

Implications of homeownership in a partnership

The number of people entering into homeownership in partnership with a romantic partner, family member or a friend has steadily increased over the past few years. It means more easily reaching the affordability levels demanded by the banks and diminishes the individual exposure to risk by sharing the whole experience.



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Currently bonds average between R950,000 and R1m, meaning applicants must have a gross salary around R30,000 - and many South Africans fall far below that salary bracket but still dream of homeownership.

“A partnership allows both parties to contribute towards the deposit, bond repayments and other financial responsibilities. It also means joint responsibility for any financial penalties from late or skipped repayments; so understanding the implications of homeownership is essential,” explains Tyson Properties CEO, Chris Tyson.

Signed agreement

“Our advice for those entering a partnership would be to ensure there is a signed agreement in writing stipulating each party’s responsibilities and how certain situations will be resolved. The most important factors that need to be established is what each party wants from the venture; how long they plan to live together and what happens if one wants to sell their share.”

As with any property purchase, the parties must know their future plans and how this will impact on the partnership. Both parties must also keep a record of all the documents and payments made relating to their jointly owned property as if one person defaults, the bank holds all parties liable for the debt.

“In essence, the relationship must be based on complete trust and honesty where financial matters can be openly and freely discussed,” ends Tyson.

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