

PROBATE PROCEDURES AND ALTERNATIVES 2017

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TABLE OF CONTENTS

I. PRACTICAL THOUGHTS ON THE UNCONTESTED DOCKET	5
II. WHOM DO YOU REPRESENT	5
III. FREQUENTLY-USED PROBATE PROCEDURES	5
A. Probate of Will as a Muniment of Title	5
1. Just What is a “Muniment”?	5
2. Overview	5
3. Necessity for Administration	6
4. Application	6
5. Required Notice	6
6. Required Testimony	6
7. Medicaid Recovery Issues	6
8. Order	7
9. Affidavit of Compliance	7
10. Default Issues	8
11. Possible Declaratory Relief?	8
B. Creation of Independent Administration by Agreement	9
1. Testate Estates	9
2. Intestate Estates	9
3. Procedural Requirements	9
4. Heirship Determination	10
5. Bond	10
6. The Order	10
C. Proceedings to Determine Heirship	10
<i>Checklist: Determination of Heirship</i>	10
1. General Comment: Heirship Prove-ups	11
2. Statutory Basis for Heirship Proceedings	11
3. Scope	11
4. What It is and What It is Not	11
5. Items to Consider	11
6. Jurisdiction	12
7. Venue	12
8. The Application	12
9. Citation	14
10. Attorney Ad Litem	15
11. The Hearing	16
12. Evidence in Heirship Proceedings	16
13. Heirship Judgment	17
D. Small Estate Affidavit	18
1. Use of Procedure	18
2. Requirements of Affidavit	18
3. Examination and Discretionary Approval by Court	19
4. Facility of Payment or Collection	19
5. Government Record	19
6. Real Estate Transfers Limited to Homestead Only	19
7. Third Parties	19
<i>Comment: Biggest Problem Areas Seen</i>	19
IV. LESS FREQUENTLY USED ADMINISTRATION OPTIONS	20
A. Modification or Reformation of Wills	20
1. Need for Modification or Reformation	20
2. Old way: Declaratory Judgment Action	20
3. New Way: Judicial Modification or Reformation	20
4. Specific Circumstances	20
5. Discretion of Court	20
6. Procedure	20

Probate Procedures and Alternatives 2017

7. Powers Cumulative	20
8. Duties and Liability of Personal Representative	21
9. Retroactive Effect	21
10. Applicability	21
11. Limitation on Reformation	21
B. Order of No Administration	21
1. Defined.....	21
2. Applicability	21
3. The Application	21
4. Hearing and Order.....	21
5. Effect of Order	21
6. Lookback for One Year	21
7. Pointers	22
C. Summary Estate Proceedings	22
1. Inventory	22
2. Solvent	22
3. Pay Claims, Account.....	22
4. Closing	22
D. Withdrawal of Estate from Administration	22
1. Inventory	22
2. Accounting.....	22
3. Bond.....	22
4. Delivery	22
5. Closing	22
6. Lien	22
7. Partition.....	22
E. Informal Family Settlement Agreements	22
1. Required Elements	22
2. Parties.....	22
3. Consideration	22
4. Court Approval	22
V. PROOF ISSUES	23
A. Proof in Pleadings	23
B. Proof in Testimony	23
1. Testimony on Personal Knowledge	23
2. Statutory Requirements.....	23
3. Summary: Proof Requirements for Probate of Will and Issuance of Letters	23
C. Proof by Deposition on Written Questions	25
1. Preservation of Testimony	25
2. Areas of Use.....	25
3. Simple, Low-Cost	25
4. Specific Statutory Method Controls over General Procedural Method	25
5. Procedure	25
D. Lost Will Issues	25
1. Application.....	25
2. Proof.....	26
3. Order	26
VI. NOTICE TO BENEFICIARIES AFTER PROBATE OF WILL.....	26
A. Requirement of Notice	26
B. Does Not Apply to Muniments of Title.....	26
C. Who Gives Notice	26
D. How Given	26
E. Who is Required to Receive Notice	26
F. No Requirement of Notice.....	26
G. Contents of Notice.....	27

