

Section 14 - Inventory - Supervised Administration

14.10 Time for Filing

The inventory must be filed within 30 days after the issuance of letters. Good cause must be shown for any extension of time to file an inventory. One extension of time, of not more than 30 days, for the filing of the inventory may be granted upon electronic filing of an application. Further extensions shall not be granted, and citation shall issue if the inventory has not been filed upon the expiration of the extension period.

If there is an asset (e.g., stock in a closely-held corporation) whose value may not be readily ascertained, an inventory shall be promptly filed listing the asset as "value undetermined" but listing all other assets with their values. An amended inventory shall be filed as soon as the value is determined and, in any event, on or before the due date of the first annual settlement.

Practice Tip: Since the inventory must be executed by the personal representative, any inventory filed prior to the issuance of letters shall not fulfill the requirement.

References: Form 10260, Form 10264
§§ 473.233, 473.237, 473.240

14.20 Citation - Failure to File Inventory

Failure to timely file an inventory will result in the issuance of a citation to show cause by a date certain why the personal representative should not be removed. If a citation issues, the personal representative and their attorney must appear at the hearing unless it is continued. The citation will be dismissed upon:

- (1) the filing of the inventory,
- (2) the payment of the citation costs, and
- (3) obtaining the dismissal from the Judge, Commissioner, or Deputy Commissioner.

The costs of the citation and related court costs may not be paid from the assets of the estate.

14.30 Contents

All inventories must be executed by the personal representative. The inventory must contain a list of all decedent's property, including exempt property, valued as of the date of decedent's death. Changes in the nature of assets occurring subsequent to death but prior to preparation of the inventory should be reflected in the first settlement, not in the inventory. For example, an uncashed Social Security check must be listed under personal property (category 6) on the inventory. When cashed, it must be shown as a wash entry on the settlement debiting the cash amount and crediting the appropriate inventory number and amount.

All original, supplemental, and amended inventory values must be date of death values. However, when real property is acquired during the administration of the estate, such as when property is inherited or where the personal representative specifically executes a contract of the decedent, the inventory value is the value on the date of acquisition.

References: Form 10260
§ 473.233

14.40 Jointly Held Property

An inventory is a list of property owned solely by decedent or as tenant in common with others but does not include joint property with right of survivorship or entirety property unless the other joint owner predeceased the decedent.

14.50 Description of Property

Categories of property should be grouped together in the inventory, i.e., all real property together, all common stock together and so forth.

14.50.1 Furniture, Household Goods and Wearing Apparel

List under inventory item 1 on Appendix A.

No detailed appraisal or listing of the items is required, unless items are specifically devised. Any item contained on a separate list referenced in the will according to § 474.333 must be treated as a specific devise for purposes of the inventory.

If specifically devised items are not listed in the inventory, it is presumed they were not an asset of decedent's estate at the date of death.

Reference: § 474.333

14.50.2 Corporation Stocks

List under inventory item 2 on Appendix A.

State number of shares, class of stock, full name of company and date of death value. List accrued dividends to date of death as a separate but related inventory item.

14.50.3 Mortgages, Deeds of Trust, Bonds, Notes, and Other Written Evidence of Debt

List under inventory item 3 on Appendix A.

Mortgages and deeds of trust: state name or other identifying data; issue date; face value; maturity date; outstanding principal at date of death; rate and due date of interest; date of death value;

amount of interest accrued to date of death; maker, payee and endorser; and security, if any. List accrued interest to date of death as a separate, but related, inventory item.

Notes: state name or other identifying data; issue date; face value; maturity date; rate and due date of interest; date of death value; principal balance due at date of death; amount of interest accrued to date of death; maker, payee and endorser; name of pledgor or mortgagor, if any; and security for note, if any. List accrued interest to date of death as a separate, but related, inventory item.

Bonds: state name or other identifying data; face value; issue date; maturity date; rate and due date of interest; serial number; date of death value; and amount of interest accrued to date of death. List accrued dividends to date of death as a separate, but related, inventory item.

14.50.4 Bank Accounts; Money; Insurance Policies Payable to The Personal Representative, Administrator, or Estate; and Life Insurance Policies Owned by The Decedent on the Life of Another Person

List under inventory item 4 on Appendix A.

