



## **Life after separation or divorce: Accessing your mortgage options**

With well over a third of marriages ending in divorce, marriage break-ups affect a wide range of Canadians. For those dealing with the breakdown of their marriage, financial issues can be just as trying as the emotional ones. In particular, decisions on housing can loom large: a parent might want to keep living in the same neighbourhood to minimize disruption to the children, or former partners may wish to have two residences close together so that kids can attend one school and sleepover in different homes.

With over 70,000 divorces in Canada every year, there is a large and growing number of Canadians looking for advice on how to pick up the financial pieces and set out on their own.

Here are some general tips on how to approach home ownership following separation or divorce:

- **Know what it takes to qualify for a mortgage.** Whether planning to buy out the other spouse's equity or search for a new home, those who are divorced or separated must qualify for a new or refinanced mortgage with their own income. Most lenders require a separation agreement before proceeding with a mortgage. Also, alimony and child support will impact mortgage qualification so consult your mortgage agent to determine your specific situation.
- **Keep an eye on your credit rating.** After a separation or divorce, it is important for an individual to establish credit independently of their spouse, especially if one lacks a credit history. A mortgage agent can offer advice on how to improve a credit score before applying for a mortgage. Debt taken out in joint names is considered to be the responsibility of both parties. If joint debt is not handled in a timely manner during the divorce/separation period this will impact the credit rating of both parties.
- **Get a mortgage pre-approval.** For those purchasing a home after a separation or divorce, a mortgage pre-approval is vital, as it will indicate clearly how much of a home one can afford.
- **Look for smart ways to manage extra expenses and personal debt.** A separation or divorce can mean numerous added expenses. Getting a new mortgage can be an opportunity to access equity in one's home, or

consolidate high-interest credit card debt. Some borrowers opt for lower monthly payments which create a larger monthly cash flow.

Those who find themselves having to make a fresh start in the wake of a separation or divorce are confronted with many uncertainties and decisions. An experienced mortgage agent can help divorced individuals take advantage of home finance opportunities. Mortgage agents offer advice on maintaining or repairing a credit rating and will make sure their clients have access to a diverse range of borrowing options, including low or no-down payment mortgages, to help them get back on their feet.