I want to Remove a Co-Signer

What do I need to know about ***changing who is on my mortgage?***

WHY ARE CO-SIGNERS REMOVED?

Due to affordability and qualifying challenges, it's increasingly common to bring on a family member as a co-signer to secure financing. While this can be a helpful short-term solution, the long-term goal is usually to remove the co-signer once the primary homeowner(s) can qualify on their own.

There are few ways to make this change. The best option depends on your unique situation, but the three most common paths are: **Covenant Change**, **Transfer**, or **Refinance**. Each option allows you to **remove or add co-signers** — for example, removing a parent and adding a new spouse.

PROCESS

- New application
- Updated documents
- Credit review
- Requalifying for the loan
- Comparing penalties vs. savings
- Lender review and approval
- Signing with a lawyer or notary

COVENANT CHANGE

Allows you to update co-signers mid-term without penalty, while keeping your existing mortgage and terms the same. Lenders usually require at least 12 months before a covenant change.

This may be a good fit if you want to keep your interest rate, avoid mortgage penalties and simply update co-signers.

BENEFITS
- Everything stays the same
- Simplest and least disruptive
- Lowest cost

COSTS
- Lender fee: $300 – $500 (typically)
- Legal fees: $1,500 – $2,500 (varies by lender)*

**Some lenders require the outgoing co-signer to obtain independent legal advice (can be costly)*

TRANSFER

Allows you to move your existing mortgage to a new lender to secure better terms. This can be done anytime, though a penalty may apply if done mid-term.

This may be a good fit if you want to secure a lower interest rate without accessing additional funds.

BENEFITS
- Most things stay the same
- New lender
- Better mortgage terms

COSTS
- Prepayment penalty if breaking existing mortgage mid-term*
- Legal fees: $1,500 – $2,500 (varies by lender)

**Penalty amount is dependent on the original lender, mortgage product and rate type (can be costly)*

REFINANCE

Allows you to secure a new mortgage with new terms at your existing or new lender. This can be done anytime, though a penalty may apply if done mid-term.

This may be a good fit if you want to access additional funds or consolidate debts, in addition to choosing new mortgage terms.

BENEFITS
- New mortgage and terms
- Provides the most flexibility
- Access additional funds or equity

COSTS
- Prepayment penalty if breaking existing mortgage mid-term*
- Legal fees: $1,500 – $2,500 (varies by lender)

**Penalty amount is dependent on the original lender, mortgage product and rate type (can be costly)*

**OAC, E&O*

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