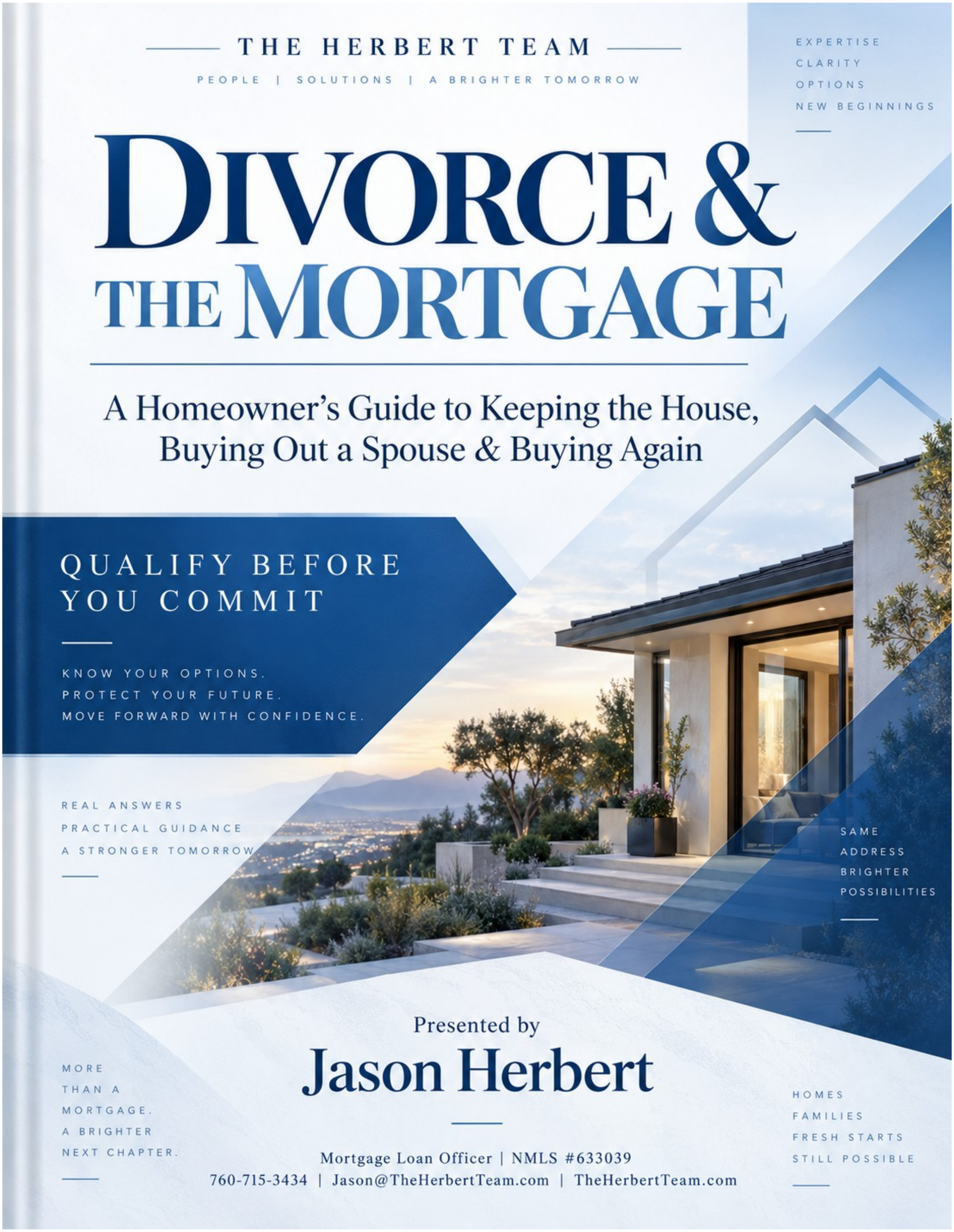
THE HERBERT TEAM
PEOPLE | SOLUTIONS | A BRIGHTER TOMORROW
EXPERTISE
CLARITY
OPTIONS
NEW BEGINNINGS
DIVORCE &
THE MORTGAGE
A Homeowner's Guide to Keeping the House, Buying Out a Spouse & Buying Again
QUALIFY BEFORE YOU COMMIT
KNOW YOUR OPTIONS.
PROTECT YOUR FUTURE.
MOVE FORWARD WITH CONFIDENCE.
REAL ANSWERS
PRACTICAL GUIDANCE
A STRONGER TOMORROW
SAME
ADDRESS
BRIGHTER
POSSIBILITIES
Presented by
Jason Herbert
MORE
THAN A
MORTGAGE.
A BRIGHTER
NEXT CHAPTER.
HOMES
FAMILIES
FRESH STARTS
STILL POSSIBLE
Mortgage Loan Officer | NMLS #633039
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A Note From Jason

