

INSTRUCTIONS FOR INVENTORY – DECEDENT’S ESTATE

GENERAL: You are required by law to file an inventory with the Commissioner of Accounts within four months after you were sworn in as administrator, executor, or curator (your “date of qualification”). This inventory must include all of the decedent’s (i) personal estate under your supervision and control, (ii) interest in any multiple party account (which is defined in Part 2) in any financial institution, (iii) real estate over which you have a power of sale, and (iv) other real estate that is an asset of the decedent’s estate, whether in Virginia or not. You must report the assets as they existed on the date of the decedent’s death, even though they have changed form or are not in existence on the date the inventory is prepared.

If you discover any other assets after you file your inventory, you must make an additional report to the Commissioner of Accounts by (i) filing an amended inventory showing all assets of the estate, (ii) by filing an additional inventory showing only the after discovered assets, or (iii) with the permission of the Commissioner of Accounts, by showing the after discovered assets on the estate’s next regular accounting. The filing must be made, or the permission of the Commissioner of Accounts must be obtained, within four months after you discover the assets.

COPIES OF THE INVENTORY – Every administrator or executor filing an inventory with the Commissioner of Accounts, or any document making changes to an inventory, is required by law to send a copy of it by first class mail to every entitled person from whom a written request has been received. The entitled persons whose request must be honored are the same persons to whom the administrator or executor was required to send Notice of Probate with two exceptions: (1) persons who would take only as heirs at law in a case where all of the decedent’s probate estate is disposed of by will, and (2) beneficiaries whose gifts have been satisfied in full prior to such filing. An entitled person may make a written request to an administrator or executor at any time, it may relate to one specific filing or to all filings to be made, but it is not effective for filings made prior to receipt of the written request. The Commissioner of Accounts is prohibited by law from approving an inventory unless it contains a statement that any copies requested pursuant to Virginia Code Section 64.2-1303 have been mailed, and shows the names and addresses of the persons to whom they were mailed, and the date of such mailings. Check-boxes are provided on Page 3 of the Inventory Form for use in certifying to the Commissioner that copies were sent, or that no copies were requested. If copies were sent, the persons to whom they were sent, their addresses, and the dates of mailing, must be shown on Page 4.

VALUATION: The value to be placed on assets listed on the inventory is their fair market value as of the date of the decedent’s death, and not the date the inventory is prepared. When available, you should use exact dollar and cent values; do not round off specific values to a higher or lower amount. Real estate may be listed at its value as assessed for local real estate taxes. For all other property, fair market value is normally “the price at which the property would change hands between a willing buyer and a willing seller in the retail market, with neither one being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.” An explanation must be attached if any other method is used to value an asset. Do not reduce the gross value of property by the amount of any outstanding mortgage, loan, lien, or other claim against the property. Special valuation rules that apply to certain assets are

mentioned later. If you have a question about determining the fair market value of any asset you should seek assistance from an accountant, a lawyer, any other appropriate professional, or the Commissioner of Accounts. Any reasonable expenses incurred in determining the values to place on estate assets, such as appraisals, are allowable as an administrative cost of the estate.

PROPERTY NOT INCLUDED: Joint accounts in banks and credit unions (not mutual funds or brokerage houses) are covered by special rules discussed in Part 2. Not to be included on the Estate's Inventory are other jointly-held assets such as real estate, brokerage accounts, and stock certificates held by the decedent and another jointly with the right of survivorship or held by the decedent and the decedent's spouse as tenants by the entirety, and assets passing by way of a survivorship provision, a payable on death (POD) provision, except for POD bank accounts that are listed in Part 2, or a transfer on death (TOD) provision. The same is true for money payable under a beneficiary designation contained in a life insurance policy, IRA, pension, or other arrangement unless the estate is the beneficiary.

Part 1. The decedent's personal estate under your supervision and control. Assets should be clearly identified, listed in reasonable detail, and valued as of the decedent's date of death (not the date the inventory is prepared). Groupings of similar property, such as personal effects and household property, may be listed together; however, if any article is specifically mentioned in a will or is worth over \$500 it should be listed separately. Articles that have a higher value as a collection (stamps, coins, or other collectibles) should be valued as a collection and not individually. Uncashed checks should be listed separately and not included with the cash on hand at death. Motor vehicles and water craft should include make, model and year. Checking, savings, and other accounts or deposits should include the institution's name, type of account, account number, any accrued interest and any maturity date. Stocks and mutual funds, whether held in certificate form, book account form or in a brokerage account, must be listed separately and should include company name, number of shares, and price per share. Bonds and promissory notes should include the issuer's name, face amount, interest rate, and maturity date for each item.