Probate Procedures and Alternatives 2017

H. Affidavit or Certificate	27
I. Removal for Failure to File Affidavit or Certificate of Notice to Beneficiaries.....	27
 VII. INVENTORY ISSUES	27
A. A Duty to Prepare.....	27
B. Time for Filing	28
C. Purposes of the Inventory	28
D. Contents of the Inventory	28
E. The Appraisal	29
F. The List of Claims	29
G. Approval or Disapproval by the Court	29
H. Changes, Additions, Corrections	29
I. Use of Inventories as Evidence	30
J. Sealing Inventories	30
 VIII. CONTINGENT FEE ISSUES	30
A. Will Contests	30
B. Removal of a Personal Representative	31
C. Suits Brought on Behalf of an Estate against a Third-Party Wrongdoer.....	31
D. Required Review and Approval by the Court	31
 IX. OTHER AREAS OF PARTICULAR CONCERN	31

APPENDICES

A. Motion to Deliver Original Will and Order to Show Cause	32
B. Waiver, Joinder, Agreement, Designation & Request: Court-Created Independent Administration	34
C. Probate After Four Years	
1. Notice of Application to Probate a Will More than Four Years after Decedent's Death	35
2. Affidavit of Waiver of Citation and Objection (Probate After Four Years).....	36
D. Bench Proofs	
1. Proof of Death and Other Facts	37
2. Proof of Death and Other Facts (Muniment of Title)	38
3. Proof by Subscribing Witness	39
4. Proof of Decedent's Handwriting and/or Signature	40
5. Proof of Facts (Court-Created Intestate Independent Administration).....	41
6. Proof of Facts-Disinterested Witness (Court-Created Intestate Independent Administration)	42
E. Deposition on Written Questions	
1. Notice of Intent.....	43
2. Written Questions for Subscribing Witness	44
3. Written Questions for Heirship Witness.....	45
4. Package Envelope.....	46
5. Letter of Instructions to Deposition Official	47
F. Notice to Beneficiaries After Probate	
1. Notice to Beneficiary Named in Decedent's Will	48
2. Waiver of Notice of Admission of Will	49
3. Affidavit of Notice by Personal Representative	50
4. Certificate of Notice by Attorney	51
G. Affidavit in Lieu of Inventory and Appraisal.....	52
H. Court Instructions: Independent Executor/Independent Administrator	53
I. Heirship Pleadings	
1. Application to Determine Heirship	55
2. Waiver of Citation	56
3. Attorney's Certificate of Notice	57
4. Proof of Heirship Facts.....	58
5. Judgment Determining Heirship.....	59
6. Declaratory Judgment in Probate or Heirship	60

Probate Procedures and Alternatives 2017

J. Modification or Reformation of Wills	
1. Application	62
2. Order.....	63
K. Small Estate Affidavit	
1. Small Estate Affidavit	65
2. Order Approving Small Estate Affidavit.....	70
L. Family Allowance and Order of No Administration: Application and Order.....	71
M. Division of Property upon Intestacy	72

**PROBATE PROCEDURES AND ALTERNATIVES
2017**

I. PRACTICAL THOUGHTS ON THE UNCONTESTED DOCKET

Attorneys often approach the uncontested docket as almost an afterthought. Because it is uncontested, some attorneys feel as though there is little risk in not being as thorough as preparing for a contested hearing or trial.

Several points suggest themselves:

- The prove-up of a will is often the first occasion a family will have to engage the services of an attorney. Admittedly, the need to retain counsel is only semi-voluntary, since there is often some economic driver creating the need for administration.
- It is a 'gateway' opportunity for lawyers to acquire long-term clients.
- One of the most insensitive comments that can be made within an individual's hearing is that their case is a "routine" matter. Probate is a part of the grief process and an opportunity for counsel to help guide the client through a scary and unfamiliar journey. It is often the most important legal matter that the individual has encountered.
- Probate administration is an exacting area of practice. Because it deals with matters where societal evolution is occurring, the law frequently changes and careful attention to legislative and appellate changes in law and procedure is crucial.
- Developing a set of reliable reference materials, particularly in light of the advent of the Texas Estates Code, will help the practitioner in being better prepared and the client being better served.