The goal is not to tell you what to do in your divorce. It is to make sure you understand what the mortgage numbers actually support.

The home is often the largest asset, the largest debt, and one of the most emotional decisions in a divorce. That can make it easy to focus on who gets the house before anyone answers a more practical question: can the housing plan actually be financed?

I have worked with clients who kept the marital home, completed equity buyouts, refinanced an ex-spouse off the mortgage, used owelty structures in Texas, navigated VA divorce situations, and purchased another home after divorce.

MY APPROACH

Run the mortgage analysis early. Review the proposed terms. Compare the before-and-after scenarios. Then let you and your attorney make an informed decision.

What this guide will help you understand

- The difference between ownership and mortgage liability
- How an equity buyout is calculated and financed
- Why support income and support obligations matter
- What to consider before agreeing to refinance
- How keeping the home compares with selling and buying again
- Why Texas owelty and VA transactions may require specialized planning

You do not need to have every answer before you call. My job is to help identify the mortgage questions that need answers.

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DIVORCE MORTGAGE PLANNING

QUALIFY BEFORE YOU COMMIT

SECTION ONE

START HERE

GUIDANCE FOR BETTER DECISIONS

FOUNDATIONS

Understand property, title, mortgage liability and the core housing paths during divorce.

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REAL ANSWERS
PRACTICAL GUIDANCE
A STRONGER NEXT CHAPTER

Property, Title & Mortgage Are Three Different Things

1. Property division

Your divorce agreement determines how the marital property is divided. That is a legal issue handled by you and your attorney.

2. Title / deed

Title determines ownership of the property. A deed can transfer an ownership interest from one spouse to the other, but changing title does not automatically change the mortgage obligation.

3. Mortgage note

The mortgage note determines who is contractually obligated to repay the loan. A divorce decree can allocate responsibility between former spouses, but the lender or servicer generally must be involved before a borrower is actually released from mortgage liability.

> **ONE OF THE MOST IMPORTANT RULES IN THIS GUIDE**
>
> Being removed from the deed does not necessarily remove you from the mortgage.

Depending on the loan and circumstances, removing a spouse from mortgage liability may involve refinancing, an approved assumption, a release of liability, or paying the existing loan off through a sale.

PAGE 4 | YOUR OPTIONS

The Main Housing Paths During Divorce

KEEP THE HOME

Determine whether one spouse can qualify independently, afford the resulting payment, and complete any required equity buyout.

BUY OUT YOUR SPOUSE

Once the legal equity obligation is known, determine whether that amount can actually be financed.

SELL THE HOME

Pay off the existing mortgage, divide proceeds according to the agreement, and plan each spouse's next housing step.

BUY ANOTHER HOME

Evaluate how the existing mortgage, support, debts, assets, and timing affect qualification for the next purchase.

The best mortgage outcome is not automatically the same for every family. The point of planning is to compare the available paths before committing to one.

THE BETTER QUESTION

Instead of asking only, 'Can I keep the house?' ask, 'What does keeping the house look like compared with selling and buying another one?'

Can You Really Afford to Keep It?

