PROBATE-RECENT STATUTES-"STREAMLINING" THE ADMINISTRATION OF SMALL ESTATES

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Probate—Recent Statutes—"Streamlining" the Administration of Small Estates—One by-product of the research leading to the drafting of the Model Probate Code is a monograph by Professor Paul E. Basye which contains a complete survey of the statutes which simplify or eliminate the regular administration of estates. One portion of the monograph is devoted to statutes which provide methods for the administration of small estates. Since the publication of the monograph, there have been a number of statutes enacted which continue the trend toward a "streamlined" administration of small estates; with these recent statutes this comment is concerned. Statutes which simplify or eliminate administration but which are not concerned specifically with the size of the estate are not treated. Included among the types of statutes thus excluded are statutes of limitations, statutes dealing with ancillary administration, and statutes dealing with the determination of heirship in the absence of regular administration.

Statutes streamlining the administration of small estates can be classified generally into three types: (1) Distribution with the appointment of an administrator. Administration is simplified or the estate is closed when it is shown that the estate does not exceed a prescribed amount. (2) Distribution without the appointment of an administrator. Upon petition, distribution is made by court order directly to persons prescribed by statute. (3) Distribution without an administrator and without court action. Statutes of this type may require an order of the clerk of court acting as such but do not require an order by, or a hearing before, a judge. Under this procedure assets generally are collected by the persons entitled thereto upon the presentation of an affidavit to persons holding such assets.

The above methods for the distribution of small estates are employed by the Model Probate Code. Section 92 provides for a summary closing of the administration when it appears that the estate is so small that the general creditors will not share in the distribution. Section 88

1 Printed in Simes and Basye, Model Probate Code, Michigan Legal Studies (1946). The Model Probate Code was prepared for the Probate Law Division of the Section of Real Property, Probate and Trust Law of the American Bar Association by its Model Probate Code Committee in cooperation with the Research Staff of the University of Michigan Law School.


provides for a court order of no administration, upon the petition of a surviving spouse or minor children, and distribution to such petitioners when the estate does not exceed the amount of the family allowance and does not exceed $2,500. This provision applies to estates both real and personal. Since it is merely a method for distributing the family allowance, the existence or probate of a will does not preclude or control the use of this procedure. It is used, however, only when administration has not been granted. The order of no administration may be attacked directly in the probate court when additional property is discovered or when the estate was incorrectly valued. Such attack may be made within one year. Section 86 of the Model Probate Code provides that the "distributees" are entitled to the estate without an administrator and without the probate of a will where no administration is pending or has been granted, when thirty days have elapsed since the death of the decedent, and the value of the estate less homestead and exempt property does not exceed $1,000. Property or debts may be collected upon the presentation of an affidavit stating the above facts. No notice is given to creditors but, as provided by section 87, persons taking property under this provision take subject to all prior rights and are accountable to a later appointed administrator.

The provisions of the Model Probate Code will be used as far as possible as a point of departure in discussing the recent statutes dealing with the administration of small estates. Statutes from Arkansas, Florida, Pennsylvania, and the District of Columbia have been selected for treatment in the body of the comment. They represent the most significant or representative of the recent enactments. The recent statutes from the remainder of the states will be cited in the appendix.

Arkansas has made elaborate provisions for the distribution without an administrator of estates with a value less than $3,000. Petitioners may file a verified affidavit with the clerk of the probate court to the effect that the petitioners are the sole heirs, decedent died intestate, no claims are unpaid, and the value of the estate is less than $3,000. Notice is published by the clerk of the probate court once a week for three weeks, advising all claimants of a thirty day non-claim period. After the expiration of the thirty day period, the court hears the petitioners and other interested parties. If there are no claimants other than the petitioners, a court order issues directing that all assets be turned over to the petitioners. Any person turning over assets pursuant

to such an order is free from further liability. If claimants appear other than the petitioners, the court may in its discretion order a regular administration, or hear and determine the claims and make an order of distribution. This provision finds no direct counterpart in the Model Probate Code. It is, however, a part of the trend to which the code has given impetus toward a simplified and inexpensive administration of small estates. Section 88 of the Model Probate Code which provides for distribution by court order without an administrator can be used only to distribute the family allowance. The Arkansas provision on the other hand calls for distribution to anyone who is entitled to the estate. It goes one step beyond the Probate Code because it provides for a summary distribution without an administrator to all distributees, which is both complete and final. It appears that ample notice is given to protect the rights of creditors, and the discretion in the judge to order a regular administration should assure the use of this provision only when distribution is relatively simple and clear cut. It is a very sensible and laudable extension of the Model Probate Code.

