

LifeCounsel®
Estate Planning Series

**Family Vacation Home
Planning Guide**
WORKSHEET PACKET

Jesse F. Bifulco, Esq.

Media Verio Company, LLC
Miami, FL

Copyright © 2026 by Jesse F. Bifulco

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law.

Disclaimers:

Unless otherwise noted, the stories in this work are fictional. Names, characters, businesses, places, events, locales, and incidents are either the products of the author's imagination or used in a fictitious manner. Any resemblance to actual persons, living or dead, or actual events is purely coincidental.

You should find an attorney within your state to work with directly. Nothing in this book should be taken as engaging, or offering to engage, in any activities in any jurisdiction where those activities would constitute the unauthorized practice of law or would otherwise be unlawful or improper. The materials appearing in this book are provided for informational purposes only and do not constitute legal advice. You should not take action based upon this information without consulting legal counsel. This book is not intended to create an attorney-client relationship. The hiring of a lawyer is an important decision that should not be based solely upon any single source of information.

Published by: Media Verio Company, LLC

Visit the author's website: LifeCounselMedia.com

LifeCounsel® Is a registered trademark of Jesse Bifulco, and is used under license by Media Verio Company, LLC.

ISBN 979-8-9943159-1-0

Chapter 2. The First Decision

Building the Agreement

Section 1: Your First Requests to the Family

Step 1. Reflection

What is your origin story?

Step 2. Invite Your Family Members to Participate

Here's language you can adapt for your first conversation or email:

"I'd like us to start a simple plan for the camp so it stays a source of joy, not conflict. We don't need to solve everything today. This month, can we agree on our top goals and how we'll make decisions? I'll share a short worksheet; then we'll meet for 60 minutes to compare notes. If we like where it's headed, we'll keep going."

Step 3. Rank Goals 1-6 in Order of Importance

- _ **Keep it in the family (define who qualifies).**
- _ **Protect against divorce, creditors, and outside claims.**
- _ **Make usage fair (calendar rules everyone understands).**
- _ **Keep the property solvent (clear budget and funding method).**
- _ **Prevent conflict (tie-breaking and dispute process).**
- _ **Honor your family's culture (traditions, stewardship, work days, guest norms).**

Step 4. Next Generation? Build on What Already Works

When the founders are gone, the next generation's dynamic changes. If you're planning with peers — siblings, cousins, in-laws — not parents, the planning mind-set shifts from legacy to coordination.

If your family already has an informal system that "mostly works," don't throw it out. Write down what's already keeping the peace — who organizes the calendar, how maintenance gets handled, how big decisions are made — and use those habits as the framework.

You're not starting from scratch. You're translating what's been working into a cohesive set of rules everyone can rely on long after memories fade or new family members join in.

Questions for My Attorney

Section 2. Choose the Right Fit Decision for Your Family

Option 1. No

Don't include any provisions in your estate plan. Your Executor or Successor Trustee is directed to sell the vacation home when you die and divide the proceeds.

If this is your answer, you don't need the rest of this book!

Option 2. Defer Decision

The kids can do whatever they want. Leave the decision to the next generation. The property passes without a plan, and they decide what to do.

If this is your answer, maybe the kids could use a copy of this book!

Option 3. Yes

Continue reading, and doing the work in this book. Take completed notes and worksheets to your lawyer, and follow professional legal advice to complete the Agreement.

Chapter 3. The Most Personal Definition of ALL

Building the Agreement: Family and Membership

Section 1: Defining Family Worksheet

Step 1. Reflection Prompt

Who would we still want around the campfire, even if they weren't "family" anymore?

How much flexibility do we want future generations to have in redefining "family"?

Do we trust the law to make those calls — or do we want to write them down ourselves?

Step 2: Identify Family Structure and Terms of Inclusion or Exclusion

What is the relationship of the founders of this family legacy property agreement?

- Married couple
- Unmarried partners
- Siblings

What is the relationship between the branch founders?

