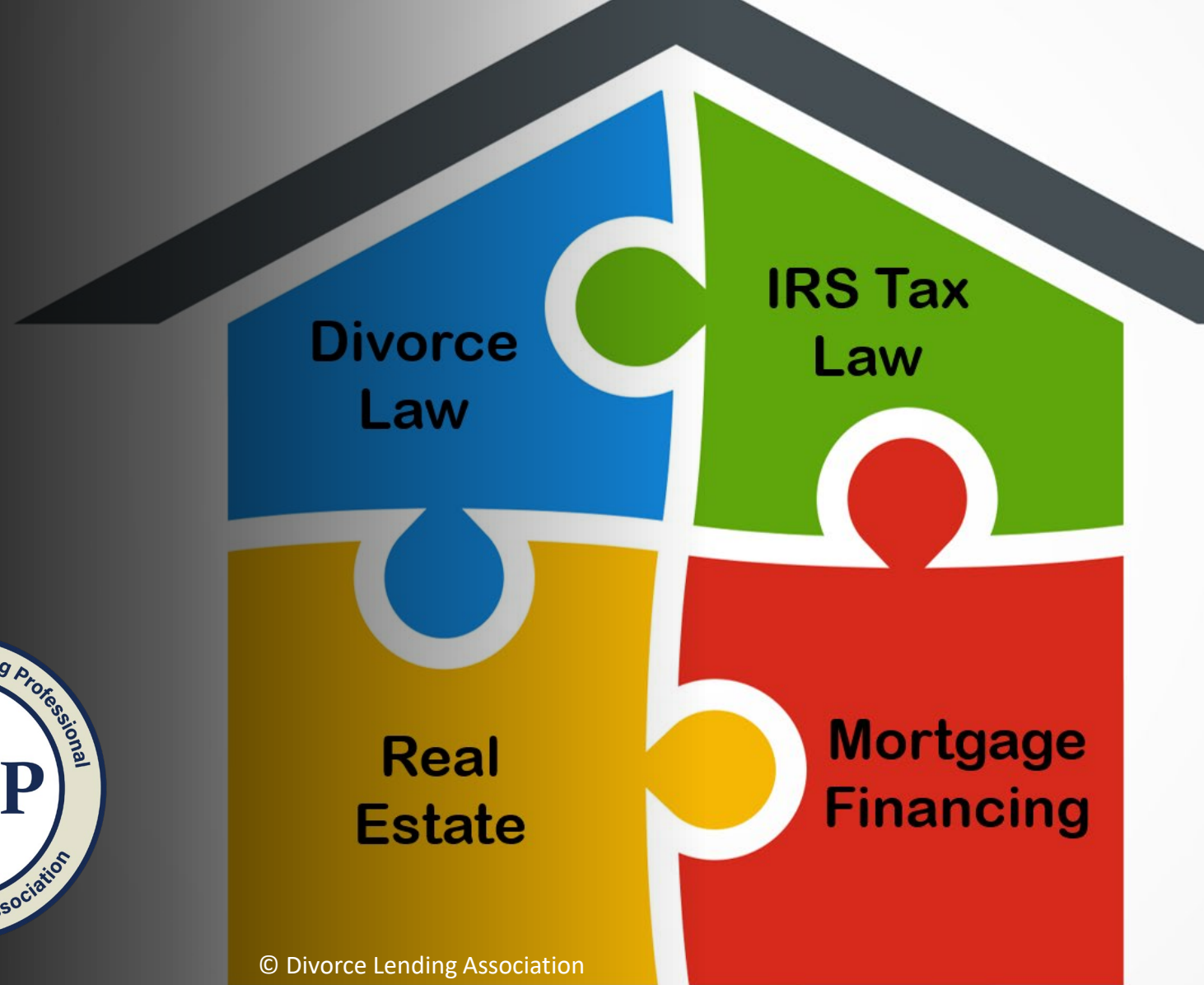


# Divorce Mortgage Planning in a Successful Divorce

**1 + 1 = 3**



A different perspective. A better solution.

