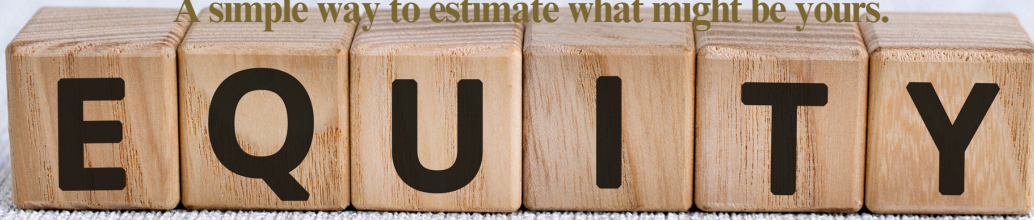


# What Is Home Equity?

A simple way to estimate what might be yours.



Home equity represents the portion of your home that you truly own, free and clear of any debts. It's the difference between your home's current market value and the outstanding balance on your mortgage and any other loans secured by your property (like a home equity line of credit or HELOC).

In the context of a divorce, home equity often becomes a significant asset to be divided. Understanding how much equity you have is a crucial first step in negotiating a fair settlement.

## Calculating Net Equity

Here's the formula to calculate your net home equity:

**Home Equity = Current Market Value - Outstanding Mortgage Balance - Other Liens**

- **Current Market Value:** A reasonable estimate of what your home would sell for today. Online valuation tools can provide a rough estimate, but a professional appraisal offers the most accurate assessment.
- **Outstanding Mortgage Balance:** The remaining amount you owe on your mortgage. This can be found on your most recent mortgage statement.
- **Other Liens:** Any other debts secured against your home, such as a HELOC or second mortgage.

## Worked Example

Let's say:

- Your home's current market value is \$500,000.
- Your outstanding mortgage balance is \$300,000.
- You have a HELOC with a balance of \$20,000.

Then, your home equity would be

$\$500,000 \text{ (Market Value)} - \$300,000 \text{ (Mortgage)} - \$20,000 \text{ (HELOC)} = \$180,000$

In this scenario, your home equity is \$180,000. This is the amount that would potentially be subject to division during a divorce.

## Estimate Your Home Equity

Use this simple worksheet to estimate your home equity:

1. **Current Market Value of Home**
2. **Outstanding Mortgage Balance**
3. **Other Liens (HELOC, etc.)**

**Important Disclaimer:** This document provides general information only and does not constitute legal or financial advice. The calculation provided is a simplified estimate and may not reflect all factors relevant to your specific situation. Consult with a qualified attorney and financial advisor to discuss your individual circumstances and obtain personalized advice.

## Next Steps

Understanding your home equity is just one piece of the divorce puzzle. For guidance tailored to your unique situation, book a consultation today.