

Mortgages and break-ups: Some practical tips when separating

Breaking up is hard to do. On top of the emotional impact, there are practical ramifications as well.

When there's a separation or divorce, debts you've accrued during the relationship unfortunately don't go away. The longer a couple is together, the harder it can be to unravel all the financial connections.

Here we outline some of the issues facing both de facto and married couples when dealing with what is usually their most significant debt: the mortgage. Used alongside professional legal and financial advice, it's possible to make this difficult transition a little less stressful. Get advice from the experts

The end of a relationship is one of life's most stressful events. You don't have to handle it alone - there's emotional, legal and financial support out there.

Counselling

Visit a counsellor to work through the emotional weight of breaking up - it's hard to make decisions when you're angry or sad. You may want to access a [Family Dispute Resolution \(FDR\)](#) mediator to assess whether both parties are emotionally ready to negotiate on money matters, and to help resolve disputes.

Legal advice

Lawyers who specialise in family law can provide legal advice. Initially, they can advise whether you're eligible for legal aid, and help with timelines and deadlines for your property settlement. Importantly, they should help you to set realistic expectations.

Financial advice

Talk to your lender or broker to understand the current state of your mortgage, and to learn what options are available regarding mortgage repayments. You may be able to defer payments, giving you time to get back on your feet. Your lender or broker can also help you review your finances before you decide whether you can refinance and take on the mortgage yourself. It's a sad fact, but they've probably dealt with this situation before.

Sort out your living arrangements

Some separating couples are able to continue living in the same house, while for others that simply isn't possible. If one of you needs to move, sort that out first, before turning your attention to the mortgage. Again, financial advisors, lawyers and brokers can help you plan a budget and figure out how your mortgage will be paid until you sell or settle.

Settle your finances

When you divorce or separate, your assets will be divided. To help you understand your financial situation, have all your documentation at hand - bank statements, tax returns, superannuation, and so on. With professional advice, you can figure out your assets and liabilities, what each person is entitled to, and whether one of you can afford to take on the mortgage alone, or if you have to sell.

One option: Sell the property

You might decide to sell your property, divide any assets and move on. The first step is to

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have your property appraised so you know the market value. From there you can figure out your total equity. For example, if your house is appraised at \$800,000 and you owe \$200,000 on the mortgage, your equity is \$600,000.

Things can become complicated if there's a disagreement about how and when to split your assets and liabilities. Legal expertise or a mediator may be needed.

Another option: Sell to your partner, or buy them out

If one of you wants to remain in the house, it might be possible for that person to refinance the mortgage and take it on alone, depending on their income and other assets. This is sometimes the preferred option if there are children involved.

Again, agreement must be reached on the value of the property and whether it's a 50-50 split. Professional property valuers, financial advisors and lawyers are all able to provide advice and information.

It's difficult figuring out who gets what and when, but getting the right legal and financial advice can help you both break up the mortgage and move on with your lives.

Relationships Australia's [A Fair Share](#) provides a good summary of your options and of the Family Dispute Resolution process. You can also get great information on the legal process from the [Family Court of Australia](#).