Being awarded the home and being able to comfortably finance the home are two different things. Before agreeing to keep it, look at the post-divorce picture - not just today's payment.

A full mortgage feasibility review should consider

- Income after the divorce
- Credit profile
- Current mortgage balance and loan type
- Property taxes, insurance, and HOA
- Equity owed to the departing spouse
- Child support or spousal support received
- Child support or spousal support paid
- Other debts assigned in the settlement
- Cash reserves after the transaction

REAL-WORLD EXAMPLE: CALIFORNIA

A client in a lengthy divorce needed to compare an equity buyout with selling and buying another home. We modeled both. In that case, keeping the existing home produced the lower monthly housing payment and allowed the children to remain in the same schools. The analysis did not make the decision - it gave the client the numbers needed to make it.

The goal is not simply to prove that you can qualify. It is to understand what the decision does to your monthly budget and your options after the divorce.

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DIVORCE MORTGAGE PLANNING

QUALIFY
BEFORE
YOU
COMMIT

SECTION TWO

CLARITY BEFORE COMMITMENT

GUIDANCE FOR BETTER DECISIONS

EQUITY & OWNERSHIP

How equity is calculated, how buyouts work, and how to think about liability and loan strategy.

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Understanding the Equity Before You Divide It

The starting point is simple, even though the legal division may not be.

Estimated home value	**$700,000**
Less: mortgage and applicable liens	**($400,000)**
Estimated remaining equity	**$300,000**

That does not automatically mean each spouse receives $150,000. The legal allocation of equity is determined through the divorce process. The mortgage question is whether the resulting obligation can be financed.

Avoid an unclear equity formula

If the decree does not specify a fixed buyout amount, it should clearly define the percentage of equity and the exact calculation used to determine the buyout. Otherwise, two people can read the same decree and arrive at different numbers.

Questions the formula may need to address

- What percentage of equity each spouse receives
- How the home value is established
- Whether a third-party appraisal controls
- Which valuation date applies
- Which mortgage and lien balances are deducted
- Whether any agreed costs are deducted
- When the departing spouse must be paid

How a Spousal Equity Buyout Works

Once the divorce agreement establishes what the departing spouse is owed, the next question is whether the spouse keeping the home can finance the obligation.

Mortgage feasibility depends on more than equity

- The final buyout amount
- The new total loan amount
- The retaining spouse's income and credit
- Support payments being made or received
- Other debts and obligations
- The appraised value of the property
- Loan-program and title requirements

QUALIFY BEFORE YOU COMMIT

A divorce decree can require a refinance or equity buyout. It cannot make a lender approve the loan.

What if the numbers do not work?

Finding out early creates options. Depending on the facts, it may be possible to evaluate a different financing amount, another mortgage program, a modified buyout structure, a different support obligation, or whether selling the property is more realistic. Your attorney determines the legal options; the mortgage analysis shows what the financing can support.

Removing a Spouse From the Mortgage

A spouse can give up ownership rights and still remain obligated on the mortgage unless the lender or servicer recognizes a qualifying release, assumption, refinance, or payoff.

Potential paths

REFINANCE	A new loan pays off the existing mortgage and places the new financing in the qualifying borrower's name.
ASSUMPTION	Certain mortgages may permit a qualified person to assume the existing loan, subject to the loan type and servicer requirements.
RELEASE OF LIABILITY	In limited situations, a lender or servicer may release a borrower from liability without replacing the entire loan.
SALE	Selling the property and paying off the mortgage generally ends the existing mortgage obligation.

STATE PROCEDURES CAN DIFFER

For example, California commonly uses quitclaim deeds in divorce transfers. Texas divorce-related homestead transfers and lien structures can involve different deed and owelty requirements. Your attorney and title company should determine the correct legal documents.

Source note: California Board of Equalization, Real Property Ownership and Deed Recording; Texas Constitution, Art. XVI, Sec. 50.

Refinance vs. Assumption: Do Not Assume the Answer

Homeowners with a low existing rate often ask whether they must give it up just because of divorce. Refinancing is common, but it may not be the only path worth reviewing.

