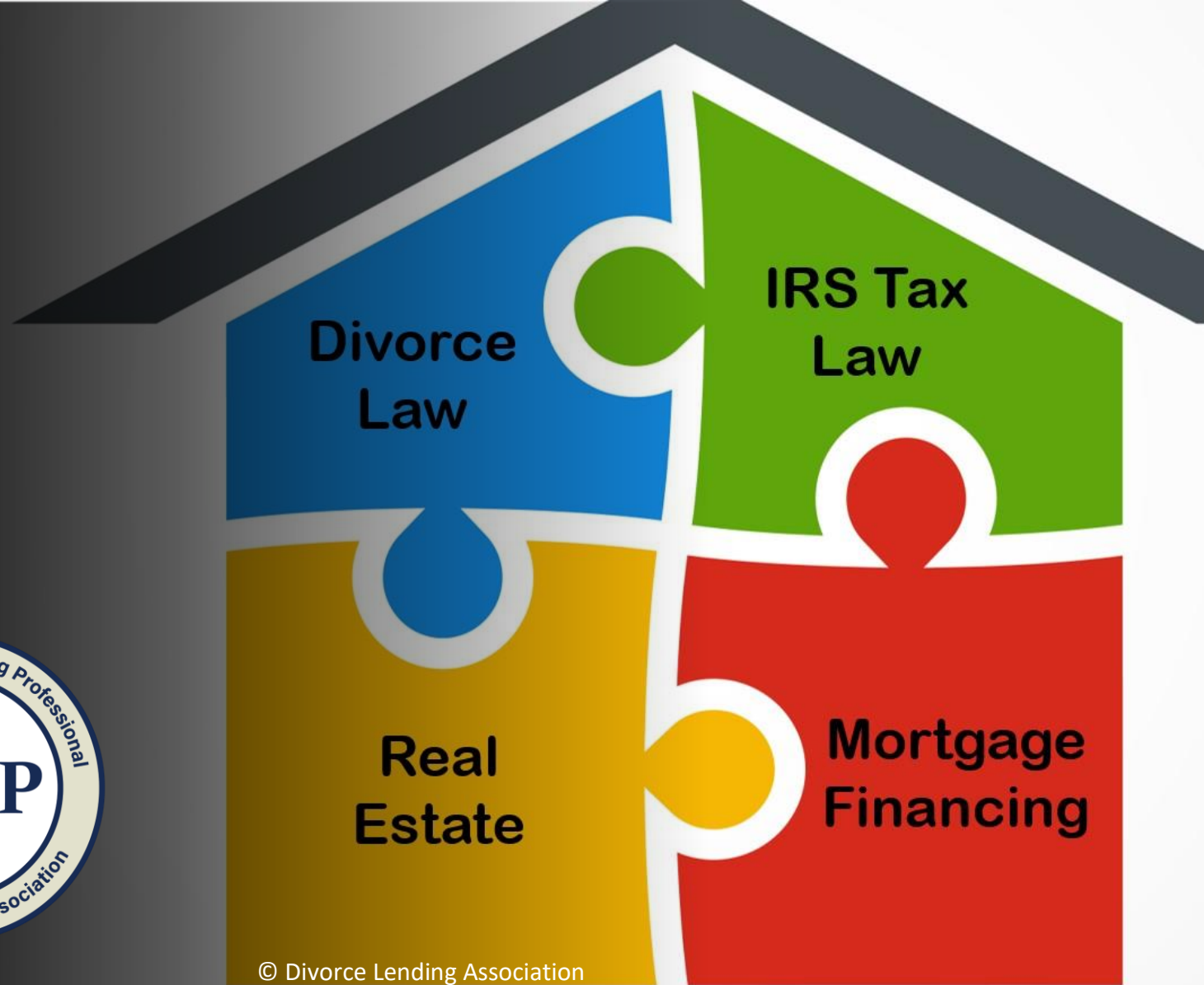
