

# Divorce Mortgage Planning

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HOSTED BY TOM DICKSON  
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CPE FOR CPAS

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ATTEND 50 MINUTES



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TO COMPUTER

# Thank You Sun West

National Lender for “Regular” and Reverse Mortgages



## Terry Hancock

National Reverse Mortgage Director  
NMLS ID 448233

D: (951) 406-4462 | M: (909) 573-4465

[terry.hancock@swmc.com](mailto:terry.hancock@swmc.com)

# Housekeeping

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SURVEY,  
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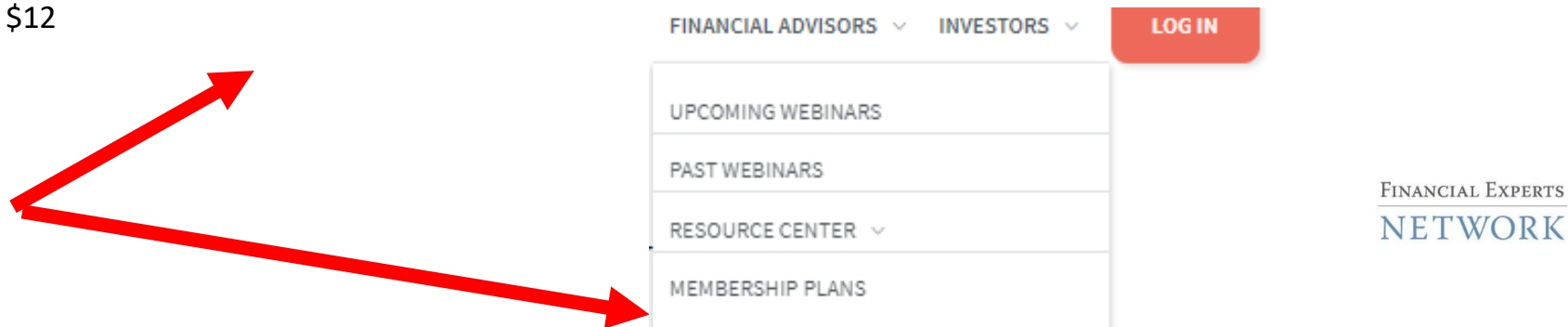
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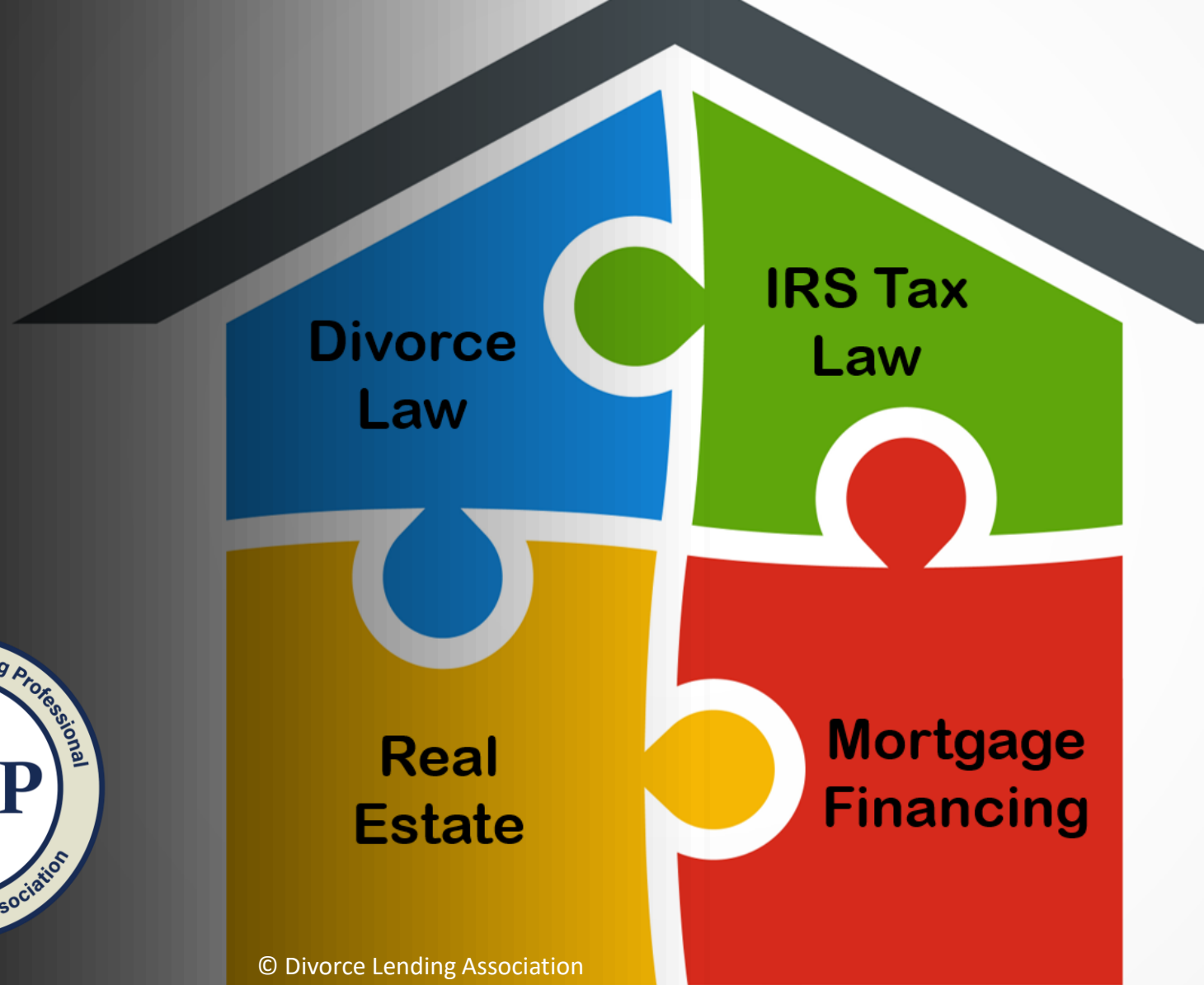


