HOW TO PROTECT YOURSELF AND YOUR LOVED ONES IN 2017

WHAT TO DO BEFORE THE WOLF KNOCKS ON YOUR DOOR

By The Seasoned Attorneys of the Fowler Law Firm PC

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Dear Readers: We are very pleased to announce that over the next three months our most seasoned attorneys will provide training to our clients and their guests. You will receive notices well in advance of each event. At a time when many are anticipating exciting opportunities to grow and prosper in the very near future, combining those strategies with some basic safeguards, precautions that are mostly easy and inexpensive to implement when there is no immediate challenge will be the central theme of every presentation. The following Multiple

Choice Questions are a fine example of the misunderstandings that lead to costly mistakes that easily could have been avoided.

If you would like to receive notice about our upcoming seminars, please e mail lfowler@thefowlerlawfirm.com to be placed on our confidential list.

Multiple-Choice Quiz

1. You just decided to do a small renovation of a small historic house in which you operate your business. Your family owns the building and leases it to a professional firm you own that occupies the building. You hired a well-respected renovator of old houses who is so eager to please, he immediately executes a Certificate of Insurance with excellent builders' risk insurance, naming your professional firm as an additional insured. The next morning he and his welders start work and the building burns down, resulting in a total loss. You aren't worried at first because both your building and your professional firm are insured. *Or are they?* Which of the following are true?

(a) Your professional firm insurer denies coverage stating emphatically there is *NO* coverage because the professional firm doesn't own the building;

(b) The property casualty insurer of the building your family owns says it is very sorry because there is no coverage of a construction caused casualty loss;

(c) The renovator's insurer says it will happily pay for whatever your professional firm owns that was damaged but has *NO* liability for damage to the property owned by your family since it wasn't named as an additional named insured;

(d) All of the above.

2. You own three successful businesses, one a real estate brokerage/ limited liability company with ten (10) associated, licensed real estate agents; a second, an equally successful financial services firm with nine (9) licensed security sales and financial advisors. The third is a wildly successful local insurance agency with authority to write policies on behalf of many wonderful insurers. You and one lifelong friend, who is forty four (44) years old, are the sole owners and agents. Your friend holds the brokers' licenses and you aren't currently qualified to hold any.

Your friend is involved in a terrible automobile accident and dies. You are told it will be several months before his estate is probated and as long as a year before the issues related to his interests in your businesses are resolved. Which of the following are true?

(a) You can continue to offer real estate services and receive commissions even after the death of your friend who is the broker;

(b) You can continue to write insurance policies and receive commission even after the death of your friend who is the broker;

(c) Your friend's *Prodigal Son* shows up the day after the funeral and asks which office is his since he plans to assume his father's role….*immediately*. *Prodigal Son* presents you with his valid real estate broker's license, insurance broker's license and a security sales license. Upon hearing your howling protest, he insists you must allow him to assume his father's duties and responsibilities as it is his absolute right.

(d) None of the above.

3. You and *Great Love of Your Life* enjoyed a torrid romance for several years but never quite got around to marrying. Meanwhile, *Great Love of Your Life* and you purchased a residential property that is now worth $100,000.00 more than when you bought it. You were not named on the title because you could not qualify for the mortgage; however, you dutifully contributed half of every mortgage payment, half of every improvement to the structures, and half of all the taxes, insurance, etc. Your payments were made to *Great Love of Your* Life's separate bank account. *Great Love of your Life* leaves and lists the property for sale, demanding you move out because you are interfering with the potential buyers. Which of the following are true?

(a) You have an equitable right to assert a claim to half the proceeds of sale, but must make demand and possibly file suit to protect your rights;

(b) If you cannot prove by traditional records such as checks with proper designations of the nature of your contributions- *remember you dutifully and trustingly made those payments into Great Love of Your Life's separate bank account*- you will have a very difficult time proving anything, even if you do have an equitable right to claim half the proceeds of sale;

(c) You have no legal or equitable rights; living in sin has inflicted its bitter consequences. Resolve to go forth and sin no more!

(d) None of the above.

4. You are the oldest of four brothers and sisters. Your grandparents owned a large lot with a small house located close to Downtown Austin. They passed with no will; your parents raised you in that house and passed with no will. Your three brothers and sisters moved away. You work in Downtown Austin and have lived in the house for ten (10) years,

paid all the taxes, paid off the mortgage and maintained the house and grounds in beautiful condition, which you estimate cost you as much as $75, 000.00 over the last decade. Your brothers and sisters contributed nothing.

A serious commercial developer just offered you $1, 400, 00.00 to buy the land and home *'as is'*. Which of the following are true?

(a) Your brothers and sisters will share equally in the sale proceeds if a sale occurs;

(b) You will not be able to sell anything until you probate the estate of your parents and your grandparents;

(c) You and your brothers and sisters will pay an exhilarating amount of federal income tax regardless of who is entitled to what;

(d) None of the above.

5. You attended a seminar hosted by a high flying lawyer who was hosting seminars in Las Vegas and Walt Disney World, with free whiskey and food or passes to The Magic Kingdom….*or both!* Sometime after the third free drink, you could swear you heard that creating a marital trust as a part of your estate planning documents- *wills, estate planning documents- medical and general powers of attorneys*- protected your assets. Since nobody trusts lawyers who entice you with whiskey, you decide instead to print documents off the internet and transfer your assets into a marital trust. Then your wife is involved in a head on collision, but miraculously survives. Your medical bills exceed your health care policy coverage by $250,000.00. Which of the following are true:

(a) The marital trust you formed for just this type of situation into which you dutifully transferred all your assets, does not protect your assets from creditors like the health care providers;

(b) As a part of your estate planning, it serves only to transfer title to you without the need for probate;

(c) The debt incurred by your now disabled wife transfers to you and all the assets you now own outright are subject to creditors for that debt;

(d) This easily could have been avoided with a few risk management strategies.

(e) All of the above.

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