

## **Patience is the key to post-divorce home purchases**

Getting divorced is tough, and buying a new home afterwards may be just as hard, especially if you are still the co-owner of a property with your former spouse.

So says Shaun Rademeyer, CEO of BetterLife Home Loans, SA's biggest mortgage originator, who notes: "If you were previously part of a two-income household, and qualified for your last bond on that basis, it may be very difficult to qualify now for a new home loan on your own, particularly if you are the one also making child support payments.

"You will obviously not have the same discretionary income as before, so the banks will probably err of the side of caution when assessing whether you will also be able to manage a monthly bond repayment on your own place. As a result, you may need time to pay off some debt, raise your credit score and hopefully receive a salary increase."

He observes that in divorce cases it is also quite common for the husband to move out of the joint home and agree to his ex-wife and children continuing to live there for a few years while he pays the home loan instalments – especially if she has not been working full-time and does not have the means or the credit record to rent or buy a home on her own.

"But in such instances he is essentially 'lending' his creditworthiness to his ex-wife and may be foregoing his chance to buy another property for a long time. And at the very least in such cases he should ensure that there is a proper agreement in place about how the proceeds will be divided when the house is eventually sold."

Similarly, says Rademeyer, if you are the "spouse left in the house", you may want to think twice about trying to buy your ex out and take on the whole mortgage. Even if you are working and can qualify to do so, it will most likely put you under financial strain, as you will also then have to carry all the insurance and maintenance costs on your own. "In short, you may be better off buying a new, less expensive property in your own name."

However, all the experts agree that it is a bad idea to try to buy a new home while you are still going through a divorce, he says. For one thing, the stress and emotion of the situation could well lead to you making bad purchase decisions, and for another, lenders will most likely not want to approve any home loan application until the divorce settlement has been agreed.

"And if the joint property is to be sold as part of that settlement, both parties would really be better off renting until that sale has been finalised, if at all possible.

"One reason is that if you are meticulous about paying your rent on time, this will assist you to build up a new credit record as a single person and then, perhaps, to use your half of the sale proceeds as the deposit on a new place.

"At that stage, however, your best course would be to consult a reputable bond originator such as BetterLife and obtain pre-approval for a home loan before you go househunting. This will give you confidence that you are looking at homes you can afford, and give a seller the confidence to accept your offer to purchase in the knowledge that you will be able to obtain the necessary finance to complete the transaction."

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