
Starting soon....



ESTATE PLANNING ESSENTIALS FOR COOPERATIVE OWNERS

PRESENTED BY:
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WELCOME!



HOUSEKEEPING

- ▶ Your Lines Are **Muted**
- ▶ **Type Questions** in the Q&A section at the bottom of your screen
- ▶ **Presentation** is posted:
Pierrolaw.com/Resources
- ▶ Following the program, please fill out **our survey** with feedback

AGENDA

- The Importance of Estate Planning
- “Core Four” Documents Everyone Needs
- Trust Planning
- Special Cooperative Considerations
- Putting your Plan into Action



GOALS



Appoint the Right Individuals to handle various management functions for you during life and after death

Protect and Preserve Assets from nursing homes, creditors, taxes and probate

Provide a Legacy to secure your family's future by preserving wealth

Failing to Plan = COURT

Ensure your family won't inherit a legal mess

- Guardianship – Supreme Court
- Probate – Surrogate's Court
 - Expensive
 - Time consuming
 - Public
 - Who wins?



CORE FOUR – THE FOUNDATION

THE CORE ESTATE PLANNING DOCUMENTS

**POWER OF ATTORNEY
(POA)**

**HEALTH CARE PROXY
(HCP)**

**DISPOSITION OF REMAINS
APPOINTMENT (DORA)**

WILL



POWER OF ATTORNEY



Appoint an individual to transact business and financial matters in your name

- Co-agents, alternates – Who?
 - Agent must sign - Oath
 - Comprehensive Powers Including Gifting - Key
- Durable, Springing
- Incorrect POA = Court

HEALTH CARE PROXY / LIVING WILL



- Designate a surrogate to act if you are incapacitated
- Living will provides direction to health care agent including end of life decisions – incorporate in a single document
- DNR, MOLST
- Download our Health Care Decision Making Guide at:
www.pierrolaw.com/resources/

DISPOSITION OF REMAINS APPOINTMENT (DORA)

-
- Appoint a person as your Agent to carry out your burial or cremation wishes
 - Include special instructions on the form – as detailed as you wish
 - Give comfort and guidance at a difficult time

WILL



- Direct distribution of your property at death
- Establish “testamentary” trusts to protect beneficiaries, reduce or eliminate estate taxes and provide for heirs
- Designate Executors and Trustees
- Appoint a Guardian for your minor children

WILL

Required:

- ✗ Probate: cost & delays
- ✗ Only takes effect after death
- ✗ No provision for incapacity
- ✗ No privacy – court papers filed in probate are public record
- ✗ Extra costs and delays if any beneficiary is a minor or disabled person

VS.

TRUST

- ✓ No Probate
- ✓ Manages Assets During Life and provides long term protection
- ✓ Provides for Successor Trustee upon death or incapacity - continuity
- ✓ Financial affairs remain private
- ✓ Must be 'funded' to be effective

