

Spousal Buy-Out

Separating, whether through divorce or ending a common law relationship, is never easy - but it doesn't have to mean losing your home too. Most individuals who go through a separation feel as though they are forced to sell their home, but let me tell you about another way.

Spousal buy-outs may be one of the mortgage industries best kept secrets. While not everyone will opt for this, many individuals may prefer to remain rooted - especially if you have children enrolled in school and are happy in your neighborhood. This is where the Spousal Buy-Out Program comes in.

Backed by Canada Mortgage and Housing Corporation, Sagen™ and Canada Guaranty, this program allows one party to refinance the shared home up to 95 percent of its appraised value. To qualify, both you and your ex-partner must currently be on the deed to the property. As a one-time opportunity, the Spousal Buy-Out Program can also be used to pay off other debts outside the separation agreement, further assisting with the transition.

If you would really like to hold onto your shared home and you think this program would work for you, there are a few things you will need:

1. **Appraisal Report:** This will likely have been obtained to determine Equalization of Assets. In some cases, this appraisal must be ordered by a third party and typically needs to have been produced within 90 days (less with some lenders) to ensure accuracy. If the original report was previous to 90 days, a new one must be obtained.
2. **A Signed Separation Agreement:** The lender must be provided a signed copy of the separation agreement. The details of asset allocation must be clearly outlined.
3. **Agreement of Purchase and Sale:** A standard agreement indicating new ownership.

4. **An Employment Letter or Recent Pay Stub:** This is required so the lender can verify your ability to manage your mortgage payments.
5. **(Optional) Debt Payout List:** If you opt for this option, the Spousal Buy-Out can be used to pay off additional debts outside of the separation agreement. The proceeds can only be used to buy out the other owner's share of equity and/or to pay off joint debt as explicitly noted in the signed separation agreement.

You may already be thinking that you cannot afford this option - but don't sell yourself short just yet! The Spousal Buy-Out Program was designed to help YOU and works to mitigate these costs by allowing a co-signer (i.e.: an existing family member or new partner) to assist.

Moving on in life can often be difficult, but there are options. If you are going through a divorce and unsure of how it will affect your mortgage, please don't hesitate to contact me today.