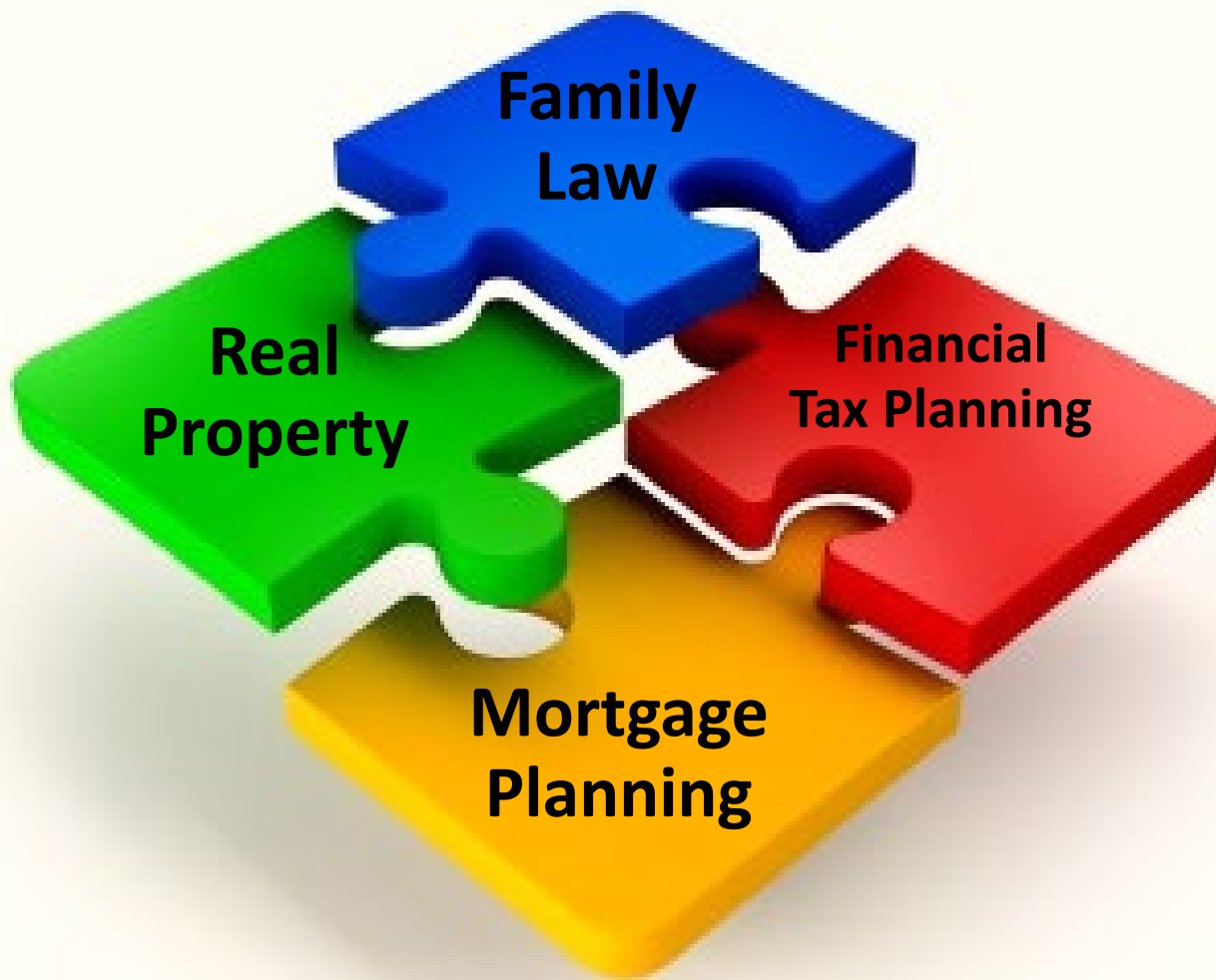


*Who am I?*

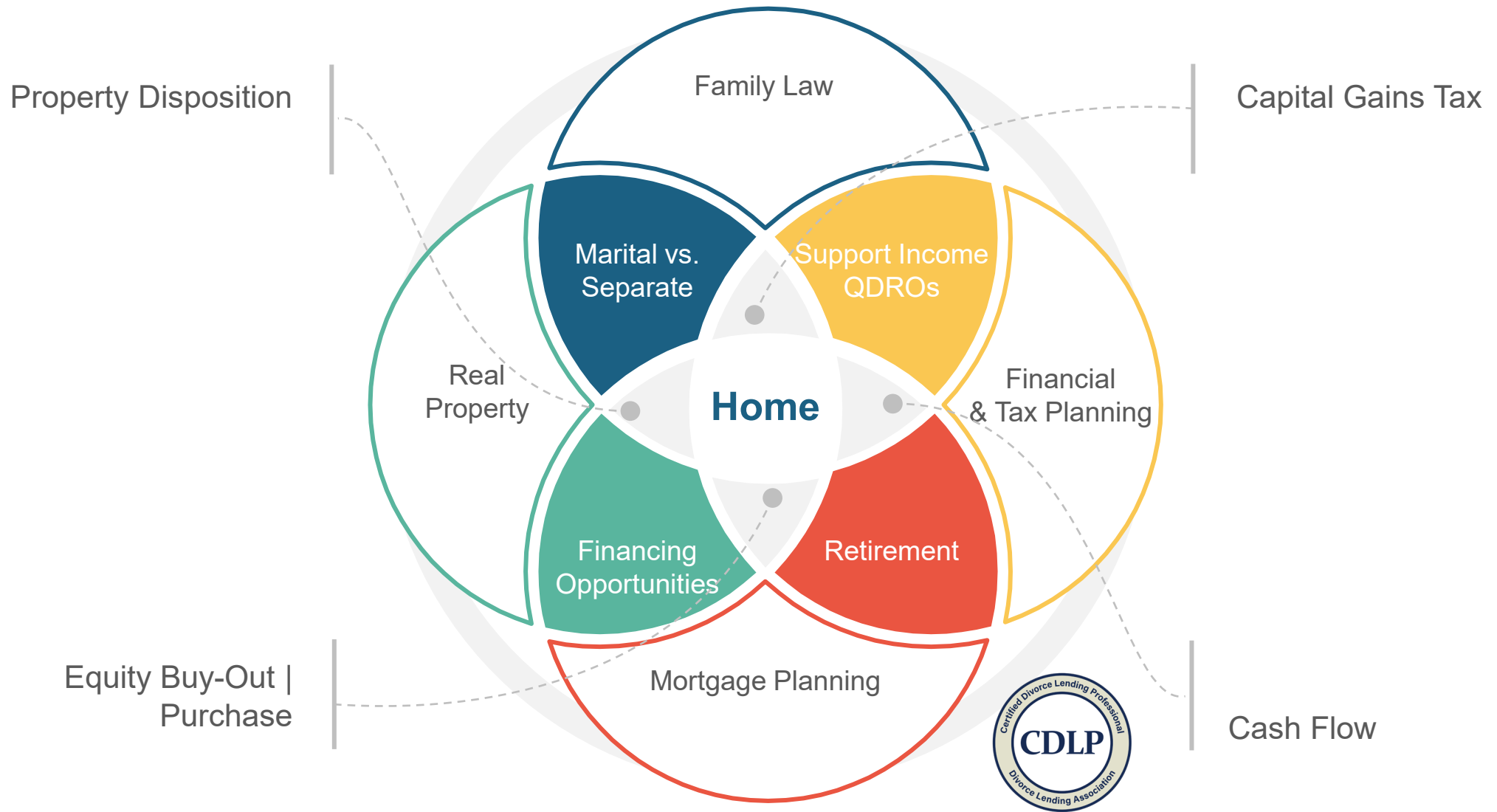
# PAUL ANDERSON

- Certified Mortgage Planning Specialist
- Certified Mortgage Advisor
- Certified Divorce Lending Professional
- Certified in Long Term Care (CLTC)
- 20+ Years Experience – Finance & Mortgage Banking

# Puzzle Pieces of Divorce



# Intersection of Divorce, Real Estate & Mortgage Planning



# What makes a successful divorce?



A different perspective. A better solution.