***Major problem with ONLY having a Will:
Probate can take several months to several years!!!!***

TYPES OF TRUSTS

Living vs. Testamentary

Revocable vs.
Irrevocable

Asset Protection Trusts

Life Insurance Trusts

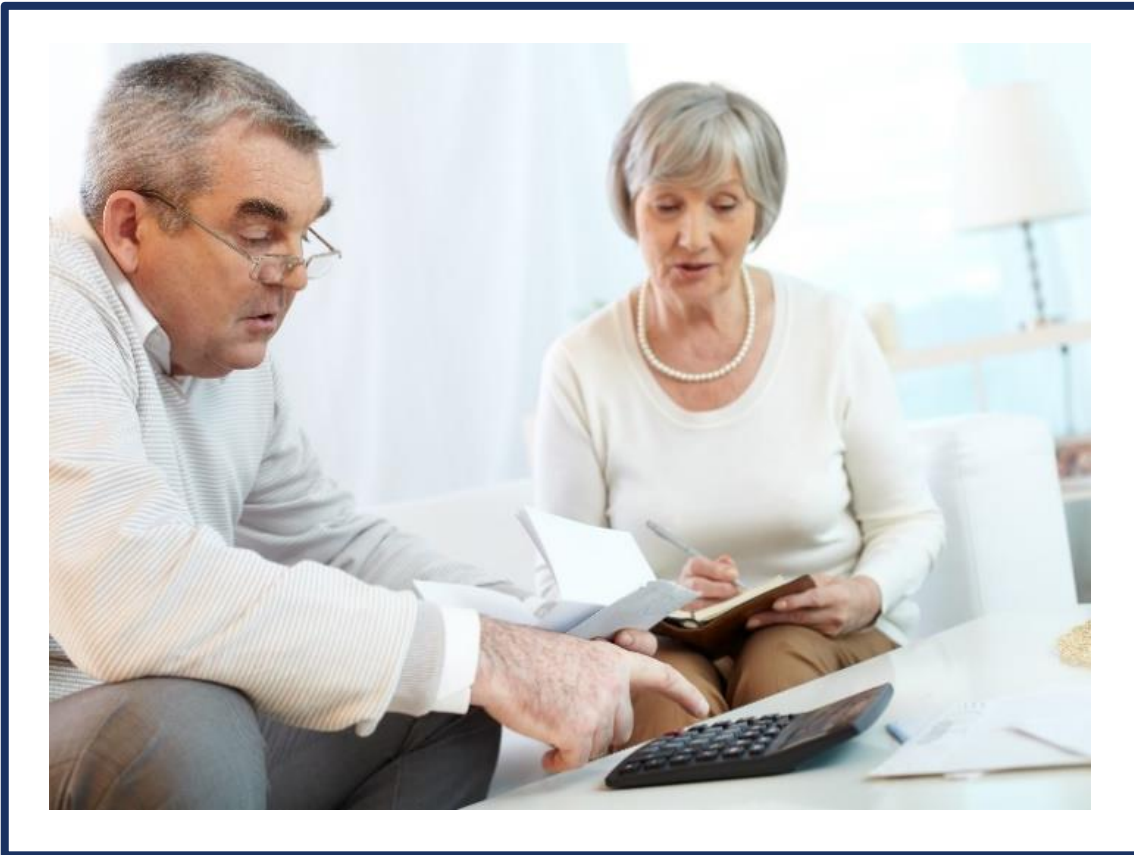
Retirement Plan Trusts

Special Needs Trusts

Beneficiary Controlled
Trust



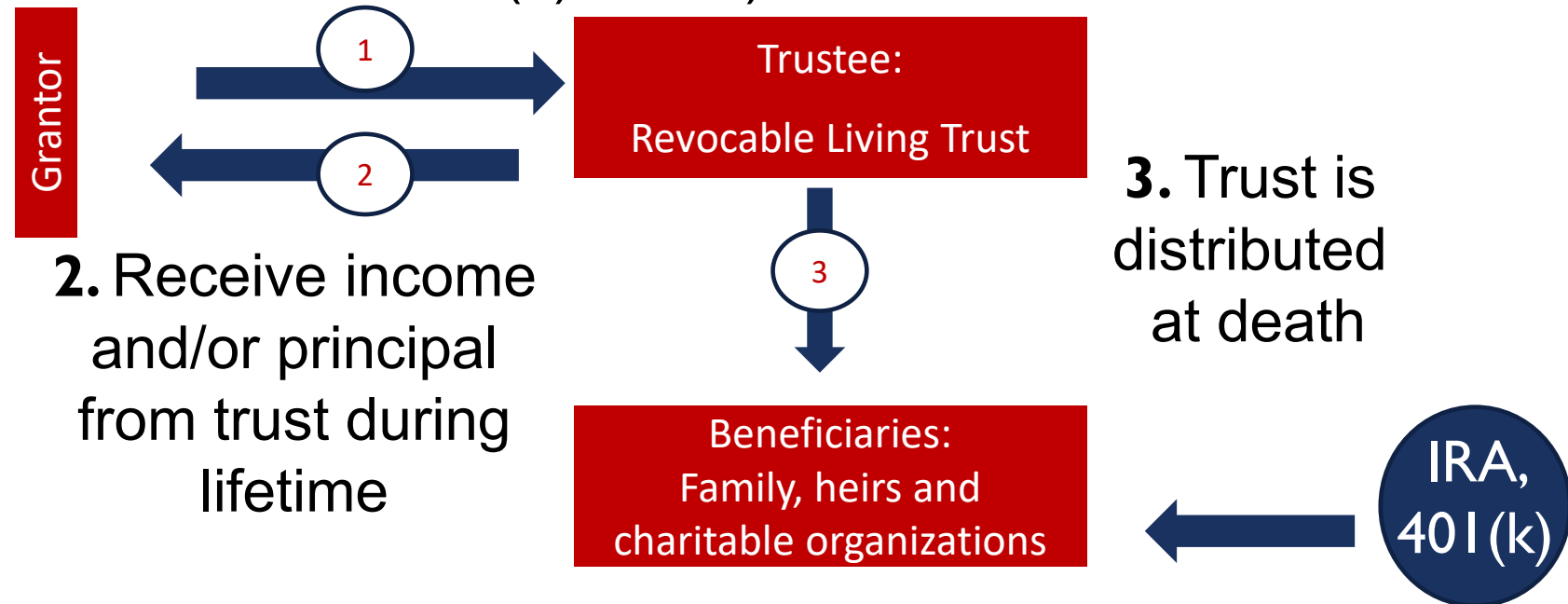
REVOCABLE LIVING TRUST



- Organize your assets
- Provide for management and use of assets should you become incapacitated
- Secure all beneficiaries