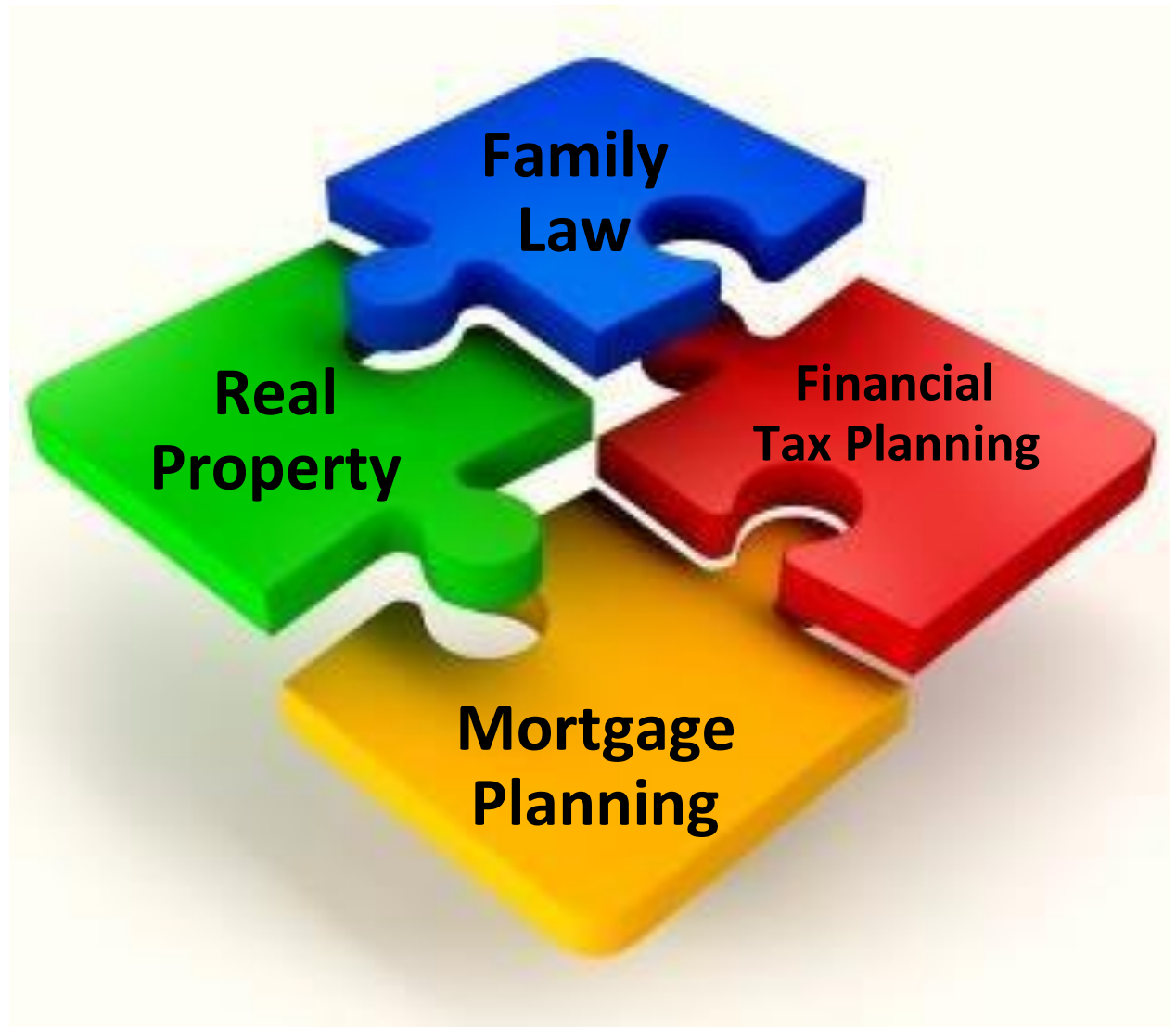


