

Equity Buyout Pre-Approval



Divorce Lending Association

Obtaining mortgage preapproval to purchase a new home has been common practice for many years. A preapproval shows the home seller that the buyer has the financial strength to obtain mortgage financing to successfully complete the purchase transaction. The mortgage purchase preapproval is one of the first steps required for homebuyers and it should be one of the first steps for a divorcing spouse before agreeing to refinance the marital home.

Equity Buy Out Preapproval should also be required by the spouse retaining the marital home if new mortgage financing is required. A refinance due to a divorce is required to remove the vacating spouse from the current mortgage or when the in-spouse needs to buy the equity ownership from the out-spouse in cash form.

- An Equity Buy Out Preapproval allows the Certified Divorce Lending Professional (CDLP) the ability to account for all income requirements, joint and individual debt, and assets needed to successfully provide mortgage financing.
- An Equity Buy Out Preapproval can eliminate the fear of selling the home should mortgage financing not be obtainable by the in-spouse if ordered in the divorce settlement agreement.
- An Equity Buy Out Preapproval can prevent the need to return to litigation due to the inability to fulfill the requirements of the divorce settlement agreement.
- An Equity Buy Out Preapproval will provide all parties with a sense of confidence that there will be no issues obtaining mortgage financing once the divorce is final and alleviate any concerns of failure to execute.

Involve a Certified Divorce Lending Professional (CDLP) in the early settlement stages and obtain a complete analysis of the mortgage financing requirements. This essential and necessary step can help provide a smooth transaction post-divorce and remove unnecessary burdens and frustrations.



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