McCORMICK ESTATE SALES | LONDON PROPERTIES

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SUCCESSOR TRUSTEE QUICK GUIDE

What You Need to Know Before Selling a Trust Property

When you become a successor trustee, you step into a fiduciary role. This is not personal. It is a legal and financial responsibility. Your job is to make decisions that are reasonable, documented, and in the best interest of all beneficiaries.

1. Your Core Responsibility

As trustee, you must:

• Act in the best interest of all beneficiaries
• Treat everyone fairly and impartially
• Protect and preserve trust assets
• Make defensible, market-based decisions
• Keep proper records

Your obligation is not to make everyone happy. Your obligation is to act responsibly and objectively.

2. Immediate Administrative Steps

Shortly after death, you should:

• Obtain certified death certificates
• Review the trust document carefully
• Secure real estate and confirm insurance coverage
• Obtain an EIN for the trust
• Open a trust bank account

After death, a revocable trust typically becomes irrevocable and requires its own tax identification number. The trust should have its own bank account to receive sale proceeds and pay trust expenses. Trust funds should never be deposited into a personal account.

Consult with a qualified accountant regarding tax filings for the trust.

3. The 120 Day Trust Period

After formal notice is sent to beneficiaries:

- Heirs have 120 days to contest the trust
- You can secure, prepare, and sell property during this time
- Final distributions are typically made after the 120 days have expired

This protects you from future legal challenges.

4. Step-Up In Basis

At death, the property is eligible for a step-up in tax basis to its fair market value as of the date of death, but that value must be properly documented. The trustee should schedule a licensed appraisal to establish and support the date-of-death valuation for tax purposes. This can significantly reduce capital gains exposure when the home is sold.

Best practice is to obtain a licensed appraisal to document value for tax purposes.

5. Selling The Property

When selling trust real estate, your duty is to:

- Obtain fair market value
- Support pricing with data
- Avoid selling below market
- Document your decision-making process
- Avoid self-dealing

Self-dealing includes making decisions that benefit you personally or favoring friends or family members. Hiring a close friend, relative, or beneficiary without proper objectivity can create conflicts and expose you to claims of bias.

It is often in the best interest of the trust to hire an experienced, independent third party who can provide objective, market-based advice and protect your fiduciary responsibility.

This is a business decision, not an emotional one.

6. Before Distributing Funds

You must ensure:

• Debts and expenses are paid
• Taxes are addressed
• The 120-day period has expired
• Proper accounting is completed

Distributing too early can create personal liability.

Why This Matters

For many families, this is a one-time opportunity to convert decades of equity into liquidity. Every decision must be thoughtful, documented, and defensible.

We help trustees fulfill their fiduciary duties by managing the entire real estate transition from estate sale and clean up to preparing, marketing, and selling the property. Our integrated approach is designed to maximize the total value of the house and everything in it, while eliminating the need for you to call, negotiate, and schedule multiple vendors during an already time-consuming and stressful process.