Divorce Mortgage Planning in a Successful Divorce

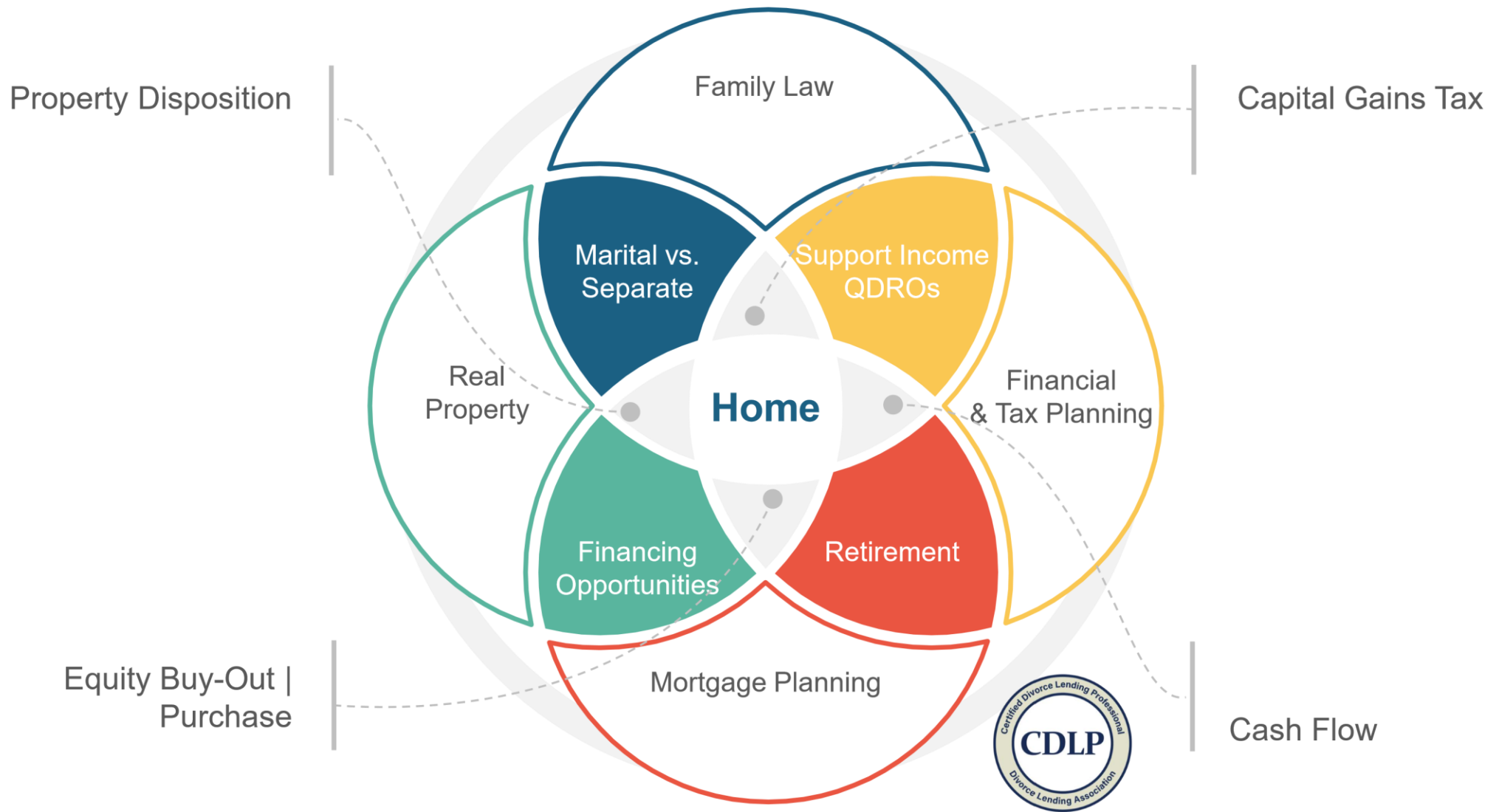


A different perspective. A better solution.

