

KEY POINT REVIEW

Ownership in severalty is ownership by one individual, who may be an artificial person, such as a corporation.

Co-ownership by two or more individuals may take one of four forms. In a **tenancy in common (TIC)**, each tenant holds an undivided fractional interest and co-owners have unity of possession. Each interest can be sold, conveyed, mortgaged, or transferred, and will be passed by will or state law when a co-owner dies. A legal action called **partition** can be brought by one or more of the tenants in common to force division or sale of the property.

In a **joint tenancy**, there are four unities (PITT): unity of **possession**, unity of **interest**, unity of **time**, and unity of **title**. Joint tenants enjoy the **right of survivorship**.

A joint tenancy can be terminated by **death** of all but one joint tenant, who then owns the property in severalty; **conveyance** of a joint tenant's interest, but only as to that interest if there were more than two joint tenants originally; or **partition**, the legal action to force division or sale of the property.

Some states recognize a **tenancy by the entirety**, which is available only to spouses and which carries a right of survivorship. Property held by a tenancy by the entirety can be conveyed only by both spouses.

Community property, currently recognized by some states, is property acquired during marriage that is not separate property and requires agreement of both spouses to be conveyed. **Separate property** is property owned by one spouse before marriage, or acquired by one spouse during marriage by gift, inheritance, or with the proceeds of separate property.

A **trust** is a legal arrangement in which property is transferred by the **trustor**, the person creating the trust, to a **trustee**, to be held for the identified **beneficiary**. The trustee acts as a **fiduciary** in carrying out the wishes of the trustor.

In a **land trust**, the beneficiary is also the trustor, but the public record will not identify the beneficiary.

A **partnership** is an association of two or more persons who carry on a business for profit as co-owners in a general or a limited partnership, as provided by state law.

In a **general partnership**, all partners **participate** in operation and management, and partners share **full liability** for business losses and obligations.

A **limited partnership** has both general partners and limited partners. The **general partners** run the business. **Limited partners** do not participate in running the business and are liable for business losses only up to the amount of the individual's investment.

A **limited liability company (LLC)** may be permitted by state law and offers its members the benefits of the limited liability of a corporation, the tax advantages of a partnership, and a flexible management structure.

A **condominium** owner holds fee simple title to the airspace of a unit, as well as an undivided share in the remainder of the building and land, known as the **common elements**, which may be referenced in what are called **horizontal property acts**.

Common elements are owned by condominium unit owners as tenants in common. The condominium is administered by a **homeowners association** of unit owners that may decide

to hire an outside property management firm. **Maintenance** of common elements is funded by **fees** charged to each unit owner.

In a **cooperative**, title to the land and the building is held by a corporation, which sells shares of stock to prospective tenants. A purchaser of stock becomes a **shareholder** in the corporation and receives a **proprietary lease** to the apartment for the life of the corporation. The stock is owned as personal property and not real estate.

A **time-share** permits the sale of an **estate** or **use** interest that allows occupancy of a property during a specific period of time, typically weekly. **Time-share** ownership permits multiple purchasers to buy interests in real estate, a form of ownership most commonly found with resort property.