- Children of the Founders
- Adopted children of Founders
- Stepchildren of Founders

Ownership is determined by

- Bloodline – direct descendants of founders only
- Legally defined relationships – marriage, adoption, stepchildren
- May include other defined relationships – named individuals with no blood or legally defined relationship to founders or branch founders

Membership is determined by

- Bloodline – direct descendants of founders only
- Legally defined relationships – spouses, adopted children, stepchildren of branch founders
- May include other defined relationships – named individuals with no blood or legally defined relationship to founders or branch founders

Exclusions

- Death of owner/member spouse severs membership of nonmember spouse
- Divorce of owner/member spouse severs membership of nonmember spouse
- Children adopted over the age of _____
- Children born after _____
- Spouse of adopted child
- Spouse of stepchild
- Children of adopted child, stepchild

Questions for My Attorney

Section 2. Choose the Right Fit of Who is Family

Three Ways to Keep the Camp Peaceful When Families Change

Divorce happens. Sometimes it's civil, sometimes not. What matters for your Family Legacy Property Agreement is how your family wants to handle relationships that change — without letting ownership or decision-making drift outside the circle.

Below are three real-world approaches families use to balance inclusion, privacy, and control. There's no "right" answer — only what fits your values and your story. Read through the following options, and mark which fits your family best.

Here and in the next chapters, these options represent levels of governance, their purpose, and sample clauses.

Option 1: Closed Circle

Philosophy: "Family means bloodline. Period."

Design Intent: Full control remains within the bloodline. No outside ownership or use rights. Simple and automatic — few decisions to make later.

Clause Language: "Members shall be limited to the lineal descendants, whether natural or adopted, of the Founders. No spouse, stepchild, or other relative by marriage shall be eligible to hold a Membership Interest, except as a guest or invitee of a Member."

Impact:

- Full control remains within the bloodline.
- Prevents conflict over ownership or inheritance.
- May feel exclusionary after divorce or death.

Use this model when clarity and protection are paramount. It's simple and secure, but may require sensitive conversations with family members who feel emotionally connected but are legally excluded.

¹ These examples illustrate common drafting language—not one-size-fits-all solutions. Adapt to your family's needs and state law.

Option 2: Delineate Ownership from Membership

Philosophy: "Let's stay family, but keep the rules clear."

Design Intent: Legacy Members vote and own; Associate Members may visit or assist but cannot transfer or inherit. Requires occasional meetings to confirm invitations or renew Associate status.

Clause Language: "Associate Members are individuals who have a longstanding relationship with the family, including former spouses of Legacy Members, domestic partners, or others unanimously approved by the Legacy Members. Associate Members have no ownership or voting rights, but may be invited to use the property as set forth in the House Rules."

Impact:

- Preserves dignity and inclusion without compromising control.
- Requires occasional meetings to confirm or renew Associate status.

This model works well for families who value warmth and continuity. It allows flexibility while maintaining legal clarity. Ideal for blended families or those with long-term non-blood relationships.

Option 3: Open Hybrid

Philosophy: "If you've been part of the camp's life, you'll always have a place."

Design Intent: Ownership still within bloodline, but others may participate in governance. Complex to maintain; needs strong leadership and communication.

Clause Language: "Members shall include the descendants of the Founders and any child legally adopted or raised as a child of a Member for a continuous period of at least ten years, as well as the spouses of such descendants during their marriage to a Member."

Impact:

- Builds inclusion into the culture of the camp.
- Can blur authority lines or create expectation creep.
- Requires strong communication and leadership.

Best for families who prioritize community and emotional bonds over strict legal boundaries. This model fosters harmony but needs careful drafting to avoid future disputes.

Chapter 4. Sharing Fairly

Building the Agreement: Use and Enjoyment

Section 1: Sharing Fairly Worksheet

Step 1. Reflection Prompt

Before choosing any model, consider if any of these are already areas of concern, or areas where you have a system that's working.

Are there traditional communal family gatherings?

How is high-demand time allocated?

Who may invite guests, and how many?

Are rentals ever permitted—and by whom?

Who can approve improvements or new structures?

Are there events that can override the schedule?