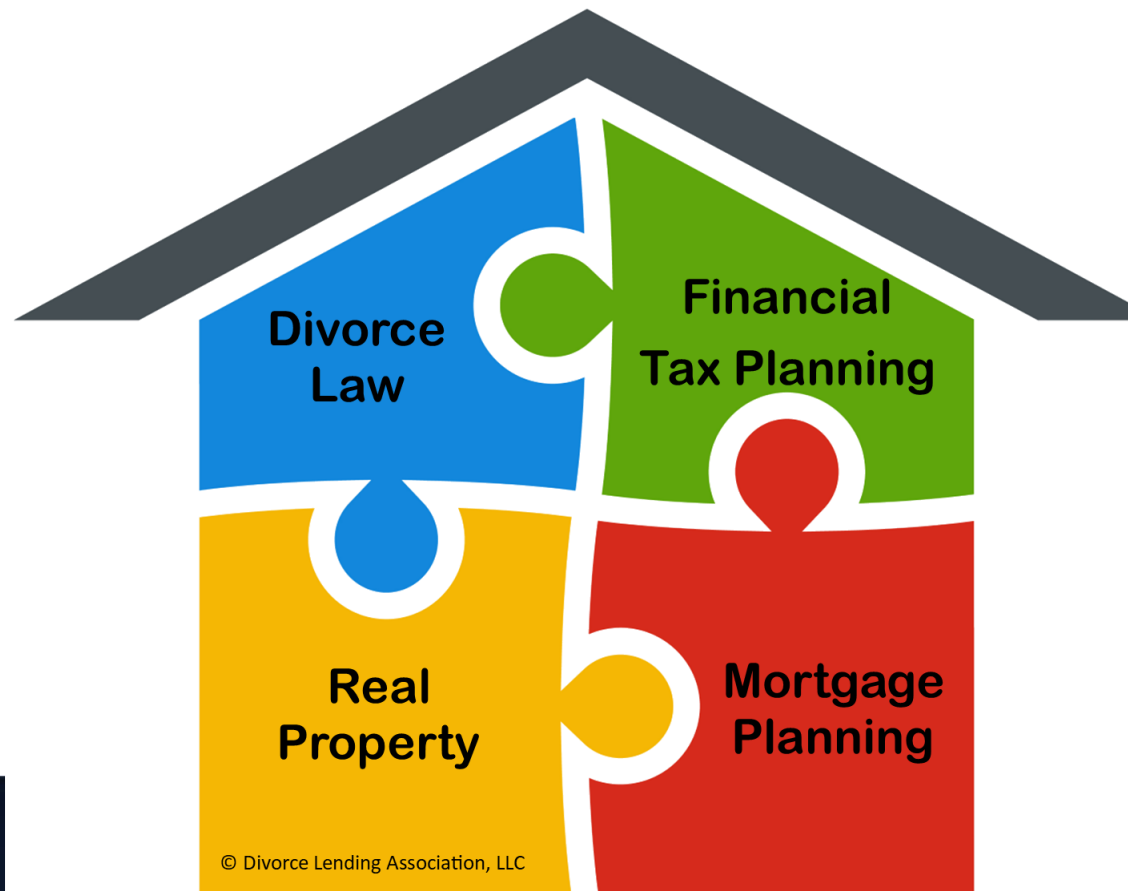
Puzzle Pieces of Divorce



Intersection of Divorce, Real Estate & Mortgage Planning



What makes a successful divorce?



A different perspective. A better solution.



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



A different perspective. A better solution.

What is a CDLP™?

