



Navigating Home Financing for Inherited Property: Your Guide Through the Buyout Process

Expert Guidance for Managing the
Financial Impact of Inherited Property

Bernie Tomei - NMLS 350615

(408) 893-7939

bernie@bernietomei.com

www.bernietomei.com



WHAT TO EXPECT

Managing home financing for inherited property can feel complex, but you don't have to do it alone. This guide, *Navigating Home Financing for Inherited Property: Your Guide Through the Transition*, is here to help you understand your options and make confident decisions. Inside, you'll find expert insights, practical tips, and step-by-step guidance to simplify the process of managing inherited property financing. Whether you're unsure about your financial standing or need direction through the mortgage details, this guide is an essential resource for making informed choices.

Know that you are not alone on this journey. If at any time you have questions, need advice, or would like to explore your options in detail, please call or email to schedule a complimentary consultation.



BTomei

STEP-BY-STEP PROCESS FOR BUYING OUT OTHER HEIRS

ONE

ASSESS

Assess the Home's Current Value: Before you can make any informed decision, you'll need to get an accurate understanding of your home's current market value. It's essential to reach out to a trusted realtor who can provide you with expert insight based on the latest market trends and comparable home sales in your area. Alternatively, you may need to hire an appraiser to get an accurate, unbiased assessment.

TWO

DETERMINE

Determine Your Financing Options: Once you know the value, you'll need to assess whether and how you can qualify to buy out the other heirs' interests. Here are some common options:

- **Paying Cash:** If you have access to cash savings or liquid assets, paying cash allows you to avoid taking on new debt. This option can simplify the process and make the buyout quicker and easier, provided it doesn't strain your finances.
- **Trading Other Inheritance Sources:** If the estate includes other assets, such as liquid investments, cash accounts or additional properties, you may be able to negotiate with the other heirs to trade these assets as a way to offset the buyout cost. This approach can help you avoid additional borrowing and balance inheritance values more flexibly among all parties.
- **Refinancing:** Taking out a new mortgage to pay off the existing loan if applicable, and access additional funds you may need to complete the buyout.

THREE

UNDERSTAND

Understand Your Budget: Consider what you can comfortably afford, ensuring that any new mortgage payments or financial adjustments align with your overall financial situation and goals.

STEP-BY-STEP PROCESS FOR BEING BOUGHT OUT

ONE

AGREE

Agree on the Home's Current Value: Before you can make any informed decision, you'll need to get an accurate understanding of your home's current market value. It's essential to reach out to a trusted realtor who can provide you with expert insight based on the latest market trends and comparable home sales in your area. Alternatively, you may need to hire an appraiser to get an accurate, unbiased assessment.

TWO

REVIEW

Review the Buyout Offer: Once the heir(s) buying you out makes an offer based on the agreed value, review it carefully with your attorney or financial advisor if needed.

THREE

CALCULATE

Calculate Your Equity Share: Your equity represents your portion of the property's value, calculated as the appraised or agreed value minus any outstanding mortgage and estimated costs of selling. As a general rule of thumb, I advise clients to take the appraised or agreed value and multiply it by 0.93 (93%) - this factors out the costs associated with selling, estimating 6% in realtor fees and 1% in closing costs. From there, deduct any existing mortgage(s) or liens. The remaining amount is the equity in the property to be split.

FOUR

RELEASE

Release Your Name from the Title: Work with your attorney to complete all necessary legal documentation to finalize the buyout. Ensure your name is removed from title to protect you from future liability once the buyout is complete.

KEY CONSIDERATIONS

ONE

CREDIT & INCOME CHANGES

Inherited property transactions can impact credit or income, especially if additional financing is required. Be prepared to discuss any recent changes with your mortgage advisor.

TWO

FAMILY DYNAMICS & PRACTICAL IMPLICATIONS

The decision to keep or sell inherited property can carry emotional weight for all parties involved. It's essential to communicate openly and make decisions that align with each heir's goals and financial situation.

THREE

TAX IMPLICATIONS

Inherited properties come with potential tax implications. Consulting a tax advisor will help clarify any potential taxes or other financial impacts related to keeping or selling the property.

COMMON MISTAKES TO AVOID

ONE

RUSHING THE PROCESS

Take time to carefully assess the financial implications for each heir.

TWO

IGNORING YOUR BUDGET

Make sure you're realistic about what you can afford on your own.

THREE

FAILING TO UPDATE TITLE PROPERLY

Whether you're being bought out, or buying out the other heir(s), ensure title is updated properly to avoid any future liability or ownership conflicts.

WHAT HAPPENS IF NEITHER PARTY CAN BUY THE OTHER OUT?

If no one is in a position to complete a buyout, selling the property may be the best option. Here is how to navigate this process:

ONE

HIRE A REALTOR

Work with a realtor experienced in handling inherited property sales. They'll help you list the home at a competitive price and guide you through the selling process.

TWO

AGREE ON TERMS

All heirs should agree on the sale price, listing timeline, and any necessary repairs or updates to maximize the property's value and get the home market-ready.

THREE

DIVIDE THE PROCEEDS

Once the property is sold, the proceeds can be divided according to the estate's distribution plan or the agreement between the heirs. Your attorney or a financial advisor can assist with the equitable distribution.

By collaborating on these steps, you can facilitate a smoother sale and move on to the next phase with confidence.

MY SERVICES

- **Complimentary Consultations** to discuss your financing and buyout options.
- **Confidential, Expert Guidance** to ensure you have a complete understanding of your financial standing and choices.
- **Personalized Mortgage Solutions** tailored to your needs, whether you are buying out or getting bought out of an inherited property.

Handling inherited property is rarely simple, but managing the home financing process doesn't have to add stress. Let's work together to ensure you are making the best financial decision for your future.

Ready to explore your options? Contact me today.

Bernie Tomei - NMLS 350615
(408) 893-7939
bernie@berniertomei.com
www.berniertomei.com

