YOUR TITLE INSURANCE POLICY

& THE ALL INCLUSIVE DEED OF TRUST

What you need to know!

ALL INCLUSIVE DEED OF TRUST | YOUR WRAP-AROUND LOAN

An All Inclusive Deed of Trust is also known as a wrap-around loan or AITD. This means that a preexisting loan is included into a new loan that is made by a property's seller.

For example, if a property sells for a total of $200,000, there is a preexisting Deed of Trust on the property with a balance of $150,000, and the buyer is able to make a $20,000 down payment on the purchase of the property, an All Inclusive Deed of Trust may be created for $180,000. This means that the All Inclusive Deed of Trust wrapped around the preexisting trust deed of $150,000, while the seller carried back the additional $30,000. If the interest rate on the preexisting loan is 7% and the seller creates an AITD at 8%, he will receive the additional 1% on the $150,000 on top of the 8% on the $30,000. If the seller merely carried a 2nd trust deed in the amount of $30,000, the seller would only receive the 8%.

At this point, the buyer of the property will make his or her loan payments based on the remaining balance of $180,000, and the seller continues to make the payments that she/he was already making on the original trust deed on that property.

One benefit of the All Inclusive Deed of Trust is its flexibility and ability to negotiate all of the terms, including the payment amount, the rates of interest, the maturity date, any late charges, and the prepayment penalty.

If the original trust deed included a clause of "due on sale", then the buyer should seek both legal and tax counsel in order to understand the ramification of this type of transaction.

All Inclusive Deeds of Trust allow for a great deal more flexibility and options when it comes to buying and selling properties than you would have with a typical mortgage. For more information please call **USA National Title Company**.