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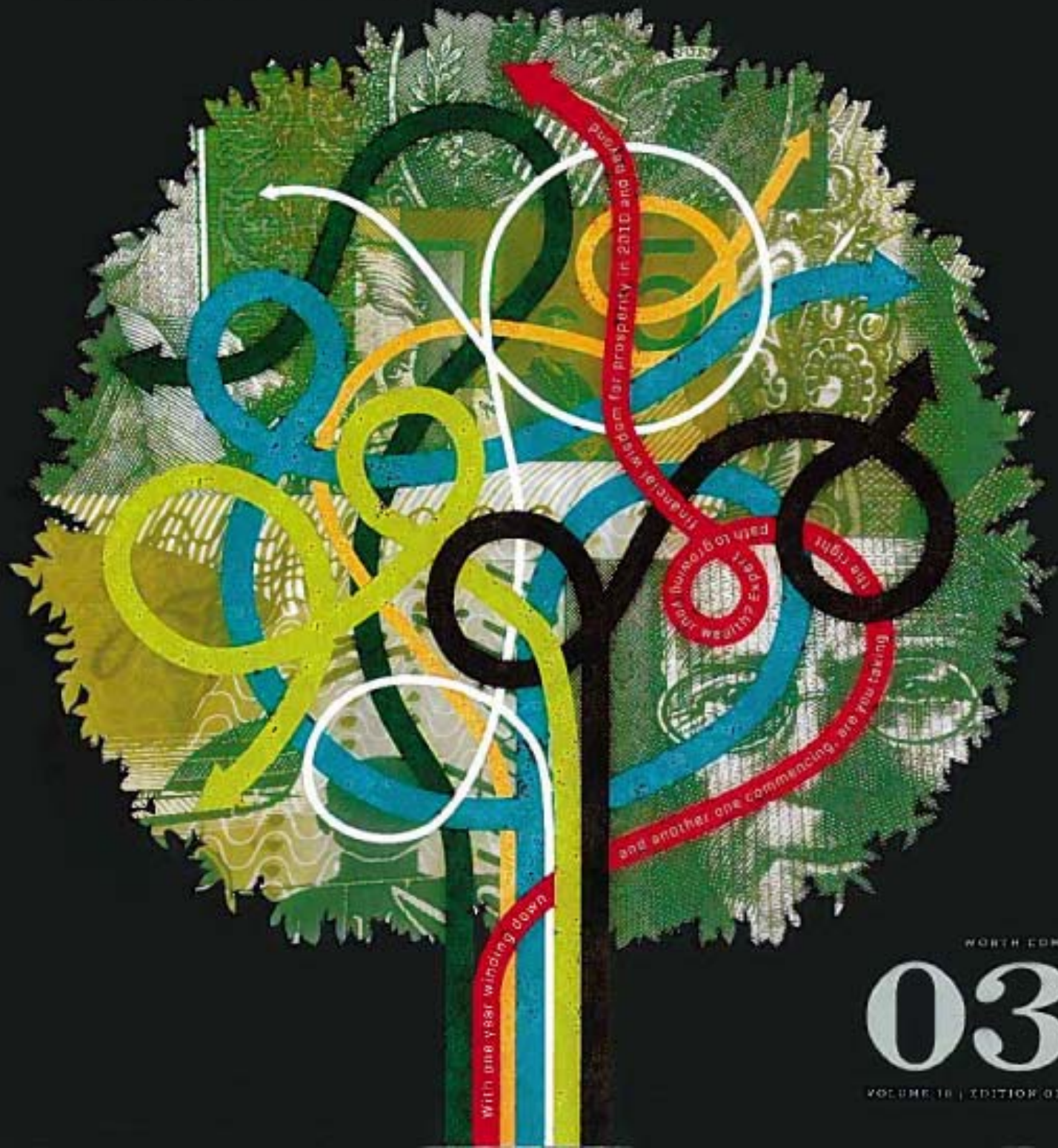
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# 03

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## Real estate and family are two of the most complicated parts of a person's life. So what happens when an inheritance combines the two?

*My father passed away this year and my brother, sister and I inherited the family beach house. We generally get along well, but when it comes to this subject, we disagree about everything—whether to keep the place or sell it, how much we need to spend to maintain it, on our schedules for using the home—even on how to decorate it. Are there guidelines that can help us navigate this situation, or should we just give up now?*



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Those who want to keep the house should arrange to buy out the sibling(s) who want to sell. This can be a cash deal or they can take out a mortgage on the house or have the selling sibling(s) "take back" a mortgage (the buyer pays the mortgage, including the down payment and interest, directly to the seller). The buying sibling(s) could use other assets received from the father's estate or consider renting out the house for a few weeks each season to help pay the mortgage and/or defray some of the cost of maintaining it.

**If the buyout results in one sibling owning the house, then the rest of the issues go away. If multiple siblings remain as owners, negotiation and compromise are required.** For example, if one sibling puts up more money to maintain the house, that sibling should be granted more access than the others. If they all contribute equally, a lottery might be used to determine priority of use. When decorating, consider hiring an interior decorator to make the decisions.

**Enter into a property-sharing agreement with your siblings as soon as possible.** The agreement should specify the schedule for use of the home (suggestion: alternate use during prime times), an annual contribution by each sibling for taxes, maintenance and repairs (suggestion: allow one person to make and pay for changes they want with consent), the designation of a property manager (or one of you) to be responsible for authorizing and overseeing the property and paying bills, and a buy/sell agreement which allows any one of you to sell your share of the home or buy out the others' shares and terminate your joint-ownership. Taking the time now to prepare an agreement can relieve much of the tension between co-owners that often arises, allowing you to enjoy the property and preserve a strong familial relationship. (Note: It would have been best if your father set these terms up in his will.)

The first step is to identify those beneficiaries not interested in using the property. For instance, if one beneficiary cannot use the property because it is far from his home, or wishes not to use the property, or cannot afford his share, appropriate arrangements should be made to buy out that interest at fair value, determined by appraisal.

If two of the remaining siblings wish to use the property, they should attempt by themselves to resolve the issues of timing of use and payment of expenses. **Too frequently these issues are intertwined with the emotions relating to the passing of the parent. The involvement of attorneys or other professionals only serves to exacerbate the problems.** If there is a neutral third party, such as a longtime family accountant or advisor, his involvement on behalf of both siblings will provide the highest likelihood of a successful and amicable resolution. ☺