



## “Survivorship Interest” Auction Overview

**“Survivorship Interest” Auctions offer the potential to be a very lucrative investment for savvy investors but can only be conducted when certain conditions exist.**

To have a “Survivorship Interest” Auction, two of the more important criteria are:

1. Ownership in the Real Property must be Tenancy by The Entirety. Tenancy by the Entirety is a form of Joint Tenancy for a married couple where ownership offers survivorship and protection from creditors. In this situation, a husband and wife share equally in the ownership of the real property. When one party dies, their right of survivorship passes to the other party thereby making the surviving party the sole owner of the real property.
2. One of the two owners must be in bankruptcy (i.e. either the husband or wife).

In a “Survivorship Interest” Auction, you are bidding on the bankrupt party’s right of survivorship. In other words, you are buying the bankrupt party’s position in the Joint Tenancy. Therefore, if the non-bankrupt party pre-deceases the bankrupt party you basically inherit the interest of the bankrupt in the real property, giving you sole ownership. If the bankrupt party – the party whose interest you bid on and bought - dies prior to the other (non-bankrupt) party in the Joint Tenancy then your purchase is worthless as there is no longer an opportunity to inherit the surviving (non-bankrupt) party’s interest in the real property. In essence your investment “dies” with the bankrupt party.

Therefore, if the non-bankrupt party dies prior to the bankrupt party (whose position in the Joint Tenancy you purchased), their rights of survivorship pass to you as the high bidder and owner of the bankrupt party’s position in the Joint Tenancy thereby creating the potential (depending on the value/equity of the subject real property) for a very lucrative return on your investment.

Potential bidders will be provided with all available public information contained in the bankruptcy file of the bankrupt party as well as additional public information regarding the real property. **TITLE WORK WILL NOT BE PROVIDED.** There will NOT be an opportunity to inspect the real property prior to bidding. Successful bidders will be provided a Trustee’s Deed (*A trustee’s deed is a type of deed where the title of a property is held by a third-party trustee instead of the actual property owner*). Closing will take place 30 days after court approval.

### EXAMPLE “SURVIVORSHIP INTEREST” AUCTION SCENARIO:

An elderly husband and wife own a home as Tenants by the Entirety with an estimated market value of \$150,000 and have no mortgage on the property. The husband has filed bankruptcy and the wife is in poor health. Given the wife’s poor health, it is likely that the husband (bankrupt party) will survive or outlive his wife. This scenario provides an investment opportunity whereby a bidder can buy the husband’s survivorship rights (position in the Joint Tenancy), “betting” on the fact that due to the wife’s shorter life expectancy due to her poor health, you (as the owner of the bankrupt husband’s position in the Joint Tenancy) will inherit the deceased wife’s position in the Joint Tenancy giving you sole ownership of said home.