Who Goes on Title When a Parent Helps — and What Changes the Answer

When a parent helps their kids qualify, families often expect the parent to simply **guarantee** the loan without becoming an owner. Lenders frequently require the parent to go **on title** instead. Here's why — and how your down payment and mortgage type can change what's possible.

1 Two Roles a Parent Can Play

ON TITLE **Co-owner & co-borrower**

A legal **owner** of the home, directly responsible for the mortgage from day one. Their income can be used to help qualify. This is what most lenders require when a parent's income is **needed to get approved**.

GUARANTOR **Backs the loan only**

Promises to **cover** the mortgage if the kids can't, but owns no part of the home — no ownership, no equity. Usually allowed only when the parent's income is **not** needed to qualify (just their strong credit).

So why do lenders push for "on title"?

Simpler to enforce
Anowner is directly on the hook; a pure guarantee is a separate promise the lender may have to chase in its own lawsuit.

A guarantee can slip away
Guarantees arereadstrictly and can be wiped out if the loan later changes. A co-owner's commitment isn't.

Reality should match paper
Ifthe person whoseincomecarries the loan owns none of the home, it looks off to lenders.

2 What Changes the Answer: Your Down Payment

20%+ DOWN **More flexibility**

Often **no mortgage insurer** is involved, so it's your lender's own call — usually **more room to keep a parent off title** and just backing the loan. Best setup if that matters to you.

UNDER 20% **Stricter rules**

The mortgage is **insured**, so the insurer's rules apply. If a parent's income is needed to qualify, they'll almost always have to be **on title** — very little wiggle room.

3 And the Mortgage Type

COLLATERAL CHARGE

Some mortgages are registered as a **collateral charge** (common with certain banks and any home-equity line). Handy for borrowing more later without new legal fees — but it can tie the home to your **other debts** at that lender and put a supporting parent on the hook more broadly, and it's harder to remove them later. When keeping a parent's risk small matters, we may steer toward a standard mortgage instead.

What this means for you

There's usually a way to structure it around your goal — keeping Mom or Dad **off title**, keeping their risk **small**, or planning to **remove them in a few years**. Because these choices are made up front, it's worth mapping out **before** you're committed to a lender.

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