## How the CDLP™ Helps the Divorce Settlement Process

The CDLP™ works with the attorneys, financial advisors, mediators, and the divorcing family to compile financial data and work with the client to create mortgage opportunities that best meet their home equity solutions and the needs of the family.

# Somethings to think about....



- ✓ If a client has a home, how do you determine the value?
- ✓ How would you handle it if one spouse wants to keep the house but can't refinance and the other spouse wants to buy a new home?
- ✓ How do you handle it when spousal support is based off of the other party's fluctuating income or irregular pay schedule?
- ✓ How would you handle spousal support vs. a lump sum payout?
- ✓ How do you evaluate the real property and the home equity mortgage options?



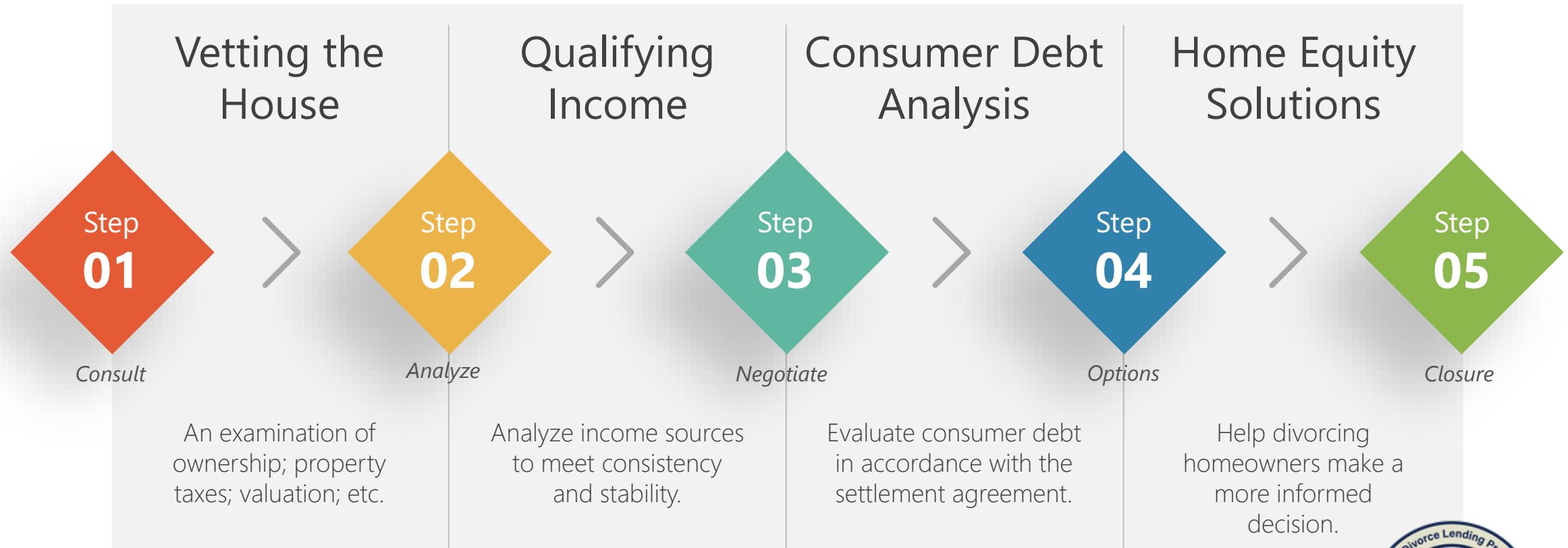
# What is Divorce Mortgage Planning?

- Divorce Mortgage Planning is a holistic approach to the process of evaluating mortgage options in the context of the overall financial objectives as they relate to divorcing situations.
- The role of the CDLP™ is to help integrate the mortgage selected into the overall long and short-term financial and investment goals, to help minimize taxes, to minimize interest expense, and maximize cash flow.
- **Our mission is to help divorcing homeowners make more informed decisions regarding their home equity solutions and mortgage financing opportunities during and after the divorce.**
- A CDLP™ does **NOT** give legal or tax advice!





# 4 Phases of Divorce Mortgage Planning



**Knowledge** > **Insight** > **Support**



A different perspective. A better solution.

