



Navigating Home Financing During Divorce: Your Guide Through the Buyout Process

Expert Guidance for Managing the
Financial Impact of Divorce on Your Home

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WHAT TO EXPECT

Navigating home financing during a divorce can feel overwhelming, but you don't have to face it alone. This guide, *Navigating Home Financing During Divorce: Your Guide Through the Buyout Process*, provides the clarity and confidence you need in this challenging time. Inside, you'll find expert insights, practical tips, and step-by-step guidance to simplify the process of dividing the marital home. Whether you're unsure about your financial standing or need direction through the mortgage details, this guide is an essential resource for making informed choices.

Know that you are not alone on this journey. If at any time you have questions, need advice, or would like to explore your options in detail, please call or email to schedule a complimentary consultation.



A handwritten signature in black ink that reads 'Bernie Tomei'. The signature is fluid and cursive, with 'Bernie' on the top line and 'Tomei' on the bottom line.

STEP-BY-STEP PROCESS FOR BUYING OUT A SPOUSE

ONE

ASSESS

Assess the Home's Current Value: Before you can make any informed decision, you'll need to get an accurate understanding of your home's current market value. It's essential to reach out to a trusted realtor who can provide you with expert insight based on the latest market trends and comparable home sales in your area. Alternatively, you may need to hire an appraiser to get an accurate, unbiased assessment.

TWO

DETERMINE

Determine Your Financing Options: Once you know the value, you'll need to assess if and how you can qualify to buy out your spouse's interest. Here are some common options:

- **Paying Cash:** If you have access to cash savings or liquid assets, paying cash allows you to avoid taking on new debt. This option can simplify the process and make the buyout quicker and easier, provided it doesn't strain your finances.
- **Trading Other Marital Assets:** If the estate includes other assets, such as retirement accounts, cash or investment accounts, or additional properties, you may be able to negotiate to trade these assets as a way to offset the buyout cost. This approach can help you avoid additional borrowing.
- **Refinancing:** Taking out a new mortgage to pay off the existing loan if applicable, and access additional funds you may need to complete the buyout.

THREE

UNDERSTAND

Understand Your Budget: Consider what you can comfortably afford, ensuring that any new mortgage payments or financial adjustments align with your overall financial situation and goals.

STEP-BY-STEP PROCESS FOR BEING BOUGHT OUT

ONE

AGREE

Agree on the Home's Current Value: Before you can make any informed decision, you'll need to get an accurate understanding of your home's current market value. It's essential to reach out to a trusted realtor who can provide you with expert insight based on the latest market trends and comparable home sales in your area. Alternatively, you may need to hire an appraiser to get an accurate, unbiased assessment.

TWO

REVIEW

Review the Buyout Offer: Once your spouse is ready to buy you out, they will make a formal offer based on the agreed value. Be sure to review the offer carefully with your attorney or financial advisor if needed.

THREE

CALCULATE

Calculate Your Equity Share: Your equity represents your portion of the property's value, calculated as the appraised or agreed value minus any outstanding mortgage and estimated costs of selling. As a general rule of thumb, I advise clients to take the appraised or agreed value and multiply it by 0.93 (93%) - this factors out the costs associated with selling, estimating 6% in realtor fees and 1% in closing costs. From there, deduct any existing mortgage(s) or liens. The remaining amount is the equity in the property to be split.

FOUR

RELEASE

Release Your Name from Title AND the Existing Mortgage: Work with your attorney to complete all necessary legal documentation to finalize the buyout. Ensure your name is removed from both title AND the existing mortgage (if applicable) to protect you from future liability once the buyout is complete.

KEY CONSIDERATIONS

ONE

CREDIT & INCOME CHANGES

Divorce can impact your credit or income, especially if additional financing is required. Be prepared to discuss any recent changes with your mortgage advisor.

TWO

EMOTIONAL & PRACTICAL IMPLICATIONS

It's important to understand that the decision to keep or sell the marital home can carry emotional weight for all parties involved.

THREE

TAX IMPLICATIONS

You may want to consider consulting a tax advisor to help clarify any potential taxes or other financial impacts related to keeping or selling the marital property.

COMMON MISTAKES TO AVOID

ONE

RUSHING THE PROCESS

Take time to carefully assess your options and the financial implications of buying out or being bought out of the marital home.

TWO

IGNORING YOUR BUDGET

Make sure you have a realistic idea of what you can afford on your own.

THREE

FAILING TO REMOVE YOUR NAME FROM THE MORTGAGE & UPDATING TITLE

If you're being bought out, ensure your name has been removed from the mortgage. Also ensure that title to the home is updated properly to avoid any future liability or ownership conflicts.

WHAT HAPPENS IF NEITHER PARTY CAN BUY THE OTHER OUT?

If no one is in a position to complete a buyout, selling the property may be the best option. Here is how to navigate this process:

ONE

HIRE A REALTOR

Work with a realtor experienced in handling divorce-related sales. They'll help you list the home at a competitive price and guide you through the selling process.

TWO

AGREE ON TERMS

Both parties should agree on the sale price, listing timeline, and any necessary repairs or updates needed to maximize the property's value and get the home market-ready.

THREE

DIVIDE THE PROCEEDS

Once the property is sold, the proceeds can be divided according to your marriage settlement agreement or court order. Your attorney or a financial advisor can assist with the equitable distribution of proceeds.

By collaborating on these steps, you can ensure a smoother sale and move on to the next chapter with confidence.

MY SERVICES

- **Complimentary Consultation** to discuss your financing goals and buyout options.
- **Confidential, Expert Guidance** to ensure you have a complete understanding of your financial standing and choices.
- **Personalized Mortgage Solutions** tailored to your needs, whether you are buying out your spouse, getting bought out of the marital home, or determining your buying power for your next home.

Divorce is never easy, but navigating the home financing process doesn't have to add stress. Let's work together to ensure you are making the best financial decision for your future.

Ready to explore your options? Contact me today.

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