

# 23 Ways to Turn Estate Property Into Cash

*A "How-To" Guide for Executors, Heirs, and Downsizers*

## Introduction: A common scenario

Debra was feeling overwhelmed. Her mother had just died, and Debra had been appointed Executor of her mom's estate. How would she find time for this? Mom lived in another state. Debra worked full time, and she had a home and family of her own.

Still dealing with the emotional loss of her mother, Debra stood facing a house filled with fifty-five years of accumulated living. Everything in the house had to be inventoried and value assigned. Mom's doll collection and Dad's coin collection had to be appraised. The inventory and appraisals had to be submitted to the probate court. Property had to be distributed to the heirs according to the Will. Then, the entire contents of the house, the furniture, appliances, bedding, pots & pans, clothing, car, even the lawn tools had to be sold or donated so that the house could be sold. Then, there would be cash to pay taxes and debts. The remaining cash could then be distributed to the heirs.

The purpose of this report is to help Executors like Debra: **busy people faced with converting a house full of "stuff" into cash.** In addition to "23 Ways to Turn Estate Property Into Cash", this report will show you:

- what you need to do as Executor
- how to sort and inventor
- how to determine sale prices and values
- where to sell items

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- how to dispose of guns and other legally restricted property
- what's hard to sell
- how to pack and ship to heirs
- what to do with the "leftovers"

### DISCLAIMER:

I am not a lawyer or accountant. I am not offering legal or accounting advice. The information offered herein is based on my experience, and the experience of others in the Estate Liquidation business. You are encouraged to seek legal advice if you have questions or concerns.

### **Overview**

Let's start with an overview of an Executor's responsibilities.

As executor, your first duty is to initiate probate, which is the formal process of "proving" the Will and confirming your appointment as executor. The Clerk of your county Probate Court can provide you with the forms that are appropriate for your county. My experience with probate court clerks is that they are very helpful and responsive to your requests. Many of the forms can be downloaded over the internet at your state or county website.

The details and deadlines in settling an estate will vary from state to state. In general, an executor must:

- Locate the will
- Apply to appear before the Probate Court

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- Notify the beneficiaries named in the Will
- Determine the debts of the deceased
- Arrange for publication of "Notice to Creditors" and mail a notice to each known creditor
- Send notices of person's death to post office, utilities, banks and credit card companies
- Collect any money owed to the deceased
- Inventory the assets, assign values, and have appraisals done if necessary
- Check with the deceased's employer for unpaid salary, insurance and other employee benefits
- File for Social Security, civil service or veteran benefits
- File for life insurance and other benefits
- File federal and state tax returns
- File state death and federal estate tax returns
- Pay valid claims against the estate
- Distribute assets and obtain receipts from beneficiaries
- File papers to finalize the estate
- Obtain a lawyer and/or accountant, if necessary.

Do you need a lawyer or accountant? Technically, no. There is no law in place that says you must have an attorney, or that the estate taxes must be done by an accountant. But, remember this: taxes and probate can be complicated issues. Mistakes will delay the closure of the estate and the distribution of inheritances. A good lawyer and/or accountant is an asset. Legal and accounting fees are paid by the estate. My advice is to shop around for an experienced probate attorney. Fees vary widely, so be sure

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to find out what the estate will be charged for legal services before making a commitment.

### **Estate liquidation, Part 1: How to Sell the Tangible Personal Property**

There's an old saying that goes "What's the best way to eat an elephant? One bite at a time!" Personal property is the "elephant" of the estate. It's the thing that can take up most of your time and it provides the estate with the least amount of money for the effort involved. But, dealing with the personal property cannot be avoided. The property must be inventoried, valued, distributed, or sold. Let's start our analysis by looking at what property we have (inventory), and then we will determine what it is worth (valuation) and then what we should do with it (distribution/sale).

