



LAW LINE

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REFINANCING YOUR HOME

It is advisable to periodically review your current mortgage loan terms and compare them to the marketplace, especially if you have a variable rate mortgage. Recently the rates have declined somewhat, so you may find that not only is your rate one or possibly two points higher than an interest rate obtainable, you may also be able to benefit from shortening your term to a shorter amortization period without increasing your monthly mortgage payment.

Depending on the current market rates and the rate in your adjustable loan, you may find it advisable to take this opportunity to convert to a fixed rate loan. With the streamlining of mortgage loan application processing, loans can now be processed and approved in a matter of days making the refinancing process all the less cumbersome. Also, given the many loan programs available, your loan officer can provide you with several options to consider in order to select the one that best fits your needs.

Keep in mind that when you refinance, you are entitled to a reissue rate on title insurance if you have had title insurance within the last 10 years and an additional discount of 20% or 30% off the rate if you refinanced within the last two to three years.

For more information on refinancing and title insurance, call Reager & Adler.

TRANSFERRING ASSETS TO YOUR MINOR CHILDREN

In many cases, it makes sense for a parent/taxpayer to start transferring his wealth to his children well before the end of his own life expectancy and even before his children have reached their majority. There are two primary advantages to making such transfers. The first advantage is that of estate tax savings. When assets are transferred by the taxpayer and he retains no control over their ultimate disposition, they will not be included in the taxpayer's estate for federal estate tax purposes upon his death. Also, any appreciation in the value of the assets following their transfer would not be included in the taxpayer's estate.

The second advantage to making transfers of assets to the next generation at a relatively early point in the taxpayer's life is the non-tax advantage of securing the inheritance of the taxpayer's descendants and safeguarding resources that can be used for their present needs, such as education. The taxpayer can retain control as to the amounts to be distributed and as to the purposes for which the distributions can be used.

Trusts and other estate planning instruments require careful planning and knowledge of the law. Always consult a qualified professional for advice on estate planning issues. Reager & Adler, PC's Estate Planning Group has been assisting its clients in the estate planning area for over 25 years. Put their experience to work for you.

FIRM NEWS

- Reager & Adler's Scholarship Fund awarded \$1,000 to Rajarshi Das, Valedictorian of the 2006 Class of Camp Hill High School and \$1,000 to Trevor Book, Valedictorian of the 2006 Class of Harrisburg High School.
- Employees participated in 4 "dress down" Fridays in support of the J. Brady Minich Foundation Golf Tournament contributing over \$400 which the firm then matched. Brady's mother (Sherie) is an employee of the firm.
- Susan Smith will be a speaker at the PA Planning Association Annual Conference October 23-24.
- Reager & Adler was a Gold Sponsor of the 2nd Annual West Shore Sertoma Club Golf Classic. The event benefited the United Methodist Children's Home in Mechanicsburg. We'll share our legal knowledge. The attorneys at Reager & Adler are available for small to large group speaking engagements covering legal issues regarding the following topics: real estate, estate planning, corporation/business start up, land use, subdivision and zoning and construction.

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MAJOR CHANGES TO MEDICAID ELIGIBILITY RULES

With the signing of the Deficit Reduction Act in February of this year, there have been major changes to Medicaid eligibility rules that are of great importance and interest to persons anticipating or planning to enter a nursing home. One change is that the look-back period will be 60 months for all asset transfers or gifts, which is an increase from the 36-month look-back period under the old rules. In addition, the penalty period of ineligibility for gifts does not begin to run until the individual is (a) in a nursing home; (b) has made an application for Medicaid benefits after having spent down his or her savings to the required limit, and (c) the applicant would have been approved but for the prior transfer. Under the prior law, the penalty became effective and the calculation of the period of Medicaid ineligibility started in the month the gift was actually made and thus the period of ineligibility could be over before the person ever entered the nursing home. However, under the new rule, where a person has made gifts in the last 60 months and otherwise meets the three requirements, that person will not be able to avoid being ineligible for Medicaid while in the nursing home and the patient would have to look to family members to cover the cost of their nursing home care during the calculated period of ineligibility or possibly face having to seek care outside of the nursing home.

WHAT YOU NEED TO KNOW ABOUT PREMISES LIABILITY

For the typical real estate investor, it is the day-to-day property management issues that cause the most headaches. One such "headache" is premises liability. As a general rule, the owner of property owes a duty of reasonable care to prevent injury to a person whose presence is known to the landowner and the injury is caused by the active conduct of the landowner. This duty is changed when the injury was caused by a defect in or a dangerous condition of the premises itself. In these cases, the status of the person on the premises determines the duty of care owed by the possessor of the premises.

When a person on the premises of another is injured as a result of a defect of the premises, the injured person falls into one of several categories. They include trespassers, licensees, and invitees. Unknown trespassers are owed the lowest level of care, and the scale gradually increases until the highest level of care, which is owed to invitees. Keep in mind that these designations are irrelevant if the injury is not caused by a condition of the premises but as a result of misconduct of the owner.

Reager & Adler has been advising commercial and residential landowners/landlords for nearly thirty years. Put our experience to work for you by contacting us today to discuss your current legal rights and obligations.

Practice Areas:

- Business Law and Business Planning
- Business Litigation
- Corporate, Partnership, and LLC
- Commercial and Residential Real Estate
- Estate Planning and Administration
- Municipal Law
- Land Development, Environmental and Zoning
- Title Insurance

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