



PRACTICAL GUIDE

Buying with Family or Friends

Tenants in common vs joint tenants, co-ownership agreements, exit clauses, protect the friendship and the asset.

Title options

- Joint Tenants: equal ownership, right of survivorship (passes to surviving owner automatically).
- Tenants in Common: defined shares, can pass via will to anyone.
- Most family/friend purchases use Tenants in Common with defined shares.

Co-ownership agreement

- Critical for non-spouse purchases; lawyer-drafted.
- Covers: exit triggers, valuation method, dispute resolution, expense sharing.
- Buy-out mechanism if one party wants to exit.
- What happens if one party defaults on mortgage repayments.

Finance considerations

- All borrowers jointly and severally liable on loan.
- Each party's borrowing capacity affected by full loan, not just their share.
- Lender treats co-borrowers as one combined application.

Estate planning

- Update wills to reflect intended succession of share.
- Consider life insurance to cover other party's share if one dies.
- Spousal vs non-spousal co-owners have different stamp duty treatments.

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