# QUALIFIED INCOME SOURCES



**Employment Income**

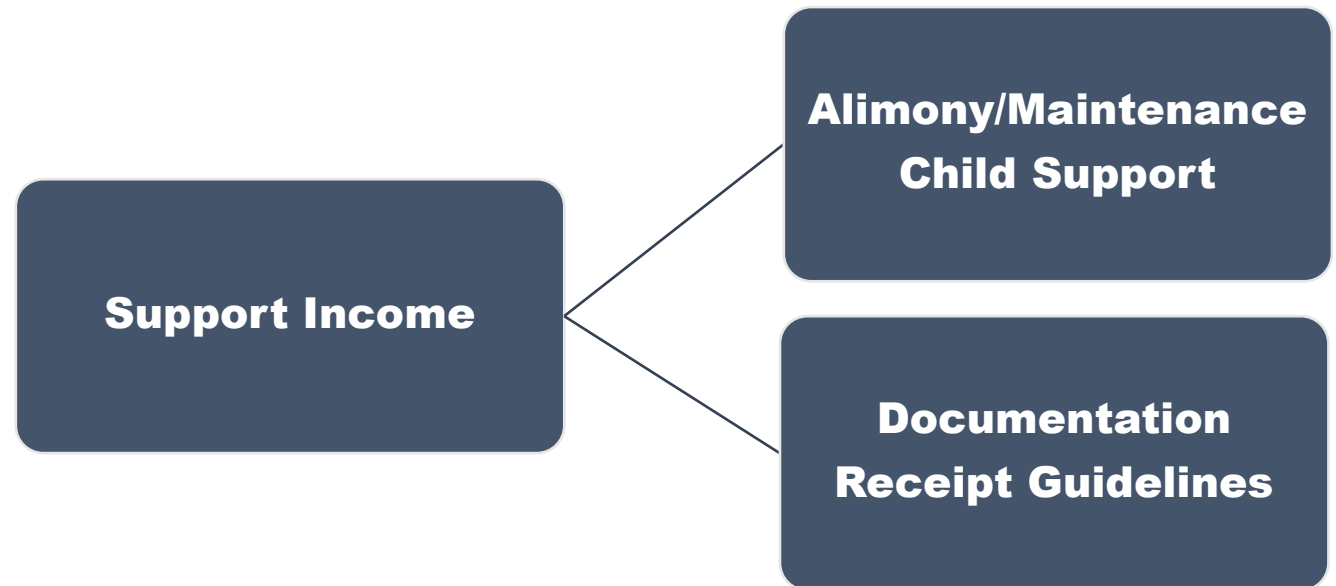
**Support Income**

**Lump Sum Payment**

**Alimony/Maintenance  
Child Support**

**Documentation  
Receipt Guidelines**

# QUALIFIED INCOME SOURCES



## 6/36 Rule

- Stability & Consistency
- Paper Trail
- Don't 'NET' Out Support!



# Poll Question #1

---

## What does the 6/36 Rule Mean?

- a) 6 months continuance | 36 months proof of receipt
- b) 6 months proof of receipt | 36 months of continuance post decree
- c) 6 months proof of receipt | 36 months of continuance post loan closing



