

House Title: What It Is And Common Ways To Hold It

What is a house title?

A house title isn't a tangible document kept in your possession like a driver's license or a passport. It's a legal term that denotes ownership. As the homeowner, it gives you the right to use and sell the property.

But house titles aren't one-size-fits-all. Different titles are appropriate for various circumstances, so it's crucial to understand your options and choose the best way to hold title to your home. This can make ownership clear and prevent legal problems in the future.

House deed vs title

The terms "deed" and "title" are sometimes used interchangeably. But although both involve ownership of a home, they aren't the same.

A house title identifies the legal owners of a property whereas a deed is a tangible document that transfers ownership of a home to another person.

The title gives you the legal right to sell the property, and once you find a buyer, you'll sign a deed transferring ownership to this person. An escrow agent will then record the deed with your city or county, at which point the title transfers to the new owner.

Common ways to hold a title of a house

Numerous factors determine the best way to hold title, including whether you're buying the home alone, as a couple, or with a non-spouse co-owner.

Here's an explanation of the different options:

Sole ownership

If you're single and buying a property alone, you can title the house as sole ownership. This gives you full control of the home, meaning you can sell without consulting anyone. You're solely responsible for liabilities connected with the property and decide who inherits it in the event of your death.

Joint tenancy

This is when two or more people co-own a property with equal shares. If one co-owner dies, their share automatically passes to the other owner(s) without going through probate.

Probate is a legal proceeding that authenticates wills.

Joint tenancy can occur between spouses, unmarried couples, business partners, or friends and relatives who co-own. Although the property can't be sold without permission from all parties, each owner can sell or transfer their share without permission.

Community property

This way of holding a title is only available in some states and applies to married couples. In a community property state, property acquired during the marriage is equally owned by both spouses (regardless of who paid for the home).

If one spouse dies, their interest in the property automatically passes to the surviving spouse. Since they have equal ownership, they can't sell or transfer the house without the other's permission.

Tenancy in common

This is another way to title a home when two or more people own a property. However, each party doesn't own equal shares. Each owner can sell or transfer their share of the property to someone else without permission, and if an owner dies, their share passes to the beneficiary

listed in their will. This type of title is common between unmarried couples.

Tenancy by the entirety

This type of joint ownership is only available to married couples. Spouses have equal ownership of the property, but they can't sell or transfer their share without the other's permission. If a spouse dies, their share passes to the surviving spouse without going through probate.

Living trust

You can also put your house into a living trust, in which case you become the trustee and the beneficiary. You decide how to distribute this asset upon your death, and with the title in a trust your beneficiaries can inherit the home without going through probate.

Pros and cons of different house titles

Here are advantages and disadvantages of each type of house title:

- **Sole ownership.** This is a simple way to hold a title, and the primary advantage is that one owner maintains full control of the property. However, the property will often go through probate when the owner dies and assets might be subject to estate taxes. Also known as the "death tax," these are taxes imposed on the transfer of property at death.
- **Joint tenancy.** This type of ownership is another way to avoid probate. Just know that if an owner dies, the surviving owners automatically receive the deceased person's share of the property, which might go against this person's wishes. Also, transferring ownership from one person to another might trigger gift taxes, and the property might be subject to estate taxes if the value of the deceased person's interest exceeds the exemption amount.
- **Community property.** This type of title is advantageous because both spouses own half of the property. However, in the **event of a**

divorce, couples must split the property equally regardless of who paid for it.

- **Tenancy in common.** The main advantage is that each owner can sell or transfer their share of the property without permission from the others. If an owner dies, the beneficiary listed in their will inherits their share of the property. The drawback is that this inheritance might go against the wishes of the surviving owners.
- **Tenancy by the entirety.** If one spouse dies, the other automatically becomes the sole owner, which can be a pro or con depending on the circumstances. Even though this type of title can prevent probate and estate taxes, the deceased spouse might not want their surviving spouse to be the sole property owner.
- **Living trust.** The main benefit of holding a title in a trust is the ability to avoid probate. However, setting up a trust can be expensive and often involves ongoing administrative costs.

Choosing the right house title

Before choosing how to title your home, you must consider the relationship between owners.

You might choose sole ownership as a single owner, which is simple and straightforward. Keep in mind, though, under this title, the property will likely **go through probate** after your death. A living trust, on the other hand, provides a smoother transfer to your beneficiaries — and they can avoid probate and estate taxes.

If you're a married couple, titling options include joint tenancy, community property, and tenancy by the entirety. This can ensure that your spouse inherits the property if you die.

Common ownership options for unmarried owners include joint tenancy and tenancy in common. And if you have children (or other relatives that you want to inherit the property), you might consider a living trust.

Consult an estate planning attorney for guidance on the best way to title a house based on your circumstances.

How to add a name to house title

To add someone's name to a house title, you'll first need to execute a new deed with the assistance of a real estate attorney or a title company. The new deed includes a legal description of the property, names of current owners, and the new owner.

After signing the new deed in the presence of a notary public, it's sent to the city or county's Records Office. Once recorded, the new person's name appears on the title, giving them ownership rights of the property.

The bottom line

A house title is vital in real estate because it provides details about the rightful owner(s) of a property. There isn't a single way to title a property, so it's important to familiarize yourself with the different ways and choose the right one to protect your investment.