

TRUST

Trust Purchase of a Residence for a Supplemental Needs Trust (SNT) Beneficiary



Here at Comerica Bank, we recognize that our special needs clients start each and every day with a challenge. It's our primary goal to improve the quality of life for our beneficiaries of varying abilities and the families that care for them. We consider it a privilege to become a part of your family's life and understand that residing in a home that meets the needs of our beneficiaries is of primary importance. The following outlines important factors that must be considered when a trust seeks to purchase a home for the beneficiary.

General Considerations

Considerations for housing must be based solely on the needs of the beneficiary. A trust may consider purchasing a home when any of the following needs exist:

- More suitable living environment where accessibility modifications can be made
- Certain accessibility features are needed
- Improved access to medical facilities and current care
- The need for family caregivers to live with the beneficiary

In some cases, the home purchase requires court or government agency approval.

Ownership / Home Search

Because the home is being purchased by the trust and its trustee(s), the trust must be the sole owner of the home. Joint ownership of the home is not permitted.

The trustee(s) will evaluate and hire a real estate agent to assist with the home search after all considerations for a home purchase are established. The real estate agent will work with the beneficiary and family to identify suitable properties.

Family members and individual co-trustees should not submit purchase offers or sign any documents without Comerica's approval.

Maximum Budget

The maximum budget including purchase price, estimated closing costs and needed modifications is 20% of the trust value at the time of purchase. If a home that requires fewer modifications is identified, a greater portion of the budget can be used towards the acquisition price.

The home is not only a personal-use asset of the trust, but also an investment of the trust, therefore consideration will be given to neighborhood factors and neighboring properties that can affect the value of the home.

Purchase Offers

Once a potential home is identified, the trustee(s) may require a medical care manager to review the home. This remote review or onsite visit will be conducted to ensure the target home meets the requirements of the beneficiary.

The trustee(s) ultimately decide on whether and at what price to make a purchase offer. The trustee(s) must sign all purchase agreements and related documents. Family members may not sign purchase agreements on behalf of the trust. Purchase agreements will be contingent upon home inspection, title/survey review and appraisal. When applicable, purchase agreements will be contingent upon medical needs review, state agency and court approval.

Court Approval

When required, court approval can take 3-4 months from submission. In such cases, closing may occur 6 months or later from the start of the home search.

The petition for court approval will include all relevant info around the acquisition, including support for the property and acquisition fees based on the applicable fee schedule.

COMERICA TRUST: TRUST PURCHASE OF A RESIDENCE FOR A SUPPLEMENTAL NEEDS TRUST (SNT) BENEFICIARY



Use and Occupancy

While the home is primarily for the use and benefit of the trust beneficiary, in many cases, family members may also live in the home (e.g., when the beneficiary is a minor, assisting with healthcare needs).

All occupants of the home need to be disclosed to Comerica within 30 days of becoming an occupant. Adult non-beneficiary occupants will need to sign a Memorandum of Understanding (Occupancy Agreement).

Contributory Rents / Expenses

When a trust owned home has occupants other than the trust beneficiary, other occupants and family members may be required to contribute funds to the trust, including potentially rent as well as a proportional share of expenses such as utility, maintenance and repair expenses, property taxes, HOA payments, insurance expense, etc.

The ability of non-beneficiary occupants to cover contributory rents and expenses should be considered when identifying a possible home to purchase. When possible or required, the allocation of expenses should be included in the Court Order approving the purchase.

Modifications

Modifications can take several months depending on scope of work, permitting, etc. Therefore, Comerica will perform the appropriate due diligence before committing to a purchase.

- Trustee(s) will work with a licensed care manager to assess the home and note modifications necessary for the beneficiary's care and safety.
- Trustee(s) must obtain competitive bids, select vendors and enter contracts for modification work.
- When possible or required, a letter of medical necessity from the licensed care manager and a budget for the necessary modifications should be submitted and approved by the Court, prior to modifications being performed.

Other Post Purchase Considerations

All repairs to the home are required to be managed by Comerica to ensure proper scope, documentation, and that a professionally licensed and insured contractor is utilized.

- Family occupants are responsible for prudent and responsible occupancy and care of the home
- Trustee will arrange for periodic interior inspections of the property to ensure that maintenance or repair issues are completed promptly
- Trustee will arrange for tri-annual interior appraisals

Want to Know More?

Want to know more about this topic or any other, Comerica welcomes the opportunity to help. [Contact your Comerica Advisor Solutions Relationship Manager or visit \[comerica.com/trust\]\(https://comerica.com/trust\).](#)