#### **Inventory the property**

When you go to the courthouse, the clerk will provide you with the form you will need to fill out for the inventory. The form will ask you to provide general categories and a value for each category you have listed. For example, "furniture, \$1500; office equipment, \$300, etc; you won't have to list "sofa, \$100, chair, \$5, typewriter, \$25. . . Although you won't need to go into a lot of detail for the court, you will likely want a more detailed inventory for yourself. You'll want this for two reasons: to track the sale of estate property, and to protect yourself against claims of heirs and/or creditors.

You don't have to get real fancy with the inventory; pencil and paper will do.

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If you are so inclined, there are "home inventory" record books available at office supply stores, or you can purchase software such as **Everything I Own** by Mycroft Computing ([www.mycroftcomputing.com](http://www.mycroftcomputing.com)) There are also companies you can hire that specialize in taking home inventories. Call me and I'll send you a list.

You'll need a helper. One person sorts and counts while the other writes. Start inside the house, and work your way from the top of the house to the basement or vice-versa. Go room to room, left to right or right to left, then the center of the room. Write down what's on the walls as well, not just what's on the floor. For "small goods", write down identifiable groups of

items, such as "200 hardcover books, 100 paperbacks, 42 nick-knacks, etc. On your list, put a star next to any item that you think may be valuable. If the nick-knacks are Hummels or Lladros, the vase is Heisey and the books are first editions, they are valuable items. When you are finished, follow the same procedure for the outbuildings: the garage, shed, workshop, or whatever. If there is a rented self-storage unit, vacation home, recreational vehicle or boat, they will need to be inventoried as well.

### **Determine Values / Set prices**

When you file the inventory at the courthouse, you'll need to state a value for the personal property.

For run-of-mill household items, a good resource for determining value is the software program **It's Deductible** that comes bundled with Turbo Tax.

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***It's Deductible*** can also be purchased separately. The software lists the "thrift shop" value for most household items, and it's easy to use.

For the items that you have identified as being "valuable", ***It's Deductible*** won't work. There are several ways to determine the value of single items or collections.

A good place to start is e-bay ([www.ebay.com](http://www.ebay.com)). To use e-bay to help set your values, you will need to be a registered user. Registering for e-bay is free; just follow the instructions when you get to the website. Once registered, type in the item you are researching, and e-bay will search for the item. When the search results come up, scroll down and look on the left side of the page to where it says "Search Options". Under "Search Options", click on "completed listings", then scroll down further and click on "show items". The search results displayed will be for completed auctions, not for auctions in progress. The prices listed in green are items that actually sold; the prices in red are for items that did not sell. If you find your item listed, and the price is green, you have a good value.

If you are unable to find your item listed in e-bay, it's time to go to the library or bookstore. There you will find an assortment of price guides for every sort of antique and collectible. You will also find "blue books" for automobiles and equipment.

If you have a lot of items and no time to research, it's time to call in an expert. In your local phone book you will find jewelers, antique dealers, auctioneers, appraisers and other professionals that will tell you what the property is worth. What they will offer you is an ***opinion of value***, not an

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appraisal. An appraisal is based on actual sales data, not an opinion. I'll cover appraisals below; for now, just be aware that there is a difference. For probate valuation purposes, the value placed must be the **fair market value at the time of the decedent's death**. This is the value you should ask your expert to provide.

In my home state of Virginia, individual items or collections that are valued at over \$500 must have an appraisal. Personal property appraisers are not licensed like real estate appraisers, but the content of their reports is regulated. For a personal property appraisal to be valid and accepted for tax purposes, it must be performed by a qualified expert and follow the federal guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP). Most real estate appraisers do not appraise personal property. You can find a personal property appraiser online by checking the websites of the Certified Appraisers Guild of America, the National Association of Auctioneers or the American Society of Appraisers.

### **Turning Estate Property Into Cash**

Here are 23 ways to sell personal property and real estate. Let's do personal property first.