Step 2. Defining the Property

Besides matching rules to the family, the rulebook is influenced by the property itself. A one-cabin lakeside lot creates different pressures than a multi-acre compound. Below is an overview of various kinds of properties. Choices about the use of that property impact what constitutes sharing fairly.

For family property, improvements belong to the entity, not individuals. If a branch has exclusive use of a structure, it bears the cost—but ownership remains collective. Solve the “wedding question” in advance.

Lot Size

- < ¼ Acre
- ¼ - ½ Acre
- 1 – 3 Acres
- 4-10 Acres
- >10 Acres

Features

- Day use options
- Overnight use options
- Concurrent Use
- High-Demand Seasons
- Assigned branch spaces
- Shared common areas
- Different rules by zone

Special-Use Properties

- Camping
- RVing
- Skiing
- Boating/Fishing
- Hunting
- Sailing
- Climbing
- Other

Preferred Method of Scheduling

- Rotation
- Draft systems
- Points systems
- Limited lotteries
- Tie privileges to safety and competence

Questions for My Attorney

Section 2. Choose the Right Fit Option for Use and Enjoyment of the Family Legacy Property

Each of the following options can be fair. The real question is what kind of fairness the property—and the family—can actually sustain.

Option 1: Informal Sharing (Minimal Structure)

Philosophy: "We trust each other. We don't need a government." This option feels the most natural and family-like. It is also the most fragile as families grow.

Design Intent: Preserve informality and flexibility while setting a basic behavioral boundary around shared use. This option assumes trust and low demand. It does not attempt to solve scheduling or priority disputes.

Clause Language: "Each Member has a non-exclusive right to use and enjoy the Property, subject to a duty not to unreasonably interfere with others' use or damage the Property. No scheduling or use rules shall apply except by unanimous written agreement for a specific occasion. Disputes shall be resolved by mediation, followed by binding determination."

Best Fit

- Small families with low demand.
- Large properties with natural separation.
- A proven culture of courtesy that has already survived stress.

This option does not eliminate conflict. It resolves conflict informally—by personality and timing.

In practice, two unspoken rules tend to emerge:

1. The person who arrives first feels entitled.
2. The person who pushes hardest usually wins.

What It Risks. Escalating resentment, quiet power imbalances, no dignified way to say "no."

Minimum Guardrails Required

- A prohibition on unreasonable interference with others' use.
- Baseline safety and damage-prevention standards.
- A defined dispute pathway (mediation, then binding decision).

Without these guardrails, the loudest cousin becomes the governance system.

Option 2: Structured Flexibility (House Rules)

Philosophy: “We want flexibility, but we want it organized.”

Design Intent: Create an adaptable framework for managing scheduling pressure, guests, events, and rentals without fixing outcomes permanently in the governing agreement.

Clause Language: “All Members have equal rights to use the Property, subject to written Cottage Use Rules adopted by supermajority vote. Cottage Use Rules may govern scheduling, reservations, occupancy limits, guests, pets, noise, safety, improvements, and maintenance responsibilities, and are binding once circulated in writing. Violations may result in loss of reservation privileges or other remedies.”

This is the default model for most families. It separates the Constitution (the governing agreement) from the House Rules, Cottage Use Rules that can evolve.

Best Fit

- Moderate-to-large families.
- One-house properties with seasonal pressure.
- Families willing to accept modest process in exchange for peace.

What It Prevents. Unilateral improvements, surprise rentals, calendar hostage-taking.

Rules Architecture. Well-designed Cottage Use Rules typically address:

- Scheduling method (rotation, draft, points, lottery).
- Guest limits and occupancy.
- Rental prohibition or centralized rental authority.
- Improvement and building approval.
- Caretaker authority (if any).
- Enforcement for violations.
- Notice, records, and amendment procedures.

Who Votes

- Branch representatives (efficient).
- All members (more democratic).
- Hybrid models (proposal by reps, ratification by members).

This is where families place the “Bobby cabin,” the rental issue, and the wedding question—not as moral disputes, but as rule questions.

