

What Should Be Done With Real Estate Assets When a Partnership Dissolves?

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Question: Reuven and Shimon jointly own a building. If they have grounds to dissolve the partnership, how should they divide the property?

Answer: There are a few procedures that they can use.

1. They can continue to own the building jointly and split the rent money.
2. If they don't want to remain partners anymore at all, they can sell the building and split the profits.
3. Chazal established a procedure in which either party can come up with a price and offer to either buy out the other party for that price or have the other side buy out his half for the same price. This should not be a lowball price; rather, it should be fair market value or higher.