PARTNER RESOURCE

THE "PARENT WANTS TO HELP BUT NOT BE AN OWNER" PROBLEM

THE FINANCIAL COLLECTIVE

A common deal-killer on family-supported purchases: the lender insists the parent go **on title**, and the family doesn't understand why. Here's the why, the three ways to structure it, and how the **down payment** and **mortgage type** change what's possible.

THE STICKING POINT

"Why can't my parents just co-sign?"

Families expect a parent to**guarantee** the mortgage without owning the home. When the parent's income is needed to qualify, most lenders (and the default insurers) require them to be a **co-borrower on title** — and the deal stalls on the confusion.

WHY IT HAPPENS

A guarantee isn't the same security

Aguarantee is a **secondary,contingent**promise that's harder to enforce and can be legally undone. An owner on the mortgage gives the lender a **direct, durable** claim. When income drives the approval, lenders want the stronger version.

THREE WAYS WE CAN STRUCTURE IT

OPTION A

Guarantor

Off title · backs the loan

Strong credit support only, no ownership. **Best when** buyers qualify on their own income and just need a boost.

OPTION B

Covenantor

Off title · on the mortgage

Fully responsible for the loan but off ownership. **Best when** the family wants the parent off title — we confirm which lenders allow it.

OPTION C

Co-Borrower

On title · on the mortgage

Income counts toward qualifying — often at just a **1% share**. **Best when** the parent's income is needed. Most common path.

WHAT CHANGES THE ANSWER

20%+ down

Oftennomortgage insurer

Lender's own call — usually **more room to keep a parent off title** and just support the loan.

Under 20% down

The mortgage is insured

Insurer's rules apply. If a parent's **income is needed**, expect them **on title** — little wiggle room.

Collateral charge

Some banks & all HELOCs

Can tie the home to a parent's **other debts** and widen their risk. We may steer toward a standard mortgage.

The one-line version for your buyers

It's about enforceability

Anowner isdirectlyonthe hook; a guarantee is a separate promise chased in court.

Bigger down payment = options

At20%+there's oftennoinsurer,soaparent can sometimes stay off title.

On title ≠ 50/50

Atoken1% sharecan satisfy the lender while the home stays effectively the kids'.

Got a buyer leaning on family to qualify?

Send them our way **early** — these structure choices are made before a buyer is locked into a lender and product. The earlier we're in, the more room to keep a parent off title, keep their risk minimal, and keep your deal on track to close.

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