

## Real Estate Matters - Don't Settle For Less Than Your Share Of Home Profit

by Ilyce\_Glink

Q: My brother-in-law, my sister and I bought a house together 2-½ years ago. According to my brother-in-law, he'll need to refinance in three years. But I recently got married, so I need to buy my own house, and I want him to refinance now so I can get off the mortgage and get my share of the profits.

The house cost \$375,000 and is now worth \$450,000. My brother-in-law says he wants to get a loan to pay me off, but says the bank won't deal with him until my name is off the house. He offered me \$11,000 cash to walk away. What do you think I should do?

A: I think your brother-in-law is trying to rip you off.

The house is now worth \$75,000 more than you paid for it, so it's obviously appreciating in value. If you own one-third of the property, you should get back \$25,000 of profits plus whatever cash you put into the house as a down payment. If you own half of the house, you should get \$37,500 plus your share of any money you put down. The real question you have to ask is, what is your percentage ownership?

I wouldn't accept less than your fair share, and I'd only agree to transfer your ownership of the home simultaneously with the payment of your share of the profits and any down payment you made. If your sister and brother-in-law don't agree to this deal, you'll need to hire an attorney to negotiate on your behalf. You may even need to hire another attorney to write up the agreement so everybody understands exactly what you are to receive and when, so you don't get ripped off.

Under no circumstances should you agree to give up your ownership in the property without getting paid in cash. Don't sign a quitclaim deed until the check clears and you have the cash in your bank account.

This may seem overly protective, but I've seen a lot of cases like yours and you're the odd person out. Your sister will likely take your brother-in-law's side if things get ugly. Your name on the deed is your only leverage in this situation.

While I'm sorry to think the worst of your brother-in-law, he's not acting honorably. You helped him and your sister when they needed it. Now they should make you an honest offer to buy you out. Empower

yourself! Good luck.

Q: I live in Colorado and hope to buy my first home. I have a mid-level income and am having difficulty scraping together a down payment. Are there grants to assist with the down payment for first-time buyers in Colorado?

A: All states offer some sort of home buyer assistance. Whether you qualify depends on where you live and how much money you earn. Typically, with a middle-level income, you wouldn't qualify for a lot of down payment assistance, but it never hurts to ask.

Check also with the housing authority for the city closest to where you live or want to live. Sometimes, cities offer programs specifically for residents or residents who move into certain parts of the cities, or who buy specific types of housing units. In Chicago, for example, you can get cash assistance if you buy a bungalow because the city wants to preserve them.

If you can't get down payment assistance, you might get a below-market mortgage, which offers a lower interest rate and zero fees. You might also check with your house of worship for any down payment assistance programs.

Just because you don't have cash for a down payment doesn't mean you can't buy a house, however. It does mean you have to be careful to choose a loan you can live with.

One option is an 80/20 loan, which is an 80 percent first mortgage with a 20 percent second mortgage. Both loans will be at a higher-than-average rate because you're borrowing all of the cash. Check out different mortgage brokers, including your credit union (if you belong to one), as well as a local bank and national lenders like Countrywide, Bank of America and Wells Fargo to compare offers.

I'd love to see you find a way to put some cash in a savings account. Owning a house costs money, and maintenance and repair costs can cripple a budget. Consider getting a short-term second job to fund a down payment and future maintenance budgets.

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