

DIVORCE & YOUR MORTGAGE

Your options, the qualifications, and the steps to take — written with empathy and without judgement.

PREPARED
BY

Shawn Selanders | RECA-Licensed Mortgage Broker | 25+ Years | 403-703-6847

1. Your Mortgage During Separation

Divorce and separation are emotionally overwhelming. The mortgage question adds financial stress on top. Here's what you need to know — without legal jargon.

The fundamental problem:

Both names are on the mortgage. The lender doesn't care about your separation agreement. **Both of you are responsible for the payments** until the mortgage is formally resolved.

Shawn's Tip: I've helped hundreds of clients through this process over 25 years. There's no judgement here — just clear options and honest math. The sooner you understand your choices, the less stress you'll carry.

2. Your Four Options

Option 1: One Spouse Keeps the Home

- The keeping spouse **refinances the mortgage in their name only**
- They must qualify on their own income (or with a co-signer)
- The departing spouse is **removed from title and mortgage**
- An **equalisation payment** is often paid to the departing spouse for their share of equity

Option 2: Sell the Home

- Sell, pay off the mortgage, and **split the equity**
- Cleanest option emotionally and financially
- Both parties can move forward independently

Option 3: Both Names Stay (Temporarily)

- Sometimes necessary if one spouse can't yet qualify alone
- **Risky** — both remain responsible for payments
- Should have a **clear timeline** for resolution (6–12 months max)

Option 4: Assumption

- The keeping spouse **assumes the existing mortgage** without refinancing
- Not all lenders allow this, and the keeping spouse must still qualify
- Can save on penalties if mid-term

3. Qualifying After Separation

The biggest challenge: qualifying on one income instead of two. Here's what affects your approval:

- **Income** — Your income alone must support the mortgage, property taxes, heat, and all debts
- **Spousal support received** — Can be counted as income (need court order or signed agreement)
- **Spousal support paid** — Counts as a debt obligation, reducing your qualifying amount
- **Child support received** — Can be counted as income
- **Child support paid** — Counts as a debt obligation
- **Existing debts** — Car loans, credit cards, lines of credit all count against you

***Shawn's Tip:** Start the mortgage conversation **before** your separation agreement is finalised. How your agreement is structured can significantly affect your mortgage qualification. I can tell you what lenders need to see.*

4. The Penalty Question

If you're mid-term on your mortgage, breaking it to refinance may trigger a penalty. Key factors:

- **Big banks** charge the higher of 3 months' interest or the Interest Rate Differential (IRD) — this can be brutal
- **Monoline lenders** (through brokers) typically charge only 3 months' interest
- **Variable rate mortgages** are almost always 3 months' interest only
- If your renewal is within 6–12 months, it may be worth **waiting** to avoid the penalty entirely

I can estimate your penalty and help you decide whether it makes sense to break now or wait.

5. Steps to Take Now

- **Call me** — Before you finalise your separation agreement, let's talk about mortgage implications
- **Get your credit report** — Know where you stand before applying

- **Gather income documents** — Pay stubs, T4s, NOA, separation agreement
- **List all debts** — Include support obligations
- **Get a property appraisal** — Know what the home is worth for equity calculations
- **Talk to your lawyer** — Ensure the agreement supports your mortgage goals
- **Don't make major purchases** — A new car or furniture can kill your qualification

Going Through a Separation?

No judgement. Just clear options and honest math. I've helped hundreds of clients through this over 25 years. Call anytime.

Call or Text: 403-703-6847

Email: Shawn@ShawnSelanders.ca | Web: ShawnSelanders.ca

Shawn Selanders | RECA-Licensed Mortgage Broker | Your Local Mortgage Professionals
614 High View Park NW, High River, AB T1V 1E5 | Licensed since 1999

This guide is for informational purposes only. O.A.C. E.&O.E.