

# Before You Co-Own

## A DUE DILIGENCE CHECKLIST FOR SHARED PROPERTY OWNERSHIP IN THE PHILIPPINES

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### A Practical Due Diligence Checklist for Philippine Real Estate

Use this checklist before your name appears on a title, or before you commit funds to a shared property purchase. If you cannot confidently check an item, pause the transaction.

#### 1. Ownership Structure and Intent

- ☐ All co-owners are clearly identified (full legal names)
- ☐ Ownership shares are explicitly defined (equal or proportional)
- ☐ Ownership shares reflect actual cash and loan contributions
- ☐ The purpose of co-ownership is agreed (use, rental, investment holding)
- ☐ Time horizon is aligned (short-terms, long-term, exit-triggered)

#### 2. Written Co-ownership Agreement

- ☐ A written co-ownership agreement exists
- ☐ The agreement is notarized
- ☐ Ownership percentages are stated clearly
- ☐ Rights to use and occupy the property are defined.
- ☐ Decision- making rules (majority vs. unanimous) are documented
- ☐ Dispute resolution mechanism is included (mediation, arbitration, court)

#### 3. Financial Responsibilities & Cash Flow

- ☐ Real Property Tax (RPT) payment responsibility is defined
- ☐ HOA / condominium dues responsibility is defined
- ☐ Utility payments responsibility is defined.
- ☐ Maintenance and repair cost-sharing rules are clear
- ☐ A shared or designated property bank account is identified
- ☐ Rules for advancing and reimbursing expenses are documented.

#### 4. Income Handling (If Rental or Income-Generating)

- ☐ Rental income distribution follows ownership shares
- ☐ Collection method is defined (direct to account, property manager)
- ☐ Expense deductions are agreed before distribution
- ☐ Monthly or periodic reporting is required

- ☐ Tax declaration responsibility is assigned to each co-owner

## 5. Decision-Making Authority

- ☐ Day-to-day use rules are clear
- ☐ Routine maintenance approval process is defined
- ☐ Major repairs and renovations require agreed consent level
- ☐ Leasing decisions require agreed consent level
- ☐ Selling or mortgaging the property requires unanimous consent

## 6. Exit & Transfer Provisions

- ☐ Right of first refusal is documented
- ☐ Buyout process is defined
- ☐ Valuation method is agreed (appraisal, formula, third party)
- ☐ Payment terms for buyouts are specified
- ☐ Timeline for exits is defined
- ☐ Conditions triggering sale or partition are documented

## 7. Title, Tax, and Documentation Checks

- ☐ Title is clean and matches seller information
- ☐ Property is properly titled (TCT or CCT)
- ☐ Tax declaration is updated
- ☐ No unresolved estate, lien, or encumbrance exists
- ☐ Authority to sell or transfer is verified
- ☐ All supporting documents are consistent

## 8. Heir or Family Co-ownership (If Applicable)

- ☐ Estate settlement status is verified
- ☐ Estate taxes are assessed or settled
- ☐ All heirs are identified and documented
- ☐ Authority to consolidate or sell is clear
- ☐ Exit strategy for heirs is discussed and documented

## 9. Professional Review

- ☐ Agreement reviewed by a lawyer
- ☐ Title and transaction reviewed by a broker or due diligence professional
- ☐ Tax implications reviewed by an accountant (if income-generating)
- ☐ All parties understand the legal and financial consequences

## Final Check

- ☐ I can exit this co-ownership without relying on goodwill.
- ☐ I understand what happens if another co-owner fails to pay.

- ☐ I understand how disputes will be resolved
  - ☐ I understand how value may be affected at resale
  - ☐ All critical terms are documented, not assumed
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## Important Reminder

**Co-ownership is a legal structure, not a relationship test. If this checklist feels excessive, the risk is already high.**

### Recommended Use

- Attach this checklist to reservation or offer documents
  - Review it jointly with all co-owners
  - Keep a signed copy with transaction records
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