

# What is Best, a Trust or Corporation as a California Home Owner?

*This post explores the options and the hazards of trusts and corporations for California real property*

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/EINPresswire.com/ -- In the process of purchasing real property in California, the buyer is asked "[how do you want to own your home?](#)" This post explores the options of a trust or a business entity.

Both options avoid probate court transfer on death. Probate is a set of California laws that determine who inherits and how. Probate requires a filing in court and an order from the court on who inherits. Probate is time consuming, expensive and a matter of public record.

California real property owned by a business entity such as a limited liability company or corporation avoids the probate courts. A business entity not only avoids probate, it can protect the owner from renters.

A business entity also has tax advantages if it has rental profits. A business entity owner is for rental property, not personal homes. Business entities in California are costly and for personal homes have tax disadvantages.

The best way to own a personal home in California is as trustee of a [revocable living trust](#). Trusts are similar to wills. A trust states who inherits and under what conditions. A major advantage of a trust compared to a will is a trust avoids probate. A will does not avoid probate. But for a trust to avoid probate, the real property must be owned by the trust. Real property transfers into a trust are by deed recorded with the county where the real property is located.

On the death of owner of a trust, transfer is by affidavit death of trustee and deed recorded with



Corporation vs Trust to own real property in California

the county recorder. The affidavit establishes the successor trustee identified in the trust as the person authorized to act on behalf of the trust. The successor trustee then sells or transfers the real property to the beneficiaries of the trust by deed.

Real property owned in a name only transfers on death through probate court. A business entity owner is best for rental properties. Business entities avoid probate, provide asset protection and have tax advantages. Trusts are best for personal homes to avoid probate and take advantage of tax breaks.

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