

# MULTIPLE PURCHASERS THE INS and OUTS

## WHAT DOES THIS MEAN?

- The meaning of “co-ownership” (multiple purchasers) in the context of owning property means the simultaneous ownership of a property by two or more people where their shares are undivided.
- This means you are jointly and severally liable for any bond repayments, levies, and rates. In other words, if one of the owners disappears the others will still be liable for those payments.
- There is no limit to the amount of people who can jointly own property although at a certain number it becomes a logistical nightmare to transfer a property into too many names.

## WHAT TO KEEP IN MIND

This is a significant and weighty choice. It is best to be fully aware of what you are getting into before beginning. It is very important that prospective co-owners enter into a formal agreement between themselves before they purchase any property.

## PROS

- **Affordability may increase.** Co-ownership makes it simpler to get a home loan because lenders will consider your total combined income, living expenses, obligations, and credit ratings.
- **Shared monthly expenses,** in joint ownership any large, unexpected costs such as repairs or geyser leaks are carried on the shoulders of many owners instead of just one.
- **Shared risk,** It can be comforting to know that the risk of the investment is shared, especially if it's your first property purchase.

## CONS

- **Fallout between the investors** Fallouts and arguments are inevitable in life, especially for those who are also living together. In case the relationship takes strain, you need to have a plan in place to make sure all parties are protected in regard to the purchase.
- **One investor decides to sell** While it is possible for one party to leave the ownership agreement, planning your departure strategy before signing the co-ownership purchase agreement is crucial. For whatever reason, the investor who wants to sell will need to make an offer to the other investing partner/s to sell their portion of the venture. To put it another way, the agreement should provide that the investing partner/s will always have the first offer and the right of first refusal.
- **Decision making.** It may take longer to make decisions if you need to get all owners to agree.

## What are the rights and obligations of co-owners regarding the property?

The agreement between co-owners determines their liabilities. The bank holds all co-owners responsible for loan repayments. If one owner fails to contribute, the other owner must cover their portion. The same applies to municipal accounts. The owner on the title deed is responsible for payment. Maintenance costs are typically shared unless agreed otherwise. Changes to the property require agreement from all co-owners. Profits are usually shared based on shareholding percentages, unless stated otherwise in the agreement.