



Is Divorce Keeping You From Buying a Home?

Published June 21, 2013 | Credit.com, Scott Sheldon

Getting a mortgage is challenging enough -- with strict underwriting requiring detailed explanations, sourcing of monies and debt ratios -- but adding a divorce to the picture makes it even more technical for the divorced borrower.

The good news is despite most divorce situations, many can still successfully get a mortgage.

What to Plan For

By providing your mortgage company with the most accurate and true picture of your circumstances -- starting with the loan application -- you're helping them to find the best way to structure your loan for a favorable credit decision. The lender will also look at your divorce decree for any other undisclosed/non-credit report financial obligations such as child support, alimony/spousal support paid or received.

If: You receive income in the form of child support or alimony ...

Then: This income can be used for qualifying for the mortgage, so long as there is a six-month history and the income is poised to continue for the next three years, determined by child support or an alimony agreement detailing the terms of the obligation for the party paying the debt.

If: You pay alimony or child support ...

Then: This reduce yours borrowing ability as debts reduce income, and income is needed to offset a mortgage payment.

If: You are divorced even as long as 20 years ago ...

Then: There is no statute of limitations on mortgage loan underwriting, so the full divorce decree will be required no matter how many years you have been divorced.

If: You own a house and are on a mortgage with an ex-spouse ...

Then: As long as the divorce decree awards the other party with the home, and the other party is willing to provide supporting evidence that they make the mortgage payments on that home -- by providing 12 months of bank statements and/or canceled checks -- the total mortgage payment on that home can be omitted from the decision-making process on your new mortgage, which can improve your ability to qualify.

If: You and your ex make the mortgage payment from the same joint bank account and the divorce decree awarded the other party with the property ...

Then: You are both 50-50 responsible because the money is "co-mingled" funds from the same place to pay the obligation. There is no way to support your position that one person is responsible for making the payment because it's coming from a joint account.

If: The ex-spouse is responsible for making the mortgage that you are also on ... **Then:** Explore the possibility of having the ex-spouse refinance you off the mortgage obligation.

If: Your ex-spouse is refinancing you off a mortgage loan ...

Then: A final closing statement called an HUD could be required by the lender you're working with for procuring your loan to omit the payment from the other house.

If: You have a joint consumer credit such as credit cards, installment loans, auto loans or even student loans ...

Then: Unless you can prove the other party is responsible for the credit obligation (with 12 months of canceled checks or bank statements), those liabilities will be factored into your ability to qualify.

Tips If You're Not Yet Divorced It's so important to create a marital settlement agreement prior to being divorced. This is a precursor to getting a divorce that could be a great asset in helping you qualify for home financing. Navigating the financial questions that inevitably come up during the separation or divorce can easily be taken care of by having a clear delineation in writing on whose property is whose. Consumers planning a divorce in the future would also benefit by separating their finances. This means having separate bank accounts, and paying any obligations from these separate accounts. If you are trying to get a mortgage, or will be trying to get a mortgage, consider having a conversation with mortgage professional upfront, who can guide you through the complexities in the underwriting process during a divorce.

Read More From Cred.com

[The First Thing to Do Before Buying a Home](#)

[What Exactly Is a Divorce Loan?](#)

[The Biggest Mortgage Mistake You Can Make](#)

[The Ultimate Guide to Credit Scores](#)

[Getting a Divorce? Here's How to Protect Your Credit](#)

 **Print**  **Close**

URL

<http://www.foxbusiness.com/personal-finance/2013/06/21/is-divorce-keeping-from-buying-home/>

[Home](#) | [Video](#) | [News](#) | [Investing](#) | [Technology](#) | [Personal Finance](#) | [Business Leaders](#) | [On Air](#) | [Small Business](#)

Quotes delayed at least 15 minutes. Market Data provided by Interactive Data (Terms & Conditions). Powered and implemented by Interactive Data Managed Solutions. Company fundamental data provided by Morningstar. Earnings estimates data provided by Zacks. Mutual fund and ETF data provided by Lipper. Economic data provided by Econoday. Dow Jones & Company Terms & Conditions.

This material may not be published, broadcast, rewritten, or redistributed. © 2013 FOX News Network, LLC. All rights reserved. [Privacy](#) | [Terms](#)