

# Risk-bearing devices and real property essay sample



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### Question One

Mr. Young should acquire the unemployment insurance that temporarily compensate income to eligible workers who become unemployed through no fault of their own like through mass or seasonal layoffs, work shortages etc and one should be willing and ready to work. The whole amount is paid by employers who are covered hence there is no deductions which are made from employees paycheck. Mr. Young can apply for the employment benefits once he has paid into the employment insurance account and he becomes unemployed hence would receive regular benefits. He may also receive maternity/parental, sickness, compassionate benefits etc.

For Mr. Young to be eligible for the benefit, he should have been without job for at least seven consecutive days and in the last 52 weeks since his last claim. This is known as the qualifying period. Mr. Young should have also worked for the required number of the insurable hours which are based on the unemployment rates in the economic region at the time of claim filling and also where one lives. An individual does not receive any regular benefits if he/she voluntarily decides to quit employment without any just causes or whenever one has been fired due to misconduct. This unemployment benefits would enable Mr. Young to repay the loan incase he losses employment.

### Question Two

The collateral refers to the property in which the loans borrowed are secured so that the loan repayment to the lender is secured. The bank would

consider the value of the collateral and must be equal or greater than the loan amount.

Mr. Young may consider asking his mother, Mrs. Beth to be his guarantor to help him out financially. Mrs. Beth may own personal properties like the bank accounts, real estate properties like buildings, business or insurance covers that would enable her to help her son repay the bank loan.

Mr. Young should also consider his own net monthly salaries since he is employed in a nuclear power plant.

Mr. Young should also negotiate with his banker that once he acquires the house he would be able to rent one of the bedrooms to his high school friend, drifter hence he would obtain income supplements that would help him repay the bank loan.

### Question Three

Property ownership is a fact or state of exclusive control and right over ones property which is embodied in an ownership right known as title. The Young's would acquire the real estate i. e. the immovable property that encompasses the land and anything that is permanently affixed to the land such as the building, gardens (realty). I would recommend the Young's to acquire a freehold multiple ownership scheme which means that once they buy the property, they would possess full ownership of the same until when they decide to sell it.

Mrs. Beth and Mr. Young would own the property in unequal shares and this kind of freehold ownership is known as the tenants in common and it would <https://assignbuster.com/risk-bearing-devices-and-real-property-essay-sample/>

be established at the time of purchase of the property. Mrs. Beth would remain as trust agent / guarantor in the loan agreement and would help Mr. Young financially in case of default.

#### Question Four

A tenancy agreement refers to the legal agreement that sets out the responsibilities and the rights of both the tenant and the landlord and it contain details such as the amount of rent repayable, length of the agreement etc.

I would recommend Mr. Young the assured short hold tenancy system. All the tenancies that were agreed on or before 28 February, 1997 are likely to be assured short hold tenancies. Under this, its usual for there to be a fixed term of tenancy but if the fixed term is less than six months, the landlord cannot recover the possession until six months from the tenancy start elapse but if the landlord serves the correct notice at the right time, then he is able to recover his possession even when the tenant has not breached the agreement terms hence this would provide security to Mr. young.

Consequently he will meet his loan obligations as compared to the assured tenancy system that is capable of running for so many years while providing the tenant with the security of tenure at the expense of Mr. Young since the means through which the landlord can recover his possessions from the assured tenant who refuses to leave are limited, thus Mr. Young stands at a risk of defaulting the loan repayment should he adopt this tenancy system.

#### Question Five

The wills are made without the attorneys hence they save dollars. Wills help one to designate exactly how he / she want his /her property and other personal assets distributed to the family members and friends after one dies. The will shall be probated through the probate courts upon one's death and the directions of the will shall be executed by the personal representatives who are designated before death to carry out the will instructions.

The trust on the other hand is a document which allows one to direct his/her wishes to have his/her property distributed without the need of probating through the probate court hence the trusts are administered outside the probate courts after one dies. This would avoid the taxes which are normally paid through the probate court but there is no need of preparing a trust to avoid probating your will whenever ones net assets are less than \$600, 000 since the federal tax laws do not tax anybody's assets for the first \$600, 000 after they die. I would therefore recommend Mr. Young to create an estate will instead of the trust since his net assets are less than \$600, 000 and also the will is advantageous to Mr. Young in several ways such as:

The will would enable Mr. Young to designate for himself exactly how he would like his assets to be divided after his death and this would give the peace of mind for knowing who will get what since wills are normally obeyed and may only be challenged in courts if someone intents to do so but the probate court would always provide safeguards and protections in favor of Mr. Young's interests.

The will can also be prepared by anyone of sound mind and body and should be of the age of the majority. He /she should also be legally competent and

the will should be signed in the presence of at least two witnesses who are not family members to legalize it after ones death in the probate court therefore wills are more secure than trusts.

#### References and bibliographies

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