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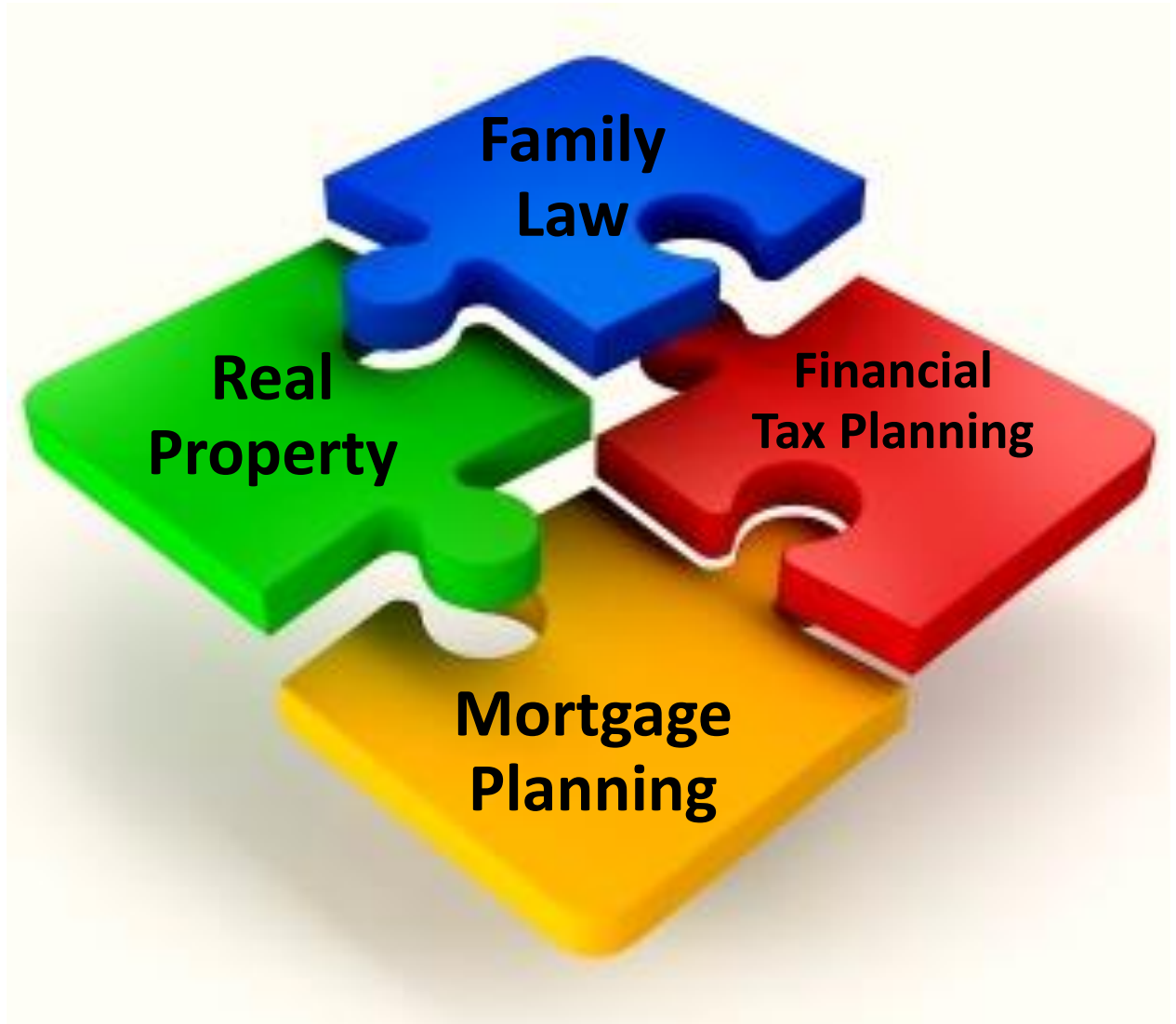