II. WHOM DO YOU REPRESENT?

An estate is not a legal entity that can sue or be sued. *Price v. Estate of Anderson*, 522 S.W.2d 690, 691 (Tex. 1975). As a result, an attorney does not represent the "estate," but its personal representative.

Generally, an attorney hired by the executors or trustees to advise them in administering the estate or the trust represents the executors or trustees and not the beneficiaries. *Huie v. DeShazo*, 922 S.W.2d 920, 924 (Tex. 1996); *Thompson v. Vinson & Elkins*, 859 S.W.2d 617 (Tex. App.--Houston [1st Dist.] 1993, writ denied).

There is a danger, however, that the attorney for an executor or trustee could undertake to perform legal services as attorney for one or more beneficiaries. If an attorney-client relationship is thereby created, whether expressly or impliedly, then a duty would be created directly in favor of the beneficiary, and the beneficiary would have recourse against the attorney for damages resulting from negligent representation. *Vinson & Elkins v. Moran*, 946 S.W.2d 381 (Tex. App. Houston 14th Dist. 1997, wr. dismiss.).

For a broader discussion of these issues, see Texas Disciplinary Rules of Professional Conduct Rule 1.06,

Commentary to ABA Model Rules of Professional Conduct (2004) Rule 1.7, example 27 and Jeffrey N. Pennell, *Representations Involving Fiduciary Entities: Who is the Client?*, 62 Fordham L. Rev. 1319 (1994).

III. FREQUENTLY USED PROBATE PROCEDURES

A. Probate of Will as Muniment of Title - Tex. Est. Code §257.001-257.103

"Muniments, Munimenta, are authentick Deeds and Writings, by which a man may defend the Title to his Lands."

- A Law Dictionary, or the Interpreter of Words and Terms, used either in the Common or Statute Laws of that Part of Great Britain call'd ENGLAND - London 1708.

1. JUST WHAT IS A "MUNIMENT"?

A. Defined - A muniment (from the Latin *munimentum* "fortification") is documentary evidence indicating title or ownership of an asset. "Muniments of title" literally means written evidence which a land owner can use to defend title to his estate. Black's Law Dictionary 1019 (6th ed. 1990). Muniments are defined to be "evidences and writings concerning a man's possession or inheritance, whereby he is enabled to defend the title of his estate; and this word includes all manner of evidences, deeds, charters, etc." *Wellborn v. Carr*, 1 Tex. 463 (Tex. 1846).

B. Examples - A muniment of title could include a death certificate, a deed, a contract, a mortgage, a judgment or some other legal document used to prove title in a particular person.

C. Modern Practice - The sole modern remnant of muniment practice in Texas is the process of admitting a will to probate solely as a muniment of title. Such a proceeding is appropriate if there is no need for a formal administration of an estate or for the appointment of a personal representative, but there is still a necessity to transfer title to those who take under the decedent's will. See Tex. Est. Code §§ 257.001–257.103.

A will admitted to probate as a muniment of title serves to act as a link in the "chain" of title that would otherwise not exist by reason of the decedent's death. Originally used to clear up title to any real or personal property, an order admitting a will into probate as a muniment of title is now routinely used to transfer all estate assets under certain limited circumstances.

2. OVERVIEW - Tex. Est. Code §257.102 provides that an order admitting a will to probate as a muniment of title "constitutes sufficient legal authority for each person who owes money to the testator's estate, has custody of property, acts as registrar or transfer agent of any evidence of interest, indebtedness, property, or right belonging to the estate, or purchases from or otherwise deals with the estate, to pay or transfer without administration the

Probate Procedures and Alternatives 2017

applicable asset without liability to a person described in the will as entitled to receive the asset.”

To utilize a muniment proceeding, there must be no need to have a formal estate administration. On the other hand, if more than four years have elapsed since the decedent’s death, a muniment of title proceeding can be utilized to settle the estate.

