Real Estate Matters: Financial questions and answers

by Ilyce_Glink

Q: My father has passed away and had no will. How will his home that he owns with his current wife (not my mother) be divided after it sells? The house is titled in both my dad and stepmother's name, and he has three children.They paid $60,000 for the property in 1995 and today it is worth $200,000 to $250,000.A: The answer to your question depends on how your father and stepmother owned the property. If title to the property is held as joint tenants with rights of survivorship, she automatically received his share of the property upon his death. That means, she owns the entire property herself, and when it sells, she will receive all of the profits from the sale.However, if your father and stepmother held title as tenants in common, and your father died intestate (without a will), then state law steps in to dictate how his assets will be divided upon his death.If they were tenants in common, it's possible that his share of the property would be divided in half. His widow would receive half and the other half would be divided amongst you and your two siblings.Let's say your father and stepmother owned the property free and clear and after the expenses of selling it, your stepmother nets out $200,000. If they owned the property equally as tenants in common, your father's estate's share would be $100,000. Your step mom would receive $50,000 and you and your two siblings would each receive one-third of the remaining $50,000, or approximately $16,666 each.Please talk to an estate attorney for further details.Q: There is a program on television once a week. The host of the show tells viewers that they can buy any home that is behind on back taxes for the amount of taxes that is owed. Is this true?A: Technically, yes. All homeowners must pay their real estate taxes each year. If you don't pay your real estate taxes, the tax collector can seize your house and sell it for the back taxes that are owed.   In most places, the taxes have to have been unpaid for at least a year or two and the homeowner has the right to catch up on the taxes by paying the interest that has accumulated plus any penalties or fees.In general, if the homeowner fails to pay the back taxes owed in the specified period of time, these properties are typically sold for the back taxes, and anyone can buy them.But there's a catch (you knew there would be!). Once you have bought a house by paying the back taxes, there is a period of time where the homeowner has the right to catch up with the payments and pay you back your investment plus interest. If that doesn't happen, you own the property free and clear and can evict the former homeowner (if they're still living in the property).For more details, talk to your local sheriff's office or the municipal government office that handles the tax sales in your area, or find a real estate attorney who works with real estate investors who buy properties this way. The sheriff's office typically sells property that is behind in real estate tax payments, and it should be able to provide you with the information you need to start playing this game.A word of warning: It's been my experience that folks who cannot afford to pay their real estate property taxes also don't have the money to make their mortgage payments (if they have a loan on the property) or maintain their property.While it may seem as though you're picking up the property for very little cash, you are likely stepping into a quagmire. Some savvy people have done very well in this area, but others have found out that the bargain they thought they got was really a lemon.