# QUALIFIED INCOME SOURCES



**Employment Income**

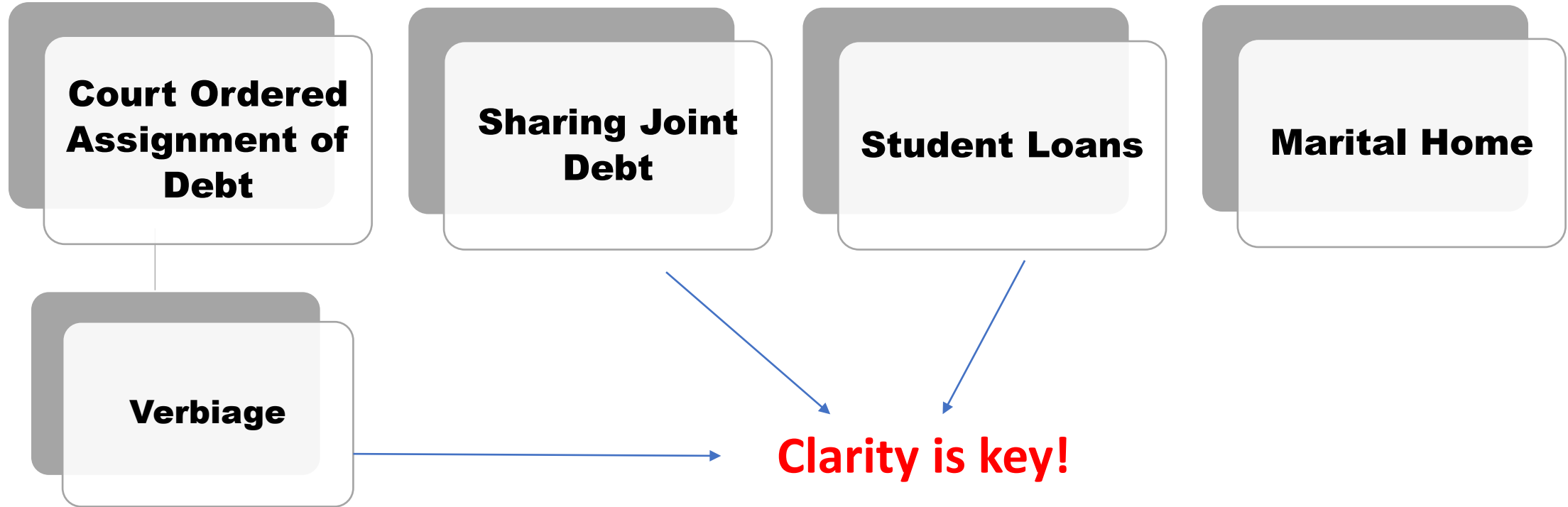
**Support Income**

**Lump Sum Payment**

**Alimony/Maintenance  
Child Support**

**Documentation  
Receipt Guidelines**

- ✓ Trust Income
- ✓ 72(t) Distributions
- ✓ Other Options



# MARITAL DEBT





# Poll Question #1

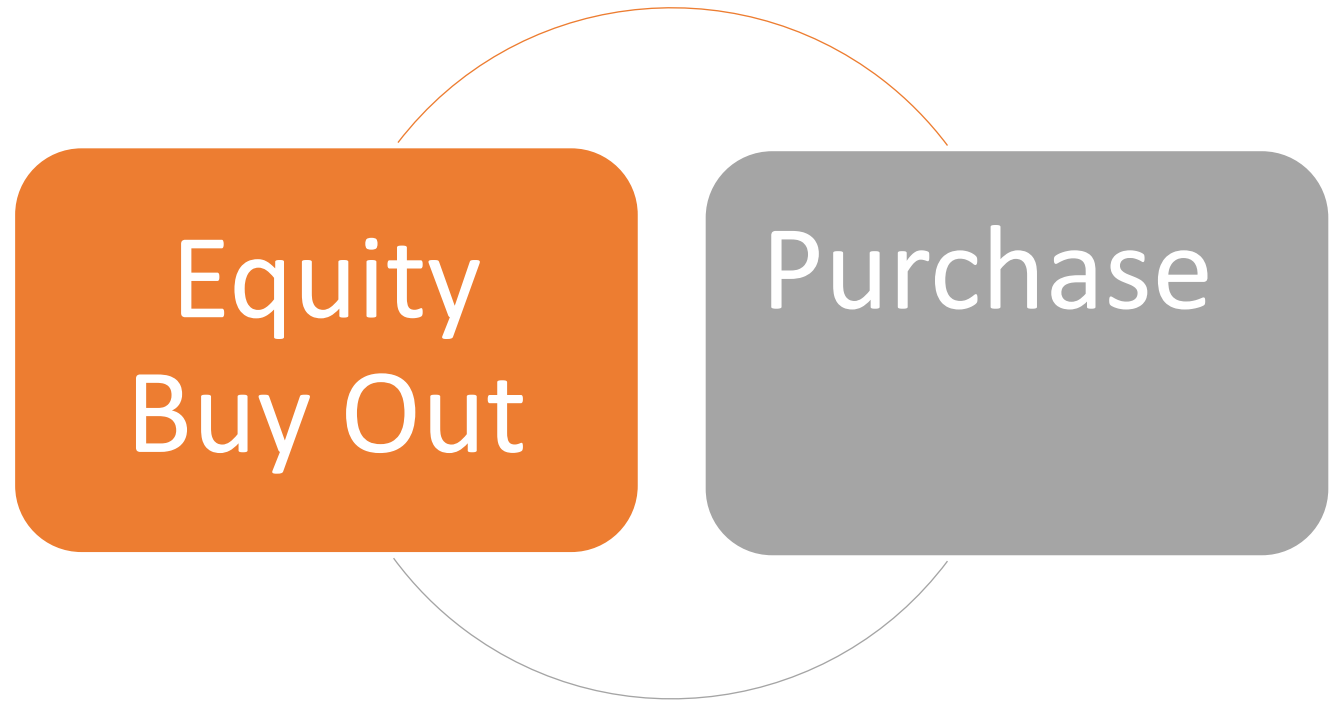
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A court ordered assignment of debt is a court order that specifies which spouse | party will be legally responsible for paying a specific debt and may allow for the current mortgage to stay in place while not counting the existing debt against the other spouse when trying to obtain mortgage financing.

- True or False



# Marital Home

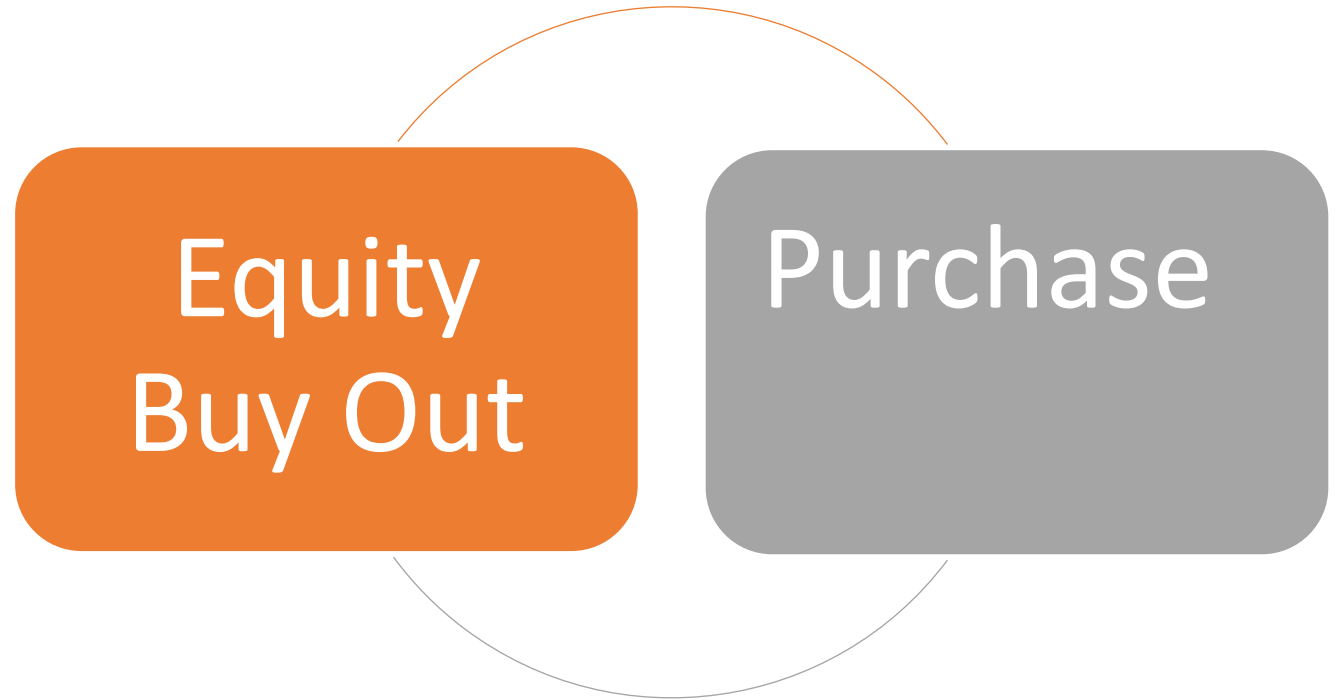


A different perspective. A better solution.





# Marital Home



- Addressed Independently or Separate
- No Cash Back to Borrowing Spouse
- Must have been on Title to the Home for the past 12 months

A different perspective. A better solution.



# Marital Home



Equity  
Buy Out

Purchase

- Verbiage in the Equity Buy-Out Order
- Realistic Time Frame
- Escrows & Existing Tax Liability

A different perspective. A better solution.



## Poll Question #3

---

**What type of mortgage loan is an Equity Buy-Out?**

- a) A straight Rate & Term allowing access to the equity needed.
- b) A Cash-Out Refinance which restricts access to the equity needed.
- c) An Equity Buy-Out is not a mortgage loan.

