

**ESTATE PLANNING
ESSENTIALS:**

**PREPARING
YOUR REAL ESTATE
FOR THE FUTURE**

**FOR PROPERTY OWNERS and
OTHER DECISION MAKERS**

WLA

WILLIAM LAWRENCE AGENCY
NORTHERN NJ REAL ESTATE EXPERTS



INTRODUCTION

We created this guide to empower you to organize and prepare your real estate for the future in the most efficient and effective way. Our goal is to provide you with a resource that will protect your wealth, ensure a smooth transition for your loved ones and match the goals of the rest of your estate planning. With property values surging in recent years, your real estate ownership has already contributed greatly to your financial legacy. Your decisions going forward can further enhance that legacy, ensuring future generations can benefit from the hard work, sacrifices, and thoughtful care you've put towards your investments.

We'll use the term "grantor" to refer to the person giving the property. We'll use "designee" to describe who the grantor is designating to act for them to carry out their wishes. Designee titles vary and could be trustee, executor, managing member, or another name you assign based on your estate structure.

Your duties as a grantor can be intricate and involve various asset types in addition to real estate such as investment accounts, insurance policies, physical belongings, and cash. However, our focus here will be specifically on real estate. Since real estate may represent a substantial portion of your wealth, the attention and care it receives will notably impact the final outcome, and with some advance planning, greatly increase the value that your heirs receive and the ease in which they receive it.



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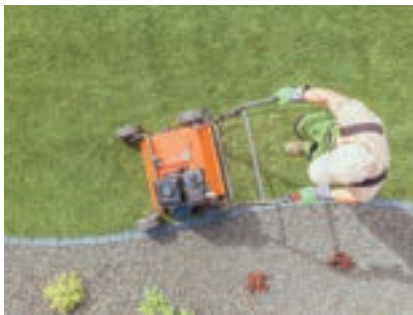
GETTING YOUR HOUSE IN ORDER

When you leave someone responsible for your affairs, they will have a significant new obligation to adjust to. It's important for them to find balance in the responsibilities bestowed them to carry out your wishes. You can assist with that transition now, whatever your age or health, by organizing the important paperwork related to your property and telling the right person or people where to find it. More so, the paperwork should be divided into 2 classes; ongoing, (like utility and insurance bills) and permanent, (such as a property deed and survey), and should be in digital and paper forms.

Pro Tip: The first person that may need to know where these items are is your spouse. Many times, one spouse handles household administration, and a surviving spouse, who may also be the designee, doesn't know where these important docs are kept or how to access them digitally.

The ongoing list will be quite helpful for the day to day operation of the property. The permanent items will be important if the designee will be selling the property, or if there are any disputes during probate or other reasons to prove ownership. Regardless of the time of need, easy access to them will be welcomed.

ONGOING OBLIGATIONS THAT MAY NEED IMMEDIATE ATTENTION:



- Utilities
- Taxes
- Mortgage or other loan payments
- Insurance
- HOA fees (if property is in an assoc.)
- Maintenance vendors (landscaper etc.)
- Communications (cable/internet, especially if the home is on a monitored security system)

PERMANENT ITEMS TO BE KEPT TOGETHER:



- The deed to the property
- Mortgage note and any other loans
- Property survey
- Title insurance policy
- Attorney and title company contacts
- Evidence of major work: roof, additions, oil tank removals, septic system replacements etc...

ALIGN YOUR REAL ESTATE WITH YOUR OTHER PLANNING



There may be nothing more important in handing your affairs to someone than having your real estate structured properly. It may be your most significant asset, and how you grant it can have major financial and logistical impacts.



- Prepare to have your will, assets/liabilities and permanent real estate paperwork ready for review by your legal and financial team.
- Inquire about available structures to have a smoother transition, limit tax exposure and protect rights to the property.

At this stage it is strongly recommended to consult your tax and legal advisors. The best structure of your real estate varies by your overall wealth, the type of real estate (personal residence, 2nd home, investment, etc.) who it is going to and what your wishes are for it. Your advisors should direct you in the arrangement that will accomplish your goals. William Lawrence Agency often participates at this time, assessing your property and making recommendations to preserve value so that your other planners can guide you into the right structure.

We can provide referrals for pros who specialize in this area, but we recommend that you begin with your existing financial team, if you have one, that is familiar with estate planning. As each situation will call for different structures and we can't offer legal or tax advice, our message to you here is to get a competent advisor to audit your existing structure and make changes as needed.



