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Q: What verbiage should be in every divorce decree when both spouses are keeping their names on the loan?

Answer:

This is by far the most common issue I've been seeing in divorce decrees the last few years.

Since mortgage rates started rising in early 2022, some spouses are leaving their name on the marital loan so the other one doesn't have to refinance. But the verbiage I'm seeing in decrees is "If the retaining spouse is late on a mortgage payment the house is to be listed for sale."

But what about your client's credit? By the time the retaining spouse puts the home up for sale, an offer is made and it takes another 30 days to close on it, a minimum of 60-90 days has gone by and your client's credit is ruined. Not to mention the time added if you have to file a motion to force the sale.

Even one mortgage late can be devastating to someone's credit because mortgage lates are more harmful to credit scores than a late payment on any other kind of debt, such as car loans or credit cards. I have personally already seen this issue in at least a handful of post-decree scenarios so I'm sure this situation is coming up more often than we think.

So what verbiage should we be writing into the decrees? To keep this email



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

from getting too long, I'll simply point you to page 7 in this [Handbook For Navigating Higher Mortgage Rates](#) I wrote where I discuss some verbiage options for the decree.

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

Warm Regards,

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