

12 Things You Need To Know Before You Sell A Home In Probate

Selling a home in probate is different than selling a normal home. The questions and answers in this brief report will quickly bring you up to speed on the probate process, help you understand your responsibilities as an executor, and help you avoid costly mistakes that people make during this process, so you can sell your probate property quickly, easily, and for the best possible price.

(1) What is probate, and how is it different than selling a normal home?

Probate is the legal process through which a deceased person's estate is properly liquidated and distributed to heirs and beneficiaries, and any debt owed to creditors is paid off. The difference in selling a home in probate is that in some cases, the court will be more involved in the sales process and the distribution of funds after the property is sold. Understanding the court's involvement and the probate process will help you to sell your property faster, easier and for more money!

(2) Do I need approval from the probate court to sell the home? And, can I sell it during the one-year probate period?

Once you are appointed as the executor by the probate court you can sell the home at any time, without further court approval. If you sell within one year then you will be required by the court to purchase a "bond." A bond is similar to an insurance policy in that it protects against any problems that can occur during the sales process. The bond is relatively inexpensive—it costs \$2 per each thousand dollars of the sales price of the property, and it allows you, as executor, to sell the home and immediately disburse funds without any further court approval.

(3) Do I have to inform all beneficiaries and get them to agree to the sale of the house?

Only the executors have the power to sell the probate home. Sometimes, more than one executor is appointed by the court. In this case, all of the executors must agree to the sale, but you do not need to get permission from the beneficiaries to move forward with the sale.

(4) What repairs should I make to get the most money for the property?

Starting to do repairs on the home can be a slippery slope, because once you paint the home and do a few other “minor” repairs, it accentuates how much other work is needed in the home and makes these areas stick out. And painting alone is expensive and time consuming, even if you know a reputable painter. In the weeks that it takes to have the home painted, you could be finding the right buyer, closing and putting the whole thing behind you much faster.

(5) What is the easiest and fastest way to sell the home for the most money?

Usually, the easiest and fastest way to sell a probate property is to an investor who can give you a good price and can settle within 30 days or less. Some investors can settle even faster. In most cases, if you hire a realtor to help you sell the home, you’ll need to wait for a qualified buyer to come along. And, if the property needs lots of work (which most probate properties do), your pool of qualified buyers becomes much smaller because banks won’t make a loan to buyers who want to live in ‘fixer-upper’ property.

(6) How long does it typically take to sell a property in probate? Is it possible to sell it within 30 days?

If you decide to use a real estate agent, it could take 3 to 8 months or more to sell your probate property, because a realtor is going to want you to do minor repairs and at least paint the interior and/or exterior, and most buyers will require a formal inspection, which could uncover other issues that require repair. In most cases, you can sell your probate property a lot faster to a real estate investor because they’ll have better access to financing, they have fewer requirements and restrictions, and will usually not conduct a formal inspection. For these reasons

and others, an experienced real estate investor can usually purchase your property in 30 days or less.

(7) What are all the costs involved with selling the home?

The largest cost will be the commission you pay to a realtor, if you decide to hire one. This can be up to 6% of the final sales price. You will also have closing costs that can add up to thousands of dollars. And while the home sits unsold, significant costs can start to add up, such as: property taxes, mortgage payments (if the home isn't paid off), utility bills, and more. The faster you can sell the home, the less of your inheritance you'll lose.

(8) Do I need a special kind of insurance for a probate property?

In most cases, yes. If the home is vacant, which is almost always the case in probate, you are required to inform your insurance company. When you do, they will require you to purchase a "Vacant Dwelling Insurance Policy" which costs about 50% more than regular insurance, because vacant properties are exposed to much more risk than other homes.

(9) How can I find out the value of the home? What can we expect to get when we sell this home?

First, you should be careful when dealing with investors or companies who claim they can give you an offer on your home within an hour, or even the same day, without first seeing the home. Without seeing the interior of the home, it's impossible to determine whether specific repairs or renovations are needed. A lot of these folks will give you a very low offer over the phone to pique your interest and then, after seeing the home, they'll give you their real (much lower) offer. The only accurate way to determine the current value is to physically walk through the home and do a simple visual inspection, which only takes around 10 - 15 minutes. Then some research will need to be conducted to find all the similar homes in your neighborhood that were sold recently. These two steps and the data gathered in each are necessary to get a real, accurate value for the home.

(10) Will I/we be liable for any defects the buyer finds in the property after it is sold?

When you sell your loved one's home, you should include a simple, one-line sentence in the sales contract that states, "This property is being sold in 'as is' condition and the seller makes no representations or warranties as to its condition." This will ensure that you are not liable for any defects in the property after it is sold. You can also add a second clause to the sales contract stating that all items left in the home after the sale will be the responsibility of the purchaser. This will save you from dealing with any unwanted items that may be left in the home.

(11) Should I get an inspection before I sell my probate property?

Whenever you do an inspection, especially on a home in probate, it will almost always uncover problems. And these problems are not only time-consuming and expensive for you to fix, but if you're using a realtor to help you sell the home, the realtor will be bound by law to disclose any defects that the inspection revealed. If you can avoid an inspection, it will save you a lot of time, money and hassle. Experienced real estate investors don't normally require an inspection before they purchase a probate home, so selling to an investor can be an easier, faster way to go.

(12) Do I need to do lots of paperwork to sell the probate property?

The licensed attorney at the settlement company will complete all of the necessary paperwork. All you need to do is send the attorney a copy of the death certificate and the court-issued document showing that you are the executor or administrator of the estate. The attorney will take care of the rest of the paperwork and have everything ready for you to sign on the day of settlement. In Washington, D.C. and Maryland, you will receive your check the day of settlement. In Virginia you will be issued a check the very next day. You may also choose to have the funds wired directly into your bank account.