelligent use of the Installment Sale and the Jumbo Solution/Land Trust Transfer for maximum benefits, including deferring capital gains.

Dawn originally graduated from Brigham Young University in 1987 with a Bachelor of Science in Nursing, and worked for several years in the ICU and ER at Huntington Memorial Hospital. She now pursues her passion for helping people through traditional and innovative real estate transactions. She has four amazing teenagers, and loves her life in Temple City.