Option 3: Fixed Allocation (High Structure)

Philosophy: "We've learned the hard way. We want certainty." This is the most rule-heavy option—but also the calmest once implemented. It is "easy" in the same way a well-run airport is easy: strict rules, predictable outcomes.

Design Intent: Eliminate ambiguity by fixing use outcomes in advance, particularly where high demand and limited capacity make flexibility unworkable. This option trades adaptability for predictability.

Clause Language: "High Season shall be divided into weekly intervals allocated among Family Branches as set forth in Exhibit A, rotating annually. Family milestone events may override scheduled use upon written notice not less than ninety days in advance, with compensation provided by swap or priority allocation. Amendments affecting High Season require unanimous consent."

Best Fit

- One house with many claimants.
- High-value weeks are the battleground.
- Prior conflict or distrust.
- Families prioritizing certainty over flexibility.

What It Prevents

- Calendar leverage.
- Repeated renegotiation.
- Event-based brinkmanship.

Typical Features

- High-season allocation fixed in an exhibit.
- Formal rotation or draft.
- Special-event override procedures.
- Strict amendment thresholds.
- Clear enforcement mechanisms.

Chapter 5. Paying Fairly

Building the Agreement: Costs of Ownership

Section 1. Paying Fairly Worksheet

A clear financial structure is not about control. It is about continuity—so the property does not become a recurring referendum on who “cares more.”

Step 1. Reflection

Paying Fairly does not eliminate disagreement. It prevents disagreement from becoming moral warfare. Families who keep their legacy properties do not avoid money conversations. They settle them early—before stress, storms, or silence do it for them. Think about these issues to bring to mind any that may have already surfaced in one form or another.

What if one family member refuses to pay their share?

How do we decide what counts as a shared expense?

Can we change the financial rules later if our family's situation changes?

What's the best way to handle rental income or special event costs?

How much should we set aside in reserve funds?

What if our family can't agree on a financial system?

Step 2. List all annual property income (if applicable) and expenses:

- Income _____
- Taxes _____
- Insurance _____
- Utilities _____
- Maintenance _____
- Professional fees _____
- Other _____

Step 3. Identify all owners and use patterns

[repeat for as many branches as necessary]

- Branch Name _____
- Number of members in Branch _____
- Branch use patterns _____
- Branch assessment _____
- Member assessment _____

Step 4. Define Payment and Enforcement Rules

- Expenses are divided by _____
- Payment deadlines _____
- Nonpayment consequences _____
- Nonpayment consequence trigger _____
- Consequences enforced by _____
- Special events _____
- Rental income is based on _____
- Reserve fund policy _____
- Unexpected cost policy _____

Step 5. Periodic Review

Process or triggers indicating adjustments are necessary may surface over time. Periodic reviews of the budget will enable a natural way to judge whether the current settings are adequate.

- Budget review process _____
- Rules review process _____
- Annual meeting schedule _____

Questions for My Attorney

Section 2. Choose The Right Fit for Paying Fairly

The choices you make here will determine how costs are shared, how emergencies are handled, and how financial responsibility is enforced—long after the founders are gone.

Option 1: Simple Equality: Equal Assessments with Clear Enforcement

Philosophy: Each Member pays an equal share of annual expenses. No credits for use. No discounts for absence. No debates about who benefits more. This approach is often chosen by first-generation siblings who value speed and simplicity over nuance.

Design Intent: Stability through simple payments and straightforward penalties; nonpayment consequences are explicit and automatic.

Clause Language: "The Managing Member prepares an annual budget for taxes, insurance, utilities, and routine maintenance. Each Member pays an equal share within a fixed period after notice.

Each Member shall pay an equal share of the annual operating budget, as approved by the Members. No credits, offsets, or adjustments shall apply based on use or nonuse of the Property.

Any assessment not paid within thirty (30) days of notice shall accrue interest at the rate specified in this Agreement and shall be subject to the default remedies set forth herein."

Best fit:

- Small families with similar financial capacity.
- Properties with stable, predictable costs.
- Early lifecycle stages, before use and expectations diverge.

