

During this difficult time, there are many questions you might be asking, including . . .

**"CAN I KEEP MY HOUSE?"**

**WHAT ARE MY OPTIONS?"**

Let's break it down so you hopefully have one less thing to worry about!



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## IF I AM THE ONE TO RECEIVE THE HOME IN THE SETTLEMENT, DOES IT MAKE SENSE?

Take into consideration home size, utilities, payments, family needs, etc. You will now be entirely responsible for the house payment, upkeep and other related bills. Your income will most likely be decreasing, so it is imperative that you be aware of what your expenses will be.

## WILL MY SPOUSE RECEIVE MARITAL INTEREST IN THE HOME?

If so, the equity in the home needs to be determined by an appraiser. The appraised value - less the amount of any underlying mortgages equals equity to be split between the parties. This is the amount you will be obligated to give to your ex-spouse.

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. This means that you 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 or selling the home.

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

There are specific rules to qualifying for a new mortgage. With good credit and income you can qualify on your own (child support and alimony can be counted if received for three months and likelihood of continuance 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 by filing a quit claim deed removing themselves, they are no longer responsible for the mortgage. A quit claim eliminates your name from the title of the property, not the mortgage. The benefit of a quit claim deed is that if the one on title passes away, the property will go to their heirs rather than the ex-spouse.

## HOW MIGHT IT IMPACT MY CREDIT - 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, it is imperative that the person responsible for the payment remains current. One possibility you have is to do a name delete assumption. If this is done as a none-qualifying assumption, the spouse not receiving the property can have their name removed from statements, but the financial obligation remains the same. This process can also be used if you are staying in the property and changing back to your maiden name or a new married name. There is a way to do a qualifying name delete assumption that would relieve the non-occupying spouse from their obligation, but you would have to check with your mortgage servicing company for their procedure and fees.

## WHAT ABOUT IF I WANT TO GO BUY A HOME - AM I STILL OBLIGATED BECAUSE I AM ON THE OTHER LOAN?

Once you have your final divorce decree, a lender will look at your income and credit to qualify you on your own. Again, in most situations, child support and alimony must have been received for three months and have at least a three year likelihood of continuance for this income to be used for qualifying. If the divorce decree states that you are not obligated for the mortgage and the mortgage on the home awarded to your ex-spouse has not been delinquent during the last 12 months, you may be able to qualify without this obligation.

If you want to purchase a home prior to the divorce becoming final, you may be allowed to do this, but be aware that since you are in a community property state your spouse will have a marital interest. Be very careful with this situation! You will also have to qualify with the full debt from the current home because there is not a final divorce decree.

Taking the time to talk with a mortgage lender before your divorce or before you decide to start looking at a new home can help eliminate much of the concerns and problems that surface in these situations. Choosing to work with a Trusted Advisor as a mortgage lender is crucial to your financial well being. Especially during this difficult time.

**WHO IS MARK TAYLOR?** Mark is a certified mortgage planner and ranked 72nd in the nation for production.

Take advantage of our **FREE** mortgage analysis and financial consultation.

LET US HELP YOU WITH ALL YOUR HOMEOWNERSHIP NEEDS.

