

Basic 3 Trust Model

This illustrates the advantages of simple diversity of ownership under your sole control in a non-business setting. Notice the separation of the property held in each trust. The Master Trust holds a prior superior claim and a perfected security interest (UCC lien) in all the other trusts as a result of the debts incurred by the advances and loans. If one trust incurs a liability, it has no effect whatsoever on the other trusts anyway, but any such liability is always second in line to the superior claim of the Master Trust. Even though you're the Trustee of each trust, each trust (as an individual entity) may serve additional functions in the triangle. For example, the Master Trust here acts as the financier and funds activities of the other 2 trusts but can also hold property. It is all at the discretion of you, the trustee.