Risks

- Weak enforcement makes for a weak system
- Resentment accumulates quietly
- Lack of automatic response feels "personal"

Minimum Guardrails Required

- Interest or penalties for late payment.
- A defined escalation path—mediation, then a binding decision-maker.

Option 2: Planned Equality — Equal Assessments + Governance for Budgets and Reserves

Philosophy: “Fairness means planning ahead.” This is the most common and durable choice because it preserves equality while adding foresight. Many families add a small Financial Committee—not for power, but for boring accountability. Billing, collections, and reporting are handled quietly, without turning every reminder into a family confrontation.

Design Intent: Predictability during growth, aging infrastructure, and expanded use. Choose this option if your family values flexibility and ongoing input. This is often where money stops being the spark for conflict—and becomes a background system instead.

Reserves convert emergencies into expectations and prevent routine maintenance from becoming moral conflict. The roof problem is no longer someone’s fault; it is simply what reserves are for.

Under this model, Members approve an annual budget and may vote to create:

1. A Reserve Fund for predictable capital expenses (roof, septic, dock).
2. Special Assessments for true emergencies.
3. An optional Endowment or Investment Fund for long-term sustainability.

Clause Language: “The Members may adopt, by majority vote, an annual operating budget and a reserve contribution schedule.

Reserve funds shall be maintained in a segregated account and used solely for capital repairs and replacements reasonably anticipated in the ordinary lifecycle of the Property.

Assessments approved under this section shall be binding on all Members and enforceable pursuant to the default provisions of this Agreement.”

Best fit:

- Moderate-to-large families.
- Properties with aging infrastructure.
- Families who want predictability without rigidity.

Option 3: Fixed Financial Rules — Full Financial Rules Locked Into the Agreement

Philosophy: “We want certainty—no surprises.” This is the most structured of the three. It is usually chosen after a family has already been hurt by money disputes, or where the property value is too high to tolerate ambiguity.

Design Intent: This option prioritizes predictability over flexibility because the cost of uncertainty outweighs its benefits. Makes expectations unmistakably clear.

Clause Language: “Annual assessments, reserve contributions, payment deadlines, interest on late payments, and remedies for default are set forth in this Agreement.

These provisions may be amended only by unanimous consent of the Members.

Chronic nonpayment shall constitute a material default and may result in suspension of use rights and, if uncured, mandatory redemption of the defaulting Member’s Interest pursuant to the valuation and funding provisions of this Agreement.”

What it Covers:

- Annual assessments and due dates.
- Mandatory reserve contributions.
- Interest and penalties for nonpayment.
- Clear remedies for chronic default, including redemption or forfeiture.

Best fit:

- Families with prior financial disputes.
- High-value or high-cost properties.
- Situations where one person’s nonpayment could threaten the whole.

Chapter 6: Governance, Planning to Stay Out of Court

Building the Agreement: Structured Conflict

Section 1. Governance Needs Assessment

Strong governance isn't excess—it's foresight. It's the difference between a legacy that lasts and a property that becomes a lawsuit. When the family grows, personalities can't hold the system together. The structure does. Governance isn't about distrust—it's about scalability. A system that feels like "overkill" when there are two owners becomes indispensable when there are twelve.

Branch voting, delegated authority, and self-executing provisions may never be used in the first generation—but they're priceless when the family changes.

Step 1. Reflection

Should Ownership and voting be equal for each Branch?

Should ownership and voting grow according to Branch size?

Are there currently issues threatening the legacy property?

Are there some decisions that are "off the table"?

Will your descendants need exit strategies?

Step 2. Select Governance Structure

- Address Branch representation and voting choices
- Define Voting thresholds

Step 3. Address Enforcement Strategies

- Designate Manager or Family Council
- List self-executing consequences
- Determine escalation ladder for disputes
- Create exit provisions
- Mechanism for reallocating forfeited interests

Step 4. Agreement on Basic Rules

If consensus is difficult, consider mediation or a neutral third-party facilitator.