While you work with your team at this stage, other considerations to discuss with them include:

- Providing for funds to be readily available for the ongoing property obligations.
- Audit existing leases on investment property so they include current legal requirements and are up to market rates.
- Make your team aware of significant personal property, such as art, jewelry, furniture etc., so that it can be accounted for along with the heirs knowledge of it.
- Explore flexibility for a quick pivot to a designee if your situation is only temporary.

MAKE DECISIONS THAT ARE RIGHT FOR YOU AND THE DESIGNEE

Being a designee is a big responsibility, and the individual is not required to take that responsibility. However, choose to honor the grantors wishes and accept the duty while relying on friends, family and professionals to assist in the various tasks and decisions to handle the job competently. If there are multiple financial and logistical matters in addition to the real estate holdings, the commitment can be significant. As the grantor, carefully consider your selection's ability to manage the duties appropriately. Even though the measures offered in this booklet will greatly assist anyone in managing your real estate affairs, it's prudent for you to make a decision that will be the best for all involved.

THINGS TO CONSIDER WHEN SELECTING A DESIGNEE:

- Will the assets need physical attention, and is your choice local to that need?
- Will your choice have the time to manage the duties of the estate along with their other obligations?
- Does your choice have the organizational skills to manage the various responsibilities effectively?
- Will they be comfortable managing the interpersonal relationships that may exert pressure on their decisions.
- Is there a trusted advisor, like an accountant, attorney or friend, that offers an alternative that will leave family members insulated from the risks of scrutiny and infighting

With these questions as a guide and your understanding of the scale of the responsibilities, you'll have greater confidence in the choice you've made and can begin sharing your planning with them.

Pro Tip: Be open with your designee and other heirs. Give them direction on where to start when the time comes so they can act efficiently. We've witnessed many instances where designees spend weeks or months just gaining the ability to perform simple functions on behalf of the estate.





PREPARING FOR THE FUTURE

Whether you have one home or multiple properties, keeping aware of their condition and market value can effect your plans for them. Unlike less tangible investments such as stocks, your real estate not only has ongoing financial requirements, but maintenance and repair needs. As with any investment, the goal is to maximize its value; so investing in the property as needed will contribute to upholding its value. This course will ease the transition and can boost the value significantly.

A real estate professional should be consulted to provide an assessment of the property. The assessment will give insight into the home's current value and provide direction on what efforts are worth the time and money to maintain full value while aligning with your means and objectives. Establishing this baseline is standard practice for other investments, like tracking a stock portfolio, and plays an important role in your real estate strategy too.

Pro Tip: Since every home and market is different, strategies can vary greatly, even in nearby properties.

POSSIBLE PATHS THE ASSESSMENT MAY LEAD TO:

- The home can generally remain as-is because the value is in the land, and will likely be knocked down or rehabbed for a newer home if ever sold.
- The home needs extensive repairs that are worth doing to safely occupy it now and maintain full value for the future.
- The home can remain as-is because it has been adequately maintained.
- The market conditions are compelling enough to sell in the near term.

THE BASELINE ASSESSMENT

Whether there is a sale in the future or not, it's wise to track value over the course of ownership. Changes in the market may affect your planning and decisions, so a valuation every several years is recommended. In 2023, we can confidently tell homeowners that their home has likely never been worth more than right now, which is powerful information, but can also be fleeting. Awareness of value spikes or declines may play a big role in your plans, especially when enticed with the possibility of a lucrative sale, even if you hadn't intended on selling. Knowledge is power, and the message of this section is that preparedness will have you ready for both a quick decision or just a clearer view of how best to stay the original course.

In some instances, a valuation from a licensed appraiser may be the right course, but for the intent here, the right real estate agent can provide what's needed; up-to-the-minute market knowledge and guidance on how the property can best be presented to prospective buyers. In addition, the appraiser will charge for their evaluation, while many real estate agents will give you their evaluation for free, with the hope that they'll have an opportunity to represent you in an eventual sale.

This assessment can also lead to valuable information to keep the home in compliance. A real estate pro can make you aware of changes in laws or practices that have become important parts of ownership. Recent examples of this in New Jersey are changes in well water testing and tenant protection requirements for lead paint in investment properties.

