

What Is Involved In Inheriting A Home?

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By: Tony M. Abou Ezzi with Ezzi Law - As a lawyer who helps my clients with inheritance, I am frequently asked: What happens when I inherit a home, and once I have the property what should I be looking out for?

Depending on how the deceased held title to the home, the answer differs:

1. A home held by Husband and Wife (**Tenants by the Entirety**) – the survivor gets the home, but once the surviving spouse dies the home will pass as if held by an individual (see below).
2. A home held by **Joint Tenants** – generally there is a right of survivorship so if any joint tenant survives they get the property.
3. A home held by **Tenants in Common** – A surviving Tenant in Common will take the deceased's share of the home.
4. A home held by a **Trust** – If the title is in the name of the Trust, then the Trustee may have the authority to transfer the home to the beneficiaries.
5. A home held solely by an **Individual** – Whether the individual passes with or without a Will, the court must be involved to empower the Executor to transfer the home.

Once you have the property in your name, whether you want to sell or keep it there are some watch outs according to Attorney Dimitri Trivizas with Dimitrios P. Trivizas, Ltd., a law firm that specializes in Property Tax and Real Estate Law.

By: Dimitri Trivizas with Dimitri P. Trivizas, Ltd. – Although there are several factors to put into consideration, one major watch out of inheriting a home is its taxes and addressing them depends on what action you take with the property:

1. If you inherit a home and choose to sell it, do you qualify for the home sale tax exclusion?

Unfortunately, you will not because you would have had to move into the home and live there for at least two years before the sale to qualify. To deal with your potential capital gains tax exposure, you should consult with your accountant as you may benefit from the stepped-up basis rules for inherited property. In summary, a stepped-up basis means that the home's cost for tax purposes is not what the prior owner paid for it but what the fair market value is at the date of the prior owner's death.

2. If you inherit a home and choose to keep it, what can you do about the property taxes?

Transfers of property may result in either reassessment, loss of exemptions or both, which will likely increase the property tax liability on the home. Therefore, at the time of inheritance, you must make sure to find out what exemptions were active and the taxable market value the local assessor has proposed for the home.

1. The common exemptions are the Homeowner, Senior Citizen and Senior Freeze and each has its own qualifications. Depending on the date of the prior owner's death, if he or she qualified for any exemptions then you will be able to apply for the same exemptions and they would be only for the tax years the prior owner met the requirements. Thereafter, you should apply for all exemptions that you qualify for.
2. The home's assessed value is the primary component of the property tax bill and reduction thereof is instrumental in reducing the total tax liability. As each property is unique so should be your property tax management strategy and an appeal ensures a reasonable and accurate taxable market value for the home.

Should you have questions regarding the information contained in this Article, please feel free to contact either:

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