



## UNDIVIDED CO-OWNERSHIP AND THE CROSS-HYPOTHEC

The following provides a very brief overview of undivided co-ownerships and the clause contained in your deed of sale entitled "Cross-hypothec".

Ownership may be in various modes, one of which is co-ownership. Co-ownership is ownership of the same property, jointly and at the same time, by several persons, each of whom is vested with a share of the right of ownership.

Co-ownership can be divided or undivided. In undivided co-ownership, the right of ownership is not accompanied with a physical division of the property, as opposed to divided co-ownership.

In undivided co-ownership, an indivision agreement between all co-owners identifies the shares of the co-owners in the property and the right of exclusive use and enjoyment of a portion of the undivided property attributed to a co-owner.

Each undivided co-owner has the same rights and obligations as an exclusive owner with regards to his share. This implies that, unless otherwise stipulated in the indivision agreement, he may therefore sell, transfer or give his share as security to a creditor and the other co-owners will in no way be liable should the person giving the guarantee default.

The undivided co-owners are liable proportionately to their share for the costs of administration and the other common charges related to the undivided property, namely land tax, heating, electricity and insurance costs and expenses related to maintenance and renovation.



It is common practice that each co-owner gives his share to the others co-owners as security: the cross-hypothec. These cross-hypothecs guarantee the fulfillment of the obligations of each co-owner towards the other co-owners, namely the payment of the common charges mentioned above. This type of security usually ranks first.

A lender usually requires first rank for his security. In order to allow a co-owner to finance the purchase of his share in the property and give his creditor first rank for his security, each co-owner cedes his rank for his rights by virtue of the cross-hypothec in favour of the creditor of the undivided co-owner.

Should you require further explanation, we invite you contact the undersigned Notaries who will gladly clarify any questions you might have on this matter.