

PROSPECTING FOR PROPERTIES



PROBATE: THE STEPS TO MAKE MONEY ON INHERITED PROPERTIES

80% of all properties left to the family after a death get sold within 1 year.

Most people who inherit property almost always want to sell.

Generally they do not want to invest money to make the properties attractive to retail buyers and therefore are often more willing to sell at wholesale prices.

We had an investor bring in a transaction where he was buying the property from the grandson of the original owner. This grandson was disabled and needed the funds from the sale of the house to pay for his care. His step grandfather had died and left the property to him in his will, which had been probated.

Then the challenges began. Because the step grandfather and grandmother owned the property together and she had died 25 years earlier without a will, her interest in the property had to be dealt with, which means we had to go by the Texas Intestate Succession laws. When she died, her husband and her only son were alive and thus were her heirs. Because she had no will, we had to do an affidavit of heirship for her.

Unfortunately her only son died without a will after she died, so we did an affidavit of heirship for her son as well.

This son had 5 children. Three of the 5 children signed a deed to the disabled brother so he could sell the property, but the 4th of 5 had died without a will a month before the closing. So we did the affidavit of heirship for him – the 3rd in this single real estate transaction.

It was the responsibility of his only heir to act in his place in order to deed the property to his uncle, the disabled man who was trying to sell it. This heir was a 16 year old boy who could not legally sign the deed, so we had to go to court for the mother to get permission to sign the deed.

We did all the work required in this challenging deal and were able to get the title cleared and closed in a couple of months, so the man could successfully sell the property and have the funds needed for his care, and the investor was able to purchase the property. The investor then sold the property a couple of months later for a good profit, even after paying the fees for all of the legal work done by our firm.

Probate is the legal process of administering the estate of a deceased person, resolving all claims against the estate, and distributing the deceased persons property and probate is one of the most lucrative niches in real estate investing.

But where do you begin?



FIND THE DEALS

You may want to use these resources to begin the process.

1. Real Estate/Title Attorneys
2. Accountants and other professional executors
3. Wills and Estates Attorneys
4. Commercially produced lists (i.e., Roddy Probate Report)
5. Obituaries



MARKET TO THE ESTATE

1. Promote benefits used to marketing other wholesale properties. It's a quick close. The buyer will pay all the fees. It will be a cash transaction.
2. Remember this can be an emotional transaction for the heirs, so be sensitive to their needs.
3. Offer assistance with resolution of legal issues that are involved with property transfer.



BE AWARE OF LAWS AFFECTING PROBATE PURCHASES, WHICH GOVERN THE BUYING PROCESS

Texas Estates Code (Effective January 1, 2014) governs all things regarding the transfer of deceased individuals' properties in Texas, whether through validation of a will by the court or through intestacy (with a will or without proving a will).

If there is a will, then once a will is submitted to the Probate Court, a hearing date is set, which is generally 30 days out (Dallas County). Following the hearing, the Probate Court Judge will have its clerk issue Letters Testamentary to the Executor. This authorizes the Executor to Act under the will, including the power to sell the property.

The most common situation arises, however, when there is no will. In the investor niche (\$50,000-\$150,000), a very small percentage of owners have a will.

If there is no will, The Texas Estates Code specifically sets out who the heirs of the deceased individual are based upon the family situation of the deceased and the nature of the property (separate property or community property).

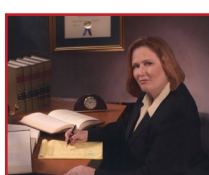
When there is no will, generally title companies require that an Affidavit of Heirship be signed by the family member selling the property. This Affidavit sets forth the details of the deceased owner's life and family situation, i.e., birth, marriage, children and death. This Affidavit must be corroborated by 2 disinterested persons who knew the deceased for at least 10 years.

It will also help you to become familiar with the Medicaid Estate Recovery Program. By law Medicaid may make a claim against the estate of a deceased Medicaid recipient for recovered Medicaid long term care services, provided that the recipient was age 55 years or older at the time the services were received and applied for covered Medicaid long term care services on or after March 1, 2005. There are certain exceptions from these claims by Medicaid and additionally waivers are possible depending on the family circumstances. The Lonergan Law Firm, PLLC, can help you with such matters.

Probate deals, like many other non-traditional real estate transactions, have their challenges. They are often time consuming. The buyer is dealing with multiple sellers (family members).

It is quite common to encounter title issues, which must be resolved.

If your goal is to make a lot of money on single real estate transactions, probate properties may be a great market for you. It's a way for you to make a lucrative profit on inherited properties!



Written by

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