

CO-OWNERSHIP AGREEMENTS

Buying a property with another person is in many respects like investing in a business and it is important for all the parties to know the terms and conditions of your relationship as property owners.

Anyone who is buying a property with another person, whether they are a family member or a friend should have a co-ownership agreement with your co-purchaser and the value of your investment together.

WHAT IS A CO-OWNERSHIP AGREEMENT?

A co-ownership agreement is a legal agreement between two or more people who have bought or who are in the process of buying a house together. The co-ownership agreement will be tailored to suit the needs of the people who are buying the property

WHEN SHOULD I DISCUSS THE CO-OWNERSHIP AGREEMENT WITH MY SOLICITOR?

The co-ownership agreement should be discussed with your Solicitor in the early stages of the buying process. The co-ownership agreement should be signed at the same time that you are signed the Contract to purchase the house.

IF I BUY A HOUSE WITH SOMEONE ELSE DO WE AUTOMATICALLY OWN THE HOUSE ON A 50:50 BASIS?

No, that is not necessarily the case. In most cases the shares which people own in a house will reflect the amount of money that those people have contributed to the purchase price.

One of the main advantages of the co-ownership agreement is that it records exactly the contributions that have been made by each of the

purchasers, not only to the purchase price but also to legal fees and any other expenses e.g. Engineer. This information can then be used to ensure that each person becomes registered as owner of a share in the property that reflects the contribution that they have made.

CAN YOU SPECIFY IN THE AGREEMENT HOW FUTURE EXPENSES IN RELATION TO THE PROPERTY WILL BE SHARED?

Yes, the co-ownership agreements will set out the share of ongoing expenses that each of the owners will be liable for. Those expenses can cover maintenance and repairs, insurance, utility bills and so on.

In the majority of cases the expenses will be borne by the owners in the same shares as their ownership e.g. if two people own a property on a 50:50 basis ongoing expenses will be shared in the same way.

There are some instances however where this may not hold e.g. if one of the coowners lives in the house and the other does not, the resident co-owner may take on responsibility for 100% of the ongoing expenses. The co-ownership will have a mechanism for dealing with a person who fails to contribute his/her share of the expenses.

IF I WANT TO SELL MY SHARE IN THE HOUSE WHAT CAN I DO?

The agreement will stipulate that your share must first be offered for sale to your co-owner. If your co-owner wishes to acquire your share in the property a price will have to be agreed and the mechanism for that will be set out in the agreement.

If your co-owner does not want to acquire your share in the property or cannot raise the finance to purchase the share then the agreement, more often than not, will contain a clause stating that the entire property will be put on the open market for sale.

WHAT HAPPENS IF ONE OF THE OWNERS DIES?

The agreement will allow for the surviving owner to acquire the share of the deceased owner.

The agreement will stipulate that the person acquiring the share can agree a fair (usually market) price for the share that they are acquiring. If the owner and the Executor of the deceased owner cannot agree upon a price the agreement sets out a mechanism for an independent valuer will be binding on both sides.

IF I HAVE A DISAGREEMENT WITH MY CO-OWNER HOW DOES THE AGREEMENT HELP?

Any dispute between the owners, that they fail to resolve themselves, can be referred to an independent Arbitrator. The decision of the Arbitrator is final and binding on all parties.

I BOUGHT A HOUSE WITH A FRIEND TWO YEARS AGO AND WE DON'T HAVE A CO-OWNERSHIP AGREEMENT. IS IT TOO LATE TO DO ONE NOW?

As the saying goes "better late than never". Anyone who has made an investment with another person or perhaps a group of people should have a co-ownership agreement, even if it put in place after the event.

Your Solicitor will need you to provide as much information as possible in relation to the contributions made to the purchase price and expenses. Your Solicitor will advise you on the terms and conditions of the agreement that are appropriate for your particular circumstances.

FOR MORE INFORMATION

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