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'Mom Always Liked You Best'; Who Gets The Beach House?

By JEFFREY ZASLOW

ON KEUKA LAKE in western New York, Ray and Clare Ruff have a four-bedroom summer home. When their four sons, daughters-in-law, and 10 grandchildren show up simultaneously, some have to pitch tents on the lawn.

But as the Ruffs struggle with who stays where this summer, a much larger question awaits them in the summers to come: Who gets what for a lifetime?

On beaches and lakefronts across America in the years ahead, summer home ownership will be transferred to a new generation at a rate unprecedented in real-estate history. Vacation home ownership rose 13% in the 1990s, to 3.5 million homes. Today, one out of every seven homeowners over age 65 also owns a second home that must be factored into their estates.

Yet too many families spend summers on the beach with their toes in the water and their heads in the sand. They assume their offspring—the massive Baby Boom generation—will get along and live happily ever after in inherited family cottages. That's wishful thinking, warn lawyers, tax experts, and counselors who now specialize in this tricky family issue. They are offering advice through Web sites, $3,000-a-day "family facilitation" sessions, and guidebooks urging families to establish trusts and associations.

Getty Images

Splitting the **summer cottage** *40 ways.*

"If you have a family home, then you're a family that's in business together," says Olivia Boyce-Abel, founder of Family Lands Consulting, a California firm that helps heirs settle disputes.

She got the idea for her line of work the hard way. For years after her mother's death in 1988, she was in litigation with three siblings and other relatives over two summer homes and an unspoiled 3,000-acre tract in South Carolina. Ms. Boyce-Abel's siblings could have sold their shares and split about $4.5 million after taxes. But she wanted the land to remain undeveloped, which she believes was her mother's wish. The dispute was finally settled when the land was partitioned. Ms. Boyce-Abel, once close to her siblings, says: "We speak, but we're estranged."

The Ruffs want to avoid such messiness. They are transferring the Keuka Lake property, valued at about $200,000, to their four sons, ages 37 to 46. But there are issues. Some brothers use the home more than others; will they split expenses equally? Some favor upgrades, while others don't want the expense. The family just bought a new $20,000 boat, even though some thought the old boat was just fine.

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"There have been a few squabbles over money," says one son, Michael Ruff. One brother can't contribute as much, he adds. "That's fine with me. He's my brother. My wife is more concerned about it."

To avoid future conflicts, his parents want to establish a summer home trust fund of $200,000. Interest from the fund would cover cottage expenses. "My parents don't want these problems to override the beauty of the family, the lake and all their grandchildren playing together," says Michael.

Summer homes are often prime locations for rekindling childhood rivalries. Joe and Elaine Cacia, both 61, notice this when their three adult children visit their summer home in Ventnor, N.J. Mrs. Cacia says one child will complain, "He only brought tomatoes and I brought a whole case of beer! Look at me. Aren't I wonderful? "

On Monhegan Island in Maine, 12 cousins and their 32 children try to avoid bickering and scheduling nightmares at two cottages on property their grandparents bought in 1910. They have devised a four-year rotation of visits, planned via e-mailing, conference calls, and the leadership of three cousins who serve as "scheduler," "property manager," and "finance czar."

The cousins' grandfather died in 1926 while bringing materials to the island to build the second cottage. He gave his life creating a home so beautiful that from one window, "you feel like you're sailing in the ocean," says Alan Shaw, 60, one cousin.

The property is worth about $450,000, and the cousins wonder whether their children will grow up to embrace the family legacy—or to cash in their shares. That's why they are creating a trust agreement designed to prevent any shareholder from selling outside the family.

There's no clear formula for passing summer properties to the next generation. Some people leave it to their children in equal shares. But if one sibling has five children and the other has just one, the stake in the family home is diminished for each grandchild in the larger family. That's why some homeowners think it's fairer to leave property equally to grandchildren.

Before wills or trusts are written, even teens and pre-teens should be involved, says Ken Huggins, co-author, with his late sister, of "How to Pass It On: The Ownership and Use of Summer Houses."

"Children have a vested interest," he says. "Soon they'll be adults who have to live by the agreement."

On their Web sites, Mr. Huggins (passingiton.com) and Ms. Boyce-Abel (familylands.com) offer tips. They advise drafting formal agreements that address everything from usage to decor to mechanisms for buyouts.

Mr. Huggins and his two living siblings are now selling a pair of summer homes in Nantucket because they can't afford the taxes and upkeep. "My parents' ashes are on that property," he says. "I feel like I'm losing my parents again."

Not all families are so sentimental. In their wills, the Cacias are encouraging their children to sell their summer home. "They should liquidate everything, divvy it up, and let the money filter down to the grandkids," says Mr. Cacia. He believes his kids might be able to get along in the home without him as patriarch, "but I wouldn't want to put it to the test."