

L.T.S.C. INFO SHEET is a short summary of a legal issue of interest to some of our clients. Keep in mind that the law changes and is subject to different interpretations. See a lawyer if you need specific legal advice.

How to buy a foreclosure property

In order to buy a property at a courthouse foreclosure sale into a land trust you must be sure to do the paperwork properly or you may have a title problem later.

The general rule is that a Clerk of the Circuit Court does not have the ability to grant powers to a trustee on a certificate of title. So what you need to do is to have the clerk deed it to someone, called a "strawman" who deeds it to the land trust trustee with the full necessary powers.

At Land Trust Service Corporation, we use an LLC as our strawman, L.T.S.C., LLC. A person buying a property at a foreclosure sale would tell the clerk to deed it to "L.T.S.C., LLC, Trustee." Then L.T.S.C., LLC, Trustee would deed the property to a new trust with Land Trust Service Corporation as the trustee of your trust with the full necessary powers on the deed.

We have heard that some clerks will put anything you want on the certificate of title, including the land trust powers, and some title companies may insure these without realizing that there may be a legal problem. but if you want to make sure you do not have a title problem, you should use a strawman.

To put a foreclosure purchase in trust with us, when you buy the property, tell the clerk that the buyer on the Certificate of Title should be as follows:

L.T.S.C., LLC, as Trustee, under Florida Statutes 689.071
PO Box 186
Lake Wales, FL 33859

Next, complete the Strawman Trust Agreement on the next page, and our Land Trust Setup Instruction Sheet and Land Trust Data Sheet, and fax or email them to us along with a copy of the Certificate of Title so we can prepare the trust and sign a deed to your trust.

STRAWMAN TRUST AGREEMENT-Foreclosures

WHEREAS Clerks of Circuit Courts cannot grant trustee powers for Florida land trusts under Florida Statutes §689.071 and 689.073, and

WHEREAS _____ (Beneficiary) wishes to buy foreclosure properties and put them in trust with Land Trust Service Corporation as trustee, and

WHEREAS Land Trust Service Corporation (Trustee) has agreed to act as trustee for such purchases, and has a subsidiary limited liability company, L.T.S.C., LLC, set up for the purpose of being strawman buyer for such transactions,

NOW THEREFORE in consideration of one dollar and the mutual covenants herein contained the undersigned parties agree as follows:

1. In the event _____ (Beneficiary) purchases a property at a foreclosure sale, it will be bought in the name of
L.T.S.C., LLC as Trustee under Florida Statutes 689.071
PO Box 186
Lake Wales, FL 33859
and Beneficiary shall as soon as practicable inform Land Trust Service Corporation of such purchase, and submit a Land Trust Setup Instruction Sheet and a Land Trust Data Sheet for the property.
2. Land Trust Service Corporation agrees that such properties shall be held by L.T.S.C., LLC, as trustee for the buyer and as soon as practicable deeded to Land Trust Service Corporation as trustee under the trust agreement that has been set up for the property.
3. It is understood by the parties that at no time shall Land Trust Service Corporation or L.T.S.C., LLC have any interest in the properties other than as trustee for the Beneficiary.

Dated _____, 20____

BENEFICIARY:

Name: _____

Signature: _____

TRUSTEE:

L.T.S.C., LLC

By: Land Trust Service Corporation, Manager

By:  _____

President