- Plan reviewed by all owners _____
- Put rules in writing (ideally in FLPA) _____

Questions for My Attorney

Section 2. Choose Right Fit for Internal Governance

In this chapter, building the agreement will add or refine governance dimensions to work you've done in both the Sharing Fairly and Paying Fairly chapters, so do look back at the preliminary rules you've made there when considering the options.

Option 1: All or Nothing

Philosophy: "If we can't all agree, nothing should happen." This is where families land when they do nothing. This is the default for a family with no formal agreement.

Design Intent: This option provides few or no guardrails. This usually falls into one of three categories:

- Default position when families do nothing; decisions require unanimity or go to court.
- Direct ownership (no LLC). No voting system. Disputes go straight to court, usually as a partition action, often ending in a forced sale.
- Bare-bones LLC, majority rule. The default is typically 51% majority rule, with no mediation, no arbitration, and no exit plan.

Clause Language: "All decisions regarding the Property shall require unanimous consent of all co-owners. In the absence of unanimous consent, no action shall be taken, and any unresolved dispute shall be subject to applicable state law, including partition."

Best Fit

- Small, high-trust families.

Risks

- Paralysis
- Forced sale

This model does not preserve harmony. It guarantees escalation.

Option 2. Basic Governance, Limited Foresight

This assumes everyone stays engaged, pays on time, and acts reasonably.

Philosophy: "Decisions must be made deliberately."

Design Intent: Basic governance with voting thresholds for ordinary and major decisions.

Clause Language (Governance Branch Voting Context). The Company shall be member-managed. For purposes of voting, each family branch shall be entitled to one collective vote, exercised by its designated Branch Representative. Ordinary decisions shall require a majority of Branch votes. Capital improvements exceeding 2% of assessed value shall require a supermajority (75%) of Branch votes. Sale or liquidation of the Property shall require unanimous consent of all Members.

Best Fit.

- Families beginning governance

Minimum Guardrails

- Property is owned by an LLC or coordinated ownership agreement
- Decision-making is member-managed
- Voting thresholds are defined:

Majority

Supermajority

Unanimous

Option 3. Strong Governance and Predictability

Philosophy: "Grease the skids." This model actively removes friction from the system. It's designed for families who want clarity, fairness, and a process that works even when the family grows.

Design Intent: Includes the full governance spectrum, including the strongest permanence provisions from the Asset Protection chapter. The "Off-the-Table" clause signals that some decisions are non-negotiable, while the Emergency Dissolution clause balances permanence with practicality and legacy continuity.

Clause Language: Delegated Authority Example. "The Manager shall have authority over day-to-day operations and routine expenses as defined in the Annual Budget. Basic carrying costs (taxes, insurance, utilities) shall be allocated pro rata and paid by Members without vote."

Best Fit

- Multi-branch families.

Typical Features

- Manager handles day-to-day operations; basic costs are mandatory and not subject to vote.
- Large families use branch reps for ordinary decisions; major decisions require direct member approval.
- Ensures minimum maintenance expenses are funded annually by all members.
- Provides a structured path to resolve deadlocks without litigation.
- Self-executing consequences for nonpayment or nonparticipation.
- Permanently prohibits certain decisions—even with unanimous consent—to preserve founder intent.
- Provides a narrow escape hatch if the entity cannot sustain operations and only one eligible Member remains; ensures legacy distribution.

Chapter 7. Protecting the Property from the World

Building the Agreement: Protecting People and Property

Section 1: Identify External Risk Exposure

Step 1. Reflection

These questions are about probability, not blame. As you look at areas of risk, answer honestly.

Long-Term Care / Medicaid Risk

- One or more Members is over age 65
- One or more Members has declining health
- Family wishes to preserve the property regardless of future care costs
- Medicaid eligibility is a foreseeable issue for any Member

Divorce / Family Law Risk

- One or more Members are married or may marry
- One or more Members is in a second marriage
- Prenuptial agreements are absent or inconsistent
- Family wants to prevent spouses from gaining leverage or use rights

Creditor / Tax Risk

- One or more Members is self-employed or in a high-liability profession
- One or more Members has existing tax issues or liens
- One or more Members has significant personal debt
- Family wants to prevent forced sale under any circumstances

Premises Liability Risk

- Property includes water access, docks, boats, or steep terrain
- Guests regularly use the property
- Property is rented or licensed to non-family users

The more boxes checked, the stronger the case for layered asset protection.

