Straight Talk About Your Housing Choices

ivorce is rarely easy and often means a lot of difficult decisions. One of the most important decisions is what to do about your home.

That's where we can help. Often clients tell us what a comfort it is simply to get straightforward, specific information and answers. Once they know how a divorce affects their home, their mortgage and taxes, critical decisions are easier. As a neutral third party, we help them make logical, rather than emotional, decisions.

Probably the first decision is whether you want to continue living in the home. Will that familiar home bring you comfort and emotional security? Or are you ready to sell and move to a new place that offers a new start? Only you can answer those questions.

Just as important, you must determine what you can afford. Can you manage the old home on your new budget? Is refinancing possible? Or, is it better to sell and buy? How much home can you buy on your new budget?

Again, we make it our business to help you answer these questions. Our counsel and market information can help you avoid costly mistakes and smooth your housing decisions during transition.

Three Basic Options

Most divorcing homeowners face three basic housing options:

1. Sell the home and split the proceeds.

Ask us to analyze your home's market value, then estimate — after selling expenses — how much the home sale will net.

Be careful not to assume there will be a 50/50 split of the sale proceeds. Your share may depend on your divorce settlement, on the source of the original down payment money or the property laws of your state. (Most follow equitable distribution principles which may favor a particular spouse, while some are community property or common law states that often result in a 50/50 split.)

2. Buy out your spouse's share of the home. Since 1982, the good news is your lender cannot



"call the loan" when a property is transferred from one spouse to the other due to divorce. The lender, however, rarely if ever relieves the departing spouse of the obligations of the original mortgage note, even though the spouse no longer owns part of the home.

Often the key to this option is refinancing. Crunching your income numbers is the answer, and we can help. Remember, sometimes if you used two incomes to qualify for the old loan, refinancing on your own can be a stretch.

If you can afford to keep up the mortgage payments, upkeep costs and also buy out your spouse, this may work.

If you are the spouse who is bought out, you have an opportunity to start over in a new place possibly with cash in hand. But if the old loan is not refinanced, nearly all lenders will continue to insist that both co-signers are still liable for the mortgage. This liability may make it difficult for you to qualify for a new mortgage when you go to buy another home, even though the property settlement may say you're not responsible for payments.

3. Retain joint ownership of the home for now, even though only one partner occupies it. This option leaves things pretty much alone for the present, and can work if both co-owners can continue to

cooperate together after the divorce — which poses its own challenges.

if You Decide To Sell

It's crucial to retain the services of an experienced real estate agent when selling a home as part of a divorce settlement. Both spouses need to cooperate to get the home sold, and that is where it's especially useful to have professionals like us coordinating preparations for sale as well as contract negotiations.

When a contract for sale is presented, both co-owners should be available so both can participate in the negotiations and can sign the purchase contract. If a joint meeting is impractical, a conference call may be necessary. We can handle the settlement details to bring about a quick and worry-free sale.

What Can You Buy?

Of course, if you decide to sell the family home, you'll want to know what you can afford. You may be pleasantly surprised!

First, we'll calculate your total monthly housing cost. To do this, we'll help you add together your costs for mortgage, utilities, insurance, homeowner association fees, local property taxes, maintenance and repair costs. Subtract your homeowner tax savings.

Then we'll take into account all sources of income (including any support payments, subject to certain conditions), the equity you'll receive from the sale of your old home, and today's mortgage interest rates and flexible financing options.

Keep in mind, we're in the best position to analyze the market value of your home, the equity you have in the home, how much it will cost to sell and estimate the net proceeds.

We can also create a rent-versus-buy comparison to help you decide which housing route to take. You can rely on us to help you sell your old home and find the right home to buy.

To Purchase Call (703) 698-7750