#### **1. Estate (tag) sale:**

These sales are run by Tag Sale companies, and are done inside the deceased's home. For a percentage of the proceeds, a Tag Sale company will come in and sort, tag, price and display everything in the home. From the grand piano all the way down to a half can of Ajax, everything gets a tag

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and a price. The sale will be advertised and promoted. On the day of the sale, buyers will take a number and be admitted into the house a few at a time. When one buyer leaves, another is admitted. The Tag Sale company will handle all the money and provide an accounting of what was sold, and for how much. They will also handle price negotiations with the buyers. It is rare that everything in the house is sold at a Tag Sale. There will be a fair amount of stuff left over to dispose of.

### **2. "Dealer Only" Tag sale:**

These are Estate Sales that are promoted as a private sale to dealers in antiques, jewelry, books, collectibles, etc.. The sale is run by a Tag Sale company and is conducted in the deceased's home.

### **3. On-site auction:**

At an on-site auction, everything in the house is taken outside into the yard to be displayed and sold. Often, the auction company will provide tents, seating and "porta-potties" for the crowd. The auction company will handle all the advertising and promotion. The auction "block" will be set up and everything will be sold that day to the highest bidder. There is seldom anything left after the auction.

### **4. Gallery auction:**

If your estate is to be sold at an auction gallery, everything in the house will be picked up and moved to the gallery, where it will be sold to the highest bidder.

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## **5. e-bay auction:**

On line auctions are good for small items that are easy to ship, or for large, expensive items (like boats or recreational vehicles) that buyers are willing to travel to pick up. You can list the items yourself, or, for a fee, hire a company to photograph, list, sell, pack and ship your items.

You can find a list of "third party sellers" on e-bay.

## **6. Half.com**

[www.half.com](http://www.half.com) is an on-line service that is an affiliate of e-bay. New and used merchandise is offered for sale. Unlike e-bay, there is no bidding; items are offered at a fixed price and can be purchased directly on-line. Nine categories of merchandise are offered for sale: books, music, movies, video games, software, electronics, sporting goods, trading cards, and toys.

## **7. Amazon.com auction:**

If you have a book collection to sell, nothing beats Amazon.com. You can list your books for free, Amazon's commissions are reasonable, and they will deposit the money right into your checking account.

## **8. Retailer sale:**

Items that are commonly purchased used (like cars, pianos, guns, musical instruments) are often purchased by retailers that sell the same items new. You can call the dealer directly, tell him what you've got, and he'll usually make you an offer. Dealers like to have some used items around for customers that don't want to buy new.

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## **9. Consign to Broker**

Boats and boat trailers are often sold by yacht & boat brokers. You can find them in the yellow pages or online under "yacht brokers".

## **10. Newspaper classified:**

You can list anything for sale in the newspaper classifieds. The downside is, newspaper classifieds are expensive, and someone has to be available to answer the phone and show the property for sale.

## **11. Craigslist**

Craigslist is a popular on-line classified advertising site. You can list your items for free. [www.craigslist.com](http://www.craigslist.com)

## **12. Antique Stores**

Antique stores often buy entire estates. If you are looking for a fast sale with no fuss, this may be your best option. The downside is this method brings only a fraction of the money that other methods bring.

## **13. Used Furniture and appliance stores:**

Used furniture stores will often buy your "non-antique" furniture.

## **14. Consignment stores:**

If you must get a certain price for your property and are not in a hurry, consignment stores might be the way to go. Most consignment stores will continue to reduce an items price until it sells. My opinion is that it takes too long to sell items in a consignment store, and the prices received are no

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better than at auction or tag sale.

### **15. Wholesale distributors:**

Wholesale distributors don't usually purchase used property, but they can sometimes tell you who does. If you have used medical equipment, stair lifts, hospital beds and other hard-to-sell items, call the manufacturer or distributor and they can usually point you in the right direction.

### **16. Charities**

If you believe that "a penny saved is a penny earned", then donating property to charity is a way to increase the "bottom line" of your Estate liquidation. Just like on your personal taxes, estate property donated to charity is a tax deduction and will net you more cash. Be sure to use a recognized charity that can give you a receipt, like Goodwill, the Salvation Army, Purple Heart or AmVets. I like Purple Heart because they will pick up and leave me a receipt. See [www.purpleheartpickup.org](http://www.purpleheartpickup.org)

All that's left to do with personal property at this point is to ship the inherited property to heirs and clean up the house for sale. The company that I use will pack and ship almost anything anywhere. They are Action Pack and Ship and can be reached at 1-888-857-SHIP or [www.actionpackandship.com](http://www.actionpackandship.com).

