

THE COHABITATION AGREEMENT: YOUR FINANCIAL SAFETY NET

Think of a cohabitation agreement as a prenuptial agreement for unmarried couples that outlines each partner's rights and responsibilities related to the property. Pennsylvania courts will enforce these agreements as long as they are properly drafted, signed voluntarily, and not entered into under duress.



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A thorough cohabitation agreement should address:

OWNERSHIP & FINANCIAL CONTRIBUTIONS

Down Payment: Document the exact amount each partner is contributing.

Monthly Costs: Specify who pays what percentage of the mortgage, property taxes, and insurance.

Maintenance & Repairs: Outline how day-to-day maintenance and unexpected repair costs are split.

Ownership Shares: Define whether unequal financial contributions change ownership percentages over time, or if they remain fixed.

Sweat Equity: Establish whether one partner's physical labor, DIY renovations, counts toward their financial contribution or ownership share.

BREAKUP & SEPARATION PROTOCOLS

Right to Buy Out: Define who has the first right to buy out the other partner's share of the home.

Property Appraisal: Establish a clear process and timeline for how the home will be professionally appraised during a split.

Division of Sale Proceeds: Explicitly state how the money will be divided if the home is sold on the open market.

Living Arrangements: Set clear guidelines for who gets to remain in the home during a separation period.

MANAGEMENT OF ASSETS & DEBTS

Joint Accounts: Clarify how joint bank accounts will be funded, managed, and closed if a breakup occurs.

Joint Debts: Define how shared debts (credit cards, loans) will be handled and paid off.

Other Shared Assets: Detail the division of other major joint assets, such as vehicles or furniture.

Financial Support: Outline any agreements regarding temporary or ongoing financial support during or after a separation.

CONFLICT RESOLUTION

Dispute Clause: Include a mandatory mediation or arbitration clause to resolve disagreements legally without having to go to court.

Having this conversation might feel awkward, but it's far less uncomfortable than having it in the middle of a breakup or, worse, in a courtroom.