Real Estate Facts Column

**Tips for Buying a Home with Friends**

With housing inventory low and prices going up, some people are making the decision to partner with friends and buy a home together. This scenario allows people who otherwise would not be able to afford a house to share expenses and achieve the dream of becoming homeowners. But how do you know if buying property jointly is the right move for you?

It is important to remember that this is a business transaction, so you and your friends will have to approach it as such. “You are going to have to have a very open, very frank conversation with your friends about their finances, their plans for the future, what to do if someone wants to sell, etc.,” said **[full name and title of your local spokesperson]**. “If these are conversations you are uncomfortable having or you are worried about the effect they might have on your friendship, then buying a home with friends is probably not the right choice for you.”

However, if you and your friends can come to terms, owning a home while sharing the burden of all the costs can help you build your savings while gaining equity in a home.

Here are some tips on purchasing a home with friends from the **[full name of your association]:**

**Review your friends’ finances.** “This is most likely the largest financial decision of your life, so now is not the time to hem and haw on questions of finance,” said **[last name of your local spokesperson]**. You will need to be aware of everyone’s credit scores, income, savings and any other relevant assets. It is important to make sure that you and your friends are financially prepared to become homeowners.

**Decide how payments and costs will be split.** Questions to consider are how much each person will contribute to the downpayment and if that will affect how you and your friends divide the mortgage payments? Will the utilities be split evenly every month or will you alternate who pays? It is important that these details be worked out and understood by everyone involved before the home is purchased.

**Decide on the type of house**. Are you planning on buying a single-family home or a multi-family home? “Do you see yourself sharing a kitchen and bathroom, or are you looking to buy a place where you will each have your own private residence?” said **[last name of your local spokesperson]**. You should also decide ahead of time on everyone’s must-haves for the home. “Knowing that your friend will only buy a house with a big backyard or that they will not buy a house on a corner lot can save you a lot of time house hunting.”

**Get everything in writing.** It is important that all of the co-purchasers keep written documentation of all of your agreements regarding financial and other responsibilities. “So many people think that because they are dealing with friends that there is no need to write up a contract, but it can help you to avoid conflicts and surprises down the road,” said **[last name of your local spokesperson]**.

**Work with a Realtor**®**.** “Buying a home is an important decision, and whether you are doing it on your own or with a friend, using a Realtor® is a smart move,” said **[last name of your local spokesperson]**. A Realtor®, a member of the National Association of Realtors®, can provide counsel, discuss listings, show you homes in person, negotiate on your behalf and help you stay focused on the issues that are most important.

If you enter the arrangement educated and prepared, co-purchasing a home can be a great way to get your foot on the first step of the homeownership ladder.