WHAT YOU SHOULD KNOW ABOUT YOUR HOME DURING A DIVORCE

This guide is meant to provide a few helpful tips as you begin the process of selling or buying during this difficult time. It is not intended as legal advice, and you should consult your attorney before making any legally binding decisions.

Decide If One Spouse Can Afford To Keep the House:
The first step is to decide who, if either of you, wants to keep the house and can afford to do so on their own income after the divorce is finalized.

If One of You Decides To Keep The House:
The next step is to work out the details of transferring ownership in your final divorce settlement. Consult your mediator or attorneys for this process. Ultimately, you'll need to refinance so only the spouse keeping the house is on the mortgage.

If Neither of You Keeps the House:
Then it's time to start planning to sell your home as part of your divorce settlement. You’ll need to work with a real estate professional to determine how much your home will sell for under current market conditions.

If You Have Equity in the House:
If your house will likely sell for more than you owe on the mortgage, you can work with your attorney to set up whatever split of the equity is appropriate for your situation.

If You Owe More Than the House Is Worth:
If you’re not in a situation where you can sell the house and split the profits, you may want to consider a short sale. In this case, the lender agrees to accept less than what you actually owe.

If You Can't Refinance, Sell, or Short Sell:
If one spouse can’t refinance the house on their own, if you can’t sell the house and split the equity, and if you can’t arrange a short sale, foreclosure may be the only way to dissolve ownership during the divorce.
Divorce and Credit Score:
Unfortunately, for many, divorce is a time of great financial hardship and credit challenges. Because you are responsible for the mortgage until it is paid in full or refinanced, it is imperative that you remain current on the monthly payments. We can discuss further whether refinancing or selling is a better option for your situation and come up with a plan for accomplishing your goals.

Buying a Home While Owning a Home:
It can be difficult to purchase another home until your divorce is final. In most situations involving child support and alimony, the payments must be received for a specific time period before you can use it as qualifying income. If you are still listed as a co-borrower on the mortgage for the prior home, many mortgage programs will allow you to qualify while excluding that debt. We can connect you to an experienced lender who can give you the best advice for your unique situation.

What to Look For in an Agent:
We’ve navigated this process alongside many of our clients who have struggled with the same financial questions and stresses you are experiencing. We know that being properly educated on the intricacies of this process and being aware of your available options is the best way to minimize unnecessary confusion. Finally, we understand the emotional impact a situation like this has on someone and that you need an advocate, not a salesperson.