### **Special considerations:**

Some items that cannot just be thrown away are household paints, fertilizers, motor oil, and other hazardous wastes. Also, used computers, cell phones, and batteries are considered to be hazardous waste and cannot be taken to the dump. Most counties will have a "household hazardous

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waste" day where these items can be taken to the dump for proper handling. Call your county administrator's office for details.

Now, for a few secrets about selling the Real Estate.

### **Estate Liquidation, part 2: Selling the Real Estate**

Everyone knows a Realtor. Listing a house for sale is easy. You can call any Realtor in town, and they will come right over with a listing contract and a "market analysis". What the Realtor will show you, without fail, is an "exclusive right to sell" listing contract. What that means is that they are the ONLY person authorized to sell your house for a specific period of time (usually 3 to 6 months). If your neighbor, brother, aunt, or best friend tells you they want to buy the house, you will still owe the Realtor a commission, even if they didn't lift a finger. Here are a few little "secrets" that Realtors don't want you to know:

1. The "market analysis" price and the actual appraised value are not the same thing. A realtor that gives you a high listing price may be trying to buy your business, and will spend the next three months trying to get you to lower your selling price.
2. The "exclusive right to sell" listing is only one of four listing contracts they could have offered you.
3. 9 times out of 10 a Realtor other than the one who listed your house will actually sell your house.

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Here are seven different ways you can sell your Real Estate.

**17. List with Realtor, *exclusive right to sell*** (as discussed above)

**18. List with Realtor, *exclusive agency listing*.** In this type of listing, you sign up with a brokers agency, but not a realtor in particular. As long as the agency sells the property, they get a commission. If anyone else sells the property (including you) there is no commission paid.

**19. List with an *open listing*** (otherwise known as a ***simple listing, general listing, or nonexclusive listing***). You may hire as many brokers as you wish under this type of listing, and only owe a commission to the broker who produces a buyer.

**20. *Fee for Service listing*.** In this type of arrangement, a company such as Help U Sell will provide marketing and other services for a flat fee. The number and type of services will vary with the agency. No commissions are paid.

**21. *FSBO "for Sale by Owner"*.** This is just like it sounds: you sell the house. These days, there are publications and internet sites specifically geared to FSBO's. All the marketing help you need is readily available. All you need is a lawyer to do the closing and contract work. Here's one instance where getting a lawyer is actually cheaper than the alternative!

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**22. Sell to an investor.** There are real estate investors clubs everywhere. Investors will want a discounted price, but if the house needs a lot of work or is in a "bad" neighborhood, this is the best way to go. An investor will usually close within 30 days. To locate an investor, start with the following web sites: [www.reiclub.com](http://www.reiclub.com), [www.creonline.com](http://www.creonline.com) . Or [www.housebuyernetwork.com](http://www.housebuyernetwork.com)

**23. Sell at auction.** No longer does a home have to be "distressed" to be a candidate for auction. More and more, home sellers are opting to sell their homes through the auction method known as "minimum bid". A properly marketed and auctioned residential home will usually net as much money as a negotiated sale. Plus, auctioned houses are sold "as-is, where is". No repairs or updating is needed to get the house "market ready". The sale date can be predicted with reasonable accuracy (the auction date) so there is no "waiting for the house to sell". Best of all, no commissions are paid by the seller.

### **Good Selling!**

I hope you have found this report helpful. I've shared with you sixteen ways to sell tangible personal property and seven ways to sell real estate. I've given you some pointers on determining values, taking inventory, and disposing of hazardous waste. I've also given you some web sites to check for further assistance, and an overview of an executor's responsibilities.

I wish you the best of luck in your Estate Liquidation

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