

How to Keep Your Lake Home in the Family.

Common Questions

- * Do all children or intended beneficiaries wish to continue their involvement with the property?
- * How will the future generations pay taxes, maintenance or repairs?
- * How does time at the lake home get scheduled and divided up?
- * What happens if one member of the family chooses to sell their interest down the road?

Legal aspects of ownership, liability, and tax implications are important but so too are the day-to-day and functional operations of maintenance, management (both small and large), schedules for fair usage of the property, and who takes the boat lifts, docks, and beach equipment out each fall.

These concerns can and should be addressed in detailed agreements which vary in form depending on the which approach best suits the family.

To avoid fighting over property interests down the road, attorneys and families have been turning to vehicles including cabin trusts, formation of an LLCs (Limited Liability Company), or tenancy agreements to keep the peace and ensure the property is enjoyed for generations to come.

Each option (and this is not intended to exhaust all options available) presents its own unique benefits and issues.

Tenancy Agreements

Equal shares amongst siblings is a common approach and may often be devised simply (or by default). Two siblings would each inherit and take equal shares in the property. Each party is responsible for their portion of taxes, upkeep, and other expenses. Also, any party can dispose of or sell their portion as they see fit without regard to the other party.

Without an agreement amongst the parties on how to address costs or transfers, this option presents difficulties legally if the parties cannot cooperate. If sibling A wants to sell, or not pay for the new roof, tension builds and feuds ensue. An agreement is essential well in advance. Everything from limiting transfers to paying for improvements/repairs must be discussed.

Cabin Trusts

Placing the property into a trust and designating beneficiaries who share interests in the property is another option. A trustee provides oversight, usually one of the beneficiaries, and manages the property.

Trusts also provide an opportunity, at the beginning, to set ground rules and also funding for the trust (in addition to the property itself) to take care of costs of maintaining the property.

LLCs

Transferring a [lake home](#) or cabin property to a limited liability company is another lesser known option and provides some flexibility down the road. Each owner's participation and rules for voting can be set up in the LLCs' operating documents. In this option, the owner and next generation owns a share of the LLC, which in turn owns the property itself.

The LLC is run like any business with the same structure. It requires operating agreements, voting, etc. With voting comes flexibility to change as new issues or conditions arise.

As with any plan, it is vitally important to plan and talk through your particular situation with your family and with an attorney well-versed in these areas. Any estate planning should be tailored to fit your own family's circumstances.

About the Author

An avid real estate author, guest posting on many popular real estate blogs, and has published articles on foreclosure, short sale, real estate law, and a myriad of other real estate topics. Specializing in [Crow Wing Real Estate](#) and [Brainerd Real Estate Listings](#).