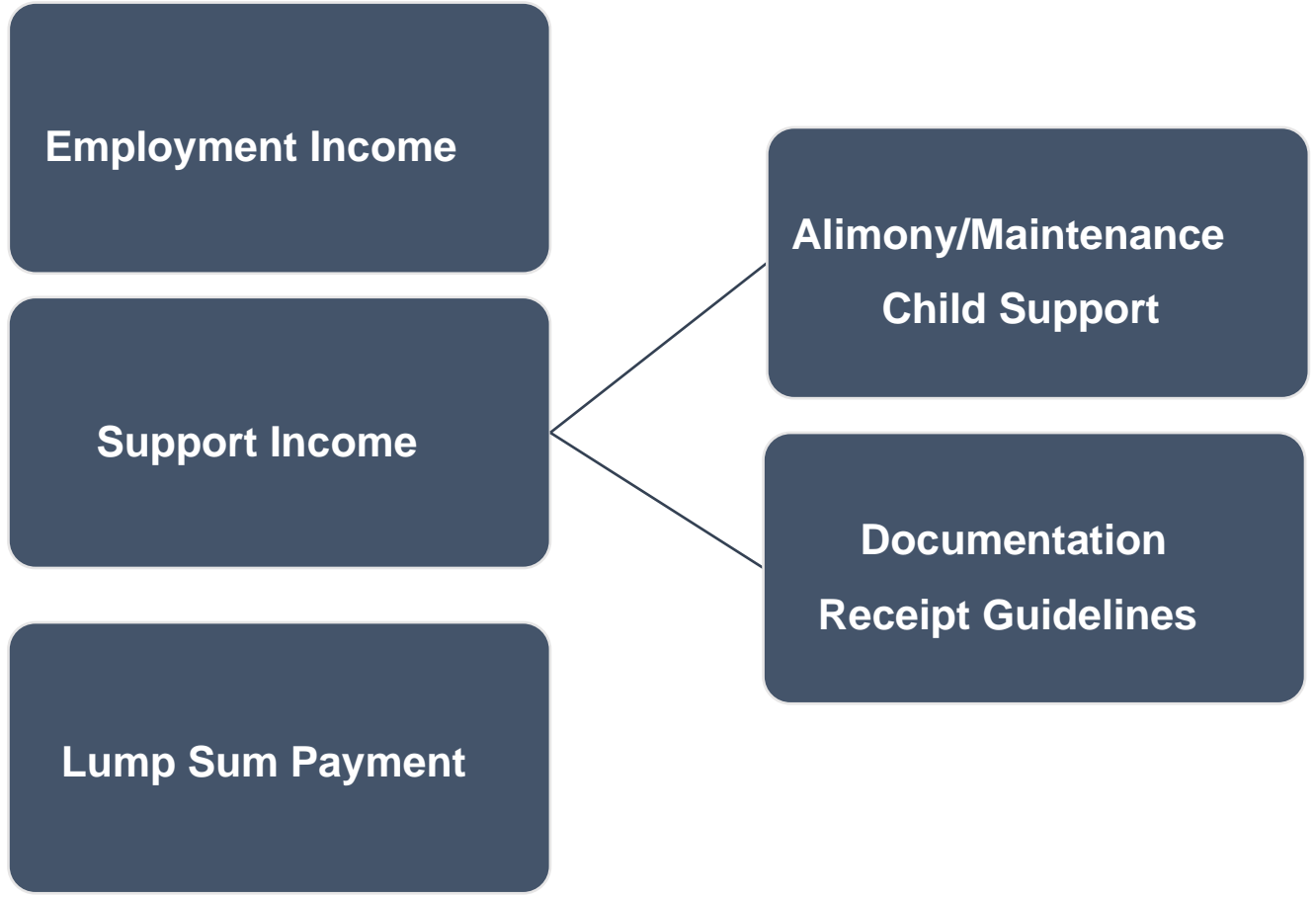


- The role of the CDLP™ is to assist the client and his/her lawyer or financial advisor to understand how the decisions he/she makes today will impact the client's ability to obtain mortgage financing in the future.
- As a divorce mortgage planner, a CDLP™ has the **background knowledge** that other 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





