



MORTGAGE Q & A

Q: When does using
Familial Support in
temporary agreements
become a problem?

Answer:

Lately I've been seeing an increase in the usage of Familial Support in temporary agreements. This makes sense because it bypasses the cognitive or emotional hangups that divorcing clients can have in defining temporary child support and temporary spousal maintenance early in the divorce process.

However, if the person receiving the temporary support needs to use that income to qualify for a mortgage once the divorce is finalized, Familial Support can cause a problem.

To review, the client needs to receive child support or spousal maintenance for 6 mos to be able to use it as qualifying income for a mortgage (purchase or refinance). And we CAN use temporary CS/SM towards that 6 mo timeframe if it is relatively close to the final amounts and has been documented properly.

That means the client would not have to wait a full 6 mos after the divorce is finalized to buy a house or refinance,



which is often a very big deal to many recently divorced clients...sometimes both clients.

Unfortunately, if a mortgage underwriter sees a final decree with X amount of child support and X amount of maintenance, but the temporary payments are lumped in as one big payment they can't line up the temporary payments with the final amounts and therefore the 6 months of receipts timeframe has to start over.

So the takeaway is if your client needs their CS/SM to qualify for a mortgage transaction and they want to do that transaction without waiting for 6 months after the divorce is final, they'll need to separate the support and maintenance instead of lumping it in as Familial Support.

Call me anytime to discuss this topic further, or if you simply have a mortgage question.

Warm Regards,

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Brett has been a respected Mortgage Professional since 2002 and he specializes in home mortgage transactions surrounding a divorce, such as how to remove a name from a current loan and determining if and when you can buy another home. Brett has been a featured guest on WCCO's Real Estate Radio Hour to discuss common mistakes divorcing couples make with their home mortgage during the divorce. Also, he has spoken at Family Law Bar Association meetings and FLI to provide CE credits for divorce attorneys.