

# HANDLING AN ESTATE



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# 1. Preface

First and foremost, my condolences on the loss of your family member. It's never easy to lose someone.

There are so many things you're probably finding yourself having to deal with, beyond just the sadness of your loss. It's hard to ever be entirely ready or prepared for everything that has to be thought about and addressed.

One of the more obvious things people *expect* to have to handle is the "estate" of someone who has passed. However, it's often more involved and complex than many people expect. "Estate" is a broad term that involves many different things.

And one of the largest elements of one's estate is typically the real estate they owned.

I've created this booklet to touch upon a few of the more common, but unexpected, issues people find themselves dealing with when handling the real estate portion of the estate.

This is not a comprehensive "how-to" but rather a look at some issues most people (and even most real estate agents) do not expect or address — until they're in the middle of dealing with them.

Hopefully this booklet will help you avoid them altogether or at least help you to identify and deal with them more readily when they arise.

Again, my thoughts and condolences go out to you, and please feel free to reach out to me with any real estate related questions you may have.

**NOTE:** If you have extended family who will be involved in the estate and real estate related decisions, and you'd like additional copies of this booklet for them, please just ask and I will send you as many as you would like or feel free to forward this one.

## 2. Advisors You Should Consult

Depending upon the intricacy of your loved one's estate, there are several professionals you should consider hiring:

- ▶ An accountant
- ▶ An attorney
- ▶ An estate planner / financial advisor

While you may not want or need to hire all of the above, if you do, make sure the ones you hire have expertise in handling estates.

If there is a professional in any one of these fields who has already been dealing with the affairs of your loved one, it makes sense to at least consult with them since they are familiar with the estate.

That does not mean you necessarily have to hire them to handle matters from here on out.

If for some reason you don't trust them, don't feel a good connection, or feel they're not the best people for the job, certainly consider hiring someone else you may already have a working relationship with.

(If you would like referrals for any of the above professionals, please feel free to reach out to me and I'll be glad to give you the name and contact information for the ones I trust and recommend.)

### 3. Appraisal Vs “CMA”

One of the first real estate related concerns you'll likely have is the market value of any real estate owned.

You will need this even before you want or need to actually sell any of the real estate involved in the estate. It will be needed for tax purposes as well as determining the overall value of the estate.

When you are asked to get the real estate valued, the term “appraisal” will probably be used. There is a difference between an “appraisal” and a “comparative market analysis” (CMA). An appraisal is done by an appraiser, and a CMA is done by a real estate agent. Most of the time, a CMA done by a real estate agent is completely acceptable, even though the term “appraisal” was used.

So, make sure to ask for clarification from whomever asks for it because an appraisal will cost you money. The price will vary, but it will likely cost between \$300-\$500 but could run as high as in the thousands depending on the size of the home and complexity of the appraisal. On the other hand, a CMA is almost always done for free. (Note: While I can't speak for all real estate agents, I will be glad to do one for you at no charge if you need one.)

No matter which method of valuation you choose, make sure it's done in a professional manner and the value is clearly stated in writing on letterhead and with data to back up the value. Also, make sure that the real estate agent or appraiser is willing to speak to anyone who may have questions about the valuation.

**Pro tip:** Bear in mind that the value of real estate fluctuates, so the value may differ when it comes time to actually sell the house. The value could be higher or lower depending upon market conditions. So, make sure to look at another thorough and objective CMA when the time comes to put the house on the market — especially if it's months, not days or weeks, in between.

## 4. Dealing With Real Estate “Opportunists”

One of the more unsavory things you may have to deal with is real estate agents seemingly coming out of the woodwork and trying to convince you to list the house of the person who has passed away.

For the most part, this is just poor form. But there will be agents who are either desperate for business or simply that aggressive. You might be amazed at how some agents manage to find your name and number in order to even discuss this at all.

Helping someone handle the real estate related matters of an estate is not as cut and dried (or simple) as just doing some paperwork and going through the motions of putting a house on the market and getting it sold. There are many more things to take into consideration.

The mere fact that an agent is reaching out and soliciting business soon after someone has passed away shows they’re likely unaware of all that’s involved — and they probably should *not* be handling the sale of real estate to settle an estate.

