

DIVORCE REAL ESTATE BULLETIN

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Home
prices are
trending
UP!

PRICE REPORT			
Area	Q3 2017 Median Price	Q3 2018 Median Price	Year-to-Year Change
Charleston County	\$325,000	\$341,000	+5.0%
Dorchester County	\$214,900	\$225,000	+5.0%
Berkeley County	\$219,000	\$237,238	+8.0%
Entire Tri-County	\$253,000	\$270,780	+7.0%

THE HOUSE

IT'S NOT JUST A NUMBER

He gets the pension, she gets the 401k; he gets the Honda, she gets the Toyota; and on it goes as you divide the assets in a dissolving marriage.

The house is, of course, one of those assets. But it's much more. The house is wrapped in emotion, and letting go of it can be just as traumatic as letting go of the marriage.

Those who are losing a house are losing the comfort of their nest, and may also be losing their lifestyle. Will they ever have another home with a pool and a gourmet kitchen? On an even more personal note, they're being forced to walk away from a place filled with memories of holidays, birthdays, and other good times.

If there are children involved, they feel guilty for ripping those children from the family home.

To compound the problem, they often don't know where they're going to go when the house is sold. Since ATROS prevents them from accessing funds, they have no money to buy or rent a new dwelling.

The result: Paralysis

When overwhelmed by emotion, the response is most often "fight, flight, or freeze." Many in this situation are paralyzed by fear and simply freeze. They don't want to talk about or think about selling the house, so they cancel appointments, refuse showings, and refuse access to stagers and photographers. Going on the market without staging and

professional photos makes the house less appealing, keeps it on the market longer, and usually results in a lower selling price. It's a loss for all.

What can you do?

1) Involve a CDRE (Certified Divorce Real Estate Expert) early in the process. The CDRE will help them see their options and come up with a plan. 2) Create realistic timelines that give the parties enough time to get their affairs in order, yet is aggressive enough to be effective and not perpetuate stall tactics. 3) Gather as much data up front as possible, so there are not eleventh-hour surprises that can either torpedo the sale or at the very least, cause costly delays that could have been avoided.



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CERTIFIED DIVORCE
REAL ESTATE EXPERT

THE BENEFIT OF PROPER DISCOVERY

How many times have you witnessed a divorcing couple arguing and negotiating endlessly over the proceeds of selling their home? How many times have you witnessed similar arguing and negotiating because one spouse wants to refinance and buy out the other and they can't agree on the buy-out price and terms?

All too often, those acrimonious negotiations are for naught – because in reality the following may be true:

- Perhaps there is little to no equity.
- The spouse who wants the house can't qualify for a mortgage loan.

Proper initial discovery would reveal exactly what is owed against the house. An early conference with a lender would reveal whether or not the buy out is even possible.

Once there is a complete Statement of Information allowing the title company to access the sellers records, they will examine the status of the house, looking for things like:

- Loan modifications
- 2nd mortgages
- Pace or Hero loans
- Liens – whether from judgments, from the IRS, or from unpaid property taxes or assessments

We've found that homeowners whose second mortgage was "forgiven" during a loan modification often forget that the money will still be owed upon sale of the house. These second mortgage lenders stop reporting the debt to the credit reporting bureaus, but it does still exist and is owed.

Loan modifications often create yet another debt. The method used to lower the borrower's payment was to defer a portion of the principal and amortize only the remainder. Some borrowers thought that deferral meant forgiveness of that debt, which it does not. The difference in the actual amount owed and the amount reflected on the loan statement may be significant.

We recommend that attorneys revise their intake sheets to ask if the divorcing couple has ever done a loan modification, taken out a second mortgage or home equity line of credit, has taken out a Hero or a Pace loan, and if there are any other possible liens against the property.

While the couple may feel they have sizable equity in the home, it may be that once the actual numbers are calculated they may not have enough to pay their attorney fees or their real estate professional.



TODAY'S RATES

CONV. 30-YEAR FIXED

Low (4.875%)
High (5.375%)

FHA 30-YEAR FIXED

Low (4.50%)
High (5.0%)

VA 30-YEAR FIXED

Low (4.625%)
High (5.0%)



What is a CDRE?

As unbiased, neutral third parties, CDREs can mitigate malpractice exposure by educating family law professionals on real estate matters that will help them better represent and advise their clients.

Complimentary Services:

- Title documents
- Property profiles
- Chain of Title
- Fair Market values
- Fair Market rental values
- Expert advice to attorneys Solutions to real property issues

CASE STUDY: DORIS NEEDS MONEY TO MOVE

Facts: John and Doris were divorcing. John had moved out and Doris was living in the house. She could not afford the upkeep, so the house had to be sold.

Doris was devastated to be leaving her home of twenty years. To make matters worse, she had no idea where she would go when it was sold.

As a nurse, she had a good income. She qualified to purchase another home with \$40,000 down. However, she had very little cash on hand and court orders prevented her from using any joint funds. At this point, she didn't have enough cash to get into a rental or to pay moving expenses. Proceeds from the sale of the house were estimated at \$400,000, but those funds would automatically go to trust until further division by the court.

Paralyzed by fear, Doris refused to cooperate with the sale of the house. She canceled appointments, didn't return phone calls, and refused access to the photographer, making the sale of the house impossible.

I arranged a conference with counsel, explained the dilemma, and proposed that each party receive \$50,000 upon close of escrow - enough for Doris to have a down payment and moving expenses. All parties agreed, a new agreement was drawn, and the house sold for top dollar.

Take away: Craft your orders regarding proceeds while remembering that one or both parties may need access to funds in order to move. If you are unsure how much they would need, I am here to provide data so you can craft a workable agreement.