A sole proprietorship is not a separate entity like a partnership, corporation, or limited liability company, but rather an accumulation of assets that a person uses in a business, and thus the name of the proprietorship should be listed as a heading with the various personal assets which comprise it listed thereunder. (Proprietorship real estate should be listed in Parts 3, 4, or 5.) Leases of real estate are personal property to be listed on this part. If, in unusual circumstances, there are assets for which there is no recognized market value, such as some partnership interests, stock in closely held corporations or legal claims against others, they may be valued at \$1.00 or an estimate of value until better information is obtained.

Part 2. The decedent's interest in multiple party accounts and certificates of deposit in banks and credit unions: There are three forms of multiple party accounts or deposits: joint, payable on death (POD), and totten trust (another form of POD). Special rules apply when these accounts or deposits are held in a bank or credit union. The Rules do not apply to accounts held in a mutual fund or in a brokerage house. Some joint accounts or certificates of deposit are "with

survivorship” and some are “non-survivorship.” The correct classification of a particular account or certificate will ordinarily be determined by the language on the form the decedent signed when opening the account.

The decedent’s interest in a non-survivorship joint account or certificate is a part of the decedent’s probate estate and must be included on Part 1. The interests of the decedent and others will normally be determined by the proportion of the net contributions made by each one to the sums on deposit at the decedent’s death, except that an account or deposit between persons married to each other will normally be treated as belonging to them equally.

The decedent’s interest in any survivorship joint account and the entire amount of a POD account must be shown on this part of the inventory along with the identity of the joint owner; however these assets will not become a part of the decedent’s probate estate unless (i) the probate estate is insufficient to pay debts, taxes, and expenses of administration, including statutory allowances to a surviving spouse and minor or dependent children, and (ii) an action is brought against the surviving party within two years after the decedent’s death. The interests of the decedent and others will normally be determined by the proportion of the net contributions made by each one to the sums on deposit at the decedent’s death, except that an account or deposit between persons married to each other will normally be treated as belonging to them equally.

The foregoing rules do not apply to multiple party accounts maintained with a mutual fund or a brokerage house. If such accounts are with survivorship they are not included on the inventory; if they are without survivorship, the decedent’s interest must be included on Part 1.

GENERAL INSTRUCTIONS FOR REAL ESTATE: Do not include on this inventory any real estate held in survivorship form with another person, held in a living trust created by the decedent having beneficiaries following the decedent’s death, or transferred by a transfer on death deed. Include in the description of each piece of real estate (or partial interest therein) a street address, if there is one, and the city or county in which the real estate is located. If an appraisal has been obtained, use that value, otherwise use the value as assessed for local real estate taxes, and state which value is used.

The real estate’s gross value is not to be reduced by the amount of any outstanding mortgage, loan, lien, or other claim against the property. Interests in condominiums and cooperatives are real estate, but leases of real estate are personal property and should be listed on Part 1.

Part 3. The decedent’s real estate in Virginia over which you have a power of sale. If you are an administrator for a person who died without a will, you should not list anything in this part unless a court has granted you a power of sale, in which case you should list all of the decedent’s Virginia real estate or partial interests in real estate over which the court has given you a power of sale.

If you are a curator for a person who died with or without a will, you should list all of the decedent's Virginia real estate or partial interests in real estate in this part because of your power to lease.

If you are an executor or administrator for a person who died with a will, you should include all of the decedent's Virginia real estate or partial interests in real estate over which the will gives you a power of sale, whether that power of sale is specifically mentioned in the will or is included by the will's reference to Virginia Code § 64.2-105.

Part 4. The decedent's other real estate in Virginia. Administrators and executors should list in this part all of the decedent's Virginia real estate or partial interests in real estate that are not listed in Part 3, even if the real estate is specifically given to someone by the provisions of a will.

Part 5. The decedent's non-Virginia real estate. Administrators, executors, and curators should list in this part all of the decedent's real estate or partial interests in real estate not situated in Virginia that are assets of the decedent's estate, whether or not the property is located in the United States.