

## ***Plain English Seminar*™ on "Credit for Women"**

### **Chapter 7, Before Marriage or Living Together Excerpt from "Sharing a property you own"**

In today's world, many women already own their own homes. They may take the mate into their home to live together.

In most cases, the woman continues to make the mortgage payments and receives the related tax benefits. Usually, the new partner contributes something toward the household expenses. The questions usually arise when the new partner wants his name on the deed to the property.

The most frequent mistake is that one person is convinced to add the other person's name to the deed as an owner of the property. That is fairly easy to do. But they do not add the name to the mortgage. Adding a name on the mortgage requires refinancing the entire loan, with all new paperwork. The lender will look at the income and credit backgrounds of both parties. Interest rates could be higher than the original loan, plus the costs associated with taking out a mortgage usually total a few thousand dollars.

Having a person on the deed, but not on the mortgage, is the worst of all worlds. It's even worse than the situation you'd be in if you married rather than just shared a household together. If the relationship does not work out in the future, the other party will be an owner of the property and entitled to ½ the proceeds from any sale. The ownership continues long after the relationship is over and there is absolutely no way to remove the other person's name from the deed unless he agrees to have his name removed.

Unfortunately, many people won't agree to remove their name unless they receive a sizeable payment for what they perceive is their share of the home's value. You could have to refinance the property, and pay mortgage costs at your own expense, to raise funds to pay off the former paramour. It makes an exceptionally ugly and expensive ending to an already terminated relationship.

In contrast, let's assume that you married the person but did not add his name to the home's title. In this case the spouse could have some inheritance rights, but during your lifetime the most he'd be entitled to is ½ the increase in value after the wedding, rather than ½ of the entire value of the house.

If your unmarried partner suggests that he wants to be on the deed to ensure rights to his contributions in the event of your death, and if you agree with the reasoning, then you can easily accomplish that goal by writing a will or putting the deed into a living trust. The partner can be named as an heir in either of those cases but you would still have the flexibility to change the documents later if the relationship does not endure.

Another option to cap your potential liability while still allowing the other party to share in the property's increase in value is to prepare a cohabitation agreement. The

cohabitation agreement is somewhat similar to a partnership agreement in that it outlines the parties' expectations or obligations during the relationship and how any assets will be divided at the end of the relationship.