



Deciding to Buy a Home

Types of Homeownership

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When two or more people buy property together how they take title to the property must be decided. Taking title means how they will own the property. The most common ways to own a single family detached home are joint tenancy, tenancy by the entirety, tenancy in common, and sole and separate. The key difference among these is how the property will be treated after the death of a co-owner. Other types of ownership circumstances to be aware of are condominium and cooperative. You may want to consult a real estate lawyer to help you deal with the ownership arrangements based on your housing preference.

- **Joint Tenancy.** Joint tenancy with rights of survivorship is a very broad form of joint ownership. The owners do not have to be married to one another and more than two people can own property together. All coowners have an equal and undivided interest in the property. It doesn't matter who paid how much or for what in purchasing the property. For example, three brothers own 15 acres in joint tenancy. One brother contributed \$10,000 and the other two contributed \$3,000 each to the purchase. Despite unequal contributions toward the purchase, they all share an equal interest in the land. Also, the property is not controlled by a co-owner's will and is not subject to probate. In this example, at the death of one brother, the others automatically inherit and equally co-own the deceased brother's share of the property. Joint tenancy saves the time and cost of probate.
- **Tenancy by the Entirety.** This form of ownership is limited to married couples and applies only to real estate. The property cannot be sold or transferred without the agreement of both husband and wife. The property is not controlled by a deceased spouse's will and is not subject to probate. At the death of a spouse, the real estate passes automatically to the surviving spouse.
- **Tenancy in Common.** This type of joint ownership has the same features of joint tenancy except that it is controlled by an owner's will. There is no right of survivorship. The real estate must pass through probate and be distributed according to the deceased owner's will. When a tenant in common dies, the interest of the deceased owner passes to his or her heirs or the persons named in his or her will.
- **Sole and Separate.** This means that one individual owns the property separate from any other person. It is a common arrangement for unmarried people and can be used by married couples as well. Separate property can be property that either spouse owned before the marriage and has been kept separate after the marriage or any property that both spouses agree in writing is separate.
- **Condominium.** This type of ownership is a form of common ownership in which an individual owns a unit of a multi-section building but shares joint ownership of the common areas of the building such as hall and

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entry ways, laundry facilities, landscaping and recreation areas. The purchase of a condominium unit is by a separate deed and mortgage. The state condominium law where the building is located applies.

- **Real Estate Cooperative.** Unlike a manufactured home cooperative, a real estate cooperative can apply to a residential building or buildings. In this arrangement, a corporation is formed which holds title to the entire property and makes long term leases of specific units to residents. Residents own stock in the corporation not in a particular unit. The residents elect a board of directors to manage the property and pay the mortgage.

Caution: If you consider buying a home on a land contract you need to know that you do not hold title to the property while you are making payments. The home will pass to you only when the final payment is made some 20 or 30 years later. If you default on the contract you will have little chance to recover any of the money you have paid. Since you do not own the home, you have no property to sell. The seller keeps ownership and the money you paid.

Additional information about deeds, titles and property transfers can be found on the Find Law for the Public: Home Buying – Property Transfer Web site. The Web address is listed at the end of this module.

Dealing with Anxiety

Buying a new home takes much thought and requires you to make many decisions. A great deal is at stake for you and your family. Because it is a big financial decision, you may experience anxiety during the process. This anxiety can become especially evident after signing the legally binding documents to take ownership.

Some of the common anxiety issues include the amount of money involved, the long-term loan

obligation, the complexity of the entire process, and the bewildering array of paperwork. Some buyers may have a fear of being stuck with a home they don't like or that they paid too much. This anxiety is sometimes referred to as "Buyer's Remorse" and typically can occur after any major purchase.

The best way to deal with these issues is to take your time and do the homework on financial readiness and shopping for the home and mortgage. Don't allow yourself to be rushed or talked into taking action. A good way to lessen your anxiety is to lower the risks by having good legal advice on what written contingencies to include in the purchase agreement. Typical contingencies include selling your current home, getting a suitable mortgage loan and passing one or more inspections. Take whatever time is needed to understand the consequences of various choices. Study, compare and question before you sign on the line. After you sign, it's time to enjoy your new home.

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Understanding Your Options: Manufactured Housing (2004). Neighborhood Reinvestment Corporation

Web sites

American Society of Home Inspectors
<http://www.ashi.org>

Find Law for the Public: Home Buying – Property Transfer <http://realestate.findlaw.com/homeownership/home-buying.html>

Homes for Sale US Department of Housing and Urban Development (HUD)
<http://www.hud.gov/homes/homesforsale.cfm>

Your Path to Home Ownership
<http://ginniema.gov>

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This resource is one in a series on Deciding to Buy a Home which include:

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Deciding to Own

Needs and Wants

Finding the Right Home

How Much House You Can Afford

The Cost of a Home

Shopping for a Home

Housing Types and Construction

Types of Construction

Choosing Site-Built Homes

Choosing Manufactured Homes

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