Start by identifying

- What type of mortgage is currently on the property
- Which spouse is obligated on the note
- Which spouse will retain the property
- Whether the loan has an assumption path
- Whether a release of liability is available
- Whether additional funds are needed for the equity buyout
- Whether the existing rate is materially better than current alternatives

> **IMPORTANT**
>
> Keeping a low rate is valuable only if the loan structure, equity obligation, title transfer, and borrower qualification all work together.

The right analysis looks at the entire transaction, not just the interest rate.

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DIVORCE MORTGAGE PLANNING

QUALIFY
BEFORE
YOU
COMMIT

SECTION THREE

KNOW THE NUMBERS

GUIDANCE FOR
BETTER DECISIONS

QUALIFICATION & TIMING

How support, debt, timing, and buying again can change what is realistically possible.

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REAL ANSWERS
PRACTICAL GUIDANCE
A STRONGER NEXT CHAPTER

Child Support and Spousal Support Can Change the Outcome

If you are paying support

Ongoing court-ordered child support, alimony, equalization payments, or separate-maintenance obligations can affect mortgage qualification. Under current Fannie Mae conventional guidance, obligations continuing more than 10 months are generally considered in the monthly debt analysis, with specific treatment depending on the obligation.

If you are receiving support

Support income can potentially help with mortgage qualification, but it may not be usable immediately. Current Fannie Mae conventional guidance generally requires a documented six-month history of full, regular, timely receipt and evidence the income is expected to continue for at least three years from the note date.

> **THE SIX-MONTH SURPRISE**
>
> A client may expect to use future support income to buy another home immediately after divorce, then learn that the mortgage program requires a history of actually receiving the income first. That can change the timing of the purchase.

Guidelines vary by loan program. The point is to review the support terms before relying on them for mortgage qualification.

Source note: Fannie Mae Selling Guide B3-3.4-02 (support income) and B3-6-05 (monthly debt obligations), current 2026 guidance.

Buying Another Home During or After Divorce

If you are leaving the marital home, your mortgage analysis should look at both your current obligations and your expected post-divorce position.

Items that can affect the next purchase

- Whether the old mortgage is still counted as your obligation
- Debts assigned in the divorce
- Support payments you will make
- Support income you expect to receive
- Assets and cash you receive from the settlement
- Credit changes during the divorce process
- Timing of property transfers and sale proceeds
- Down payment and reserves after the divorce

MODEL THE BEFORE AND AFTER

I like to show clients what they may qualify for under the current situation and what the numbers could look like after the proposed divorce terms take effect.

Why timing matters

Mortgage qualification can change substantially after debts are paid, ownership is transferred, support begins, or sale proceeds become available. Planning early does not mean you have to close early - it means you know what milestones must happen first.

Texas Divorce & the Owelty of Partition

Texas has unique homestead rules. One important divorce-related concept is the owelty of partition.

What is an owelty?

Texas law recognizes an owelty of partition imposed against a homestead, including a debt from one spouse to the other resulting from the division or award of a family homestead in divorce. In practical terms, an owelty can be part of the legal structure used when one spouse keeps the homestead and owes the other spouse for their equity interest.

Why it matters to the mortgage

An owelty transaction may be treated differently from a typical Texas home-equity transaction. The divorce decree, deed, lien documentation, title work, mortgage program, and closing structure all need to line up correctly.

STAY IN THE RIGHT LANE

Your attorney and title professionals create and review the legal documents. The mortgage professional evaluates whether the resulting structure can be financed.

Source note: Texas Constitution, Article XVI, Section 50(a)(3), which expressly recognizes an owelty of partition in a divorce involving a family homestead.

VA Loans Can Require a Different Playbook

VA mortgages can create unique opportunities and challenges when ownership, equity, and liability change because of divorce.

Real-world Texas VA equity buyout

In one transaction I handled, the husband was the Veteran and wanted to retain the Texas homestead. The property already had a VA loan, and the divorce settlement required the departing spouse to receive her equity in cash.