# Case Study



- Wife is awarded the marital home and is to refinance the current loans into her name within 120 days of divorce being final.
- Husband is to receive his equity share of \$111,500 upon refinance based on current divorce appraisal.
- Wife is to be given \$500,000 of husband's 401K via a QDRO.
- Joint Marital Debt of \$8,000 owed to Visa to be paid out of equity in home by wife.
- Joint Marital Debt of \$30,000 to AMEX to be paid by both until paid in full.
- Husband is to pay \$1,200 monthly in Spousal Support for life.
- Husband is to pay Child Support of \$800 monthly until child turns 18 in 2 years.



# CDLP™ Divorce Mortgage Planning and Real Property Report

*Prepared for:*

**Jane Smith  
123 Main Street  
Santa Cruz, CA**

*Date Prepared*  
April 22, 2021

*Prepared by:*

**Jody Bruns, CDLP**  
Certified Divorce Lending Professional  
720-692-7241  
jody@divorcelendingassoc.com  
NMLS ID  
831033



Divorce Mortgage Planning - helping divorcing homeowners make more informed decisions regarding their home equity solutions and mortgage financing opportunities during and after divorce.

**Divorce Lending Association**  
*A different perspective. A better solution.*

[www.DivorceLendingAssociation.com](http://www.DivorceLendingAssociation.com)



# CDLP™ Divorce Mortgage Planning and Real Property Report

Prepared for	Jane Smith
Phone	
Email	

Attorney/Financial Planner/Mediator	Connie Walsh, CDFA
Phone	
Email	



Prepared by	Jody Bruns, CDLP
Phone	720-692-7241
Email	<a href="mailto:jody@divorcelendingassoc.com">jody@divorcelendingassoc.com</a>
NMLS ID	831033

Date Prepared 4/22/2021

Subject Property	
Street Address	123 Main Street
City, State Zip	Santa Cruz, CA
County	Santa Cruz
Property Type	Single Family
Lis Pendens	Yes
ATROs	Released

Property Ownership	
Owner(s) of Record	John and Jane Smith
Tenancy Type	Joint Tenancy w/ Right of Survivorship
Deed Type or Other Conveyance	Warranty Deed
Date of Deed	12/15/2015
Owner's Title Insurance Policy	
Financing Spouse on Title > 12 Months	Yes ←
Specialty Lien Information	
Legal Description:	

Property Valuation	
Valuation Method	Licensed Appraiser
Opinion of Value	\$700,000.00
Contact Name	
Company Name	
Phone	
Email	
Copy of Report	
Estimated Property Equity	\$223,000.00
Current Loan to Value (LTV)	50%
Equity Buy-Out Amount or % of Equity	\$111,500

Property Tax Information	
Annual Property Tax \$	\$8,000.00
Status	Current

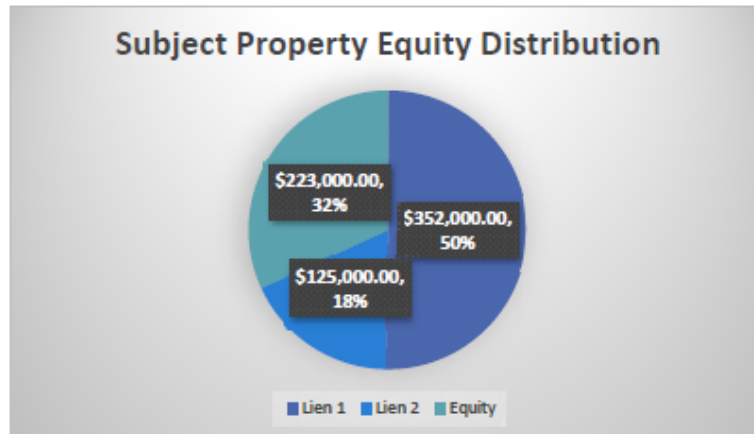
Property Insurance Information	
Annual Premium	\$3,600.00
Copy of Dec Page	
Copy of Policy	
Named Insured(s)	John Smith
Insurance Company	GEICO
Agent Name	
Phone	
Email	

Homeowner Association	
Management Company	
Phone	
Email	
HOA Monthly Payment	
HOA Annual Payment	

## Current Mortgage Information

1st Lien Position	
Loan Number	1234
Mortgagee(s)	John Smith ←
Mortgagor Name	Wells Fargo Bank
Address	
City, State, Zip	
Phone	
Fax	
Email	
Date of Loan Transaction	12/1/2015
Transaction Purpose	Purchase Loan
Loan Term	30 Year
Loan Type	Fixed Rate
Current Interest Rate	4.500%
Current Mortgage Balance	\$350,000.00
Estimated Payoff	\$352,000.00
Current Monthly Payment	\$2,740.40
Escrow Taxes & Insurance	Yes
Escrow Balance	\$9,500.00

2nd Lien Position	
Loan Number	9874
Mortgagee(s)	John Smith
Mortgagor Name	TCF Bank
Address	
City, State, Zip	
Phone	
Fax	
Email	
Date of Loan Transaction	12/1/2015
Transaction Purpose	HELOC
Loan Term	
Loan Type	Variable Rate
Current Interest Rate	5.000%
Current Mortgage Balance	\$125,000.00
Estimated Payoff	\$125,000.00
Current Monthly Payment	\$125.00
Escrow Taxes & Insurance	No
Escrow Balance	
Home Equity Line of Credit Status	Open / Active



Involving a Certified Divorce Lending Professional (CDLP™) early in the divorce settlement agreement can help divorcing homeowners set the stage for a successful refinance of the marital home. It is always important to work with an experienced mortgage professional who specializes in divorce mortgage planning. A Certified Divorce Lending Professional (CDLP™) can help answer questions and provide excellent advice.

This is for informational purposes only and not for the purpose of providing legal or tax advice. You should contact an attorney or tax professional to obtain legal and tax advice. Interest rates and fees are estimates provided for informational purposes only and are subject to market changes. This is not a commitment to lend. Rates change daily - call for current quotations.