6/36 Rule



QUALIFIED INCOME SOURCES



Support Income

Alimony/Maintenance
Child Support

Documentation
Receipt Guidelines

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

Employment Income

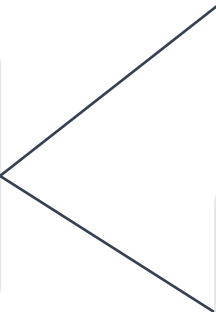
Support Income

Lump Sum Payment

Trust Income

**Alimony/Maintenance
Child Support**

**Documentation
Receipt Guidelines**

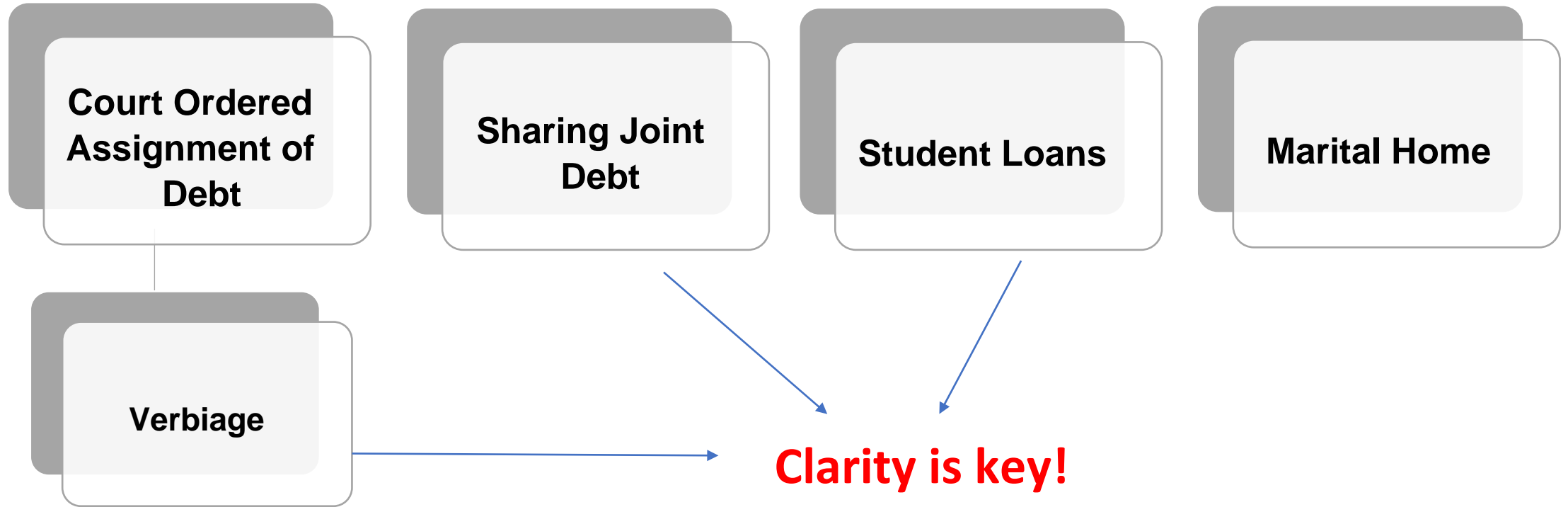


QUALIFIED INCOME SOURCES



72(t) Distributions
Other Options





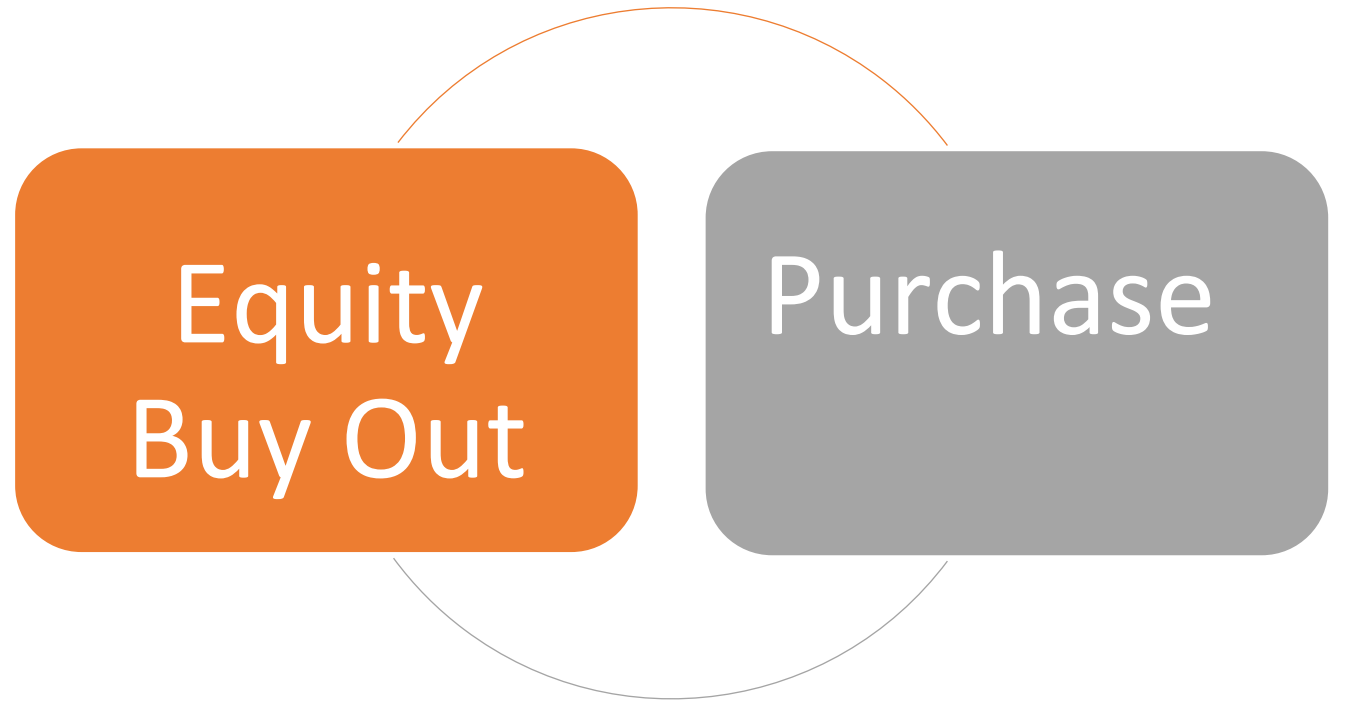
MARITAL DEBT



Marital Home



A different perspective. A better solution.



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

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.

