

# “GETTING STARTED” INVENTORY PREPARATION SEMINAR



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# GOALS



Participants should understand:

- What is required to prepare an inventory accurately.
- The importance of timely filing the inventory.
- What is required to prepare an account, which is the next step of the process.

# AGENDA



## I. INTRODUCTION

## II. HOW DO I GET STARTED?

- A. What is an Inventory
- B. Marshalling Assets

# AGENDA



## III. PREPARATION OF THE INVENTORY

- A. Mandatory Filing Schedule/due dates
- B. Date to be used to value the assets
- C. Valuation of assets
- D. Obtaining an appraisal for personal property
- E. Who should sign the inventory schedules
- F. What's required to be filed with the Inventory as supporting documents
- G. Newly discovered assets
- H. When an Affidavit in Lieu of Inventory may be filed

## IV. WHERE DO I GO FROM HERE?

# INTRODUCTION



## **“GETTING STARTED” INVENTORY PREPARATION SEMINAR**

# INTRODUCTION



- Every supervised court-appointed personal representative, conservator, trustee and guardian of a minor (otherwise known as a “fiduciary”) must file an inventory of the assets being administered in the estate established under the court’s supervision.
- The case type and nature of the appointment will determine the specifics of the inventory to be filed. SCR-PD stands for Superior Court Rules-Probate Division. The rules are available on the website, [www.dccourts.gov](http://www.dccourts.gov), click on Public, click on Probate Matters.

# COURT RULES



- The inventory for a decedent's estate is governed by SCR-PD 409 (unless the decedent died before July 1, 1995).
- The inventory for an intervention proceeding is governed by SCR-PD 329.
- The inventory for a guardianship of a minor or a trust case is governed by SCR-PD 204.

# HOW DO I GET STARTED?



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INVENTORY PREPARATION SEMINAR**



# WHAT IS AN INVENTORY?



- An inventory is a complete listing of the assets that are under the control of the court-appointed fiduciary
- The inventory form consists of schedules, and each different type of asset is reported on a different schedule
- The forms required are available online at [www.dccourts.gov](http://www.dccourts.gov), click on Public, click on Probate Matters.





**Assets  
may  
include  
the  
following**

- **Real property**
- **Bank accounts**
- **Stocks and other securities**
- **Bonds**
- **Notes receivable, which are debts owed to the ward or decedent**
- **Tangible personal property, such as household furnishings, vehicles, jewelry, and furs.**

# MARSHALLING ASSETS



- Following appointment, a fiduciary should immediately locate, identify, and collect the assets being administered in the estate.
- “Marshalling” the assets is the term used to describe taking control of all of the assets of the estate.
- The assets of the estate must be kept totally separate and apart from the fiduciary’s personal assets.
- The estate assets should never be co-mingled with personal assets or used for the fiduciary’s personal use.

# MARSHALLING ASSETS



- **The accounts must be properly titled in the name of the estate**
  - Example for a conservatorship:
    - John Doe, Adult Ward
    - Jane Doe, Conservator
  - Example for a decedent's estate:
    - Estate of John Doe
    - Jane Doe, personal representative
- **Documentation required to open the bank account:**
  - Current letters of appointment (issued within the past 60 days)
  - Death or birth certificate, as appropriate
  - EIN number (obtained from I.R.S.)
  - Social security number of adult ward/minor/decedent

# MARSHALLING ASSETS



- To ensure the safety of the assets, cash must be deposited in accounts insured by the Federal Deposit Insurance Corporation (FDIC) or invested in government-backed securities such as treasury bills, treasury bonds, or treasury notes.
- The FDIC limit must be sufficient to cover the value of the assets contained in each bank account.
- If the assets exceed the FDIC limit, the funds should be divided, and some should be deposited into another financial institution.

# PREPARATION OF THE INVENTORY



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# MANDATORY FILING SCHEDULE



- The Court sends each fiduciary a Mandatory Filing Schedule with the Letters of Appointment.
- The schedule includes the deadlines for each mandatory filing.
- The specific form of the inventory to be filed depends upon whether the fiduciary is a conservator, guardian of a minor, trustee, or personal representative. (Exh. A)

# INVENTORY DUE DATES

(Depends on your fiduciary appointment)



FIDUCIARY TYPE	DUE DATE
Conservators (Intervention Proceedings)	Within 60 days from the date of appointment
Supervised Personal Representatives Guardians of Minors Trustees	Within 3 months of the date of appointment



## **DATES FOR WHICH INVENTORY VALUES ARE REPORTED**



The nature of the fiduciary's appointment determines the valuation date of the assets to be reported

<b>FIDUCIARY</b>	<b>VALUATION DATE</b>
Personal Representatives (administering a decedent's estate)	Date of death of the decedent
Guardians of Minors Trustees Conservators (Adult Conservatorships)	Date of the fiduciary's appointment

## HOW ARE ASSETS VALUED?



- Real Property (includes condominiums) – can be valued using either:
    - ✦ **Tax Assessed Value** (obtained from the District of Columbia Office of Tax & Revenue or online at [www.otr.gov](http://www.otr.gov)) or
    - ✦ **Appraised Value** (performed by a licensed appraiser approved by the District of Columbia Board of Appraisers)
- To verify ownership, a copy of the deed should be obtained from the Office of Recorder of Deeds, 1101 4<sup>th</sup> Street, SW, #5W, WDC 20024 (202) 727-5374 or online at [www.otr.cfo.dc.gov](http://www.otr.cfo.dc.gov)

# VALUATION OF THE ASSETS/OBTAINING AN APPRAISAL



- Bank accounts – are valued using the balance on the date of death of a decedent or the date of appointment of a fiduciary.
- Stocks and other securities/Bonds – are valued using the fair market value per share on the date of death of the decedent or date of appointment of a fiduciary.

