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PERSONAL FINANCE

# How to Buy a Home Together When You're Not Married

There are a number of financial and practical risks to consider

By [Veronica Dagher](#)

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As U.S. [home sales rise to a 14-year high](#) and families [search for larger spaces in quarantine](#), more unmarried couples may be considering buying a house together. For them, there is a different set of risks, both financial and practical, to consider.

The number of unmarried partners living together nearly tripled in the past two decades to 17 million, with a notable increase among those aged 65 or older, according to the U.S. Census Bureau. In turn, some financial advisers are getting more requests for advice from couples of all ages who want to buy a home together but have no interest in getting married.

For example, Andrew Feldman, a financial planner in Chicago, recently received a call from one of his clients who is living with her boyfriend and his two children. They are running out of space and she intends to buy a house within a few weeks and have him pay rent to help cover the mortgage.

While this would work out well for everyone in the short-term, it is risky because, on her current budget, it would be very difficult for her to keep the house without his help.

"The upside is easy but the downside is a big unknown," said Mr. Feldman.

Here's a guide for what to consider before you buy a place together.

## How do you know if you and your partner are financially ready to buy a house?

If you haven't discussed how you and your partner share money and expenses, you'll want to do that first before committing to buying a house, said Mark Reyes, a financial planner at Albert, a financial-planning app.

Make sure you discuss your finances with full transparency, including any debts or income that the other partner isn't aware of. You'll also need to decide if and to what extent you'll share finances going forward, he said.

It will be important to discuss how repairs, property taxes and other home expenses will be shared or handled. Having a joint bank account dedicated to house expenses such as repairs may be a good idea, he said.

### Who should apply for the mortgage?

Unmarried couples buying a home together can benefit from greater flexibility when applying for a mortgage, said Bill Banfield, executive vice president of capital markets at Rocket Mortgage.

They have the opportunity to put their “best foot forward” by having the individual with the most income, best FICO and best debt-to-income go through the application process, he said.

The buyer who is more qualified can be the only one on the mortgage and this could result in a favorable interest rate and mortgage terms if the other partner has a low credit score, for example.

The mortgage holder will be solely responsible for the entire debt, so if you break up and you hold the mortgage, you'll owe all the money, he said.

Lenders also let both partners apply for the mortgage together—allowing incomes and debts to be combined. The lowest of the two FICO scores, however, will be used. Applying together could allow the couple to borrow more, depending on their financial situation.

### Who should hold the title to the house?

How the house is titled is crucial.

Depending on your situation, you'll want to make sure that you and your partner discuss the legality of homeownership with your respective, independent lawyers, said Mr. Reyes, the financial planner at Albert. Titling options include sole ownership, joint tenancy with rights of survivorship, or tenants in common.

Titling can play a crucial role during a breakup or when one partner dies. It will also determine who gets how much equity in the house. For example, if the higher earner in the relationship is listed as the sole owner of the house, the other partner is basically “renting” to live there and has no ownership stake in the house if they break up, he said.

If the couple own property as tenants in common and the deceased partner doesn't name the surviving partner as the beneficiary of the house, the survivor could become a co-owner with their late partner's relatives or heirs, said Tom McLean, a financial planner in Olympia, Wash.

For younger couples, tenants in common tends to be the most common form of titling, as each often wants to have an ownership stake but may not want the other person to inherit that stake (as would be the case if they owned the home in joint tenancy with rights of survivorship), said Avi Kestenbaum, a partner at Meltzer, Lippe, Goldstein & Breitstone.

### What if we break up?

If the relationship doesn't work out, there are some key questions the couple will need to answer, Mr. Kestenbaum said, such as will there be a forced sale (where the couple is forced to sell the home even though one party may not wish to), or can one partner buy out the other and for what price, and how will the proceeds be split?

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Mr. Kestenbaum recommends a written and signed legal agreement, such as a simple partnership agreement solely dealing with the home, to answer these questions and to also spell out each of the parties' rights and obligations, even if the relationship continues.

### What are the tax

### benefits?

One of the benefits to buying a home as an unmarried couple is the ability to bunch itemized deductions on one person's tax return and take the standard deduction on the partner's tax return, said Alexandra Demosthenes, a certified public accountant and financial planner in Boca Raton, Fla.

If the couple were married but filing separate tax returns, they'd have to either both itemize or both take the standard deduction. However, when the couple isn't married, one individual can itemize their deductions (if the total is higher than the standard), claiming the mortgage interest, property taxes and all other allowable deductions, while their partner can choose to take the standard deduction.

This could maximize deductions for the couple over and above what they could claim as a married couple, resulting in maximum tax savings, she said.

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