Prepared for: Jane Smith  
 Property Address: 123 Main Street  
 Santa Cruz, CA

Still owes \$51,500

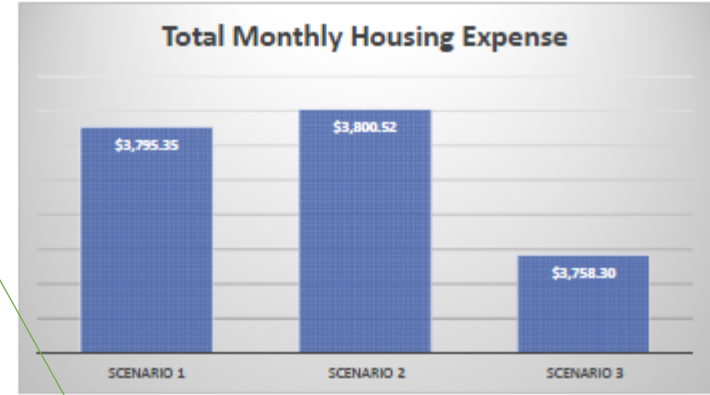


Prepared by: Jody Bruns, CDLP  
 720-692-7241  
 jody@divorcelendingassoc.com  
 NMLS ID 831033

**Loan Comparison and EMI Payment Calculator**

Starting Month (MMMM-YYYY) Jun-2021

Loan Type	30 Year Fixed	Loan Type	30 Year Fixed	Loan Type	30 Year Fixed
Scenario 1		Scenario 2		Scenario 3	
Current Loan Amount	\$352,000.00	Current Loan Amount	\$352,000.00	Current Loan Amount	\$352,000.00
2nd Lien Amount	\$125,000.00	2nd Lien Amount	\$125,000.00	2nd Lien Amount	\$125,000.00
Equity Buy-Out Amount	\$111,500.00	Equity Buy-Out Amount	\$60,000.00	Equity Buy-Out Amount	\$111,500.00
Debt Paid at Closing	\$8,000.00	Debt Paid at Closing	\$8,000.00	Debt Paid at Closing	\$0.00
Estimated Loan Fees	\$7,691.65	Estimated Loan Fees	\$7,691.65	Estimated Loan Fees	\$7,691.65
Estimated PrePays	\$6,600.00	Estimated PrePays	\$6,600.00	Estimated PrePays	\$6,600.00
New Estimated Loan Amount	\$610,791.65	New Estimated Loan Amount	\$559,291.65	New Estimated Loan Amount	\$602,791.65
Loan Period (Years)	30	Loan Period (Years)	30	Loan Period (Years)	30
Interest Rate (%)	3.75%	Interest Rate (%)	4.50%	Interest Rate (%)	3.75%
APR (%)	3.84%	APR (%)	4.60%	APR (%)	3.84%
Loan to Value (LTV)	87%	Loan to Value (LTV)	80%	Loan to Value (LTV)	86%
Principle & Interest Payment	\$2,828.68	Principle & Interest Payment	\$2,833.85	Principle & Interest Payment	\$2,791.63
Taxes & Insurance	\$966.67	Taxes & Insurance	\$966.67	Taxes & Insurance	\$966.67
HOA		HOA		HOA	
Monthly PMI	\$0.00	Monthly PMI	\$0.00	Monthly PMI	
<b>Total Monthly Housing Expense</b>	<b>\$3,795.35</b>	<b>Total Monthly Housing Expense</b>	<b>\$3,800.52</b>	<b>Total Monthly Housing Expense</b>	<b>\$3,758.30</b>



Award the Escrow Refund of \$9,500 to Jane

**Assumptions / Settings**

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# Financing Details for Divorce Mortgage Planning

Prepared for: Jane Smith

Prepared by: Jody Bruns, CDLP



### Employment Income

Source	Employer Name	Gross Income		Status	Qualified Income	Notes   Action Plan
		Monthly	Length at Current Employer			
Source 1	SC School District	\$3,000.00	2 years	Full Time	Yes	
Source 2						
Source 3						

### Support Income

Source	Category	Amount	Status	Date Begins	Date Ends	Mos. Rec'd	Qualified Income	Notes   Action Plan
Source 1	Spousal Support	\$1,200.00	Permanent Orders	4/1/2021	Life	1	No	Needs 6 mos proof of receipt
Source 2	Child Support	\$800.00	Permanent Orders	4/1/2021	4/1/2023	1	No	Will not continue for 3 years
Source 3								
Source 4								
Source 5								

*Note # of children included in child support and if there is a 3 year continuance issue.*

### Other Monthly Income Sources

Source	Category	Amount	Status	Date Begins	Date Ends	Mos. Rec'd	Qualified Income	Notes   Action Plan
Source 1	N/A							
Source 2								
Source 3								
Source 4								

### Asset Distribution

Category	Status	Amount	Notes   Action Plan
Will there be a lump sum payment in lieu of support?	No		
Will there be a transfer of retirement funds via QDRD?	Yes	\$500,000.00	
Down payment source for new purchase:			

### Joint & Individual Debt Obligations

Source	Creditor	Status	Category	Balance	Minimum Monthly Payment	Responsible Party	Notes   Action Plan
Source 1	WFB	Individual	Mortgage	\$450,000.00		Wife	Wife to Refinance in her name
Source 2	5/3 Bank	Joint	Installment	\$24,000.00	\$240.00	Husband	
Source 3	AMEX	Joint	Revolving	\$30,000.00	\$300.00	Equal Share	Needs to clarify % of payment
Source 4	TCF Bank	Individual	Mortgage	\$125,000.00	\$125.00	Wife	Wife to Refinance in her name
Source 5	Visa	Joint	Revolving	\$8,000.00	\$300.00	Wife	Wife to Payoff with refinance
Source 6							
Source 7							
Source 8							
Source 9							
Source 10							
Source 11							

### Support Obligation

Source	Notes   Action Plan
Source 1	N/A
Source 2	
Source 3	

# Case Study

<b>\$500,000 QDRO Payment</b>	<b>Cash in Bank</b>	<b>Zero Income</b>
Needs \$2,500 additional monthly income	3 Year Continuance	\$90,000
Create a Revocable Living Trust	Use \$100,000 of Lump Sum Payment to Fund	Create a distribution from trust for \$2,500
You Need 1 Month Distribution for Mortgage Qualification	Vs. 6 months receipt of support income 😊	Meets the 120 Deadline!