3. **NECESSITY FOR ADMINISTRATION** - If debts exist at the time of decedent’s death which are not secured by real property (including, for example, even a credit card balance) the use of a muniment of title proceeding is not an option. The persons taking under the will may wish to pay those debts with their own funds, saving the cost of a full administration. Once all unsecured debts are paid, the applicant(s) can then truthfully state no debts are owed by the estate and proceed with the muniment procedure.

In 2017, The application and proof sections of the muniment provisions Tex. Est. Code §§ 257.051 & 257.054 were amended to make a muniment of title proceeding available not just if there were no unpaid debts other than those secured by real estate (Tex. Est. Code §257.001), but also if the court “finds for another reason that there is no necessity for administration of the estate.”

Other situations which may indicate a necessity for administration might include: the need for court-approved inventory to reflect a stepped-up basis of devised property in a taxable estate, the need to take legal action to collect estate assets, the insistence of a stock transfer agent that they can deal only with a personal representative of the estate, a requirement by a title company of letters testamentary to close on a real estate transaction, an insurance company requiring a personal representative of an estate to receive insurance proceeds on the decedent’s life, the need to pursue personal injury litigation for injuries resulting in the decedent’s death, or the need to defend the decedent’s estate from such litigation because of injuries to others.

4. **APPLICATION** - Tex. Est. Code §257.051 - An application to probate a will as a muniment of title must state and aver the following to the extent each is known to the applicant or can, with reasonable diligence, be ascertained by the applicant:

A. each applicant’s name and domicile, together with the last three numbers of each applicant’s social security number and driver’s license;

B. the testator’s name, domicile, and, if known, age, on the date of the testator’s death and the last three numbers of the testator’s social security number and driver’s license;

C. the fact, date, and place of the testator’s death;

D. facts showing that the court with which the application is filed has venue;

E. that the testator owned property, including a statement generally describing the property and the property’s probable value;

F. the date of the will;

G. the name, state of residence, and physical address where service can be had of the executor named in the will;

H. the name of each subscribing witness to the will, if any;

I. whether one or more children born to or adopted by the testator after the testator executed the will survived the testator and, if so, the name of each of those children;

J. that the testator’s estate does not owe an unpaid debt, other than any debt secured by a lien on real estate; (see “Medicaid Recovery Issues” below);

K. whether a marriage of the testator was ever dissolved after the will was made and, if so, when and from whom; and

L. whether the state, a governmental agency of the state, or a charitable organization is named in the will as a devisee.

If any matter above referenced is omitted from the application, the reason for such omission must be explained. Tex. Est. Code § 257.051(b).

5. **REQUIRED NOTICE** - Like an application for probate of will and issuance of letters testamentary, only posted notice is required Tex. Est. Code § 51.053. The court, however, has the discretion to require additional notice under Tex. Est. Code § 51.151.

6. **REQUIRED TESTIMONY** – (See Exhibit D-2 for a suggested form of prepared testimony in a muniment of title proceeding) - As with most applications for probate, one witness, usually the applicant, will commonly give “Proof of Death and Other Facts” testimony. However, any individual with personal knowledge of the facts, especially the attorney for the Applicant, may give the testimony.

The Proof of Death required for a muniment of title is similar to that required for an application for letters testamentary, except that no reference to the applicant’s qualification for letters is necessary and the applicant must state that there are no unpaid debts owing by the estate, excluding debts secured by liens on real estate. Tex. Est. Code § 257.054.

If the will is not self-proved, a subscribing witness or two witnesses to the decedent’s signature will be required to prove up the will. Tex. Est. Code § 256.153.

If the will is holographic, one or more disinterested witnesses, familiar with the decedent’s handwriting, will be required in addition to the proof given by the Applicant. Tex. Est. Code § 256.153.

7. **MEDICAID RECOVERY ISSUES** – **MUNIMENTS OF TITLE AND MEDICAID BENEFITS** - Claims for Medicaid recovery in Texas are debts of the estate. If the decedent applied for and received Medicaid benefits on or after March 1, 2005, then the Medicaid Estate Recovery Program (“MERP”) may have a claim against the estate, preventing the use of a muniment

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