

DIVORCE OR SEPARATION

YOU WANT TO RETAIN THE FAMILY HOME AND/OR OTHER PROPERTIES BUT DON'T KNOW IF YOU CAN AFFORD TO?

10

10 KEY FINANCIAL FACTORS YOU NEED TO KNOW TO KEEP YOUR FAMILY HOME



Halogen
HOME LOANS

increasing your wealth
with smarter finance

by Paul Gilhooly
www.halogenhomeloans.com.au

WE CAN HELP

At Halogen Home Loans, we have fourteen years experience successfully assisting people in your situation.

We understand that making a transition through a divorce or separation is not just about getting your finances sorted out. It is a highly emotional and stressful time.

We will support you to the best of our ability and within our area of expertise and importantly, you are not alone.

Contact us NOW for your initial Home Retention Assessment.

☎ Paul Gilhooly on 0410 520 398

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This brochure is for information only. It does not constitute legal or specific financial advice in any form. You are advised to seek advice from a qualified practitioner.



Paul Gilhooly

WHO AM I AND WHY SHOULD YOU LISTEN TO ME?

My name is Paul Gilhooly and I have provided property finance solutions to hundreds of people over the past 14 years. Amongst these people have been those in a situation like you find yourself. Your marriage or relationship has ended and you have a home and/or other property to deal with.

To give you assurance of my credibility, I hold an Australian Credit Licence overseen by ASIC (Licence 387081) through my company Briarglen Enterprises P/L, T/A Halogen Home Loans. I am a full member of the Mortgage & Finance Association of Australia, the peak body for Mortgage Brokers in Australia and a member of the Credit and Investments Ombudsman (CIO).

DIVORCE AND PROPERTY SETTLEMENT

TEN KEY FINANCIAL FACTORS YOU NEED TO KNOW TO KEEP YOU FAMILY HOME

Unfortunately life doesn't always go as planned. Sometimes situations arise that are not always pleasant or emotionally easy. Divorce or relationship breakup is one such event.

There are many decisions that need to be made when ending a long term marriage or relationship. Who retains the family home and/or other property is one such decision.

Depending how you previously assigned responsibilities for paying bills, paying credit cards, home loans, investment property loans etc you may or may not have a full picture of how your joint financial affairs have been managed.

To bring clarity to the situation, we have identified ten key financial points to address early in the process. This will enable meaningful decisions to be made about the retention or sale of current property assets.

1

PROPERTY OWNERSHIP OPTIONS

There are three ways that existing, jointly owned property can be allocated during a property settlement:

- a. You buy out your partner
- b. Your partner buys you out
- c. You sell the property, split the proceeds and buy another property.

You may or may not have all three alternatives as options.

2

BORROWING CAPACITY

If you decide to retain the property, will you have sufficient borrowing capacity post settlement to cover the current loan repayments? Will the loan repayments increase if you have to finance the sharing of equity with your partner?

This is the most important aspect in determining which of the above three options are available. When you have an initial conversation with a Family Law solicitor and express your desire to retain current property, one of their first questions will be “Have you confirmed whether you are able to borrow sufficient money to qualify for a loan?”

Without the answer to this question, your options may be limited.

3

INCOME & EXPENSES

These will change post settlement. Have you completed a preliminary budget based on your anticipated income and expenses post settlement?

In most cases total income available to you will decrease as you will now have a single income. What about your expenses? Will these increase post settlement? Are there costs and payments you will have to make that you don't currently eg Child Support?

4

CURRENT LOAN REPAYMENTS

Who's responsible for making loan repayments from now until property settlement? Whatever the assumed arrangement, it is in your interest to make sure loan repayments are made on time to avoid the loan going into arrears.

5

AVOID BAD CREDIT

Keeping your home loan and other debt repayments up-to-date will make refinancing easier and cheaper than if the loan goes into arrears or default.

If the repayments are neglected and your joint loans and debts go into arrears or have a string of missed or late payments, refinancing your home loan becomes more difficult and more expensive.

NB: This applies equally to all other joint debts such as credit cards, personal loans etc.

6

PROPERTY VALUE

Do you know the current value of your property or properties?

If not you can ask a local real estate agent or two to give you an appraisal. Or, you can engage a professional Valuer to value the property.

These values will need to be known at some point as they will come into play in the overall property settlement calculation.

If you have a reasonably accurate idea of the value at an early stage, it will help calculating if there is sufficient equity for either 1a) or 1b) above to happen.

7

LOAN BALANCE

What is the current balance on your property loan(s)?

This might seem like a straight forward question, but you would be surprised the number of people who don't know.

This is particularly important if your partner has been looking after the loan(s). Do you have internet access to the account to find out?



8

EQUITY SPLITTING

Have you estimated how much equity (if any) you will have to give to your partner if you retain ownership of the property? This will be added to the existing loan when considering your borrowing capacity. Do you still have sufficient borrowing capacity?

9

NEW LOAN AMOUNT

How much will your new loan be and will it be more than 80% of the property value? If so, you may have lenders mortgage insurance to pay.

10

WHAT TO DO FIRST?

If you are considering buying out your partner and keeping your home and/or other property you need to know your future borrowing capacity.

This will be critical in deciding your options. If you don't have the capacity to take over the debts, your options are straight forward. Either your partner does, or you sell.

Remember, accurate knowledge of the facts puts you in a stronger position.

WHAT'S NEXT?

Gather as much of the information we have discussed above as possible. Here's a short checklist:

- ✓ Your gross post-settlement income from all sources
- ✓ An estimate of your household expenses post-settlement
- ✓ Current property value(s)
- ✓ Current loan balances
- ✓ Equity to be distributed to your partner
- ✓ Additional payments ie Child Support
- ✓ Other debts you may take over ie credit cards, personal loans etc.
- ✓ Are your current loans and other debts repayments up-to-date?

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