**A different perspective. A better solution.**  
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## Your Equal Credit Opportunity Rights



*Divorce Mortgage Planning. Financing strategies for divorcing homeowners.*



## Your Equal Credit Opportunity Rights

The Federal Trade Commission (FTC), the nation's consumer protection agency, enforces the Equal Credit Opportunity Act (ECOA), which prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age, or because you get public assistance.

The law provides protections when you deal with any organizations or people who regularly extend credit, including banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Everyone who participates in the decision to grant credit or in setting the terms of that credit, must comply with ECOA.

## A CDLP™ May Not Charge A Separate Fee

RESPA Section 8(a) and Regulation X, 12 CFR § 1024.14(b) prohibit giving or accepting a fee, kickback, or thing of value pursuant to an agreement or understanding (oral or otherwise), for referrals of business incident to or part of a settlement service involving a federally related mortgage loan.

Types of Lending Discrimination:

“Overt evidence of discrimination,” when a lender blatantly discriminates on a prohibited basis;

Evidence of “disparate treatment,” when a lender treats applicants differently based on one of the prohibited factors.

Charging a fee could be considered Disparate Treatment under ECOA as marital status is a protected class.



# Find a CDLP™

[www.DivorceLendingAssociation.com](http://www.DivorceLendingAssociation.com)



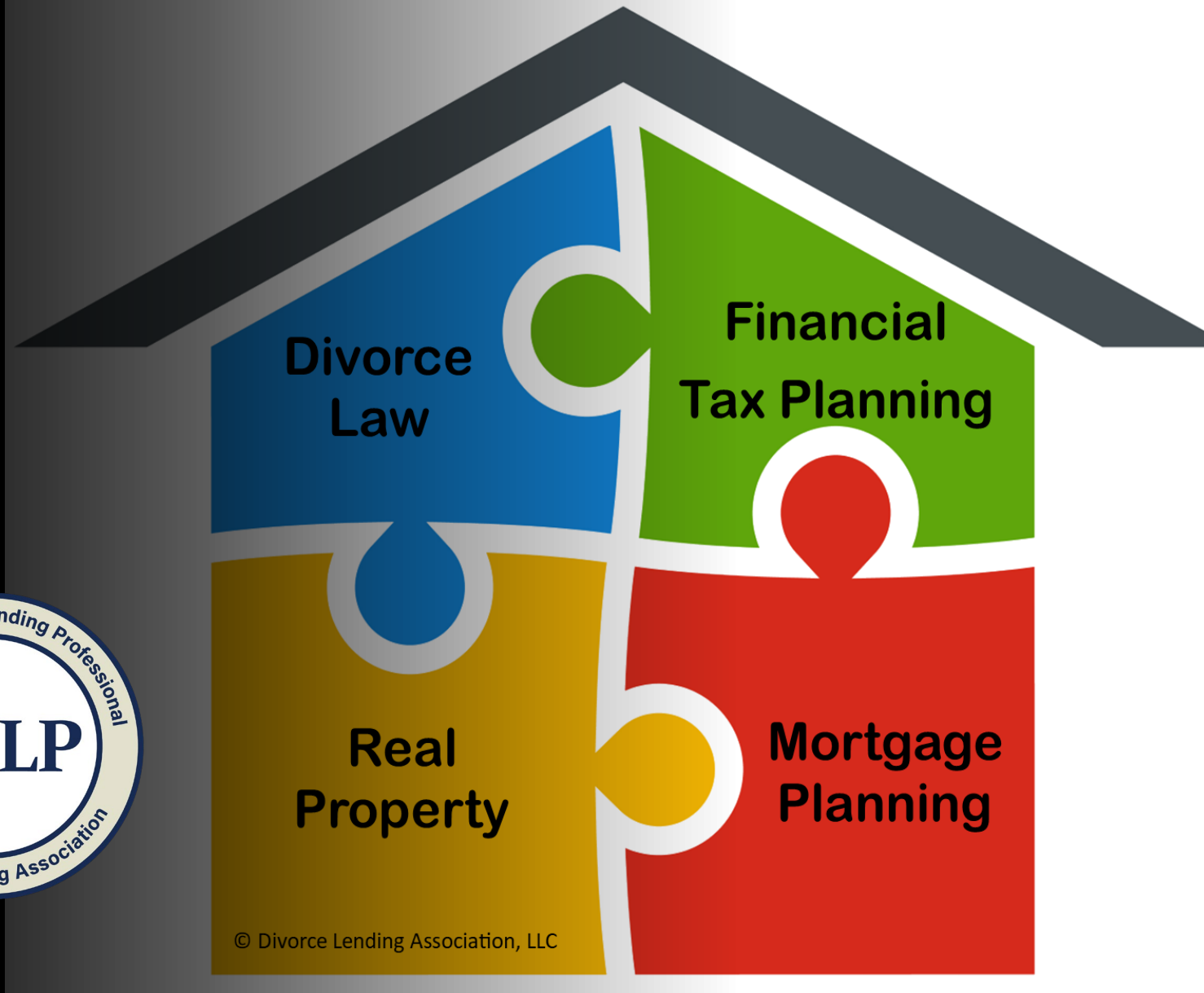
Paul Anderson | Branch Manager  
Primary Residential Mortgage, Inc.  
PRMI NMLS ID 3094 | NMLS ID 182954  
6023 N Eagle Rd | Ste. 100 | Boise | ID | 83713  
Cell: 208.794.2830  
Office: 208.202.7953  
[www.paulshomeloans.com](http://www.paulshomeloans.com)  
[panderson@primeres.com](mailto:panderson@primeres.com)





Make it a  
‘Successful  
Divorce!’

**1 + 1 = 3**



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