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Q: When is it better  
for a divorcing client  
to refinance instead of  
doing a name delete  
assumption?

## Answer:

When you are representing the spouse who is keeping the marital home, this question inevitably comes up...

Should they jump through the hoops of doing an assumption and then take out a 2<sup>nd</sup> mortgage for the marital settlement funds, or should they just refinance?

We know they want to preserve their current rate and often that's the best financial decision, even though refinancing is much easier than doing an assumption/2<sup>nd</sup> mortgage, but here are the scenarios where refinancing is actually the better or only option and you as the attorney/mediator can help guide them...

1. Marital Settlement is needed in less than 3-5 months (often the length of time servicers take to complete name delete assumptions plus the time to do the 2nd mortgage.)
2. Current servicer will not allow assumptions
3. Co-signer is needed for retaining spouse to qualify for the current payment and/or the added debt of the 2nd mortgage (without their ex-spouse's income).



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

4. The marital settlement amount needed is close to or greater than the current mortgage balance. (The rates on 2nd mortgages are significantly higher than refinance rates on a new 1st mortgage, so saving a lower rate on the current mortgage becomes less attractive and not worth the effort.)

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

Warm Regards,

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