

Dividing Up The Family Home

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For many married couples, the home is the most valuable asset in their marriage, both emotionally and financially. As a result, what happens to the home can easily become a point of dispute in a divorce.

The family home (what legal experts term the “marital home”) is an asset that is subject to distribution. The percentage of equity that you are entitled to will depend upon the laws in your particular state. Nevertheless, it is important that you have realistic expectations when addressing this issue. With the slowing housing market, rising interest rates, and lenders tightening the reins on their mortgage qualification requirements, it becomes even more challenging for divorcing couples to divide the marital home.

Selling The Marital Home

It’s crucial to consider that, in the current housing market, your home may take many months to sell. This means that you could be divorced before your home is sold. If you and your spouse cannot afford to live apart prior to receiving your share of the sale proceeds, you may be forced to live together for some period of time, after the divorce, until the house is sold. It may be impossible for you to imagine living with your spouse after you’re divorced, but it’s a realistic expectation that you must consider.

Keeping The Marital Home

While some people would like to keep the marital home after the divorce, this may not be a realistic expectation. If you want to keep the marital home, you have to “buy out” your spouse’s interest in the home. If you’re fortunate enough to have significant assets in your marital estate, you may be able to offset your spouse’s interest in the marital home with your interest in another asset of equal value.

If you are unable to offset marital assets, you will have to borrow money to buy out your spouse’s interest. If there is a mortgage on your home, you will be required to refinance that mortgage into your own name and pay your spouse his share of the equity in the marital home. As a result, the amount of your new mortgage will be much greater than your old mortgage. So then

the question becomes: Can you qualify for a mortgage on your own? And if you do qualify, can you afford the payments?

There are many things to consider when divvying up the marital home, and these are just a few of them. The most important thing, however, is that you try to work with your soon-to-be ex so that you make the best decision for your family.