

Keep It or Sell It

How to think about an inherited house before the family argues about it

When a house comes through an estate, the family really has three choices: keep it, sell it, or one heir buys out the others. Each one has a cost, and most of the arguments come from nobody writing those costs down. This is the list.

IF THE FAMILY KEEPS IT

What it gives you

- The house stays in the family.
- Rent, if it's rented and managed well.
- Whatever it appreciates over the years.

What it costs

- The loan payment, taxes, insurance, and utilities start the day the estate owns it. The court doesn't cover them.
- Repairs. An older house that's been one person's home for 30 years usually needs more than paint.
- Somebody becomes the landlord or the caretaker, and everyone else has an opinion about how they do it.
- The equity is locked up. Nobody gets anything until it sells.

The California-specific catch: Proposition 19. Since 2021, an inherited house is reassessed to today's market value for property taxes unless a child (or grandchild, in some cases) moves in and makes it their primary home within a year, and even then the break is capped. A house your parent paid \$1,800 a year in taxes on can become \$6,000 or more the year after. Ask the county assessor for the number before deciding to keep it.

IF THE FAMILY SELLS IT

What it gives you

- Cash, divided the way the will or the law says, with no arguments about who paid for the roof.
- No more monthly bills on a house nobody lives in.
- Little or no capital gains tax. Inherited property gets a "stepped-up basis" to its value at the date of death, so a sale near that value usually owes almost nothing.
- It can be sold **during** probate once Letters issue; you don't have to wait for the case to close.

What it costs

- The house is gone.
- No future rent or appreciation.
- Selling costs: with an agent, commissions, repairs, and showings; with a direct buyer, a lower price in exchange for as-is and fast.

IF ONE HEIR BUYS THE OTHERS OUT

Often the best of both when one sibling wants it and the others want cash. It needs a real appraisal everyone accepts, a way to pay the others (a new loan, an estate loan, or an offset against other assets), and the paperwork done inside the probate. The Prop 19 break applies only if that heir actually makes it their home.

Put the Numbers on One Page

Five numbers that settle most family decisions

What it's worth as-is	A realistic value in today's condition, not the Zestimate and not the value after repairs.
What's owed	Loan balance, any missed payments, second loans, HOA, and unpaid property tax.
What it costs to hold	Payment, taxes, insurance, utilities and upkeep per month, times the months until a decision.
Taxes after reassessment	The new yearly property tax if the family keeps it (ask the county assessor).
What each choice nets	Value minus what's owed, holding costs, repairs and selling costs, divided among the heirs.

QUESTIONS TO SETTLE BEFORE ANYONE DECIDES

- **Who has authority to sign?** Usually the personal representative named by the court. Being an heir alone isn't enough.
- **Does anyone live there?** A relative living in the house changes the timeline and the conversation.
- **Who pays the bills until it's decided?** Agree in writing, and keep receipts. It saves arguments at the end.
- **Is everyone on the same page?** One honest conversation about keep, sell or buy-out, with real numbers, saves months.

COMMON MISTAKES

- Letting the insurance lapse on an empty house.
- Assuming the court or the estate pays the mortgage.
- Fixing the house up before knowing whether anyone wants to keep it.
- Waiting for the case to close before talking about a sale.
- Deciding on a gut feeling about the value instead of a written number.

Want help putting your numbers on one page?

Call or text (661) 271-6299

We'll give you an as-is value and what each choice would net. No obligation, and no pressure to sell.