Questions for My Attorney

Section 2: Choose the Right Fit for Asset Protection

Select the structure that best matches the family's risk tolerance and values.

Option 1. Direct Ownership — The Illusion of Simplicity

Philosophy: "We don't need complexity." On paper, this looks easy: names on a deed, no entities, no trusts

Design Intent: Property is owned directly by individuals. Insurance is the primary protection. Direct ownership relies on continued harmony and good luck. The law does not protect sentiment. Insurance helps with accidents, but it does nothing for divorce, debt, or long-term care.

Risks:

- Any co-owner can force a sale through partition
- Divorcing spouses gain leverage
- Creditors and tax authorities can attach directly
- Medicaid reviews may treat the interest as countable
- Premises liability names individuals personally

Option 2: LLC + Protective Licensing

Philosophy: "Protect the asset first. Accommodate people second."

Design Intent: This structure separates two questions families often confuse: Who should own and govern the property? Who should be allowed to use it?

The LLC owns the property. Membership is limited to low-risk individuals. Use rights may be granted by revocable license to family members whose ownership would jeopardize the property.

Risks: Known Super-Creditors. Some creditors are not "ordinary." Membership interests may still be countable for Medicaid if owned personally. These creditors include:

- Federal income tax liens
- Certain government claims
- Other creditors with statutory super-priority rights

Protections:

1. Inside liability shield
2. Charging-order protection
3. Reduced divorce leverage
4. Partition actions
5. Ordinary creditors
6. Divorce-based control claims

Guardrail— Revocable License to Use the Property. A revocable license is not the default way families share legacy property. It is a protective substitute used only when ownership or membership would expose the property to known, unacceptable risk. When that risk disappears, families often restore ownership or membership—because the goal is not exclusion, but preservation.

A revocable license

- Allows use and enjoyment of the property
- Conveys no ownership, equity, or membership rights
- Cannot be attached, seized, or levied by the licensee's creditors
- Can be modified or revoked if circumstances change

Bottom Line: The result is a structure that protects the property first—while still treating people fairly, humanely, and intentionally.

Option 3: LLC + Irrevocable Trust Ownership

Philosophy: "Protect it once, correctly."

Design Intent: Beneficiaries receive use rights by license, not ownership.

Protections:

1. Strong creditor and divorce insulation
2. Potential Medicaid protection (state-specific)
3. Valuation discounts

Trade-off. Control is replaced with stewardship. Use rights are granted by license, not ownership—In practice, these licenses are often stable, predictable, and long-term—functioning much like ownership from the user's perspective, but without exposing the property to personal risk.

- The LLC owns the property
- An irrevocable trust owns and votes the LLC interest
- A trustee—not beneficiaries—controls governance.

Bottom line: This is the gold standard for families facing real external risk. Complexity here buys certainty.

Section 3: Trust Design (If Option 3 Is Selected)

Medicaid-Sensitive Irrevocable Trust

- Settlor retains no rights to principal
- Settlor is not trustee
- Must comply with state-specific Medicaid rules

Beneficiary-Controlled Asset Protection Trust

- Medicaid not a concern
- Beneficiary may initially serve as trustee
- Trust permits resignation and appointment of independent trustee

Section 4: LLC Governance Checklist

Step 1. Confirm the operating agreement includes:

- Trust ownership permitted _____
- Trustee bound by operating agreement _____
- Charging-order protection language _____
- Protective license authority _____

- Assignee provisions for disqualifying events _____

Step 2: Formalities & Risk Maintenance

Asset protection requires discipline. Confirm procedures exist for:

- Separate entity bank accounts
- Annual filings and compliance
- Adequate liability insurance
- Safety inspections and maintenance logs
- Incident response documentation

Final Reflection. Answer together:

What outside risk worries us the most?

How much complexity are we willing to accept to prevent forced sale?

Are we protecting control, use, or the story of the property?