- Create 'downstream' trusts outside of the Court's reach
- Avoid probate
- **Caution:** Not Medicaid protected – Assets Are Available to Medicaid

REVOCABLE TRUST WITH FUNDING

1. Place all assets in trust (except IRA's, 401(k)'s, etc.)



You can be the Grantor, Trustee and Beneficiary!

ENHANCED ESTATE PLANNING – NEXT GEN

Issue:

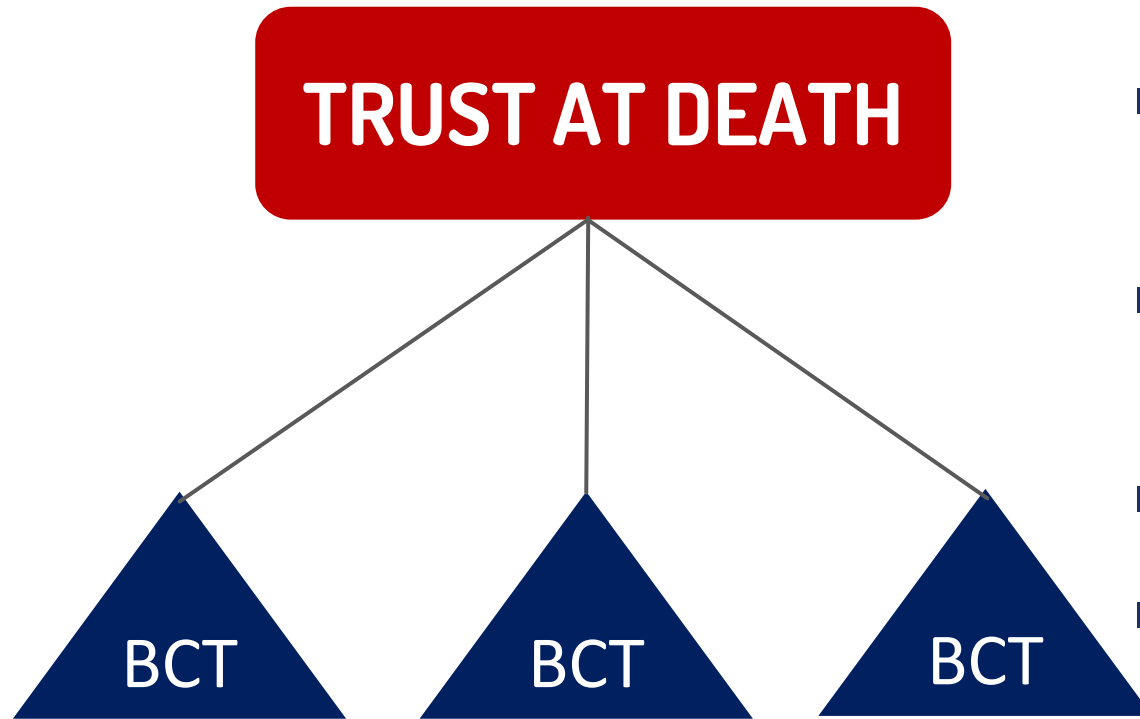
We worked and saved, and when we die, we want our family's wealth protected from divorcing spouses, lawsuits, bankruptcy and Medicaid.