Remaining aware of such change is good practice for the health of the property today and follows suit with the goal of preserving value and leaving it ready for transition. Having your home inspected by a licensed home inspector can highlight additional concerns, and is a strong supplement to the evaluation for all the reasons we've been discussing, along with giving you peace of mind that your property is safe for yourself and others. With this baseline set, you can leave this valuation in your document set for the future, address any recommendations from your pros, and know you're leaving your property in a better place than it was before. Even if you don't address any concerns, you'll at least be providing a road map for your heirs to be that much more informed when it's their turn to make the decisions. That said, the following are some conditions we see throughout New Jersey that can be particularly costly or time consuming, and are therefore recommended to be addressed



PHYSICAL AND ENVIRONMENTAL DILIGENCE

Although we advise not to overdo it on physical updating and cosmetic repairs, except for your own wants and needs, there are several components that your home may have that can become challenges in the future. The most significant of these are:

- Underground oil tanks
- Private sewage system (septic system or cess pool)
- Private water (from a well on your property)



Underground oil storage tanks (UST's) were a common storage method of heating fuel in our suburbs for decades, and some areas are still limited to this source if natural gas is not available. Since responsibility for any contamination from a leaking oil tank is born by the current owner at the time of detection, it is common for prospective buyers to demand the oil tank be removed and given a clean bill of health prior to a sale.

If your home has a UST, it's recommended it be removed as soon as possible. Professional removal companies have methods to detect and locate tanks, and removal costs are reasonable if there is no contamination. Removing sooner than later eliminates the possibility of a currently stable tank from leaking in the future, and if there is contamination, provides for the time and available financial resources needed to remediate. Additionally, immediate removal is recommended because laws governing environmental remediation tend to get stricter over time, which may lead to a more costly removal in the future.



A Private Sewage System can be a septic system or a cesspool, the latter of which is not an acceptable private system and must be addressed. A septic system is completely acceptable and quite common as a private sewer system, but is expected to be in good working order in a prospective buyers eyes and can be expensive to repair or replace if it is not.

Your septic system should be regularly checked for obvious issues just in the course of regular maintenance; tanks should be pumped and given a visual inspection approximately every 2 years. It's recommended to have a more thorough inspection done at the next tank pumping, so a pro can identify if the system is performing as it should and identify any issues. This is good practice for a few reasons:

- So that any blockages or deteriorated components (which are all buried and invisible from the surface) can be addressed before they become bigger problems.
- To establish a benchmark in condition, like the property valuation, to have available in your records for your administrator.
- In case a full replacement is needed, you can either have the work done, or plan to allocate for the expense in the future, and make your heirs aware of it.
- As with underground oil tanks, the requirements and cost of septic replacements have been rising, so the investment now will likely be cheaper and less involved than in the future.

As with the oil tank, the main reason to be proactive with a septic system is the effect it can have on the pace of an eventual sale. While managing a problem free tank removal or septic replacement within the timeframe of an average sale cycle is possible, there is little room for delays if there are outlying issues involving remediation, government approvals, or contractor availability.

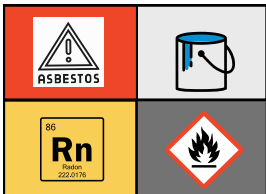


A private water system is another common feature of suburban and rural New Jersey homes. This involves a well on your property that provides water for the home. Testing well water for your own safety is good practice, but testing results expire after 6 months currently, and is another field that government oversight is only getting more intense. For the purposes here, we're informing that satisfactory well water test results are a common request from prospective buyers, and a compliant system can provide health and quality benefits now while leaving another important component of your home in good shape for the future.



Wood-destroying insects such as termites, powder post beetles and carpenter ants, can pose another invisible threat to the home that is better dealt with sooner than later. Not only can infestation result in structural damage, but various government-backed loans are sensitive about financing homes with active insect activity, thus limiting potential buyer pools.

Other conditions that are commonly requested of sellers to address:



- **Lead paint (in homes built prior to 1978)**
- **Asbestos insulation**
- **Electric/fire/structural/life safety hazards**
- **Radon**

MANAGING THE TANGIBLES: FROM CLOTHES AND COLLECTIBLES TO JEWELRY AND JUNK

With the administrative and physical aspects of your home organized, it's time to give some thought to the contents of the home.



Let your designee know where the good stuff is. We see a lot of time spent by heirs mulling over potentially valuable belongings, often leading to "analysis paralysis". With a lifetime's worth of possessions in your home, this can become the most emotionally and physically daunting task for your loved ones. As with all the other advice here, being organized will go a long way in making sure this is a manageable process; here are a few ways to do it:

- Make a list of items, their locations, and approximate value if you know it.
- If you have significant valuable possessions, appraising, cataloging, and insuring them should be done.
- Identify specific items to go to specific people.