**Note: If the decedent dies on a weekend or holiday, the average of the value on the business day before the weekend or holiday and the business day after the weekend or holiday is used.**

- Notes receivables – are valued using the amount of the unpaid principal, plus interest accrued to the date of death of the decedent or appointment date of the fiduciary.

## VALUATION OF THE ASSETS/OBTAINING AN APPRAISAL



- Tangible personal property—can be valued by the court appraiser.
  - The standing court appraiser, Vandell S. Swann, can be reached at (202) 879-9445
  - The court appraiser can appraise household furnishings, automobiles, jewelry, and furs. He does not provide appraisals of personal clothing, coins, stamps, or real estate.
  - Tangible personal property that has a minor total value of \$1,000 or less can be valued by the fiduciary.

## WHO SIGNS THE INVENTORY REPORT AND RELATED SCHEDULES?



<b>Inventory</b>	<b>Verification</b>	<b>Certificate of Service</b>
Personal Representative must sign	Personal Representative must verify	Either Personal Representative or attorney of record may sign

## WHO SIGNS THE INVENTORY REPORT AND RELATED SCHEDULES?



- Guardians of Minors, Conservators, and Trustees—  
The inventory must be signed under oath by the guardian, conservator, or trustee (Exh. C) either:
  - By taking the oath before an authorized notary public; or
  - By taking the oath before the duty auditor at the Office of the Register of Wills who reviews the filing for acceptance.

# WHAT IS REQUIRED TO BE FILED WITH THE INVENTORY?



## ➤ Decedents' Estates (ADM)

- Proof of tax assessed value of real property or an appraisal report.
- Two certified proofs of publications. (Exh. D)  
**The proofs should bear a notary seal; the invoice is not acceptable**
- Financial Account Information - Form 27 (Exh. E)

# WHAT IS REQUIRED TO BE FILED WITH THE INVENTORY?



- **Guardians of Minors/Trustees**
  - Proof of tax assessed value of real property or an appraisal report
  - Financial Account Information (Form 27)



# WHAT IS REQUIRED TO BE FILED WITH THE INVENTORY?



- **Intervention Proceedings**
  - Conservatorship Plan (Exh. F)
  - Proof of tax assessed value of real property or an appraisal report, whichever is applicable.
  - Financial Account Information (Form 27)

# NEWLY DISCOVERED ASSETS



- Assets discovered after filing an Inventory but prior to the filing of the annual accounting may be accounted for by filing an **AMENDED** Inventory.
- Additional assets received after approval of the first account should be reported in the subsequent account.
- Before accepting additional assets in excess of the bond amount, the bond must be increased.

## WHEN AN AFFIDAVIT IN LIEU OF INVENTORY MAY BE FILED



- If the fiduciary has no assets to collect or no assets at the time of filing the inventory, the fiduciary may file an Affidavit in Lieu of Inventory.
- The affidavit must be notarized.

# OBJECTIONS



If a party to the case has a problem with the Inventory, and wishes the court to review the assets reported to be part of the estate or the value assigned, that person may file an Objection.

The cost of filing an Objection is \$25.00 in decedent estates and \$20.00 in all other case types. The form for filing an Objection is listed on the court's website.

# WHERE DO I GO FROM HERE?



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INVENTORY PREPARATION SEMINAR**

# WHERE DO I GO FROM HERE?

(Basic Tips)



- Keep current letters of appointment on hand for banks and other government entities
- Identify all assets by gathering bank statements, brokerage statements, and information regarding real and personal property
- Transfer title of assets into the name of the estate (using EIN#) as soon as possible
- Avoid co-mingling estate assets with your personal assets

# WHERE DO I GO FROM HERE?

(Basic Tips)



- If you are a conservator, register Letters of Appointment with the Recorder of Deeds
- Prepare a tickler system that notifies you in advance of the due dates listed on the scheduled of mandatory filings
- Keep complete records of every transaction related to the estate, including bank account statements, brokerage account statements, real estate settlement sheets, cancelled checks, and receipts.

# WHERE DO I GO FROM HERE?

(Basic Tips)



- Consider using an accounting software program
- Obtain receipts for everything, and keep a record of the check numbers for each disbursement
- Balance the fiduciary bank accounts monthly. Be sure to reconcile outstanding items, such as outstanding checks, bank fees, and deposits as appropriate.



# WHERE DO I GO FROM HERE?

(Basic Tips)



- Do not use a debit card for fiduciary accounts
- When opening a bank account for an estate, or retitling a bank account into the name of the estate, make sure the bank provides front and back copies of checks as part of the monthly statements or returns originals with monthly statements. Front and back copies of all checks must be filed with the account
- Begin to prepare the First Account well in advance of the due date
- Your beginning balance in the First Account is the total of the values reported in the Inventory

# WHERE DO I FILE THE INVENTORY?



➤ The Inventory may be mailed to:

Office of the Register of Wills, Probate Division

Attn: Duty Auditor

515 Fifth Street, NW, 3<sup>rd</sup> Floor

Washington, D.C. 20001

or may be filed in person at the same location

