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To keep communication open, Larra Clark says, it's important to put as much in writing as possible. She is the home-owning trio's note taker.



Michelle Barrett says she suggested the idea of buying a place to her two friends. The three women met while working on an activist project.



Anne Statton handles finances for the homeowners. "It's the least desirable of jobs ... It makes sense for only one person to do," she says.

A home of their own



Larra Clark (left), Michelle Barrett (standing) and Anne Statton in the back yard of the three-flat they bought together in Logan Square. They call their home MiLaAn Manor.

Tribune photos by Abel Uribe

Investing with friends, relatives makes practical, financial sense for those who want to own property

By Katherine Mikkelsen
Special to the Tribune

Michelle Barrett had a dream of someday owning her own home. Problem was, she didn't have a lot of money. Barrett, 38, a health teacher, had two good friends, Larra Clark and Anne Statton, whom she had met when all three worked together on an activist project.

"I was putting bugs in their ears, 'Wouldn't it be cool if we owned a building together?'" she said.

Barrett kept talking about it and Statton and Clark became intrigued with the idea, knowing their money would go farther if they pooled their resources. The three women, all single, began meeting regularly to discuss the neighborhoods they liked (Ravenswood, Logan Square, Humboldt Park), what kind of property they wanted (three-flat) and the amenities they could not live without (near public transportation and expressways; a back yard).

After about a year of discussions, they began looking for property. Another year later, the trio found the perfect building. They now own a brick three-flat in Logan Square, bought in 2002, complete with a two-car garage and back yard. They've named it MiLaAn Manor.

Although a three-flat seemed like a good fit for the MiLaAn owners, other property options are available. Duplexes, six- and 12-flats and condos appeal to those who want their individual space; co-ops might be better suited to those who favor more communal management. Also, multiple-unit buildings can have certain units designated as rentals if the owners are inclined to play landlord.

There are no statistics that specifically track women who purchase property together. Evidence over the last decade, however, shows that more women are becoming homeowners.

Allegra Calder, a research analyst with the Joint Center for Housing Studies at Harvard University, thinks a number of factors may be contributing to more women purchasing property together. Calder cited mortgage lenders caring less about social traditions and more about getting new business, which

PROPERTY: Dialogue is key to co-owning

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would include non-traditional households. Underwriting standards have relaxed by necessity to capture that business.

Additionally, "Women are earning more and not marrying until later, maybe not until their 30s," Calder said. "I'm not surprised that [co-owning] is happening, especially in higher-cost markets and especially where the housing stock is not good for rentals."

John Byrne, a real estate agent at Baird & Warner's City North office in Chicago, represented the MiLaAn group. He thinks that the market is poised for more women to co-own property together because of the financial benefits and because more women are buying property and realizing that it's not so difficult to manage.

"I definitely think it will be a developing trend in the future," Byrne said. He points to women who have bought units in a condo, many of which are self-managed by the owners. "So those women may say, 'This isn't that hard, why don't we [buy] our own building?'"

Statton, 40, a public health administrator, is encouraged by the dozen or so friends and acquaintances who have dropped by MiLaAn Manor and then asked about the women's arrangement. Clark, 33, a press officer with the American Library Association, hopes that other women will consider friends, sisters or cousins as potential purchase partners.

Discuss the issues

All three women believe their arrangement is successful because of their commitment, communication and planning.

One of the most important actions the group took, even before they found property, was to consult an attorney who advised them to form a land trust agreement. Shara Allen, a real estate attorney in Chicago, explained that a land trust agreement is a method for title holding that normally spells out the investment particulars and what happens to the property if one owner dies.

The advantage of a land trust is that if one owner dies, the trustee (usually a bank) deals with the property through the terms of the trust agreement, thus avoiding probate court. Allen also suggests co-owners draft and agree to a partnership agreement.

"The partnership agreement is more comprehensive, it deals with the operation of the business," Allen said.

Partnership agreements should cover signature authority, record keeping, expenses and investment strategy, insurance, what happens if one person defaults, what happens if one owner dies and the dissolution of the partnership, especially as it relates to expenses.

The MiLaAn owners insist on regular meetings every four to six weeks so that they can discuss any issues that come up, including maintenance and long-term projects.