In making provision for distribution without court action where the value of the estate does not exceed $1,000 exclusive of homestead and exempt property, Arkansas has followed section 86 of the Model Probate Code with a few changes. Property may be delivered or debts may be paid to the distributees of such an estate, upon the presentation of an affidavit certified by the clerk of the probate court. Such delivery or payment may be made without inquiring into the truth of the affidavit and without further liability. No notice to creditors is required but the property is taken subject to the rights of creditors. The Arkansas statute, unlike the Model Probate Code, requires that a will, if any, be probated and an averment made that there are no outstanding claims against the estate. This procedure is not intended to preclude regular administration; it provides a summary means for the collection of assets in the absence of a regular administration. The distributees are accountable to a subsequently appointed administrator, or, to any person having a prior right. This is self help to an admirable degree. Since the estate is so small this informal shuffling of assets should generally result in the proper distribution of the estate with the very minimum of expense and delay. Also, the regular procedure is always available to correct any errors.

Arkansas has completed its elaborate procedure for the administration of small estates by providing that where the personal property of

§ 62-2127.

See Model Probate Code, comment to §86-92.
the estate does not exceed in value the widow and minor children's allowance, the court may, upon the petition of an interested person, vest the entire estate in the widow or minor children. This provision is not worded as clearly as it might be. Read literally, this provision would allow the widow or minor children to take the "entire estate," which would include realty, when the personalty does not exceed the allowance. No doubt, "entire estate" was intended to encompass only the "entire personal estate." This procedure is available "either with or without administration." It would seem then that it can be used in three different situations: (1) to distribute personalty as an allowance with a continuation of the regular administration; (2) to cut off an administration already in progress when the estate consists only of personalty not in excess of the allowance; (3) to distribute the estate without an administration when the estate consists only of personalty not in excess of the family allowance.

Since the publication of Professor Basye's monograph, Florida has made revisions in what was already an elaborate scheme for a simplified and inexpensive distribution of small estates. As the statute now stands, there is allowed a summary administration of estates which do not exceed $3,000 exclusive of exemptions, or, of estates of which the decedent has been dead three years: (1) Such estate may be administered in the regular fashion; or (2) the county judge may, in his discretion, dispense with any steps which are merely procedural or administrative, if such dispensation is consistent with safe administration and due process of law.

The statute also provides for distribution without an administrator where (1) the testate or intestate died a resident of Florida and the entire estate is exempt from the claims of creditors, or (2) the testate or intestate died a resident of Florida, the estate is not indebted and does not in the judgment of the county judge exceed $3,000 exclusive of exemptions, and the persons entitled to the estate agree upon the distribution (in this case, if there is a will it must be probated); or (3) the testate or intestate died resident or non-resident of Florida, has been dead for three years, no letters of administration have been granted and the persons entitled to the estate agree upon the distribution.

11 Id., §735.02.
12 Id., §735.03.
Again, if there is a will it must be probated. To obtain a distribution without an administrator, all persons entitled to the testate or intestate estate must petition for an order therefor. The petition must contain a cash value schedule of all the property of the deceased, and, if the entire estate is alleged to be exempt, the names and addresses of all known judgment and general creditors. If the estate is found to be exempt, the county judge must notify the creditors. The judge may issue an order of no administration necessary and name the persons entitled to the estate, or, the order may be denied where the judge is in doubt as to the truth of the petition and an administrator may be appointed or the executor may be ordered to proceed with the administration. The order of no administration necessary is authority for the persons named therein to collect or maintain suits for the collection of their assigned shares of the estate. Persons paying, delivering, or transferring by such order are discharged. Bona fide purchasers for value take free and clear of claims by the widow, creditors, or other claimants of the estate. The property remaining in the hands of the petitioners remains liable for debts and claims against the estate; the petitioners are also jointly and severally liable for three years for claims against the estate up to the gross value of the estate less exemptions. If the petitioners make proper notice by publication of the proceedings taken, claims are barred after eight months. Provision is made for the bringing of suits, or intervention in suits, by creditors or other claimants against the estate. A trust may be imposed upon property of the deceased and judgments given for any deficiency.

