Gift or a Loan?

For many young couples, getting into the property market can be a challenge.

In come generous parents who "lend" the couple money to give them a start. The understanding is that the loan is repayable. In reality, no repayments are made and the debt is ultimately forgiven. That is until the young couple's relationship breaks down. One is adamant the funds were a gift, the other that they were a loan. If there's no agreement, litigation is the only answer, where ultimately, a judge will decide, at great emotional and financial cost.

So, if you're in this situation and it's a loan:

- Enter into a loan agreement;
- Register the loan over the title of the property;
- Either make provision for instalment payments or make it clear that the entire loan (with or without interest) will be payable in the event the relationship breaks down.

If it's a gift, protect it by entering into a financial agreement ensuring the person to whom the money was gifted, gets it back in any subsequent property settlement.

FREE 10 MINUTE CONSULTATION

For a FREE confidential 10 minute phone consultation, call Managing Director, Fiona Reid.

Fiona Reid is the Managing Director of Reid Family Lawyers, a boutique specialist family law firm with offices in Brookvale and Surry Hills. She is supported by a team of expert family lawyers. The firm has a wealth of experience in all facets of family law including complex property matters, parenting matters, child support and spousal maintenance issues, relocation, de facto and same sex issues, surrogacy and adoption.

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