Census data on ownership

The U.S. Census Bureau tracks annual homeownership rates across the country and breaks out data for both single female householders, family households headed by a female with no husband present (a category that could include women who live with sisters or other relatives, as well as women who live with children and women who live with family members who might not necessarily be female) and other two-or-more-person households headed by a female (which could include

lesbians and women who live with other women).

From 1993 to 2003 (the last year for which data is available), homeownership rates for single female households increased only 0.74 percent. Homeownership rates for households headed by a female with no husband present rose more than 11 percent over the same period. But for other two-or-more-person households headed by a female, the rates rose a whopping 21 percent.

—Katherine Mikkelsen

"Put as much of it in writing as possible so that you keep communication open," said Clark, the official note taker.

The group has shied away from creating too many ground rules, although they did recently decide they wanted a non-smoking building. Noise issues are usually addressed ahead of time with a polite request to the other co-owners. For example, once or twice, Statton, a drummer, asked if it would be all right if her band rehearsed at MiLaAn. No one objected.

Not smooth sailing

Of course, the garden path to homeownership was blocked by a few brambles along the way. Barrett remembers using and then firing several real estate agents who refused to listen to what the group wanted. Despite telling one agent that the three wanted a three-flat with a yard in certain neighborhoods, the agent kept showing them everything in their price range, whether it met their requirements or not.

Statton recalls the hours of research to find an insurance company that would issue a policy listing all three women as the policy owners—something they insisted upon and eventually found—rather than one primary holder with two riders.

Statton credits their success, in part, to each co-owner contributing something of value to the group. Barrett, a former tuckpointer, rivals "Trading Spaces" carpenter Ty Pennington. She has installed new tile in the bathrooms, hung new cabinets, painted several rooms and found contractors when the work was out of her league. "I'm not sure how I learned [these skills], it just comes innately," Barrett joked.

With her PR background, Clark is well-suited to the role of researcher. "[Larra] has access to info and is very Web savvy," Statton said. Recently, Clark checked out vendors and prices to have DSL lines installed throughout the building.

Statton deals with all the finances. "It's the least desirable of jobs, but I'm the most nervous, so I'm happy to do it," she said. "It's low volume, it makes sense for only one person to do."

Co-ownership mistakes

Suzanne Beagan, a senior associate for a marketing consulting firm, has had similar success co-owning with her sister, Stephanie, a senior account manager at a PR firm, in Boston. Both single, the Beagans bought a 1,300-square-foot condo in a brownstone in the Brighton neighborhood in January 2003. Suzanne, 24, and Stephanie, 27, were lured by the fact that even

with the minimum percent down, their mortgage payment would be less than renting. Although the sisters do not have a formal written agreement, they have agreed that when one person wants to move out, they will probably sell.

Suzanne Beagan acknowledged that their main reason for purchasing together was financial. She also cited the advantage of living with her sister, whom she regards as her best friend. "It's a very stress-free living environment. [Stephanie] is very easygoing," Suzanne said. "I just don't have roommate problems like some people do."

The sisters split the finances, as well as upkeep for the condo, down the middle.

'Horrific experience'

Sometimes co-owning goes awry, though. Patti Schuldenei, 43, a writer in Bushkill, Pa., had what she described as a "horrific experience" several years ago when she purchased a two-flat with her former best friend in Chicago. Schuldenei and her friend closed on the building in April 2001, moved in about a month later and immediately began disagreeing about use of the basement (the friend balked at Schuldenei storing items there), the type of decorations and patio furniture for the back yard (the friend detested Schuldenei's), and repair work (the friend refused to get minor repairs done in her unit).

After living there a little over a year, Schuldenei received a letter from the friend's attorney asking Schuldenei to buy her out. Because Schuldenei could not afford this, she thought her only option was to sell.

"We spent the last six months speaking only through attorneys," Schuldenei said. Besides the disagreements over the use of the property, Schuldenei attributed their problems to a number of mistakes—including lending money to her friend to help finance the deal and not insisting on a signed partnership agreement before closing.

Horror stories aside, Clark acknowledged that co-ownership is not for everyone.

"You can't fit a square peg in a round hole," she said. "You can't make it work if you want vastly different things."

For now, the MiLaAn trio is content working on their garden and planning their next renovation project.

"I feel very lucky that I have the perfect house and can share it with people I respect," Clark said. "I can't imagine it would be better."

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