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ESTATE AGENTS

Divorce & Separation Guide

YOU AND YOUR **HOME** AT **HEART**

Undoubtedly, the decision to separate from your spouse and ultimately divorce is not a choice anybody takes lightly. Emotions run high as do stress levels and dividing up matrimonial assets is arguably one of the hardest parts of divorce. The family home is often the largest marital asset and the separating couple has to make the decision to either allow one party to remain in the property or sell the house.

Here at Keystone, we are experts in this area and with many factors to consider, we aim to help you sensitively navigate your way through the choppy waters of separation and divorce so read on to discover your options.

WHAT ARE THE OPTIONS FOR **SELLING THE FAMILY HOME** BECAUSE OF A SEPARATION OR DIVORCE?

- The house is sold at a later date using a Mesher Agreement.
- One partner buys out the other.
- The house is sold and both parties move out.

THE HOUSE IS SOLD AT A LATER DATE USING A **MESHER AGREEMENT**

Also known as an 'order for deferred sale', A Mesher Agreement is an order for the family home to remain in joint names until certain events. Examples of these events - known as trigger events - are as follows:

- When the youngest child reaches 18 years of age or ceases full time education.
- The death of the occupying party.
- The remarriage of the occupying party.
- The cohabitation of the occupying party ie. a new partner moves in.

Until a trigger event occurs, either party cannot sell the house. When a trigger event arises, the house must then be sold and the monies divided between both parties.

Pros of a Mesher Agreement include:

- Provides stability for the children and alleviates the pressure of uprooting and moving them from their home.
- Avoids the pressure of an immediate sale.

Cons of a Mesher Agreement include:

- The non-occupying party will have their capital tied up in the property until a later date; this can sometimes be years later.
- Both parties will need to maintain contact long after the divorce to discuss maintenance and repair of the property so delays the concept of a financial 'clean break'.
- Both parties will likely have a reduced mortgage capacity after the property is sold because of their increased age by the point at which the property is sold.

NB: *If the separating couple do not have children, the agreement in place would usually be called a 'Martin Agreement' which is similar to a Mesher Agreement and usually includes the same 'trigger events' except those events concerning children.*

ONE PARTNER BUYS OUT THE OTHER

If financial circumstances allow it, one party may be able to buy the other out which means the property will be transferred to one name and the remaining occupier will essentially 'buy out' the other party using the equity in the property. How much equity is in the property depends on the difference between the outstanding balance on your current mortgage (your lender can provide you with a redemption certificate) and the price at which you ultimately sell the property for. You will need to start by obtaining a valuation of your property.

At Keystone, we pride ourselves on providing you with a fair valuation that reflects the current property market and as one of the leading estate agencies in Flintshire, it is no surprise that clients return to us time and time again to seek invaluable and more importantly, trusted advice.

- Transfer of Equity Mortgage or a Remortgage

Sadly, many of us do not have thousands of pounds accruing in savings waiting to buy out an ex-partner's share of a jointly owned property. A Transfer of Equity Mortgage or a Remortgage could be the solution to the problem. Essentially, this option works by transferring the remaining mortgage balance and payments over to you whilst simultaneously removing your ex-partner from both the property and the mortgage. You can also use this method to raise additional capital from the property to either 'buy out' your partner or even indulge in some home improvements. This option can be executed with your current lender, which may be more straightforward, but you may not necessarily be getting the best deal in terms of a lower APR rate (annual percentage rate). Our experienced and trusted mortgage advisors at Keystone are ready to answer your questions regarding this type of mortgage. Remember, here at Keystone, we are able to search the whole of the market to enable us to get the best possible deal for your circumstances.

Pros of a Transfer of Equity Mortgage or a Remortgage include:

- Avoids the pressure of an immediate sale and means children can remain in the property.
- Can be a good option if the current mortgage is tied into a long-term product such as a 5 year fixed mortgage where the financial penalties for early redemption can be high – if you remain with your current lender, you may avoid penalties.

- Allows the non-occupying party to borrow again to purchase their own property.

Cons of a Transfer of Equity Mortgage or a remortgage include:

- Not always a viable option if the remaining party has a poor credit history.
- The Interest rate with the current lender may not be the cheapest deal available and the remaining party may obtain a better rate with an alternative lender.
- The new mortgage may not be deemed affordable. Remember originally both incomes were probably used to obtain the mortgage. The person who wishes to remain will need to demonstrate the mortgage is affordable with just their income.

THE HOUSE IS SOLD AND **BOTH PARTIES MOVE ON**

Whilst this is a wrench for the entire family, this could be the most financially viable option all round. Here at Keystone, we have a wealth of knowledge in this area and pride ourselves in providing a sensitive but professional process for all parties concerned. Again, the first step in this process is to contact us for a free valuation. At this stage, you can start to gain a clearer picture as to what your financial situation may look like after the divorce is finalised. Normally, the equity in a property is split evenly between the two parties but other factors can affect this such as joint debt so you will need to have a clear financial picture right from the beginning. Other factors that can affect this split are:

- Who owns the property
- How long the marriage was
- Who is able to support themselves

Your solicitor can provide you with a clearer picture as to what the equity split may be.

Once a price is agreed, Keystone will get to work immediately marketing and promoting your property on online platforms such as Rightmove and Facebook – please see our 'Complete Guide to the Selling Process' for a more comprehensive guide to selling your property.

Pros of selling the family home include:

- Provides all parties with that all-important financial 'clean break'.
- In some cases, it allows debt to be repaid and gives both parties a financial 'fresh start'.
- Lessens communication between two parties, especially if the split is acrimonious.

Cons of a selling the family home include:

- It means uprooting the family during what is likely to be an already difficult time.
- It could mean downsizing to a smaller, but more affordable property which could take time getting used to.

…and finally.

Separation and divorce is never easy. Even the most harmonious breakups are not without stress and upset. At Keystone, we have dealt with many house sales and remortgages as a result of a couple parting ways. We have found that communication and transparency is key to ensuring a calm swift process when either selling your house for your or completing a mortgage for you. So our promise to you is this:

✓ We will endeavour to deal with both parties concerned, equally and fairly.

✓ We will inform both parties of any price recommendations and changes and advise that both parties also communicate with each other prior to discussions on these changes.

- ✓ We will provide potential buyer feedback to both parties.
- ✓ We will be completely transparent with both parties in line with the Data Protection Act.
- ✓ We will act sensitively to your situation and provide you with a professional service which aims to remove the stress from this already difficult situation.

The thought of separation and divorce can be a frightening one filled with fear, anxiety and self doubt but actually, one of the greatest gifts to come from separation and divorce is that you regain control of your daily life, your time and your future. So, give Keystone a call today and let us help you to navigate your way towards a pathway of happiness and freedom which places you firmly at the helm of your new life.

IF YOU WOULD LIKE FURTHER INFORMATION PLEASE

GET IN TOUCH TODAY

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