CHICAGO TITLE

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165 Years in Business

Understanding Inclusive Deed of Trust (AITD)

An All Inclusive Trust Deed secures a wrap-around loan, which loan incorporates an existing loan, with a new loan made by the Seller of a property.

For example, the sales price is $200,000, there is an existing first trust deed securing a loan with a balance of $150,000, with an interest rate of 7%, the Buyer has $20,000 cash to put down; therefore, an AITD is created in the amount of $180,000 at 8%. The AITD wraps around the existing $150,000 at, and the Seller makes 1% on the $150,000 at 8%, on the $30,000, thereby effectively increasing the yield.

The Buyer makes payments based upon the $180,000 balance, and the Seller makes the payments on the existing loan secured by the first trust deed.

The terms of the AITD, such as rates, maturity date, payment amount, late charges and prepayment penalty are completely negotiable.

In the event the first trust deed and note contains a "Due On Sale Clause," the parties will want to seek legal and tax counsel as to the ramifications of doing an AITD.

AITD	LAND CONTRACT
Usually recorded with a Grant Deed	Can be unrecorded or only a Memorandum file or Performance
Conveys FULL title	Conveys only an "equity" interest
Foreclosure through trustee	May require judicial foreclosure
Future liens against Seller WILL NOT attach to property	Future liens against Seller MAY attach to property
Always include underlying loans - larger yield for Seller	May be either All-Inclusive or Split Interest

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