Solution:

Beneficiary Controlled Trusts- a/k/a
“Bloodline Trusts”



BENEFICIARY CONTROLLED TRUSTS



- Child can be trustee = Control of Assets
- Can use assets for themselves and their families
- Outside the reach of creditors
- Guarantees the family's legacy - assets stay in the bloodline

Trusts for Children and Grandchildren

REAL PROPERTY VS. COOPERATIVE OWNERSHIP

- **Real Property:** You own the land and building (can use deeds, life estates)
- **Cooperative:** You own shares in a corporation + proprietary lease

Key Difference: No unilateral transfer options with co-ops



THE CO-OP ESTATE PLANNING PROBLEM

- Cannot do deed transfers like real estate
- No life estate or other alternative transfer methods
- Without planning: Guaranteed probate (6 months to 1+ years)
- Beneficiaries cannot take action while costs continue to accumulate



THE CARRYING COST CRISIS



- **Maintenance payments and assessments continue during probate**
- **Property cannot be sold, transferred, or major decisions made**
- **Apartment may sit vacant while accumulating costs**
- **Court approval required before beneficiaries can take action**

THE TRUST SOLUTION FOR CO-OPS

- Transfer shares into trust (*with board approval*)
- Bypasses probate process entirely for the co-op shares
- Immediate ownership transfer to beneficiaries
- Peace of mind for future generations



WHAT TRUST OWNERSHIP MEANS TO YOU

- You retain all current rights (sell, finance, vote, occupy)
- No change to your day-to-day ownership experience

After Your Death:

- Beneficiaries get immediate ownership (not occupancy rights)
- Still need board approval to move in
- Can sell immediately without waiting for probate

MORTGAGED CO-OPS & TRUSTS



- **Still possible with additional coordination**
- **Must work with: managing agent, co-op attorney, AND lender's counsel**
- **Check lender approval first (usually granted)**

BEFORE YOU TRANSFER: ESSENTIAL DOCUMENTS

Must Have Original Stock Certificate and Proprietary Lease

- If Mortgaged: Lender holds original stock and lease as collateral

If Originals Are Lost: Alternative solutions exist (but more work required)

Action Item: Locate and secure these documents now



COOP-TO-TRUST TRANSFER PROCESS OVERVIEW

- **Step-by-step roadmap (minimum 6-8 week timeline)**
- **Multiple Parties Involved: You, attorney, management, coop attorney, potentially lender**
- **Requires coordination and patience, but worth the effort**



STEP 1: PRE-TRANSFER PREPARATION



**Contact lender (if applicable)
for transfer approval**



**Locate original stock certificate
and proprietary lease**



**Ensure account in good
standing with management**

STEP 2: FORMAL APPLICATION PROCESS



**CONTACT MANAGEMENT
TO ADVISE OF INTENDED
TRUST TRANSFER**



**COORDINATE WITH COOP
ATTORNEY FOR TRUST
DOCUMENT REVIEW**



**UPON COOP ATTORNEY
APPROVAL, PRESENT TO
BOARD FOR APPROVAL**



**UPON BOARD APPROVAL,
SCHEDULE CLOSING**

STEP 3: BOARD APPROVAL & DOCUMENTATION



Obtain lien search



Submit complete package to board with all requested documentation



Board review and approval process



Arrange closing and if missing originals: Eagle 9 policy + affidavit needed

STEP 4: CLOSING & TRANSFER

-
- Schedule closing with all parties
 - Surrender old stock certificate and proprietary lease
 - Receive new documents issued in trust name
 - Transfer complete!

PEACE OF MIND

Results If You Plan Now:

- Foundation documents ensure people are designated to help during incapacity and carry out your wishes at death
- Trust planning allows your wishes to be followed without court delays or public scrutiny
- Cooperative ownership seamlessly integrated to preserve your legacy for future generations



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THANK YOU!



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