



SHINE BRIGHT

TYPES OF PROPERTY OWNERSHIP - A REVIEW

Little is more rewarding for a real estate agent than turning over the keys. You know that some new owners plan to live there for a lifetime and pass it on to their children; others will build up enough equity to move up to something larger, or some will establish that equity as the cornerstone of their estate. But what if an owner should die unexpectedly – or worse, without a will? How can anyone be certain that ownership of the home will be passed on as they wished?

The answer lies in how they hold title to the property. Each state might have slight variations on exactly how each ownership type works, but below is a general overview of the different ways to hold property. If any of your client's have questions about ownership, they should consult a lawyer. However, it is a good idea for you to understand the different types of ownership.

- 1. Sole ownership** – In this scenario, property is owned entirely by one person, who can do whatever he or she wishes with it without permission from another party. If the sole owner dies without a will, the property passes according to the state law where it is located. In some cases, the court that has jurisdiction will appoint an executor to oversee disposition of the estate.
- 2. Joint tenancy** – As joint tenants, each person who has a share of ownership owns an equal share of the property. If one owner dies, that share passes to the remaining owner.
- 3. Tenancy in the Entirety** – Although not legal in all states, some states have a special form of joint tenancy wherein the joint tenants are husband and wife, with each owning a one-half interest. Neither spouse can sell the property without the consent of the other.
- 4. Tenants in Common** – In this case, a property is owned by two or more people at the same time, but the proportionate interests and right to possess and enjoy the property need not be equal. The owners can sell their share of the property if they wish and, upon death, the descendant's interest passes to his/her heirs who then become new tenants in common with the surviving tenants in common. (None of the tenants in common automatically receives the share of the decedent.)
- 5. Community Property** – In the nine states that recognize community property, if you have property before you are married, it remains yours alone; any property you acquire while married is considered community property, and is equally owned between you and your spouse. This becomes especially relevant in the event of divorce.

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