

Buying Your Uncle's Partial Property Interest

You just returned from a fantastic holiday at your family's Florida vacation home. You have always loved the home, which is owned debt free by your Mother and her Brother (your Uncle). Now your Uncle might like to unload his interest. He wasn't gripped by your suggestion of gifting his 50% interest to you, and so you need a mortgage to make this work.

Here are some lending options (*be sure to consult with legal and tax professionals*):

1. PURCHASE

Although your Mother wants to keep her interest, she must be removed from title along with your Uncle (so the lender's mortgage can be secured by 100% of what will become your property)

Your Mother could provide you with a "gift of equity" (her 50% interest), and you could obtain a loan for the balance of the purchase price

Quit-claiming a 50% interest back to your Mother after closing would be prohibited (although the lender is not likely to audit this after closing)

2. REFINANCE

As your Mother will remain on title, she can qualify for a "cash-out refinance", and you could be added to title at closing (at the same time your Uncle is removed from title)

Although borrowers cannot refinance a property until they have owned it for 6 months, this condition is satisfied by your Mother's prior ownership – but she must be a co-borrower

3. UNCLE LOAN (Fastest/Cheapest)

Have him quit-claim his interest to you, and pay him back over time at a reasonable interest rate