

JOINT PURCHASERS

When Joint Purchasers agree to buy a property, it is very important that they should consider on what basis they are to hold the property. This will affect what is to happen when the property is sold, if one of them no longer wishes to live at the property or if either party dies. This is especially important if you are not married to each other or have not entered into a Civil Partnership.

Joint Purchasers may hold a property in two ways: -

BENEFICIAL JOINT TENANTS

This means that legally both own the property and neither owns a specific share in the net sale proceeds. It is assumed that these are to be shared equally.

One party's interest in the property cannot be left in their Will to a third party. On death, the property automatically vests in the survivor irrespective of what their will says.

Usually a married couple will hold property on this basis. However with the increase in property values, many married couples now have inheritance tax savings wills. These may require the property to be held as tenants in common to obtain the maximum tax saving benefit. If you are unsure please check.

If a couple purchase the property as beneficial joint tenants and either party subsequently decide they do not wish the survivor to have the benefit of the whole of the property, a Notice can be given to the other party that as from that date the property is to be held as Tenants in Common. However unless there is an agreement to the contrary, it will be assumed that this remains on a 50% - 50% basis.

TENANTS IN COMMON

This means that the parties own the property jointly but, when the property is sold, each owns a specific share of the net sale proceeds, 50% each or otherwise as agreed between them.

The parties can leave their interest in the sale proceeds to a third party in their Will. If that third party wanted to sell the property to obtain the money, he could apply to the Court for an Order for sale, which could mean that the survivor was forced to sell up and find alternative accommodation. The beneficiary can be left the interest in the sale proceeds on the basis that the surviving owner would continue to reside at the property for as long as he wished. To adequately protect the survivor this should be incorporated in a professionally prepared declaration of trust.

Tenants in common is often used :

If property is bought by unrelated Partners for investment or business purposes

By married couples in conjunction with professionally drawn wills to save inheritance tax.

If one or both partners have children from a previous relationship that they wish to benefit in the event of their death

If one party pays a much greater share of the purchase price than the other and both agree that should the relationship end, the parties will benefit in proportion to their original contribution. The terms of any such agreement should be properly recorded in a declaration of trust.

In any event, if there is a dispute between joint owners where one wishes to sell and the other does not, either party can apply to the Court for directions concerning the property and whether it should be sold.

It is prudent for any person jointly purchasing property to make a Will and consider whether they need a declaration of trust.

Please indicate your choice below and return this page prior to exchange of contracts

We wish to hold the property as Joint Tenants

We wish to hold the property as Tenants in Common

Please send me further information with regard to :-

Simple Wills

Inheritance Tax saving wills

Declarations of Trust

Signed

Signed