

Two Better Alternatives to Adding a Joint Tenant Owner of California Real Property

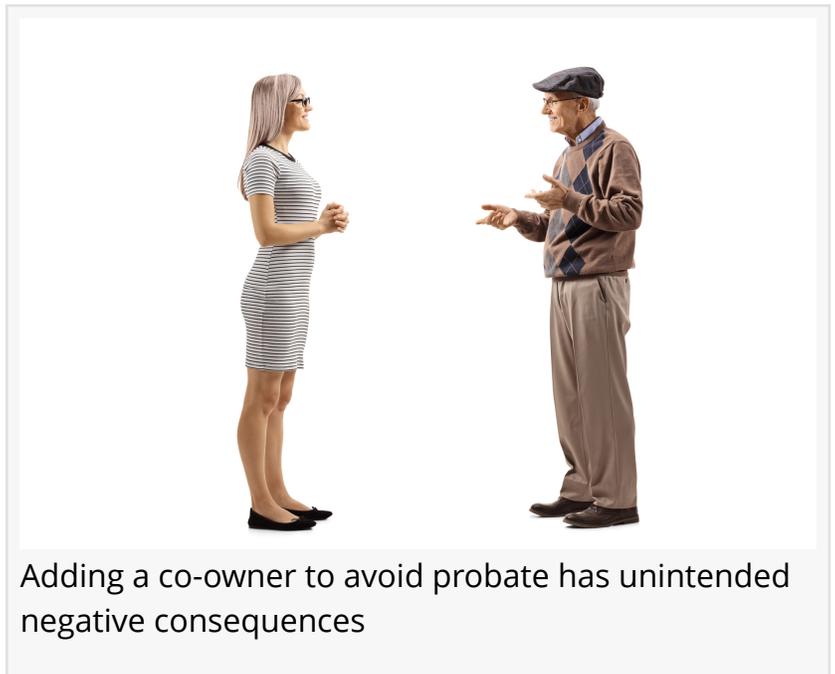
Revocable Transfer on Death Deeds (TODD) and revocable living trusts are better alternatives to adding a joint tenant owner.

HUNTINGTON BEACH, CA, USA, April 4, 2024 /EINPresswire.com/ -- The

[unintended consequences of adding a co-owner](#) to real property are

unfavorable tax treatment, exposure to the new owner's creditors, relinquished control to sell and mortgage the real property, and failure to transfer due to an unplanned order of death.

Revocable Transfer on Death Deeds (TODD) and [revocable living trusts](#) are better alternatives to adding a joint tenant owner.



Revocable Transfer on Death Deed: A TODD does not change ownership. As a result, has no unfavorable effect on property tax and capital gains tax. In addition, this deed is straightforward and low-cost.

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Surprise and peril for joint tenant owners who are not married.”

Mark W. Bidwell

The major drawback of a TODD is that title companies are reluctant to issue title insurance for three years after the owner's death. A TODD, in effect, hinders the new owner's sale or use of the real property as loan collateral for three years. Another drawback is that a TODD cannot provide a

contingency if the intended heir dies before the owner.

Revocable Living Trust: Another viable alternative is a trust. Trust problems are the cost and, more importantly, their complexity. Trusts are not easy to understand. and

Most importantly, trusts require the transfer of real property to the trust. Trust owners often overlook this requirement of deed transfer. This results in probate administration. However, a

properly funded trust allows for contingencies, avoids probate, is private, and has favorable property tax and capital gains treatment.

To Sum It Up: The unintended consequences of adding a co-owner to real property are:

unfavorable tax treatment,
exposure to the new owner's creditors,
relinquished control to sell and mortgage the real property,
And failure to transfer due to an unplanned order of death.

Viable alternatives to joint tenancy are Transfer on Death Deeds ("TODDs") and revocable living trusts. But TODDs are new and need to be thoroughly tested. Trusts are complicated, but when properly funded, they avoid probate, are private, do not create unfavorable tax consequences, and the owner maintains control of the real property.

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