FROM:

Sender Information

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TO CO-OWNERS:

Co-Owner Name

Address

Address

Email

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**RE: Sale or Buyout of Jointly Owned Property**

**Deadline for Voluntary Solution Before Partition Lawsuit is Filed**

**Date of Letter: May 12, 2022**

Greetings,

This letter is being sent to the co-owners of the following real property (the “***Subject Property”),*** which is described below:

property\_description

According to my preliminary research, the Subject Property is currently owned as follows:

List owner names and percentages

I believe that co-ownership of the Subject Property has become impractical. Describe the reasons you want to terminate co-ownership.

For these reasons, I am electing to terminate co-ownership through one of the options described below. If possible, I want to reach the most agreeable and profitable solution for all owners. This letter is not being sent to incite litigation or cause conflict. To the contrary, I am seeking to avoid a cumbersome court proceeding and instead reach a voluntary solution agreeable to all co-owners.

However, please note that Add State Name partition law does provide a way to resolve joint ownership issues and legally terminate joint ownership. If necessary, I will resort to partition, but I hope that we can avoid the judicial partition process and terminate co-ownership in a more efficient manner.

**OPTION #1: Buyout Agreement Among the Co-Owners**.

The first option is a buyout agreement. In a buyout agreement, one or more of the co-owners purchase the ownership interest of one or more other co-owners.

OPTION 1:

At this time, I am willing to pay a total price of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to purchase all ownership interest other than what I already own. My offer reflects the fact that the value of the Subject Property is reduced by the unpaid balance of the outstanding lien(s).This offer is contingent on my receipt of adequate financing to fund the buyout price. The details of the buyout arrangement, such as the closing date, closing costs, and other logistics would be confirmed in a written Buyout Agreement. If you are open to this buyout arrangement, I will provide a proposed Buyout Agreement for your review after we agree on the main terms.

OPTION 1:

At this time, I would be willing to sell all of my ownership interest for $\_\_\_\_\_\_\_\_\_\_\_\_. My offer reflects the fact that the value of the Subject Property is reduced by the unpaid balance of the outstanding lien(s). My ownership could be purchased by any one or more of the remaining co-owners (together or separately). If you are open to this buyout proposal, I will provide a proposed Buyout Agreement for your review after we agree on the main terms.

Please let me know if you would like to discuss the details of a Buyout Agreement, or if you have a buyout proposal of your own. We would need to sign a written Buyout Agreement within solution\_deadline days from the date of this letter. The buyout transaction would need to be “closed” with a deed of conveyance, but the closing process does not need to occur within solution\_deadline days. Our Buyout Agreement would provide a deadline for closing sometime in the future, and we can discuss an appropriate closing date if we enter into a Buyout Agreement.

That said, the Buyout Agreement itself would need to be signed within solution\_deadline days from this letter. Otherwise, I will resort to one of the remaining two options.

**OPTION #2 - Voluntary Sale to a Third-Party**.

If a buyout does not occur, then the Subject Property should be sold on the open market to a third-party for maximum value. In other words, the Subject Property should be listed for sale in the normal manner either through a realtor or by owner, with the consent and cooperation of all co-owners.

OPTION 1:

After payment of sale expenses and any outstanding liens or mortgages, the net proceeds from the sale would be divided among the co-owners proportionately based on percentage of ownership. Naturally, each of the owners would receive an amount of money consistent with their respective ownership percentages.

OPTION 2:

When dividing the money from the sale, we must consider the unequal financial contributions and benefits with respect to the Subject Property. Enter reasons for unequal allocations.

For these reasons, the net sale proceeds (after payment of sale expenses) and any outstanding liens or mortgages would need to be allocated as follows:

Owner Names and Percentages

Please let me know if you would like to discuss the details of a voluntary sale. If you will agree to list the Subject Property and pursue a voluntary sale, then within solution\_deadline days we must sign a written Voluntary Sale Agreement confirming that the Subject Property will be sold and confirming how the money will be divided. The Voluntary Sale Agreement would also confirm other important details, such as a minimum sale price, the timeline of the sale, and how the Subject Property will be marketed.

Of course, the Subject Property likely will not sell within solution\_deadline days. Once a buyer is found, there would be a separate purchase contract with the 3rd party buyer, and the purchase contract would include a future closing date for the sale. To be clear, I am not asking that the Subject Property be closed or placed under contact with a 3rd party within solution\_deadline days.