The actual selling of any real estate often does not occur for quite some time after a loss. There are a lot of other things that need to get done before that can happen. In fact, putting the house on the market immediately is probably premature in most cases. (With that said, if you need to get any real estate on the market and sold as quickly as possible due to financial strains, it is certainly possible.)

As offensive or aggravating as it may be, do expect to hear from some agents like this. The best way to handle them is to simply avoid them and ignore their attempts.

**Pro tip:** Be careful if an agent begins to promise something that sounds too good to be true. (Like, they have a buyer for the house.) It's most likely a sales tactic. As tempting as it may seem, you may want to vet them more thoroughly. If this happens, please feel free to contact me. I can help you assess the situation objectively.



## 5. Working With Family

You've probably heard stories about families being torn apart or fighting over the estate of a loved one. This is probably expected in families who already have tension.

But what surprises many people is that it happens to even the *closest* of families.

Whether it's right, wrong, or somewhere in between, the assets and wealth of a family that are to be divided will often cause tension, disagreements, arguments, and stalemates.

Everybody in a family will have different perspectives and motivations. Here are a few examples of what real estate agents see quite often:

- ▶ Some family member(s) may want to settle the estate as quickly as possible because they simply don't want to deal with it any longer than necessary, even if it means losing some money.
- ▶ Some may want nothing to do with the process until it comes down to decision-making moments, and *then* they want to chime in, thus aggravating everyone else who had to do the work to get to that point.
- ▶ Some may want to hold out on the sale of the house for as long as possible and/or ask too high of a price because they either don't really need the money quickly or want as much as possible...even if it's an impossibility.
- ▶ Someone may feel entitled to money when they're really not, and they'll try to hold up the process legally or otherwise.
- ▶ Sometimes it's just stress and sadness that cause people to act and react in ways they never have before.

Those are just to illustrate a few examples. There are many ways that working with family can be difficult in times like these.

Ideally, you will not experience anything like this. But if you have to work with any

amount of extended family, it's a good idea to have a family discussion early on and come to an agreement that you'll work together as considerately as possible. And possibly appoint a lead person for the process.

If things do get tense, try to be as compassionate and empathetic as possible. It might not be driven by greed but rather sadness, old grudges you were unaware of, memories, or even just an inability to let go. Sometimes a kind word or hug can resolve things better than anything else.

## 6. Decide Upon A “Point Person”

While not everyone has extended family or relatives involved in decisions regarding the estate, many do.

If you do, when and if you decide to sell the house, it's a good idea for one person to be the “point person” — the person who will be in charge of speaking with the real estate agent and anyone else involved in the process of selling the house.

When there are a lot of people with a vested interest in the sale of the house, there will also be a lot of opinions. Going back to the last section, ideally you can all find a way to come to agreement when something needs to be decided upon, like:

- ▶ How much to list the house for
- ▶ Price reductions if necessary
- ▶ How much to counter during negotiations
- ▶ What price to accept from a buyer
- ▶ Inspection issues

It won't necessarily be easy to *get* everyone to agree, but it's necessary to figure out a way to agree and make decisions. Otherwise, things will never move forward. Perhaps come up with a way of voting on decisions to be made if conversation alone doesn't work.

With many people involved, it can be tough for a real estate agent to communicate with *everyone*. There may be times when the agent can have a meeting or phone conference with everyone involved. But this is often difficult, if not impossible, given everyone's schedules.

Plus, there will likely be other things someone will need to make sure are done, like paperwork, meeting inspectors or contractors, for instance. It can also entail just swinging by the house to check on it once in a while to make sure it's clean. Or making

sure the lawn and grounds look good.

It might make sense for the executor or executrix to be the “point person,” but not necessarily. Whoever is the executor may not be the best choice for handling this aspect. It should be someone who is local to the house and has the time and ability to check on the house and get things done as necessary.

So, as a family, choose someone who will be the one to communicate directly with the real estate agent and anyone else involved in the sale. The person should communicate what was said, advised, or requested by the agent. And once a decision is agreed upon by everyone, he or she should communicate the decision to the agent.

It may also help to have everything documented in writing, especially if there is tension or arguments.