# Divorce Mortgage Planning in a Successful Divorce

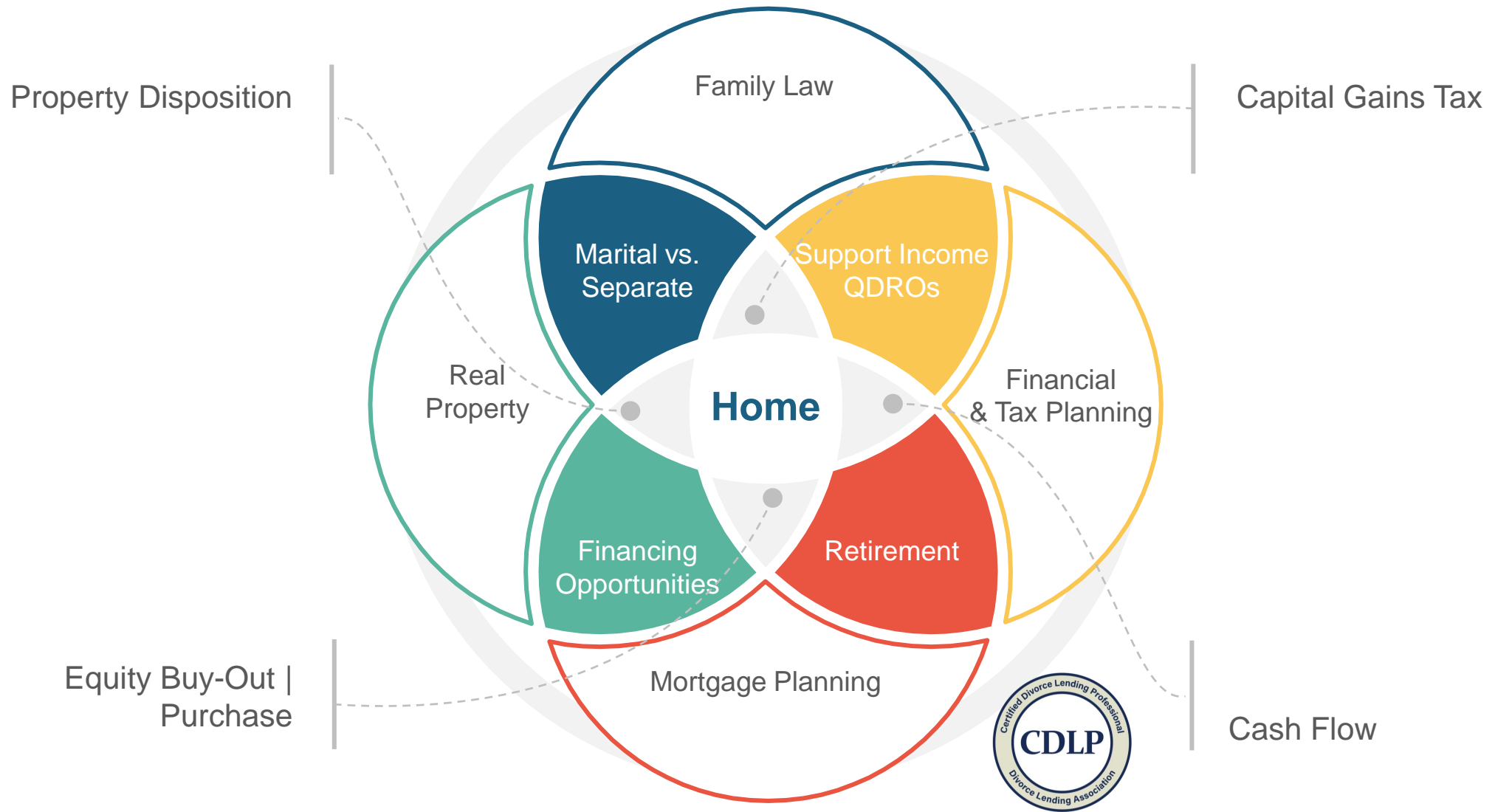


A different perspective. A better solution.

# Puzzle Pieces of Divorce

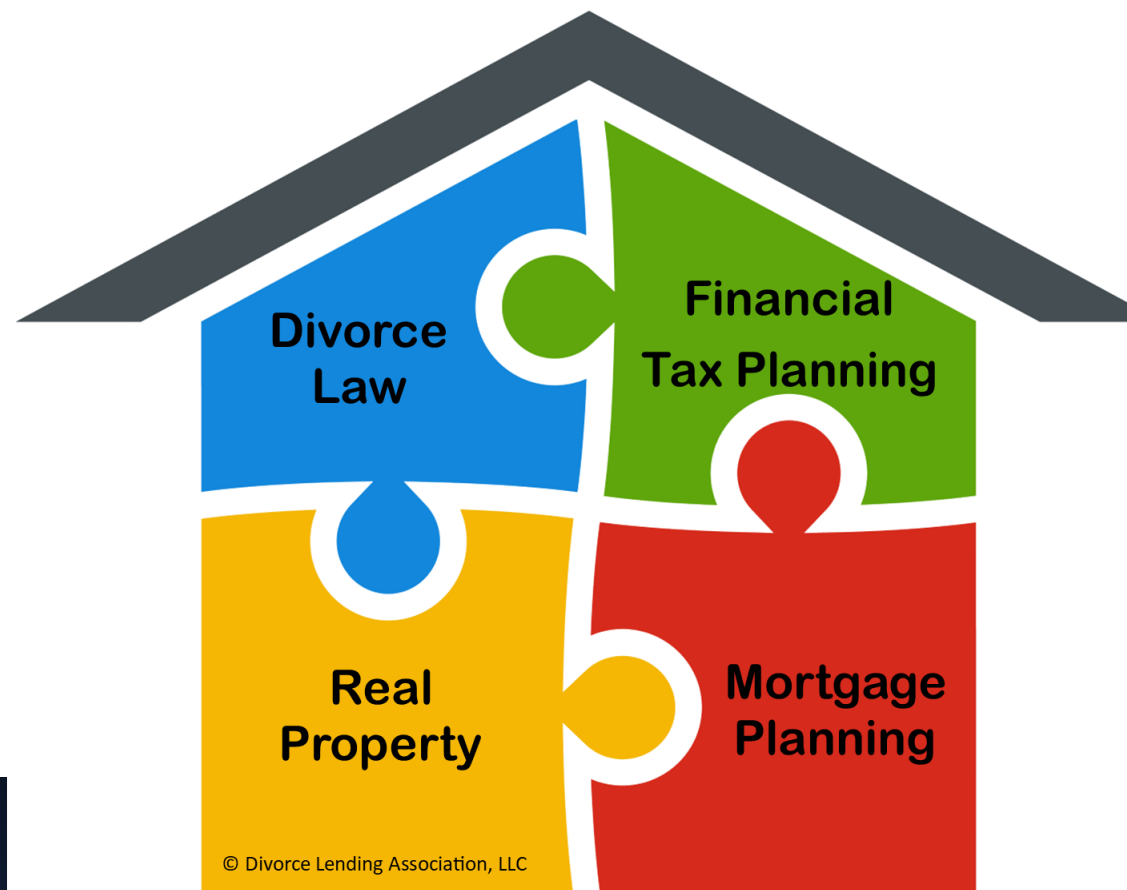


# Intersection of Divorce, Real Estate & Mortgage Planning





# What makes a successful divorce?



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## How the CDLP™ Helps the Divorce Settlement Process

The CDLP™ works with the financial advisor 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!

