



Divorce AND YOUR HOME

By
Mike “the money man” Carpenter

There are **many questions** you might be asking at this time, particularly **surrounding your home**.

We are here to help.

Let's first break down some of the basics.

I think I want to stay in my home...what do I need to keep in mind?

First, take into consideration the size of the home, utilities, payments, family needs. **Does staying in the home truly make sense?** You will likely now be entirely responsible for the house payments, taxes, insurance, upkeep, maintenance and other related bills.

Your household income may be decreasing, and your overall expenses may be increasing if you are subject to a court order for support, so it is important that you are aware and thorough in determining what your actual expenses will be in keeping and maintaining the home on your own.

My spouse is entitled to share in the equity we have in our home...how is this handled?

The equity in the home needs to be determined by an appraiser - call us if you need a recommendation and referral. Generally speaking, in a refinance situation, the appraised value less the existing mortgage(s) equals the equity to be split between the parties. This is the amount you will be obligated to give your ex-spouse. And in general, any money you or your spouse contributed to the home from your own pre-marital assets must also be accounted for in determining the final division of equity.

With the divorce, your spouse may put a marital lien on the property or there may be a court ordered mandate for distribution of the equity, possibly including interest on that amount. This means you will likely have a specified amount of time to obtain the funds needed to give the ex-spouse their portion of the equity.

This can be done by cashing out the equity in the home with a new mortgage, selling the home or by using other assets you have to "buy out" their stake in the home.

If you choose to stay in the home you have two financing options to pay your ex-spouse. You can either refinance your home to get cash out, or you can obtain a new second mortgage or home equity loan. **This is where you will want the advice of a trusted mortgage professional.**

Even though you may now be qualifying for the loan without a spouse's income - with your own good credit and income, you can usually qualify on your own.

Often, child support and alimony is viewed as stable income, if it has been received for three months and is likely to continue for at least three years.

What if I am the one leaving the home?

It is important to know that even though the divorce decree awarded the home to your spouse, you are still obligated for this debt in the eyes of the mortgage company.

Many people assume that filing a Quit Claim Deed removing themselves from the title, they are no longer responsible for the mortgage.

A Quit Claim Deed only eliminates your name from the title of the property, but not from the mortgage loan.

The benefit of a Quit Claim Deed is that if the spouse on the title passes away, the property will go to his or her heirs rather than to the ex-spouse.

How might this scenario impact my credit and what can I do?

Unfortunately for many, divorce is a time of great financial hardship and credit challenges. ***Because you are obligated on the mortgage until it is paid in full or refinanced, it is imperative that the person responsible for the payment remains current.***

One possibility you have to remove your name from obligation is to contact the company which currently holds your mortgage, and ask to do a **“Qualifying Name Delete Assumption”**.

This process will leave existing loan in place, but would relieve the non-occupying spouse from their obligation on the loan.

Give us a call, and we can explain more about this process, or help you determine if a refinance may make more sense instead.

If I want to go buy another house am I going to be out of luck while I am still listed on the old mortgage?

Although it is difficult and not usually advised to purchase another home until your divorce is final, we are happy to look over how you expect the financial situation to be finalized, and help you get the ideas as to what you will qualify for.

Remember that in most situations, child support and alimony must have been received for three months, and be likely to continue for at least three more years in order to use this income for qualifying.

Even if you are still listed as a co-borrower on the mortgage for the prior home, if the divorce decree states that you are not obligated for the mortgage, many mortgage programs will allow you to be qualified without this obligation.

However, any late payment issues on the mortgage held by your ex-spouse will impact your credit scores, as the mortgage is still a joint liability in the eyes of the credit bureaus until you are removed via a refinance, sale or other method as described above.

What if I do want to purchase another home before the divorce is final?

This may be possible, but be aware that your spouse may have a marital interest in your new property, and it will need to be handled by your attorney with a Quit Claim Deed being given from your ex-spouse to you.

You will also have to qualify with the full debt from the current home, because there would not yet be a final divorce decree assigning ownership. Be very careful with this situation, especially as the financial situation you expect...may not be the final result, once the decree is entered.

Taking the time to talk with us during this process and before you decide to start looking at a new home can help eliminate many of the concerns or questions that often surface in these situations. We understand this may be a very difficult time, and you have many decisions to make.

We can provide you with free financial consultation, credit check, and mortgage strategy review so that you have the answers and information you need to make good decisions.

We'll help you sort out the options and strategies you have at hand, and do our part to help you at this time...and down the road.

We understand that it's not just a house - it's your home.

About **Mike** the Money Man

Here's all what you need to know about the mortgage industry today: One large lender is promoting a tool that doesn't require you to interact with a human to make one of the biggest financial decisions of your life.

I believe you deserve better. And I've spent nearly 20 years providing my clients with the guidance they need so they don't just get a loan - they get the right loan.

You see, the mortgage process isn't quite as simple as the ads make it seem. It takes knowledge and experience to navigate, particularly in a competitive real-estate market, where the right combination of speed and expertise can make the difference between a successful offer and losing out on your dream home.

My clients, many of whom are first-time homebuyers or have run into resistance from other lenders, always know where they stand in that complex process. That's because I take the time to explain their options, so they can make an informed, confident decision. And most of them, like the clients below, would even say that I'm an advisor and advocate first, and a mortgage professional second.

I'm still in contact continue to be a resource with a number for many of those my past clients, often years after they purchased or refinanced their homes. They come to me because they know I provide a level of personal service uncommon in this industry. They come to me because they know I care. And they come to me because they know I have the willingness, and the knowledge, to help.

I'd love to help you - whether you're buying, refinancing or just weighing your options. Email me or give me a call today.

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