



SHARE WITH CARE!

Lesson 16

Family. Friends. Boyfriends. Girlfriends. Brothers. Sisters. We love to share with the people we love! Sharing makes life more fun. Sharing deepens relationships. But sharing life's experiences and joys is one thing. Sharing ownership of assets and joint indebtedness is quite another. Those relationships can sometimes be financially beneficial, but they can also pose a serious risk to your wealth and financial stability. Like marriage, co-ownership and joint credit are relationships not to be entered into lightly.

Have you ever shared ownership of something? What do you like about it? What do you dislike about it? In your opinion, what is the key element to successfully sharing ownership of something?

I. FORMS OF CO-OWNERSHIP

- **Joint Tenancy:** this is a form of ownership of an asset by two or more people who have an equal and undivided interest in the asset.
- **Tenants-in-common:** a shared ownership arrangement in which each holder has a distinct and separately transferable interest. F

II. HOW CO-OWNERSHIP HAPPENS

1. Buddy-Buy
2. Marriage.
3. Inheritance

III. PITFALLS OF JOINT TENANCY

1. Survivorship.
2. Bank Accounts.
3. Sale or Encumbrance.
4. Exposure to Loss.
5. Gifting Gaffs.
6. Planning Your Co-Ownership.

IV. PITFALLS OF JOINT CREDIT

1. Co-borrower.
2. Bank Co-signer.
3. Guarantor.

THE BIG PICTURE

- Co-ownership is risky. Joint tenants own the entire property equally. They cannot sell or transfer their share without consent of the other joint tenants. Joint tenants have a right of survivorship. A property held in joint tenancy is at risk for the debts of any one of the joint tenants. Tenants-in-common have more flexibility and are exposed to less risk, but there is no right of survivorship. Before buying something with another person, make a written contract detailing each owner's rights. Talk to a lawyer. Co-borrowers and co-signers are equally responsible for repayment of the entire debt. The debt appears on their credit report and can affect their credit score. A guarantor is required to pay for another's debt in the event of a default and can lose collateral put up for the loan. When entering into a co-ownership or joint debtor relationship, proceed with extreme caution.

PONDER & PREDICT

- Hurricanes, fires, accidents... We don't have much control over some loss-causing events. One thing everyone has control over is their personal behavior. How can bad behavior or poor lifestyle choices lead to financial loss or ruin?