One last suggestion...

This can be draining for the person physically, mentally, and emotionally. So try to lend a hand where you can if you aren't the point person — or at least try to empathize with them, show some compassion, and make his or her “job” as easy as possible.

## 7. Expect Emotions

Selling the house of a loved one who has passed is not always an emotional experience, but it certainly can be...*especially* if it was the home to many family memories.

This might sound pretty basic if you're naturally an emotional or sensitive person, but it can also be surprising to many people who aren't normally emotional and even business-like in matters like this.

The most common times for emotions to affect the process of selling the house of a loved one are:

- ▶ **Before the house is even listed for sale.** You may find that you, or someone in the family, is hesitating, putting off, or coming up with excuses to not list the house.
- ▶ **Pricing of the house.** Logic and data should be used in pricing a house. But when it was "home" to people and memories, they often want to price it much higher than it should be. This might be simply because they add the "value" of the memories and home onto the actual value. Or, it could be a deliberate or subconscious attempt to delay the sale of the house.
- ▶ **Negotiations and acceptance of offers.**
- ▶ **Packing up belongings and "moving out."** This can be before the house is listed, during the time it's on the market, or up to the closing day.

There's no way to make a list of every possible moment or way that emotions can come into play. Just expect that they might. And if for some reason you find yourself, or someone else involved, having trouble agreeing on anything during the process, realize that it may be because they're sad or upset. In those moments, just be sensitive and compassionate. It might be all that is really wanted or needed by the person. (Of course, it can also be something that neither you nor anyone else can help the person with, and if that is the case, counseling may be a good idea.)

## 8. If \_\_\_\_\_ Wants To Buy The House

You can fill in that blank with any number of people...

Quite often, when someone passes away, there is someone in the family who either wants to buy the house or knows someone who wants to buy the house.

It could be one of the children, a grandchild, a niece or nephew, a cousin, or just the friend or acquaintance of any one of those people in your family.

Sometimes it's a good thing, everyone's for it, and it works out just fine. But more often than not, it just delays selling the house on the open market to a "true" buyer. While someone within the family, or at least close to the family, may want to buy the house, it usually doesn't work out for one reason or another. It might be because they simply can't qualify for a mortgage. Or, it could be because it's difficult to get everyone to agree to sell it to someone in the family or agree on the price and terms.

What makes it all the more difficult is when the person who wants to buy it is looking to use it as a way to make a profit. (To renovate and "flip" it, for instance.) But it can also be so that someone can get a decent deal on a house they couldn't afford otherwise. That can cause hard feelings and create resistance or resentment.

At times, someone feels like they want to buy the house because it's sentimental. Unfortunately, sentimentality does not usually result in an actual purchase. It just delays the sale until the person comes to terms with the fact that they don't actually want to buy the house.

But if someone does sincerely want to buy the house, and everyone agrees to it along with the price and terms, and the person can perform, then you should proceed as if it's a "normal" sale. Make sure everything is put in writing and you hire an attorney or title company to handle the process (take deposits, adhere to deadlines, make sure the mortgage process is moving along, get home inspections done, etc.).

You may even want to hire a real estate agent to help facilitate the sale because their skill and knowledge may be the difference between keeping the sale together and getting it closed...or just wasting time and money. An agent can fill in gaps that an attorney or title company does not.

And it's best to deal with this before ever putting the house on the market. If someone is interested in pursuing the purchase, give them first chance and a deadline to decide. Otherwise, it may get in the way or affect decisions throughout the sale moving forward.

Make sure everyone's financial interests are openly and honestly addressed. It's fine and good to give someone in the family a better deal, or work out favorable terms, but they also need to be aware of (and sensitive to) everyone else who will be affected and make sure they're treated fairly as well.

## 9. Preparing The House For Sale

Before you put the house on the market, you may want to do some renovations, repairs, or sprucing up.

This isn't a necessarily a good or bad idea. It depends.

It certainly makes sense to do what you can to ensure that the house shows as well as possible in order to sell as quickly as possible and for as much as possible. But there's a fine line between improving the house and *over*-improving. You don't want to spend money or time unnecessarily.