As has been seen, Florida has employed two methods for streamlining the administration of small estates. The first allows a summary administration with very broad discretion in the probate judge where the value of the estate less exemptions does not exceed $3,000. This provision is similar to section 92 of the Model Probate Code. The criterion for the use of the Florida provision is the size of the estate but the Probate Code provision is used only when the general creditors have no interest regardless of the size of the estate. The second method employed by the Florida statute is a distribution to anyone entitled to

\[\text{id., §735.04.}\]
\[\text{id., §735.06.}\]
\[\text{id., §735.07.}\]
\[\text{id., §735.08.}\]
\[\text{id., §735.09.}\]
\[\text{id., §735.10.}\]
\[\text{id., §735.11.}\]
the estate without the appointment of an administrator. This provi-
sion is used to distribute the estate when the property is exempt from
the claims of creditors or when it is asserted that there are no creditors.
In so far as the use of this provision depends upon the asserted non-
existence of creditors, it is quite similar to the Arkansas provision for
the distribution of $3,000 estates. One fundamental difference, how-
ever, is worth noting. In Florida no provision is made for notice to
creditors before the court hearing. For that reason, the distribution is
not final; the property remains subject, and the distributees liable, to
creditors and other claimants for a period of three years. If the dis-
tributees themselves give proper notice after the court order the
distribution is final after eight months. In Arkansas, on the other hand,
otice is published before the court hearing; when distribution is made
by court order it is final and can be attacked only in such manner as
a regular administration can be attacked. The Florida provision in
effect calls merely for a collection of assets with a prima facie distribu-
tion. Since the assets in either state are collected by court order after
a hearing and not by affidavit, it would seem that a final distribution
after prior notice to claimants is the more efficient and appropriate
procedure.

Pennsylvania, in its Fiduciary Act of 1949, has included provisions
for streamlining the administration of small estates. A summary ad-
ministration is allowed where a personal representative has been ap-
pointed. If the estate, real and personal, does not exceed $1,000, the
administrator may be discharged without a formal accounting if after
one year a petition is made showing the proper distribution of the
estate. 20 Where the estate does not exceed $1,000, distribution may
also be made without an administrator upon the petition of a party in
interest. 21 Such distribution may be made to parties entitled thereto
with or without an appraisal, with such notice as the court directs and
whether or not a will, if any exists, has been probated, and whether or
not letters have been issued. The court decree directing distribution
is the same authority to persons holding the assets of the estate as a
decree after an accounting by a personal representative.

In the Pennsylvania statute, we find a third method for protecting
the rights of claimants when there has been a summary distribution
without an administrator. In Florida the claimants go directly against
the persons holding property under the order of distribution. In

21 Id., §202.
Arkansas notice is given to claimants prior to the hearing and order of distribution and so the distribution is final. In Pennsylvania it is discretionary with the judge to give notice; but whether notice is given or not, the decree may be attacked by a petition to revoke if made within one year. Section 88 of the Model Probate Code provides for a petition to revoke a decree of distribution; that section, however, is used only to distribute the family allowance where the estate does not exceed the allowance and $2,500. A petition to revoke under section 88 can be successful only when it is shown that the estate was worth more than the family allowance or $2,500. Since the Pennsylvania provision is not limited to the distribution of the family allowance, an interest sufficient to sustain a petition to vacate may appear without regard to the size of the estate.