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
 Phone
 Email

Attorney/Financial Planner/Mediator
 Phone
 Email



Prepared by
 Phone
 Email
 NMLS ID

Date Prepared

| 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 (MMM-YYYY) Jun-2021

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

| Loan Type | 30 Year Fixed |
|--------------------------------------|-------------------|
| Scenario 2 | |
| Current Loan Amount | \$352,000.00 |
| 2nd Lien Amount | \$125,000.00 |
| Equity Buy-Out Amount | \$60,000.00 |
| Debt Paid at Closing | \$8,000.00 |
| Estimated Loan Fees | \$7,691.65 |
| Estimated PrePays | \$6,600.00 |
| New Estimated Loan Amount | \$559,291.65 |
| Loan Period (Years) | 30 |
| Interest Rate (%) | 4.50% |
| APR (%) | 4.60% |
| Loan to Value (LTV) | 80% |
| Principle & Interest Payment | \$2,833.85 |
| Taxes & Insurance | \$966.67 |
| HOA | |
| Monthly PMI | \$0.00 |
| Total Monthly Housing Expense | \$3,800.52 |

| Loan Type | 30 Year Fixed |
|--------------------------------------|-------------------|
| Scenario 3 | |
| Current Loan Amount | \$352,000.00 |
| 2nd Lien Amount | \$125,000.00 |
| Equity Buy-Out Amount | \$111,500.00 |
| Debt Paid at Closing | \$0.00 |
| Estimated Loan Fees | \$7,691.65 |
| Estimated PrePays | \$6,600.00 |
| New Estimated Loan Amount | \$602,791.65 |
| Loan Period (Years) | 30 |
| Interest Rate (%) | 3.75% |
| APR (%) | 3.84% |
| Loan to Value (LTV) | 86% |
| Principle & Interest Payment | \$2,791.63 |
| Taxes & Insurance | \$966.67 |
| HOA | |
| Monthly PMI | |
| Total Monthly Housing Expense | \$3,758.30 |



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

Assumptions / Settings

This template should be used for divorce mortgage planning purposes to help you make an informed decision. 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.

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 | S/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 | | | | | | | |

| | | |
|--|---|--|
| 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! |
| \$500,000 QDRO Payment | Cash in Bank | Zero Income |

Case Study



A different perspective. A better solution.



Ethical Consumer Focus

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:

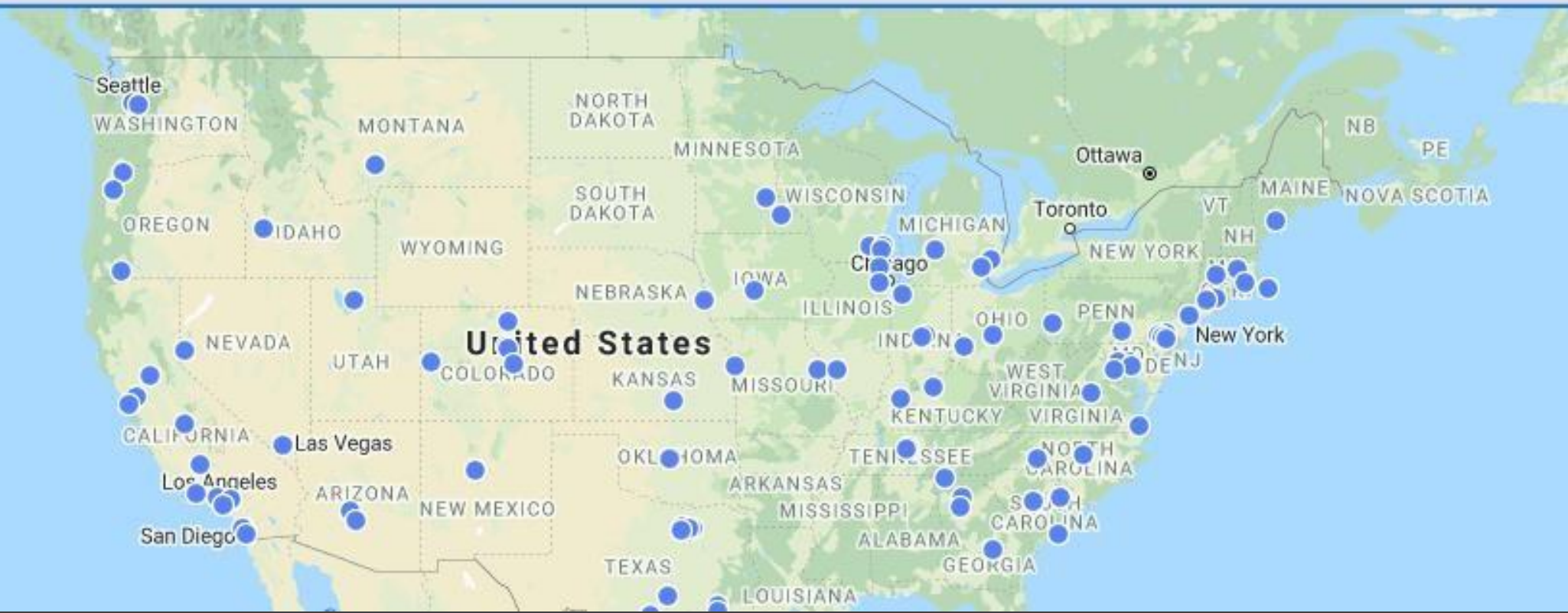
"Overt evidence of discrimination," when a lender blatantly discriminates on a prohibited basis;

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.



