



## REAL ESTATE INVESTING

# Should elderly parents transfer their family home into their children's name?



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We are asked on a fairly regular basis whether elderly parents should transfer their family home into their children's names. The answer to that question is not obvious in every situation. There are many factors to consider including, the age and health of the parents and the financial and family situation of the children.

If the parents are both alive and currently hold title jointly, the question is a non-issue. In that scenario, if one parent dies, the property would be transferred to the surviving spouse by way of a "Survivorship Application". In order to register a survivorship application, the lawyer will need proof of death, such as the death certificate. This is an inexpensive registration to do.

If the property is registered in only one spouse's name, it may be wise to transfer title of the property to both spouses. Then, if one spouse dies, the property would pass to the surviving spouse by way of a survivorship application.

If one parent has passed away and the surviving parent is either very old and / or unwell, the owner may consider transferring the property his or her beneficiaries. In most cases, a parent's Will leaves their assets including their property to his or her children in equal share. If this is the case, we normally recommend that the property be transferred into the names of all the children, who are the beneficiaries. We also recommend keeping the parent's name on title along with the children's names, so that when the parent passes away, the children will not have to obtain Letters of Administration with a Will or Letters of Administration without a Will (formerly known as the Letters Probate). Applying for Letters of Administration in order to transfer the title can cost the estate significantly in both time and money.

If the surviving parent is very healthy and is expected to live for many more years, there are several considera-

tions that may outweigh the benefits of the transfer:

1. The parent, if he or she is completely removed from the property would also lose control of the property which may open the door to situations of elder abuse.

2. When making any change to the way title is held

on the property, the owners are obligated to inform the lending institution of the change if there is a mortgage or line of credit registered against the property. When the lending institution is notified of a change, the lender may refuse to allow the transfer to go ahead.

3. One or more of the chil-

dren added to title may find themselves in a family law situation where the spouse(s) makes a claim for a share of the parent's property during a separation or divorce situation.

4. The children's credit ratings may be affected because he or she is now a co-owner of another property. This may

affect how and if the children are able to refinance or purchase their own properties.

5. The children are also responsible for expenses of the home including the taxes, repairs, and insurance.

6. If one or more of the children is not financially secure, there could be a potential claim by creditors. Because the child is a co-owner, the home could form part of the assets that need to be liquidated in a bankruptcy situation.

Therefore, there are many benefits but also many potential risks to transferring the title of the family home to the children. This article discusses the benefits and potential risks to transferring the family home. Transferring the title of a cottage or investment property has additional and separate factors that must be considered. Before making any decisions, it is best to have a conversation with your real estate lawyer.

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## Value-added projects to do this winter

The weather outside might be frightful, but that doesn't mean that your home improvement projects need to wait. In fact, tackling projects during the winter will give you more time to enjoy spring when it finally rolls around. If your intent is to sell your home, now is the time to start preparing it for sale.

"Homeowners planning to sell their homes in the spring are best to prepare them for sale now so that they're ready to go in the new year," says Pat Verge,

president of the Ontario Real Estate Association. "If all that a home needs is a refresher in certain areas, 'mini renos' can often be done with only minor inconveniences. You won't even need to move out during the process."

Verge recommends that homeowners speak to their Realtor to find out what renovations would add the greatest value and provide a return on investment. Some value-added renovations that can be done now include:

### A fresh coat of paint

A fairly inexpensive project, sprucing up the walls with a fresh coat of paint is easy enough to do in the winter. In fact, cooler temperatures are ideal for paint to dry.

### Renovate a basement

You may encounter some dust or debris in your main floor living quarters, but most of it will remain contained in the basement.

### Bathroom renovation

If you plan on taking this renovation slowly, just make sure you have another toilet and shower at your disposal.

### New kitchen countertops

Sometimes new countertops are all a kitchen needs to feel new again. Be sure to keep the old one on until the new one has arrived and is ready to be installed.

### Install new kitchen cabinets

If you're keeping the same layout, this project won't be too complicated. A new kitchen layout may require moving electrical and plumbing, so just be prepared for some disturbances.

More information is available at [www.wedothehomework.ca](http://www.wedothehomework.ca).

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