Keeping up with the cottage

Cherished, memories, generational, and cozy, are just some of the words that evoke the magnificence that is the family cottage. It is this magnificence that leads many families to want to hold on to the family cottage as part of their estate plan. This is not always easy though, and the family cottage is often the centrepiece of an estate dispute. As such, careful planning is key.

Those that want the cottage to stay in the family should consider a co-ownership agreement. The purpose of these types of agreements are to set out the governance of the cottage to ensure it is maintained and disputes are resolved.

Some of the key terms to consider in a co-ownership agreement include:

- how basic expenses will be covered, including hydro, telephone, maintenance, and property taxes;
- how extraordinary expenses, including capital expenses, are to be paid;
- when payments are to be made and to whom;
- which family members are allowed to occupy the cottage, and when;
- are guests permitted;
- should there be a management committee charged with making certain decisions;
- what mechanisms should be used to resolve disputes;
- the procedure for the sale or transfer by a co-owner; and
- what happens upon the death of a co-owner.

If the Kardashians can teach us anything about estate planning (and you know that given the title, there had to be a Kardashian reference), it is that family dynamics are in flux. New relationships emerge, siblings develop different values and beliefs, and sometimes, problems arise. A good co-ownership agreement is not cookie-cutter, but a carefully crafted document reflecting the uniqueness of each family member that can evolve over time.

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