The best thing to do is to have a real estate agent come to the house and advise you on what to do and, as importantly, what *not* to do. (If this is something you would like advice on, please ask me to come take a look. I'd be happy to do so. I'd rather give you some time and thoughts than see you spend time or money you will not get back.)

Even if there is work that makes sense to do, it's not always easy or possible. If the estate has money available to do some work, then it can be a bit easier to decide upon and get done. But there are also times that family members have to pay for the work out of their own pocket or do the work themselves. Different family members may have different financial abilities or skills.

This can become a sticky situation if one person can easily contribute money, while another cannot. If this is the case, make sure that everyone's contributions (financial or otherwise) are compensated once the house is sold. Otherwise, it can lead to lingering resentment or arguments.

In the least, you should make sure the house is clean, tidy, and decluttered. Doing that will go a long way. And it shouldn't cost you much more than time and a few dollars. But anything you consider doing beyond that, make sure you truly assess whether the amount it will improve the value — or the time it takes to sell — is worth the cost.



## 10. If This Was Helpful...

I hope this booklet was helpful to you.

While it covers some of the more common issues that arise when you're dealing with real estate related issues after a loved one passes, you may find yourself dealing with other things I did not cover. So please feel free to call me with any questions you have regarding anything in this booklet or even things not covered here. I'm glad to give you any time and thoughts you may need.

**If you found this booklet helpful, you may also want to request a copy of my booklet "The Ultimate Home Seller's Guide".**

That booklet is a bit more in-depth, and it covers the process of selling a house in a more broad manner. It will help you sell the house for as much as possible and as quickly as possible.

If you would like a copy of that booklet, please give me a call or send me an email, and I will send you a copy.

Once again, condolences to you and I wish you the best of luck. If I can help you in any way, please reach out and I will be glad to do so.

## Compliments of:



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### ***Laura Lee Berger***

#### ***Bio***

Having grown up on a farm, I learned a very strong work ethic. At the age of 12, I started my first business of raising beef cattle. This taught me the importance of being responsible and accountable and helped pay for my college tuition at the University of Minnesota. Throughout college, I had jobs that were in the field of sales. My "Advanced Sales" professor pointed to me in class one day and said, "YOU will be in sales one day!" She was correct, and it has been wonderful. I have been in the field of sales for over 16 years.

After college, my career path went from lobbyist to account executive for a recycling firm to a sales rep for a corporate construction rental and sales company where I worked with the construction industry for over 10 years. All these jobs have benefited me in my real estate career in how I've been able to carry over knowledge from those positions to the one I am in now. Real estate is truly my passion.

The reason that I do what I do is because I believe we all have a purpose in life that makes us who we are. My purpose is to utilize my network, education and experience to guide my clients through the most pleasant real estate journey they can possible have. Buying or selling a home is a major life experience which doesn't need to have drama. Professionalism, experience and knowledge accomplish this. If you are in the market to buy or to sell, you want to be certain that the person you are working with

has your best interests in mind.

I have earned the Seniors Real Estate Specialist® (SRES®) designation for REALTORS® so that I am able to meet the special needs of maturing Americans when selling, buying, relocating, or refinancing residential or investment properties. The Residential Construction Certified (RCC) is another designation I've earned to better help buyers who are considering purchasing new construction homes. Understanding the terms and process of new construction homes helps in effectively representing my buyer through the course of building their new home. Considering moving out of town? Most recently I earned a certificate in as a Certified Real Estate Negotiator. My participation with our Relocation Team allows me to work with those who have taken a job outside the area and must list their home for sale, with incoming buyers, and I aid in finding an agent who is a proper fit for those who are relocating or investing in property in other parts of the state or country.

In addition to these certifications, I am the National Association of Realtors - Federal Political Coordinator for Congressional District 2. It is my responsibility to communicate federal housing issues to our congressional representative. I also sit on the MN Realtors Forms Committee and the MN Realtors Governmental Affairs Committee and am a Trustee for the MN Realtors RPAC. When you are working with me, I will listen to your needs and share my knowledge with you. I will take your needs and make them a reality with no need for drama. You can be ensured you are working with a strong negotiator, a professional and a knowledgeable Realtor who you can trust.

Now, let's start this journey together