Pick a preference for re-homing items. The possessions you worked hard for may not be needed by your heirs, but they can do good elsewhere. There are many charitable organizations that will turn your possessions into good through donation to the needy or reselling to put the profits towards their cause. You can likely find an outlet that fits your values, and many of them pick up at your home. From military, medical causes or faith-based organizations, you can support a mission that's important to you while given further direction to what is often one of the more stressful parts of estate administration.

Pro Tip: Properties that have problems, or perceived problems, have to sell for big discounts. As a buyer pool shrinks because of that, it's more likely that only opportunistic buyers will be interested, often at 30-40% less than normal prices. With a kept home that is fully functioning, the buyer pool remains large and it's likely to sell at full value versus at that discount. Between this fact and that you don't want your real estate to be a difficulty for your heirs, being proactive now will reduce those chances.

YOUR HEIRS WILL THANK YOU



YOUR REAL ESTATE IS READY FOR THE FUTURE

Administration is in place

With your property designated to the right person or people, you will immediately be saving your heirs valuable time and effort in directing your affairs efficiently and effectively. The added component of leaving organized files for everything from important documents to keeping the lawn mowed will further ensure a smooth transition.

Be confident in the team you've built

From the thought you've given in choosing the right administrator to using tax and legal advice for the estate planning, all the way through to highlighting your wishes for who can do good with your belongings, know that you took important steps to protect your hard earned investment and that your family can now benefit from it easier and longer.

Appreciate the value you've created

You've made important moves to preserve the wealth you've accumulated in your real estate holdings, made it exponentially easier for you heirs to benefit from it, and ensured your decisions now have the potential to last longer for future generations.

1 Organize

- Organize and digitize your ongoing and permanent files.
- Tell your chosen parties where to find everything and how to access it
- Make a will, make a will, make a will!
- Align the goals of the will with your real estate structure
- Reaffirm your choice of designee and share your decision with them

2 Evaluate

- Assess the property for value and condition
- Document and/or address value-eroding conditions
- Take stock in your physical belongings, catalog the valuables and have a plan for the remaining.

3 Ready for the future

- Complete the designee cheat sheet on the following page
- Reevaluate every several years and update as needed

DESIGNEE INFORMATION SHEET

Dear _____,

All of the files needed for the operation of the home(s) are:

Physically located: _____

Digitally located: _____

Each property has 2 folders, one for ongoing obligations and one for permanent files.

The ongoing file contains all the recurring obligations. I last updated these files on:
(DATE) _____

These obligations can be paid out of bank account:

The checks /card for this account is located:

These obligations are on auto pay and get paid out of this account:

The permanent file contains the ownership information for the property.
This file contains the deed, survey, title policy, settlement statement, paid-off mortgage, current loans, UST removal certificate, new roof invoice, value and condition reports, etc...

I updated this file on: (DATE) _____

Places to check for additional household bills and notices:

email address: _____

password: _____

Contacts for help with real estate matters:

Attorney: _____

Accountant: _____

Realtor: _____

Other: _____

Other: _____

WE'RE HERE FOR YOU.

We hope this guide is the start to you making powerful and confident decisions about your real estate. A home is often the one of the most significant investments one makes in their lifetime. For this reason, we are respectful of your home and mindful of our responsibility to maximize its value.

We pride ourselves on our expertise, accessibility, responsiveness, and overall professionalism. We are absolutely committed to making your experience as seamless and stress-free as possible so you can feel confident in your home selling decisions. We look forward to exceeding your expectations.

- Larry and Barbara Brush



Larry Brush
Owner/ Broker of Record
Call / Text: 201-686-4227
larry@williamlawrenceagency.com



Barbara Brush
Owner / Realtor
Call / Text: 917-974-7492
barbara@williamlawrenceagency.com

CONTACT US

William Lawrence Agency
Licensed Real Estate Broker
508 Main Street, 2nd floor
Boonton, NJ 07005



www.williamlawrenceagency.com

As a modern, independent real estate firm, William Lawrence Agency provides expert real estate marketing, strategy and transaction management services. We are the steady hand in your home sale, bringing decades of experience to the process to ensure we achieve your goals with skill and professionalism.

Our proactive and committed approach, coupled with our negotiation experience and acute local market knowledge uniquely position us to deliver stellar results for our residential sellers and buyers.



FACEBOOK

@williamlawrenceagency



INSTAGRAM

@williamlawrencehomes



TWITTER

@wla_homes



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For permission requests, please contact:
William Lawrence Agency
Address: 508 Main Street, Boonton, NJ 07005
Phone: 201-686-4227
Email: Larry@williamlawrenceagency.com

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