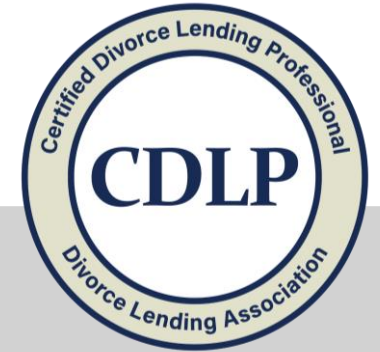


# 4 Phases of Divorce Mortgage Planning



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# What is a CDLP™?



- The role of the CDLP™ is to assist the client and his/her lawyer or financial advisor to understand how the decisions he/she makes today will impact the client's ability to obtain mortgage financing in the future.
- As a divorce mortgage planner, a CDLP™ has the **background knowledge** that other mortgage professionals don't. A CDLP™ can help you identify any potential conflicts between the divorce settlement, financial planning and home equity solutions as well as any real property issues involved in your case.
- For example, the verbiage in the divorce settlement agreement (*or the structure of support income or the division of assets*) as well as certain aspects of the real property can directly impact the ability to obtain mortgage financing. *And the mortgage option chosen can directly impact any financial or tax planning set up in the divorce settlement as well.*

# QUALIFIED INCOME SOURCES



**Employment Income**

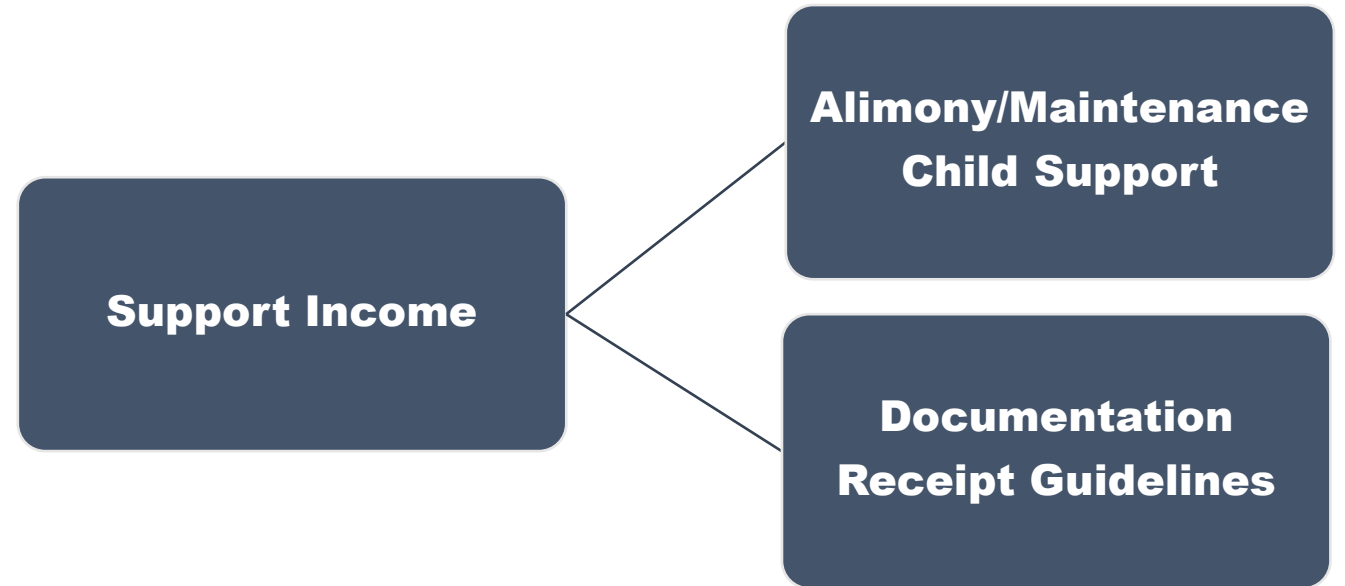
**Support Income**

**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!



# QUALIFIED INCOME SOURCES



**Employment Income**

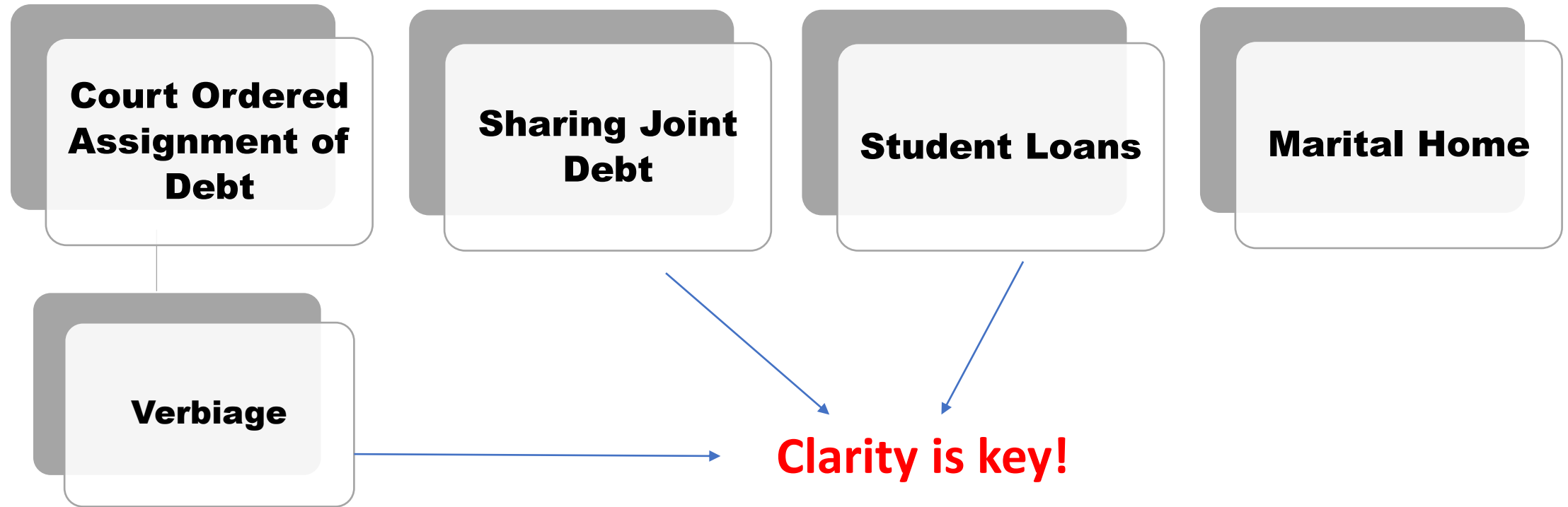
**Support Income**

**Lump Sum Payment**

**Alimony/Maintenance  
Child Support**

**Documentation  
Receipt Guidelines**

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



# MARITAL DEBT



# Marital Home



Equity  
Buy Out

Purchase

A different perspective. A better solution.

# Marital Home



Equity  
Buy Out

Purchase

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

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# Marital Home



Equity  
Buy Out

Purchase

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

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# 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.*



# 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 [jody@divorcelendingassoc.com](mailto:jody@divorcelendingassoc.com)  
 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