In making provision for distribution without court action Pennsylvania has been rather restrictive. Only wages up to $250 may be paid directly to spouse, child, father, mother, sister or brother in that order. The employer making such payment is discharged but the person taking remains answerable.22

In 1949 Congress passed a statute for the District of Columbia providing for distribution of small estates23 without an administrator. The statute first provides for a family allowance of $500 to surviving spouse or minor children subject to funeral expenses not to exceed $200.24 If the estate consists only of personalty and does not exceed $500 in value, the surviving spouse or minor may make a petition stating: (1) the time and place of decedent’s death; (2) the known next of kin; (3) the known assets and by whom held; (4) the amount of funeral expenses and to whom due; and (5) that petitioner has made a diligent search for assets. The court may issue a final order that no administration is necessary or that the will, if any, need not be probated. Such order also fixes the funeral expenses, vests title in the surviving spouse or minor children, and directs persons holding property to pay over. This estate is subject only to funeral expenses up to $200.25

If decedent died intestate and there is no surviving spouse or minor child, the person entitled to be preferred in the appointment of an

22 Id., §201. This provision is similar in principle to §§86 and 87 of the Model Probate Code, though limited to the collection of wages. A number of states have made provisions for the piecemeal collection of assets. See Appendix, Ala., Ohio, Tenn., Va., and Wis. (wages); Ky., N. Mex., Ore., Va., and Wash. (bank deposits); Md., Mich., Va., and Wyo. (auto).
24 Id., §394(a).
25 Id., §394(b).
administrator may make a petition on behalf of the persons entitled to
the estate. Since creditors have an interest in this estate, the petition
must list all known creditors and the amount of each claim, and must
state that there are no proceedings pending in which petitioner is a
party. These averments are in addition to those required when the
estate is being distributed as a family allowance. The court then issues
a preliminary order of no administration necessary. Then it is up to
the petitioner to publish once the usual form of notice in a paper of
general circulation advising creditors of a thirty day non-claim period.
The petitioner files a statement under oath that the notice has been
published. Then, after a hearing, the court passes a final order directing
the petitioner to pay the claims, and persons holding property to pay
or transfer according to the petitioner's directions. The petitioner dis-
tributes the estate to the surviving adult children equally and then to
those next in line under the statute of distribution, after the register
of wills has certified that the claims against the estate have been paid.\(^{26}\)

If real property is discovered or if the estate is found to be worth more
than $500 by the discovery of additional personalty, before a final order
has been issued, there shall be a regular administration of the estate.
If additional personal property is found after a final order which does
not cause the aggregate estate to exceed $500, the property is admin-
istered under the act by a new petition; if the aggregate estate is over
$500, such additional property cannot be distributed under the act.\(^{27}\)

In the absence of fraud a final order is not disturbed.\(^{28}\) The act pro-
vides that "no petitioner under the act shall be required to be repre-
sented by an attorney, or to give bond, nor receive any compensation
for performing any work or services hereunder."\(^{29}\) There is a $5 fee
plus twenty-five cents a copy for forms.

In many respects this District of Columbia statute provides for a
more truly summary administration than either the Model Probate
Code or any of the state statutes discussed. Insofar as the statute pro-
vides a method for distributing the family allowance, it is similar to
section 88 of the Probate Code; when used to distribute the estate other
than as a family allowance, it finds no counterpart in the Probate Code.
This statute provides for a complete and final, though summary, ad-
ministration for those estates which consist only of personalty and

\(^{26}\) Id., §394(c).
\(^{27}\) Id., §394(g).
\(^{28}\) Id., §394(d) and (g).
\(^{29}\) Id., §394(e).
meet the size requirements. The only person who may make a petition is the one who would have been entitled to be the administrator had there been a regular administration. Notice must be given, and creditors' claims are adjusted before a distribution of the estate is made. This procedure does not "dispense" with administration—rather, it sets up a separate type of administration.30

Conclusion

It would be difficult to construct an elaborate generalization concerning the effect of the recent statutes streamlining the administration of small estates. However, this much can be said with reasonable accuracy: the trend toward establishing simplified and inexpensive methods for the distribution of small estates is continuing, and the Model Probate Code has played an important part in this trend. The Model Probate Code has not been copied in toto in any state, but sections 86 and 87 have served as almost exact models in Arkansas31 and Delaware.32 Uniformity is not the primary objective of the Model Probate Code; rather, "it is intended as a reservoir of ideas, and of acceptable legislative formulations . . . from which legislative committees may draw the framework of new probate codes."33 That the code has served as a "reservoir of ideas" is perhaps best exemplified by the Arkansas statutes already discussed. Building upon borrowed parts of the Model Probate Code, Arkansas has constructed a complete and integrated system for the distribution of small estates. The Arkansas statute represents one of the best examples in the trend toward treating a small estate as a separate type of estate that requires an efficient and separate type of distribution.

