

# DIVORCE WATCH OUTS: COMMON REAL ESTATE PITFALLS



Real estate decisions during separation can involve challenges that create delays or snags if overlooked. Early awareness can help professionals and clients navigate these situations more confidently, reduce stress, and make informed choices.



Pre-approval for a mortgage by a lender is **not** a legal commitment.

People in the midst of a separation may make firm offers based on this wrong assumption, only to later find out they need a signed **separation agreement** before closing, jeopardizing the real estate deal.

## WITHOUT A SIGNED SEPARATION AGREEMENT:

- The bank will **not** release mortgage funds for a new purchase
- A real estate lawyer or lender will likely **not** allow one spouse to be removed from the title or mortgage/line of credit
- A lender will **not** likely permit one separating spouse to assume an existing mortgage, or obtain another mortgage



## TIMELINE & PROCESS AWARENESS

The time required to negotiate and finalize a separation agreement can be significant, depending on complexity, and overlooking this may **delay** real estate transactions.



## CONSENT & AUTHORITY

One spouse **cannot** sell or encumber the matrimonial home without the other spouse's consent.



## LEGAL DOCUMENT REQUIREMENTS

Self-created or AI-generated agreements are generally **not** accepted by lenders or lawyers.



## FINANCIAL PLANNING & EQUALIZATION

There is more than one way to divide assets. Engaging divorce professionals ensures decisions are well-informed and helps support **smoother** real estate transactions.

