



CHRISTIANS IN REAL ESTATE

"...encouraging the practice of Christian values in our business relationships."

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In this issue, CIRE presents an article by Scott Makuakane Esq., Est8Planning Counsel LLLC on Estate Tax. First American Title contributed an article on State Furloughs and some thoughts to ponder about prayer by "Gary"

WHAT'S THE DEAL WITH THE ESTATE TAX?

By Scott Makuakane, Esq.

You have probably heard that the estate tax is set to be repealed in 2010. That's true. You may have also heard that the estate tax is set to return in 2011, and that the "exclusion amount" will be a lot lower than the one that applies in 2009. That's true too, as far as it goes. However, the future of the estate tax is far from certain.

First of all, what is the "estate tax," and who imposes it? In a nutshell, the estate tax is a tax on the privilege of owning assets when you die. Uncle Same asks, "what is the value of everything the dearly departed owned?" and then says, "send me 45% of it." There are some very important deductions and an exclusion from the tax which make the process a little gentler (and which allow complete estate tax avoidance for most people), but paying tax on the assets that a person spent a lifetime accumulating—and don't forget about the taxes that were paid on that accumulation all the way along—strikes many people as being a little bit unfair.

As of this moment, the State of Hawaii does not impose an estate tax, but that could change the next time our Legislature is in session. Many other States do impose estate taxes (and the rules do not always track the Federal rules), so anyone who owns assets in more than one State needs to be aware of the estate tax rules that apply in each State where an asset is located. Since the rules vary from jurisdiction to jurisdiction, it is important to remember that an estate that is exempt from Federal estate taxation may not be exempt from the death tax imposed by one or more States.

So will the Federal estate tax really go away in 2010? Probably not. Congress still has plenty of time to act before then, and all indications are that Congress will freeze the current "applicable exclusion" (which operates like a coupon against estate tax) at \$3.5 million. That may seem like a lot today, but it was not long ago that the coupon amount was \$600,000, which does not go very far today.

The federal estate tax has historically been a wartime tax, and it has been enacted and repealed four times in our history. The law that is currently on the books (and provides for repeal of the state tax in 2010) was passed in 2001, before the dreadful events of 9/11. Now that our Federal tax revenues are strained not only with the cost of the War against Terror, much less the bailouts of American banks and auto manufacturers, it is difficult to imagine Congress giving up the estate tax revenue stream. The Federal estate tax is probably here to stay for the indefinite future, and estate tax planning will probably be further complicated as various States add to the patchwork of death tax laws across the country.

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ESCROW ADJUSTS TO FURLONGHS

(The following article was contributed by First American Title and Escrow and is reprinted here for the benefit of CIRE readers. Real Estate agents should be aware of the changes to avoid impacting their closings.)

The Bureau of Conveyances made several changes to the procedures that Hawaii title companies must follow when submitting documents to record.

Effective July 1, 2009, no special recordings are being made for any type of transaction and no "pulls" of documents submitted for recording. In addition, a very short window of time exists to correct recordings rejected for technical reasons.

How will this affect your customer's closings?

- Purchasers (and funding lenders) must have "good funds" in escrow before any document is finalized for delivery to the Bureau, two business days prior to recording. Good funds are funds that have cleared the account from which they were drawn for payment.
- There will be no same day "special" recordings, even for commercial transactions or residential transactions where the consideration is over \$2 million.
- Without specials, escrow cannot guarantee that a document that is rejected for technical reasons can be corrected and resubmitted for recording on the following day. As such, escrow will collect at least two days of additional interest from sellers (or borrowers in a refinance transaction) in addition to the additional interest customarily charged to ensure payoffs are

accepted by lenders in the event of a delay. Additional days of interest is to be collected if a weekend or holiday is involved. If any excess interest is not necessary the payoff lender will send seller a check re funding them for the amount of interest not used.

- A fee increase for recordings in the Regular System of the Bureau of Conveyances is to be charged. There is no increase for recordings in the Land Court.
- There is to be no bulk recordings during the last 5 business days of the month.

(Disclaimer—The above is for general informational purposes only, and should not be relied upon for any legal, business, economic, or tax decision. It is not intended to provide legal or business advice. Before making any decision regarding this matter, you should consult with a qualified advisor.)

CIRE Takes a Break

CIRE will be taking a break this year by not having its annual summer luncheon. CIRE has been sponsoring three luncheons a year for the past twelve and one half years. The functions were held to provide a forum where Christian business people could share how God has worked in their lives. The functions have been tremendously blessed with heartfelt sharing that has touched many lives. A respite is now in order, but we invite you to stay tuned for announcements on future events. In the meantime CIRE welcomes your comments, suggestions, and participation in its ministry.

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WAITING FOR GOD TO ANSWER

BY "GARY"

READ Psalm 17:1-6

(There are)...reasons why a prayer may seem to go unanswered. Consider (this one): unconfessed sin. The Lord has promised to forgive transgression once we admit our action is wrong and turn away from it (1 John 1:0). if we only give lip service to our confession or refuse to change ungodly ways, petitions will not be granted. An unrepentant heart always hinders our prayer life.

What about those times when our heart is right and what we ask is in line with God's will, but He remains silent? Sometimes He waits because our longing for Him is in danger of being replaced by our desire for something else. Certain petitions-such as a request for a spouse, a baby, or a loved one's healing-generate strong emotions in us. Unless we are careful, these desires could divert our attention from God. He will not share first place with anyone or anything. Instead, He patiently waits for our focus to return to Him before He answers.

At other times, the Lord uses delay to prepare us for future service or greater blessing. Or, He may want to strengthen our trust. Strong faith means believing Him even in trials, persevering while we wait for an answer, and being confident that He always keeps His promises.

Prayer is the communication link between us and our loving heavenly Father. Let's not allow "static" to block His message to us. Instead, we must confess and turn from our sin. Then we will be able to hear God's voice and obediently carry out whatever He asks.