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## Buying a home with your boyfriend or girlfriend – what happens if you break up?

**So, you've been thinking about getting a foot on the property ladder, but your salary doesn't quite cover the kind of bond you'd been hoping for.**



You do, however, have a significant other who could chip in on the purchase price, and together, buying your dream home might actually be achievable. The only question is: what happens if things between the two of you go wrong?

"It's very common for unmarried couples, or even groups of friends, to buy property together these days," says Bill Rawson, Chairman of the Rawson Property Group. "It's a great way to get into property investment at an earlier age, but there are definitely risks involved that need to be fully understood."

These risks often revolve around the legal conventions that apply to joint property purchases in cases where no prior co-ownership agreement exists.

A good example is the automatic assumption that all parties are equal shareholders. "Unless you specify otherwise, your property will be registered at the Deeds Office as a 50/50 ownership split between you and your partner," says Rawson, "regardless of your individual financial contributions.

If you never split up, that might not be a problem, but if you do end up parting ways, you could find yourself getting only 50% of the proceeds when you paid 90% of the bills."

That's not the only problem with a 50/50 split, either. Being equal shareholders means you both have equal decision-making power on matters relating to the property, which means there's no tie-breaking vote if you ever disagree. That's not an issue when you're living happily together, but if you break up and one party wants to sell while the other wants to stay, for example, you'll end up in a stalemate with no easy resolution.

"The best way to avoid this kind of situation," says Rawson, "is to have a specific share split recorded in the Deeds Office at the time of purchase. If one person is going to pay 70% of the costs, and the other only 30%, make sure the respective ownership shares equal those contributions."

Keep in mind, however, that no matter what division of shares is registered, you and your partner will still be equally responsible for your bond. "Banks insist on joint and several liability," says Rawson, "which basically means you and your partner are both responsible, together and individually, for the full loan amount.

If one of you stops paying your assigned portion of the monthly instalments for any reason, the bank has the right to collect the outstanding amount from the other party.

This can lead to serious trouble in the event of a breakup, since once person could theoretically cease all payments without losing ownership."

While it's nearly impossible to neutralise all risk in a joint property ownership situation, a solid co-ownership contract will go a long way towards minimising potential problems. Rawson recommends getting an experienced legal professional to draw up a formal agreement in order to protect yourself (and your partner) as fully as possible.

"Consider things like share allocation, occupation rights, future costs and maintenance responsibilities, as well as procedures to follow in the event of death, disability, or a relationship breakdown," says Rawson.

"Buying a property is a huge and a long-term financial commitment," he continues. "It's a decision that needs to be made with your head, and not just your heart. As much as you may love and trust your partner, you never know what the future may bring, so it's always better to be prepared to protect yourself and your interests."