

Home-Buying Pitfalls for Unwed Partners

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Married couples have a large body of law to protect their rights if their unions dissolve. For unwed or domestic partners who want to own property but who don't want to (or can't) get married, the law is less clear.



This includes same-sex couples, who face a ragtag quilt of laws and rights when it comes to ownership and inheritance, depending on the state they live in.

Paper Trail

It may seem pessimistic, but hiring a lawyer to help the two of you craft a written agreement or contract can save a lot of headache. Don't leave it to chance. If your relationship has a solid foundation, this agreement should come easily to you.

The agreement should include how much each party pays for:

- The purchase price

- The mortgage

- Taxes, utilities and maintenance

Include how much equity each partner will receive in the event of a sale. And be sure to state who will own the home in the event of the other partner's death. By doing so, you protect the surviving partner from losing the home to a relative of the deceased partner. If a woman dies, her home could go to her closest living relatives—her parents, for example—leaving her longtime partner little recourse.

You might also want to consult an accountant. For example, it might be worth putting the house entirely in one partner's name for tax purposes—another reason to put down on paper everyone's responsibilities toward paying for that new roof over your heads.

Brace for a Breakup

No one wants to see this happen, but let's be real. Married or not, settlement issues become more complicated if one partner decides to remain in the home after a breakup.

Some questions to consider:

- Does the person moving out have a stake in the home as an investment?

- Can one partner buy out another?

- Does the partner who moves out keep paying part of the mortgage?

If a home is sold, the division of proceeds won't always be a 50-50 split. For example, if only one partner made the down payment, he or she may be entitled to a greater share.

If agreements aren't in hand, the parties must rely on an appraisal of the property to determine its [value](#) before a buyout can take place. Partners in that situation should ask their loan company to remove the name of the departing partner from the mortgage. An alternative is to [refinance](#) the loan under the remaining partner's name.

It's difficult to sell a jointly owned home for its full value when the housing market is in decline. In such cases, separating couples may wish to temporarily continue to own the home together. Or they might prefer to sell and divvy up the proceeds.

Financial Disclosure

If you decide to take out a home loan in both parties' names, each will need to make a full [financial disclosure](#). If you haven't shared your full credit history with your partner, do so. If either partner has problems that will lower their score from one of the major credit bureaus—Equifax, Experian, TransUnion—they should take steps to correct any errors on their report and improve their score before applying for a mortgage.

No one can accurately predict the success of a relationship. So if you buy a home with another person, enter the partnership with your eyes open, hope for the best, and have a detailed plan for how to proceed if the relationship ends.