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30 In some respects this provision is similar to the Arkansas statute for the distribution of $3,000 estates. (See note 4, supra.) In both, a complete and final distribution is contemplated. However, the Arkansas provision is intended to apply only to debt-free estates. Of course the claims may be paid before the petition is made and the estate thus made to be debt-free. If unknown claims appear, Arkansas provides an alternative procedure. The judge may settle the claims at a hearing on the petition, or he may order a regular administration. The District of Columbia provision provides for settlement of claims in any event. It is thus not merely a procedure to be used under certain conditions; it is a separate and complete method of administration. Its usefulness, however, is extremely restricted by being limited only to personal estates of no more than $500 in value.


32 See Delaware in Appendix.

33 From the introduction to the Model Probate Code at p. 10 in SIMES AND BAYE, MODEL PROBATE CODE, Michigan Legal Studies (1946).
APPENDIX

Alabama: Ala. Code (1940) tit. 7, §666. Distribution without court action of wages up to $300 to widow or person having custody of a minor child.

California: Cal. Civ. Proc. and Prob. Code (Deering, 1949) §645. Where the separate estate of the widow or minor child exceeds $5,000. Sections 640 and 641 providing for family allowance are not applicable. Section 1144 makes provision for a court order of no administration and distribution by a public administrator when the estate does not exceed $200.


Delaware: Del. Rev. Code (1935) §§3845 and 3846, as amended by Del. Laws, 1947, c. 165. Distribution without court action, following with a few changes sections 86 and 87 of the Model Probate Code. Assets collected upon affidavit where the estate is less than $500 (Model Code provision is $1,000) by wife, husband, children, father, mother, brothers or sisters. (Model Code provision is distributees.) The Delaware enactment requires an averment that known debts are paid. Persons, partnerships, or corporations may make payment (in place of the "persons" of the Model Code).

Illinois: Ill. Stat. Ann. (Smith-Hurd 1941) §450; amended by Ill. Laws 1949, p. 1. Where the real and personal estate after the payment of first class claims does not exceed the surviving spouse or minor child's award, the administration may be terminated. (The amendment substitutes "surviving spouse" for "widow"). §478; Amended by Laws of 1949, p. 1. Persons or corporations holding property can pay over to the surviving spouse or minor children, or, if decedent died intestate and there is no spouse or minor child, to the persons entitled to the estate, where the estate does not exceed $1,000 and an affidavit is furnished to the person or corporation holding such property.

Indiana: Ind. Stat. Ann. (Burns 1933) §§6-1516-6-1524. The statute provides in substance for payments up to $500 to the clerk of the circuit court by persons owing funds to the decedent. The person entitled to such funds may petition the probate court to direct the clerk to pay over such funds not to exceed $500. If the entire estate real and personal does not exceed the value of $500, the probate court may order a distribution of the property not in the hands of the clerk.

Kentucky: Ky. Laws 1946, c. 163, p. 488. Personalty up to value of $1,500 exempted from administration for benefit of widow or infant children. Authorizes withdrawal of up to $500 from bank account by the widow. Such withdrawal to be charged to the above exemption.

Maryland: Md. Code Ann. (Flack, Supp. 1947) art. 93, §151B. Estates consisting only of personalty with a value no more than $500 distributed without an administrator on the petition of the "person who would be entitled to be administrator." Art. 93, 243A, as amended by Laws of 1945, c. 35, p. 28, provides for distribution without court action where the sole asset of the decedent is an automobile, provided that debts and taxes are paid.

Michigan: Mich. Stat. Ann. (1949 Supp.) §9.1936. If the estate consists only of automobiles with a combined value of no more than $500, title may be trans-
ferred to the distributees without court action. §27.3178 (449 and 450). If the total estate includes no real estate and is not worth more than $750 the entire estate may be distributed to surviving spouse and children and administrator discharged without an accounting. §27.3178 (451). If the estate consists only of paychecks or personalty of decedent up to $500 the court may order payment to the surviving spouse or, if funeral expenses have been paid, to the nearest of kin, or, the one who paid the funeral expenses, without the appointment of an administrator.

