

INFORMATION SHEET RELATING TO PURCHASE IN JOINT NAMES

1. Introduction

When two or more people buy a residential property jointly it is important that they fully understand the choice (which they must make) between the different methods of holding property jointly and the consequences of that choice. It is possible to choose between holding the property either as "Joint Tenants" or as "Tenants in Common". Both are technical legal phrases and have absolutely nothing to do with "tenants" in the sense of a tenant occupying a property owned by a Landlord.

2. The Options

Option 1 Joint Tenants

If you hold the property as Joint Tenants then:

- a) If one of you dies, the share of the deceased passes automatically to the surviving joint tenant(s). This would be so even if the deceased had made a will giving all his/her property to someone else. No documentation (and therefore little or no cost) is needed to transfer the share to the survivor on the first death.
- b) The general rule (subject to exceptions such as may arise in divorce proceedings) is the "equity" in the property (i.e. the property value less mortgages and sale cost) would belong to you equally in the event of a sale by you both during your lifetimes. Most married couples and many long term partners hold property in this way as they are entirely content both with equality and the fact that their share of the property goes to their spouse or partner in any event.

Option 2 Tenants in Common

If you hold the property as Tenants in Common then:

- a) Each person's share is notionally separate and on death the share passes to the person entitled under your will or under the intestacy rules (where no will exists). It will not pass automatically to the other joint owner(s). Legal documentation will need to be completed to transfer the property share to the person entitled.
- b) You can agree to hold your shares in the property other than equally. For example if A and B buy a property and A contributes 80% and B contributes 20% of the price then they are able (if they wish) to hold the property in those proportions. In such a case the sale proceeds in due course would also be split 80:20. Also if A and B are to make materially different contributions to payment of a mortgage they may wish their shares in the property to be unequal to reflect the difference.
- c) It is possible to transfer your share in the equity (i.e. your right to the share in the proceeds on sale) to a third party without needing the consent of your co-owner. You would, however, need further legal advice before so doing.