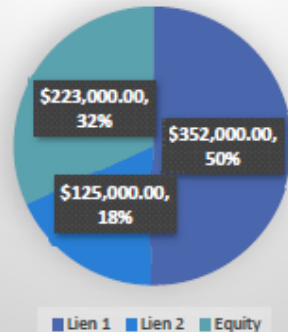


## Current Mortgage Information

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

### Subject Property Equity Distribution



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



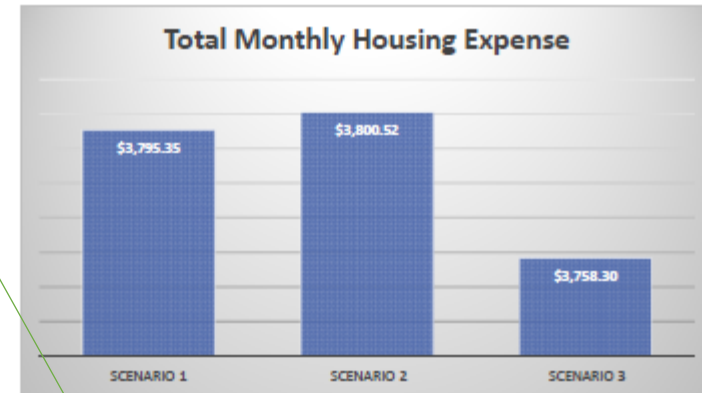
Prepared by: Jody Bruns, CDLP  
720-692-7241  
jody@divorcelendingassoc.com  
NMLS ID 831033

### Loan Comparison and EMI Payment Calculator

Starting Month (MMM-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	
Total Monthly Housing Expense	\$3,795.35	Total Monthly Housing Expense	\$3,800.52	Total Monthly Housing Expense	\$3,758.30

### Total Monthly Housing Expense



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

	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

	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

	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 QDRO?	Yes	\$500,000.00	
Down payment source for new purchase:			

## Joint & Individual Debt Obligations

	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

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

# Case Study

\$500,000 QDRO Payment	Cash in Bank	Zero Income
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.





## 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:

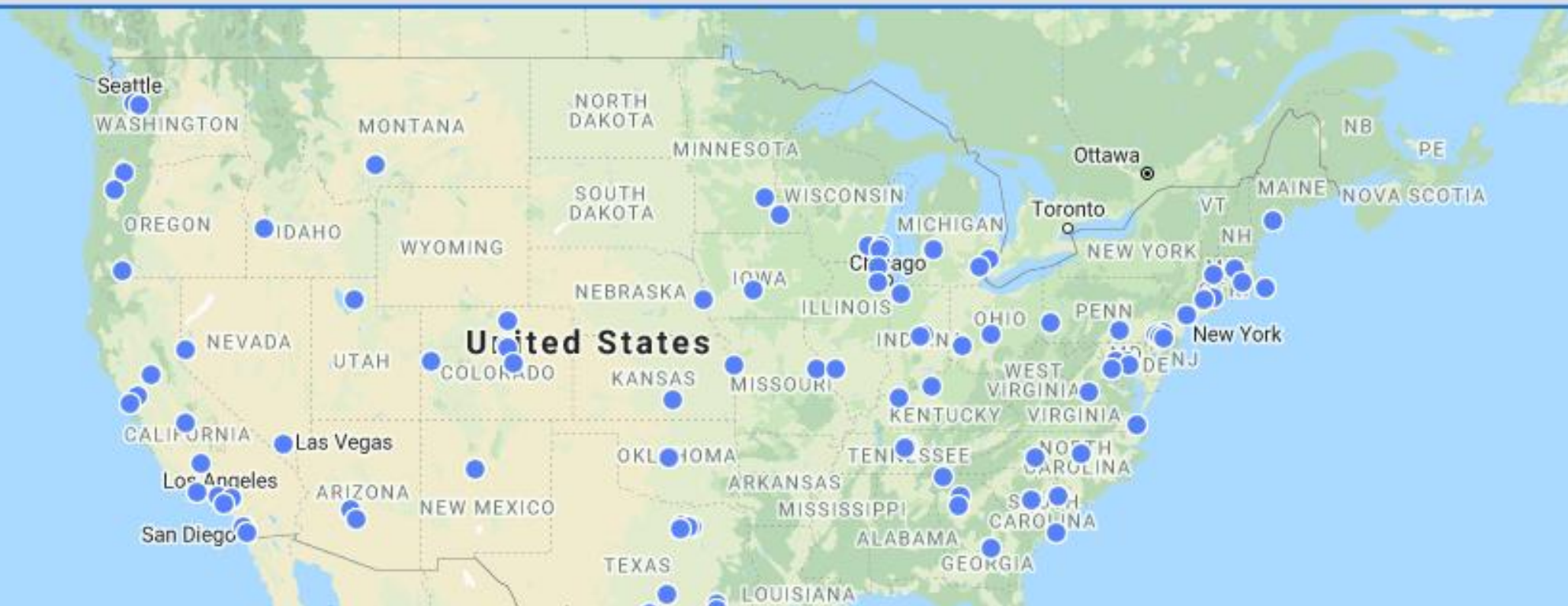
"Overt evidence of discrimination," when a lender blatantly discriminates on a prohibited basis;

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.