Nebraska: Neb. Rev. Stat. Ann. (Supp. 1947) §30-103 as amended. Distribution without an administrator where the estate does not exceed a value of $500. The estate goes to the surviving spouse and/or minor children without notice to creditors. Section 30-339 provides for administration of a deceased ward's estate by the guardian where the value of the estate is no more than necessary to pay the expenses of last illness, burial, and the guardian proceedings.


North Carolina: N.C. Gen. Stat. (1943) §28-68, as amended by S.L. (1949) c. 691. Debtors of the decedent may pay $500 or less to the clerk of the court, when decedent dies intestate. Distribution is then made by the clerk to satisfy the widow's allowance, funeral expenses, and then to the distributees. A 1949 enactment, S.L. (1949) c. 63, 1 and 2 provides that when the decedent leaves no interest in real estate and when the sole assets of the estate are the proceeds of a wrongful death action, the administrator is not required to publish notice to creditors. A final account may be filed within one year.

Ohio: Ohio Gen. Code Ann. (Page, Supp. 1947) §10509-5, as amended. Distribution without an administrator when the value of the estate does not exceed $1,000 (increased from $500 in 1947) and creditors will not be prejudiced. Section 10509-5a: Wages up to $150 may be paid to persons entitled thereto, subject, however, to a later administration.

Oregon: Ore. Comp. Laws Ann. (1940) §40: 1004 as amended by S.L. (1949) c. 536. Distribution of bank deposits up to $1,000 to the surviving spouse or named persons without court action. This provision applies only when the decedent dies intestate and takers are accountable to a subsequent administrator.

Tennessee: Tenn. Laws, 1949, c. 42, p. 167. An employer may pay wages due decedent to the widow without court action. Such payment is charged against the widow's support allowance.

Vermont: Vt. Rev. Stat. (1947) §2899. No claims commissioners need be appointed in the cases of estates owing no debts and which are to be assigned to the widow and/or minor children. Section 3026 provides that estates not exceeding $300 after the payment of debts shall be assigned to the widow and/or minor children.

Virginia: Va. Code (1950) §654, provides that a bank holding deposits of the decedent may pay up to $300 to the decedent's next of kin if no administration has been commenced within 120 days. Section 8-750 provides that sums not exceeding $500, accruing to decedent from any source, may be paid into
court to be distributed without the intervention of an administrator. Section 46-90 provides for the transfer of a motor vehicle by affidavit to the person entitled thereto, if such vehicle constitutes the entire estate and the decedent's debts are paid. Section 64-119 provides for the distribution without court action of a maximum of $300 in wages due from an employer, and pensions due from the state or the United States. The surviving spouse takes; if none, the next of kin.


West Virginia: W. Va. Code Ann. (1949) §4146(1). Wages due decedent, and state and federal pensions up to $300 may be paid to surviving spouse; if none, to the next of kin; if there has been no administration within 120 days of decedent's death. Section 4147 makes proceedings before the commissioner of claims unnecessary where the value of the estate does not exceed $200.

Wisconsin: Wis. Stat. (1947) §103.39(2) provides that decedent's employer may pay all wages due decedent to specified persons, including creditors, without court action. This provision was amended, Wis. Laws, 1949, c. 141, to apply to decedents who are employees of the state. Section 311.05 provides for a summary settlement by the administrator where the estate does not exceed the family allowance plus funeral expenses and the cost of administration. Section 311.055 provides for a summary termination of an estate upon a showing that the surviving widow or minor children are entitled to the estate, save for amounts that will be consumed by funeral expenses, or upon a showing that funeral expenses will consume the estate if there is no surviving widow or minor child. In the above cases the court has discretion to dispense with administration entirely.

Wyoming: Wyo. Comp. Stat. (1945) §6-1505 provides for a summary closing of administration where exempt property comprises the total estate. Section 6-1510 provides that if an automobile is the only property found requiring probate, the person entitled to the automobile may obtain a transfer of the title. No court action is required. Section 6-2718 provides for estates less than $500. The county attorney may serve as administrator. In the discretion of the judge certain procedural steps may be dispensed with.