Multiple lenders had said the transaction could not be completed. The key was understanding that the Veteran retaining the home was not receiving cash proceeds. An owelty lien was created through the divorce-related property division, and the new financing paid off the existing VA loan and the owelty obligation. The departing spouse received the equity required by the settlement.

> **WHY I SHARE THIS**
>
> Sometimes the first answer is, “It cannot be done.” Sometimes that answer is correct. But complex divorce transactions deserve a complete second review before you assume there is no financing path.

VA also has divorce-specific release procedures

VA guidance includes procedures for release of liability and ownership changes in certain divorce situations. The exact path depends on which spouse is the Veteran, who retains the property, and the existing loan structure.

Source note: U.S. Department of Veterans Affairs, VA loan servicing guidance on divorce-related release of liability and transfers of ownership.

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DIVORCE MORTGAGE PLANNING

QUALIFY BEFORE YOU COMMIT

SECTION FOUR

NEXT STEPS

GUIDANCE FOR BETTER DECISIONS

DECISION TIME

Use the questions, checklist, and feasibility review to make your next housing move with confidence.

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PRACTICAL GUIDANCE
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10 Questions to Answer Before Finalizing the Housing Terms

1. Who will own the home after the divorce?
2. Who will remain obligated on the existing mortgage?
3. What is the current mortgage balance and loan type?
4. How will the home value be determined?
5. Exactly how will the equity buyout be calculated?
6. Can the spouse keeping the home qualify for the required financing?
7. How will support payments affect each spouse's qualification?
8. If support income is needed, when will it become usable for the applicable loan program?
9. Can the departing spouse qualify for another home under the proposed terms?
10. What happens if the required refinance or buyout cannot be completed?

> **THE CORE PRINCIPLE**
>
> Do not sign an agreement requiring you to complete a mortgage transaction until you understand whether you can realistically qualify for it.

PAGE 15 | WORKSHEET

Divorce Mortgage Planning Checklist

☐ Current estimated home value	☐ Current mortgage balance
☐ Current interest rate	☐ Current total housing payment
☐ Names on the mortgage note	☐ Names on title
☐ Other liens against the property	☐ Proposed equity split
☐ Exact equity-buyout formula	☐ Required buyout amount (if fixed)
☐ Refinance deadline, if any	☐ Income after divorce
☐ Monthly support received	☐ Monthly support paid
☐ Debts assigned to each spouse	☐ Cash/assets received in settlement
☐ Whether the retaining spouse has completed mortgage qualification	☐ Whether the departing spouse plans to purchase another home

Notes / questions for my attorney or mortgage professional:

Make the Mortgage Decision With the Numbers in Front of You

Divorce already creates enough uncertainty. The mortgage does not have to be another unknown.

My Divorce Mortgage Feasibility Review is designed to evaluate your actual credit, income, assets, liabilities, current mortgage, proposed equity division, and support obligations before you commit to the housing terms.

WHAT YOU RECEIVE

A full mortgage qualification review using a soft credit inquiry when appropriate, scenario comparisons, and a clear explanation of what appears feasible - including keep-the-home, equity-buyout, and replacement-home options.

With your permission, I can work with your attorney or mediator

I am comfortable communicating directly with your legal team and providing a branded Mortgage Feasibility Summary showing the scenarios reviewed, assumptions used, estimated financing, qualification considerations, and issues that may still need to be resolved.

The goal is not to influence the legal settlement. The goal is to give everyone better mortgage information before the settlement creates a financial obligation.

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Important: This guide is for educational purposes only and is not legal, tax, or financial advice. Mortgage program requirements can change and vary by borrower, loan type, property, and transaction. Final loan approval is subject to documentation, underwriting, appraisal/property eligibility, title, and applicable program requirements. Divorce decrees, settlement agreements, deeds, owelty documents, title transfers, and other legal documents should be prepared and reviewed by qualified legal and title professionals.