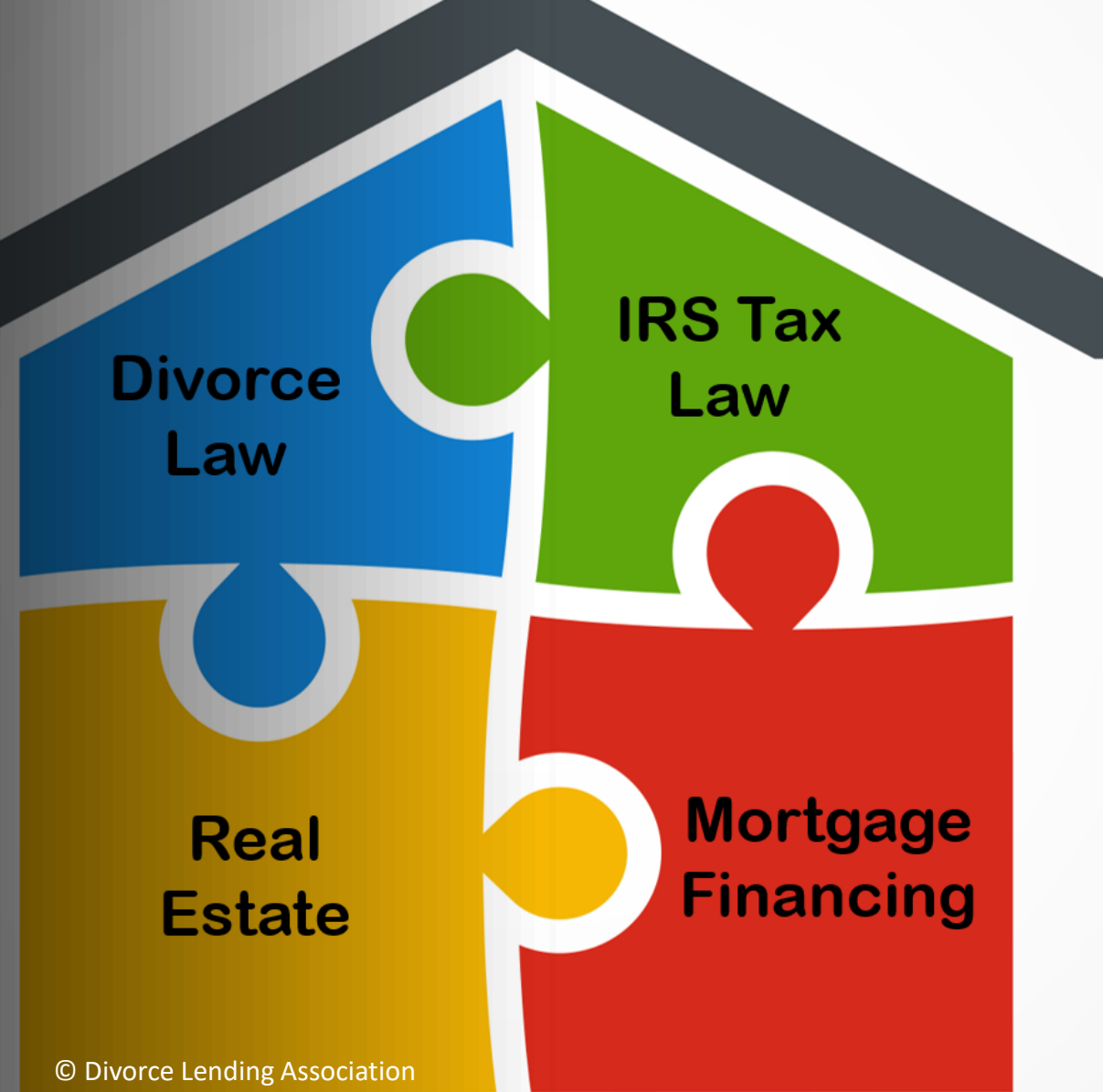
Map



# Find a CDLP™

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Make it a  
'Successful  
Divorce!'



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