

# TRANSFERRING PROPERTY TO A BUSINESS

Many borrowers want to transfer their home into an LLC or other business. Whether your transfer to the LLC will be permitted will depend on the type of business as well as the type of loan that you receive.

## Am I Allowed to Transfer My Property into an LLC?

**If you have a Fannie Mae or Freddie Mac loan, you will be allowed to transfer your property into an LLC after you take out your loan if:**

1. You continue to live in the home;
2. You control the LLC; and
3. Your mortgage originated more than 12 months ago (Freddie Mac loans only)

You may need to provide certain required LLC documentation to your mortgage servicer prior to transferring the home into the LLC

If you have an FHA, VA, or USDA loan, the federal agency must approve any transfer of the property into an LLC.

**Prior to transferring your home into an LLC, you should consult with legal counsel to ensure the transfer will not violate the terms of your mortgage loan.**

Failure to meet the requirements for the transfer could violate the terms of your loan.

**If your loan is serviced by New American Funding, you can get assistance by contacting Customer Care at (800) 893-5304.**

## **Am I Allowed to Transfer My Property into a Different Type of Business?**

Generally, no. Most investors and insurers for mortgage loans only allow property to be transferred to LLCs. They do not allow them to be transferred to corporations, S-corps, or partnerships.

## **How Does the Transfer of My Property into an LLC Affect the Servicing of my Loan?**

If your loan was made to you and you transferred the property into the LLC after the loan was closed, your billing statements, tax forms such as IRS Form 1098, and credit reporting will all be in your name. Further, the investor of your loan may require that your property insurance have you listed as the insured rather than the LLC.

If the loan was made to your LLC, not to you personally, the billing statements will be in the name of the LLC, and there will be no IRS Form 1098 or credit reporting as the borrower is a legal entity. Further, the property insurance should be in the name of the LLC. To ensure that you and any other member of the LLC can obtain information about the loan, you and the other members will need to provide documentation to become an authorized third party on the loan.

**You can find out how to become an authorized third party on your LLC loan by contacting Customer Care at (800) 893-5304.**