

Option 3: Retain Joint Ownership

This is often the preferred option when children are involved and a buy-out is not feasible or practical. One spouse moves out while the other remains living in the home for a period of time often determined in the divorce settlement- for example until the youngest child is 18 years old. At this time the home is sold and the proceeds are divided in accordance with the divorce settlement.

During the joint ownership period, payment arrangements are agreed on and specified in the divorce settlement. Often a portion of the payment is included in monthly child support payments and the responsibility of managing the mortgage payments rests on the occupying spouse. This scenario does pose risks to the non-occupying spouse whose credit could be damaged if the mortgage payments are made late.

In spite of the added risk, the joint ownership option can help to limit the emotional toll of a divorce by allowing children to remain in their familiar surroundings while learning how to cope and adapt to their family's new living arrangements.

Packing Tips



Resist the urge to throw out every family picture or memento. If you have children, consider putting these things aside for them.



Hold on to the necessities and let go of the rest. Warring with your spouse over things that really don't matter will only compound the emotional tension already present.



Ask family members to help. Not only can they handle the emotionally charged items and keep things civil, but just their presence can give comfort during a lonely time.



Don't rehash the past. Sorting through your life's belongings will spark emotions in you both. Don't give in to bickering or blaming.

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DIVORCE & YOUR HOME



AN HONEST LOOK AT YOUR OPTIONS

Divorce & Your Home: *An Honest Look at Your Options*

It's a painful and emotional time, with conditions less than ideal for making serious financial decisions. But unfortunately they have to be faced, and often the sooner the better for everyone involved.

Understanding your options when it comes to the home and mortgage will help make sense of the chaos that comes with a divided home, allowing you to establish emotional footing and embark on the next phase in your life.

Option 1: Sell the Home & Divide the Profits

This is often the most obvious and simple solution, and offers a clean break for each party. If you are both in agreement over the decision to sell, the process can be reasonably simple and fast.

Enlist the help of an agent to facilitate a smooth transaction. In addition to experience and first-hand knowledge of your neighborhood, an ideal agent will be

one that is sensitive to the emotional complexities involved and willing to act as a go-between whenever possible.

With your agent's guidance, agree on a listing price. Often during a divorce, quick sales are favored over high profit.

Both parties should be present for the listing agreement and contract negotiations. Set aside emotions and work together to bring the sale to a close.

Profits will be dividing according to the terms of your divorce settlement. Understand these terms ahead of time so there are no negative surprises.

Option 2: Spousal Buy-Out

If you are not able or willing to sell the home, then a spousal buy-out is your next option. This option begs many questions.

Were both of your incomes considered when obtaining a mortgage? Will you be able to qualify for the mortgage now based on your income alone? Are the payments

realistic for your salary level? Will the buy-out require cash and if so do you have it?

The buy-out process is a straightforward one. Contact an appraiser to have the value of the home determined. Use the appraisal to create a buy-out offer. Typically this offer is 50 percent of the home's value unless there are circumstances

that call for less or more. For example, if your spouse sold his/her previous house to put a large down payment on this home, he/she may be entitled to more.

Keep in mind that if your home does not carry enough equity to refinance and pull cash out for the buy-out, you will have to come up with the cash on your own. This factor alone makes the buy-out option impossible for many spouses.

On the flip side, perhaps your spouse wants to buy-out your interest in the home. Before accepting, have an agent review the offer to make sure it reflects a fair market price.



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