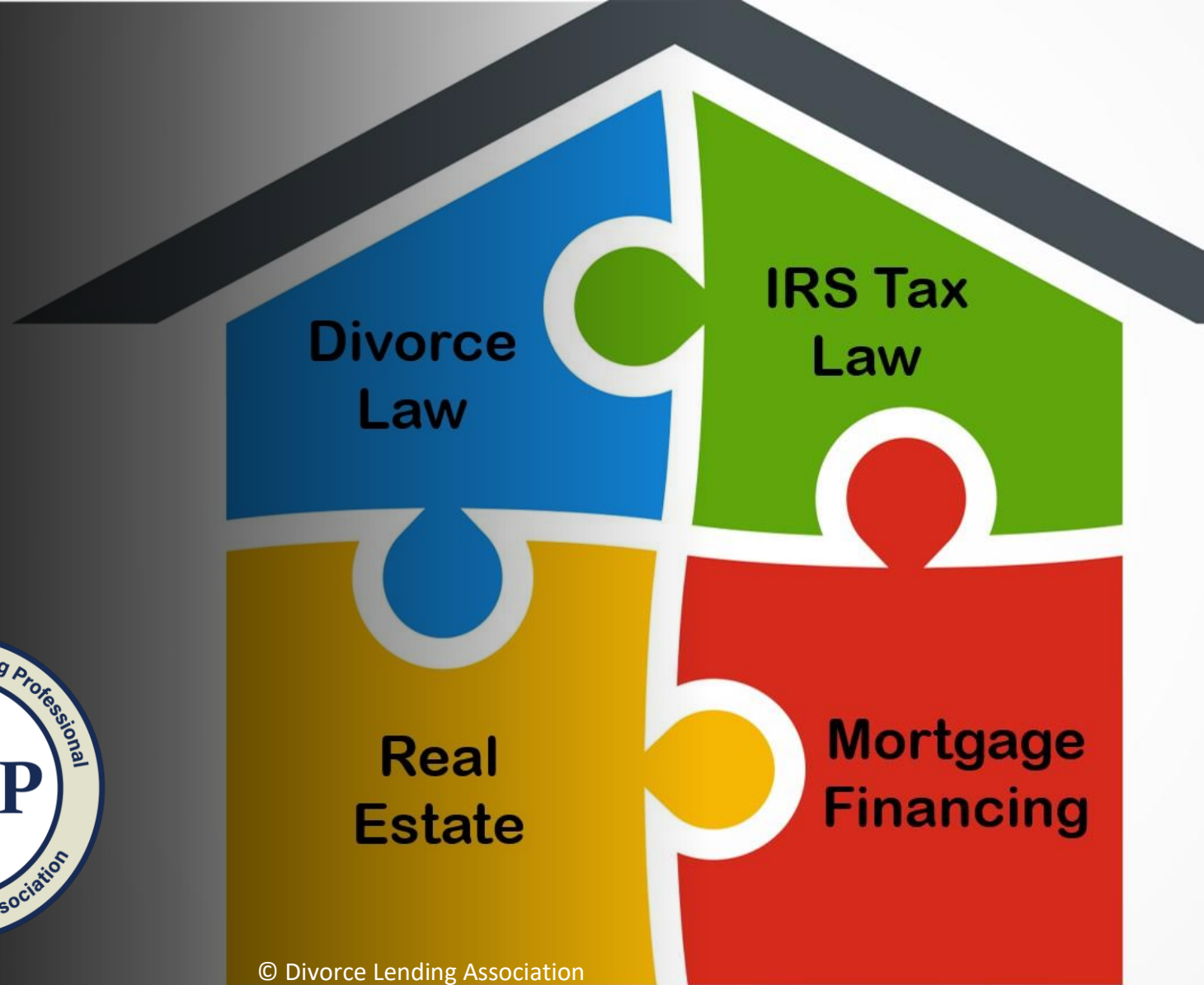
Map



Find a CDLP™

www.DivorceLendingAssociation.com

Make it a
'Successful
Divorce!'



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A different perspective. A better solution.