Rather, I am requiring that we, as co-owners, enter into a Voluntary Sale Agreement within solution\_deadline days, by which we agree to sell the Subject Property on the open market. If you agree to this approach, I will provide a proposed Voluntary Sale Agreement for your review, to be signed by all co-owners within solution\_deadline days.

**OPTION 3: Partition Action**.

If all of the co-owners have not signed a Buyout Agreement or a Voluntary Sale Agreement within solution\_deadline days, then I will presume that the co-owners have refused to proceed with option #1 or option #2 as outlined above. In that case, I will resort to filing a partition action. Although partition takes the form of a lawsuit, I would not be filing suit in an adversarial manner. To the contrary, a partition action is a court-supervised means of resolving an impasse among co-owners, so that joint ownership can be terminated in a fair manner.

Pursuant to property\_state['Citation\_of\_Right\_to\_Partition'], a co-owner of jointly owned property can file a partition lawsuit. If one of the co-owner files for partition, the Court generally must do one of two things:

1. The Court must physically divide up the property and give each co-owner an equal piece of the property;

OR

1. If it is impractical to physically divide up the property, the Court must order a sale of the property and divide the money among the owners.

State\_Name case law confirms and reinforces the statutory right to partition. Aside from certain divorce situations and very narrow exceptions, a co-owner’s right to partition is virtually absolute. A co-owner generally cannot prevent another co-owner from obtaining partition relief, regardless of what objections might be made. Simply put, State\_Name law does not force co-owners to remain as co-owners against their will. The law provides a clear path to legally terminate the co-ownership relationship.

OPTION 1:

In our case, the Subject Property cannot be divided into equally valuable pieces because it contains structures / improvements. Therefore, the Court would order a sale of the Subject Property through a partition action. In this event, the Subject Property would be sold at auction despite the objections of any co-owner (unless any owner exercises a buyout option). Generally, real estate sells for less than its fair market value when it is sold in this manner.

Furthermore, the partition and auction process generate more expenses and fees than a normal sale. A forced sale would be more expensive and time-consuming than a voluntary sale, due to the legal fees, court costs, and legal procedures involved. Therefore, a forced sale is not the best way to achieve maximum financial value for the property owners. But if you refuse option #1 and option #2, then I must resort to a forced sale.

OPTION 2:

In our case, it would be impractical or impossible to divide the Subject Property into equally valuable pieces, because the land is not physically laid out in a manner susceptible to equal division. Therefore, the Court would likely order a sale of the Subject Property through a partition action. In this event, the Subject Property would be sold at auction despite the objections of any co-owner (unless any owner exercises a buyout option). Generally, real estate sells for less than its fair market value when it is sold in this manner.

Furthermore, partition and auction process generate more sale expenses than a normal sale. A forced sale would be more expensive and time-consuming than a voluntary sale, due to the legal fees, court costs, and legal procedures involved. Therefore, a forced sale is not the best way to achieve maximum financial value for the property owners. But if you refuse option #1 and option #2, then I must resort to a forced sale.

In our case, it may be possible to divide the Subject Property into equally valuable pieces and distribute those pieces to the co-owners, such that each co-owner would then own 100% of a smaller piece of real estate. However, this process would require significant attorney fees, court involvement, and surveyor expenses. Also, division of the land into smaller pieces could reduce the overall value of the land (the whole might be greater than the sum of its parts).

If the Court finds it too difficult to divide the Subject Property into equal pieces, then the Court would order a sale of the Subject Property through a partition action. In this event, the Subject Property would be sold at auction despite the objections of any co-owner (unless any owner exercises a buyout option). Generally, real estate sells for less than its fair market value when it is sold in this manner. Furthermore, partition and auction process generate more sale expenses than a normal sale. A forced sale would be more expensive and time-consuming than a voluntary sale, due to the legal fees, court costs, and legal procedures involved.

For these reasons, a partition lawsuit is not the best way to achieve maximum financial value for the property owners. But if you refuse option #1 and option #2, then I must resort to a partition action.

**Please contact me as soon as possible so that we can pursue option #1 or option #2 and avoid a partition lawsuit.** If we are unable to finalize a Buyout Agreement (option #1) or a Voluntary Sale Agreement (option #2) within solution\_deadline days, then I will proceed with a partition action as outlined above, as is my clear right under State\_Name law. I trust we can work together to reach a mutually agreeable solution.

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| --- | --- |
|  | Respectfully, |
|  | {{ sender\_signature }} |
|  | {{ sender\_for\_company }}, {{ sender\_title }} |
|  | {{ sender\_name\_company }} |