

# Real Property and Personal Property

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**W**hen you describe property in legal terms, there are two types of property. The two types of property are known as real property and personal property.

Real property is generally described as land and buildings. These are things that are immovable. You are not able to just pick them up and take them with you as you travel. The definition of real property includes the land, improvements on the land, the surface, whatever is beneath the surface, and the area above the surface. Improvements are such things as buildings, houses, and structures. These are more permanent things. The surface includes landscape, shrubs, trees, and plantings. Whatever is beneath the surface includes the soil, along with any minerals, oil, gas, and gold that may be in the soil. The area above the surface is the air and sky above the land. In short, the definition of real property includes the earth, sky, and the structures upon the land.

In addition, real property includes ownership or rights you may have for easements and right-of-ways. This may be for a driveway shared between you and your neighbor. It may be the right to travel over a part of another person's land to get to your property. Another example may be where you and your neighbor share a well to provide water to each of your individual homes.

Your real property has a formal title which represents and reflects your ownership of the real property. The title ownership may be in the form of a warranty deed, quit claim deed, title insurance policy, or an abstract of title.

Personal property describes everything that is not real property. The most significant difference between real property and personal property is that personal property is movable. You are able to pick up personal property and take it with you as you travel. Personal property includes such things as your household goods, investments, and motor vehicles.

Your personal property may have a formal title representing and reflecting your ownership. This title ownership includes titles for motor vehicles, boats, motor homes, travel trailers, etc. However your household goods will not have a title. Instead there will be receipt or bill of sale for the purchase of household goods.

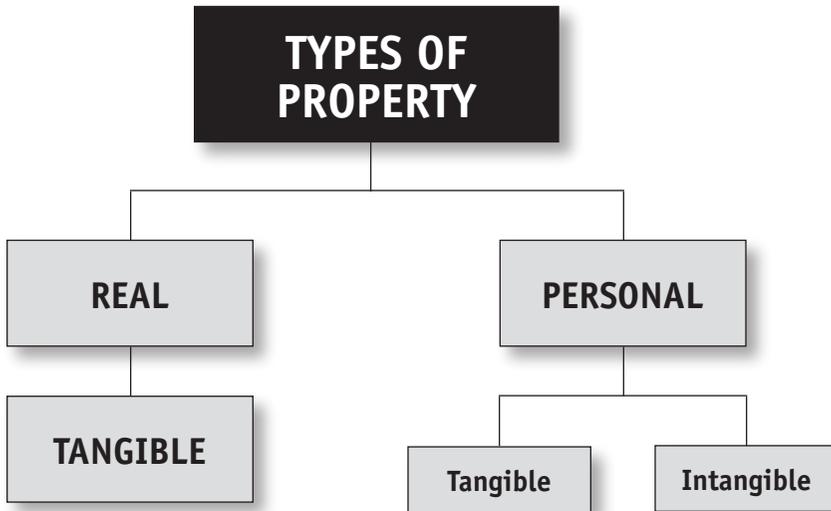
## TANGIBLE PROPERTY AND INTANGIBLE PROPERTY

There are two classifications for the personal property you own. These are tangible property and intangible property.

Tangible property is personal property that can be touched or felt. It includes the types of property you can hold and move. Examples of tangible personal property are your household goods and motor vehicles.

Intangible property refers to personal property you cannot touch, feel, or move. Although intangible personal property cannot be touched or felt, it has a value and there are documents showing value and ownership of the intangible personal property. Examples of intangible personal property are stocks, bonds, mutual funds, and securities. In addition, if a person owes you money, you may have a promissory note which describes the loan and amount of money the individual owes you. Although you can touch the promissory note, the actual value is in the underlying debt the individual owes to you and that is not touchable.

Some less common examples of intangible personal property include copyrights, patents, and trademarks. It may be that you hold a patent and have the right to receive payments of money from a person or company using the patent you own.



## FEE SIMPLE

There are many different types of property ownership. The most common type of property ownership is fee simple.

Having the right to control, use, and transfer your property as you wish and when you desire is known as fee simple ownership. With fee simple ownership,

you privately own your property with the full enjoyment of that property. Your ownership may be by yourself or with another person. For example, a husband and wife may own their house together, or two sisters may own a car together.

Fee simple is typically the way you own most of your property. However, there may be some restrictions on the property even if it is owned in fee simple. For your house, there may be restrictions for a mortgage loan you owe for the house, or the limitation may be by governmental agencies for such things as taxes, zoning laws, and subdivision rules.

Owning property in fee simple allows you the right to pass the ownership of the property, while you are alive or upon your death, to whomever you wish. During your lifetime you may gift the property you own as fee simple. Upon your death, you may pass the property through your Revocable Living Trust or Will. If you have no Revocable Living Trust or Will, upon your death, the transfer of the property will be by state laws of intestacy for the state in which you lived at your death.

Fee simple property will pass to the person or charity you designate. Unless directed otherwise, the property will pass to the person or charity with any restrictions existing upon the property. Restrictions include such things as mortgages or loans against the property.

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