

Vacation home should keep families together, not tear them apart

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A shared family vacation home can be a great place for family bonding. A little estate planning can go a long way toward avoiding conflict and keeping the home in the family.

Who owns it and how?

All family members must understand who actually owns the home. Family members sharing the home will more readily accept decisions about its usage or disposition knowing that the decisions come from those holding legal title.

If the home has multiple owners — several siblings, for example — consider the form of ownership carefully. There may be advantages to holding title to the home in a family limited partnership ("FLP") or family limited liability company ("FLLC") and using FLP or FLLC interests to allocate ownership interests among family members. You can even design the partnership agreement or operating agreement (or a separate buy-sell agreement) to help keep the home in the family.

What about the future?

What happens if an owner dies, divorces or decides to sell his or her interest in the home? It depends on who owns the home and how the legal title is held. If the home is owned by a married couple or an individual, the disposition of the home upon death or divorce will be dictated by the relevant estate plan or divorce settlement.

If family members own the home as tenants-in-common, they're generally free to sell their interests to whomever they choose, to bequeath their interests to their heirs or to force a sale of the entire property under certain circumstances. If they hold the property as joint tenants with rights of survivorship, an owner's interest automatically passes to the surviving owners at death. If the home is held in an FLP or FLLC, family members have a great deal of flexibility to determine what happens to an owner's interest in the event of death, divorce or sale.

Let's talk about it

There are many ways to own and share a family vacation home. We'd be pleased to help you and your loved ones keep yours in the family for generations to come.

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