State specific names and locations of financial institutions, type of account, account number, deposit balances and accrued interest to date of death.

Life insurance policies: list the company name, specific name of the insured, policy number, proceeds payable and accrued dividends to date of death. Any anticipated refund of premiums must also be included as an inventory item. The post-death interest should not be included in the inventory, but must be included on the settlement.

14.50.5 All Other Personal Property

List under inventory item 5 on Appendix A.

Include any other personal property which does not fit one of the preceding categories on the inventory. For example, list automobiles, mobile homes, collections (stamp, coin, etc.), tools, and equipment. For sole proprietorship interests, the personal representative must list the property of the sole proprietorship. For partnership interests, the personal representative is obligated to list the decedent's proportionate share of the partnership and the net value of the decedent's interest. See § 473.220 regarding additional obligations of surviving partners to file additional partnership information.

Include property possessed by decedent but owned or claimed to be owned by another. List such property separately from other property under item 5, together with a statement as to the knowledge of the personal representative as to its ownership. Do NOT place appraised value in the value column.

References: §§ 473.220, 473.230, 473.233.1(7)

14.50.6 Real Property

List on “Real Property” section of Appendix A.

Set forth legal description and street address including the city and county. If encumbered, show balance due, subtract from appraised value as shown and state only "equity" in value column. The legal description and ownership of record should be verified. Do not include real property located in other states.

In some states, mineral interests are treated as real property and thus should not be included in the inventory. [See 4 Summers, Oil & Gas Law, Chapter 26, "Taxation"; Hemingway, Law of Oil & Gas (2d Ed., 1983, West Publishing Co.); Anno: Oil and Gas Royalty As Real or Personal Property, 56 A.L.R. 4th 539 (1987).]

The inventory must show the fractional interest of the decedent, if any. The name(s) of any individual who also has an interest in the property must be reflected on the inventory.

14.60 Additional Inventories

Additional assets, including real property, discovered subsequent to the filing of the original inventory shall be included in an amended inventory. If the additional assets consist of only cash, then these assets may be shown on the next settlement without the necessity of an amended inventory. Stocks and bonds, if sufficiently described, can also be brought in on a settlement without the need of filing an amended inventory. If this method is used, the asset must be described in the settlement the same manner as required on the inventory. Any supplemental/amended inventory should carry a balance forward of the total value of all personal property previously inventoried.

Amended Inventories may also be filed at any time to correct errors or make changes. They may be filed to state a value that was originally listed as “undetermined value”, but are not to be filed to reflect accounting transactions, which must instead be included in the settlement. An amended inventory may be used to delete an item incorrectly listed on the original or a prior amended inventory.

All amended inventories must be executed by the personal representative.

Practice Tip: If an estate has a bond, and the amended inventory lists assets that exceed the current bond amount, additional bond will be ordered.

Reference: §§ 473.197, 473.240
Form 10260

14.70 Orders Pending Inventory

Generally, no order in an estate, except in emergency situations or involving perishable property, will be granted until the original inventory has been filed.

14.80 Lawsuits

14.80.1 Lawsuits Filed by Decedent Prior to Death

Where there is a pending lawsuit in which decedent was plaintiff which survives the death of decedent, the inventory must state "Litigation-Value Undetermined" and list the style of the case, case number and identify the court in which it is pending. Instead of filing an amended inventory, a copy of the settlement agreement or judgment entry shall be filed with the next settlement and the proceeds thereof, if any, shall be brought in on that settlement. If the judgment entry does not reflect the amount and terms of a settlement agreement, a copy of the settlement agreement must also be filed.

14.80.2 Loss Chance of Recovery

When the estate is opened for the sole purpose of pursuing a loss chance of recovery claim after one year from date of death, the inventory shall only list that claim with the same information as above since no other assets may be administered by the personal representative.

Reference: § 537.021

14.80.3 Lawsuits Against the Decedent

If a decedent's estate is opened for the sole purpose of defending a lawsuit, the inventory must state "Litigation Only-No Value" and list the style of the case, case number and identify the court in which the lawsuit is pending. Estates opened for litigation purposes only require the filing of a minimum bond of \$1,000, unless bond is waived in the will.

The attorney may want to consider appointing a "defendant ad litem" pursuant to the procedures in § 537.021.1(2) instead of opening an estate.

[END OF SECTION]