



Can Your Parents Co-Sign Your Mortgage? Non-Occupant Co-Borrowers on Long Island



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FIRST-TIME BUYERS

Can Your Parents Co-Sign Your Mortgage? Non-Occupant Co-Borrowers on Long Island

Coltrain Mortgage Team · November 5, 2026 · 8 min read

"My parents said they'd co-sign. Does that actually work?" We hear some version of that question every week, and on Long Island it makes a lot of sense. Prices are high, and plenty of first-time buyers have a steady job and good credit but not quite enough income on paper to qualify alone. After more than 20 years of helping families here, we can tell you the answer is usually yes. The catch is that the rules change a lot depending on the loan. Let's walk through how it works, which programs allow it, and what it really means for Mom and Dad.



**Parents Can Stay in
Their Own Home**



**Their Income Can
Count**



**Rules Vary by Loan
Type**



**Sometimes a Gift
Works Better**

What Is a Non-Occupant Co-Borrower?

A non-occupant co-borrower is someone who signs the mortgage with you and helps you qualify, but doesn't live in the home. Most of the time it's a parent. The lender counts their income, and their debts, right alongside yours, and that can be the difference between "you qualify" and "not quite yet."

You'll also hear this called co-signing. In everyday conversation it's the same idea, but on paper there's a real difference in who owns the house, so it's worth a minute to get straight.

Co-Borrower vs. Co-Signer: What's the Difference?



Co-Borrower

Signs the mortgage note and is usually on the deed too, which makes them a part owner of the home. Their income and debts count toward qualifying.



Co-Signer (Guarantor)

Signs the note and is fully responsible for the debt, but generally has no ownership interest in the property. Fannie Mae's guidelines treat guarantors and co-signers this way.

Talk to your attorney about the deed. Whether Mom or Dad goes on title affects things like selling later, estate planning, and taxes. On Long Island your real estate attorney handles this at closing, so bring it up early. We'll handle the loan side and make sure the structure you choose actually qualifies.

Buying with a spouse, partner, sibling or friend instead? Our guide to **adding a co-borrower to your mortgage** covers whose credit score counts and how both of your debts affect qualifying.

Which Loans Allow a Parent on the Loan?

This is where most people get tripped up. Every loan program has its own rules, and a couple of popular ones don't allow a non-occupant at all. Tap a program to see how it works.

Program	Parent on the loan?	Min. down	Notes
Conventional	Yes	5% (automated)	90% max if manually underwritten; occupant DTI capped at 43% on manual loans
FHA	Yes	3.5% (family)	Non-family co-borrowers limited to 75% LTV; same for 2-4 unit homes
HomeReady	Yes	5%	Parent's income counts toward the income limit
Home Possible	Yes	5% (automated)	90% max if manually underwritten; income limit applies
HomeOne	No	n/a	Every borrower must live in the home

Program	Parent on the loan?	Min. down	Notes
VA	Rarely	Varies	No true non-occupant co-signer; joint loans are limited
USDA	No	n/a	All applicants must occupy

Two things jump out for Long Island buyers. First, FHA is the most flexible option when the co-borrower is family, which is why we often point parents-and-kids scenarios toward our **FHA loans** page. Second, programs built for first-time buyers aren't automatically the most flexible. Freddie Mac's HomeOne, for example, requires every borrower to live in the home, which we covered in our **HomeOne guide**. Standard **conventional loans** do allow a parent, just with at least 5% down.

How a Parent's Income Helps You Qualify

Lenders look at your debt-to-income ratio, or DTI: your monthly debts, including the new house payment, divided by your monthly income before taxes. (Our **DTI explainer** goes deeper.) When a parent co-borrows, the lender generally combines everyone's income and everyone's debts, and that includes your parent's own mortgage, car loan, and credit cards. So a parent with a strong income and light debts helps a lot. A parent with a big mortgage of their own may help less than you'd think.

Play with your own numbers below. Use your best estimate of the full monthly housing payment, including taxes and insurance, which on Long Island is a big piece.

Does Adding a Parent Change Your DTI?

CALCULATOR

You (living in the home)

Monthly income before taxes

\$ 7,500

Monthly debt payments (car, student loans, cards)

\$ 650

Estimated new housing payment (with taxes and insurance)

\$ 4,200

Your parent (not living there)

Parent's monthly income before taxes

\$ 9,000

Parent's monthly debts, including their own housing payment

\$ 2,800

YOUR DTI ON YOUR OWN

64.7%

Your debts plus the new payment, divided by your income

COMBINED DTI WITH YOUR PARENT

46.4%

Everyone's debts divided by everyone's income

DIFFERENCE

-18.3 pts

How much your parent moves the needle

Together you're in the range where many automated approvals can work, but it's **tight**. Credit, reserves, and down payment will matter a lot. Let's run it through the real systems.

Educational estimate only. Lenders calculate income and debts from documentation, and automated underwriting weighs credit, reserves, and down payment along with DTI. Many conventional approvals top out around a 50% DTI; FHA limits vary. This is not a loan approval or offer.

What Co-Signing Means for Your Parents

This part matters, and we always walk parents through it before anyone signs. Being on your mortgage is a real commitment for them, not just a signature.

They're on the hook

A co-borrower or co-signer is legally responsible for the full payment if you can't make it.

The CFPB's plain-English guide to co-signing is worth a read for both of you.

It shows on their credit

The mortgage appears on their credit report, and a late payment hurts their score as much as yours.

It can affect their next loan

If your parents want to refinance or buy a retirement condo later, your mortgage payment usually counts in their DTI.

Under Fannie Mae's rules, a lender can leave it out if you're also on the mortgage and your bank statements show 12 months of on-time payments made by you. The home still counts toward their number of financed properties.

Ownership and estate

If a parent goes on the deed, they own part of the house. That's a conversation for your attorney and, if needed, a tax advisor.

Our honest advice: set up the payment from your own account from day one. It keeps things clean for you, and if your parents ever need to borrow again, that 12-month payment history is exactly what their lender will ask for.

Would a Gift Be Better Than Co-Signing?

Here's a question we ask every family: is the problem your income, or your down payment? If you have the income to qualify but not the cash, a gift is often the simpler move. Your parents stay off the loan and off the deed, their credit isn't tied to yours, and most programs, including FHA and conventional, accept documented gifts from family. Our **gift funds guide** covers the paperwork so it goes smoothly.

If the gap is income, a gift won't fix it, and that's when a non-occupant co-borrower earns its keep. Sometimes the best answer is both: a gift toward the down payment and a parent on the loan.

Getting a Parent Off the Loan Later

Most families see a parent on the loan as temporary. The usual exit is a **refinance** into your name alone once your income can carry the payment by itself. You'll need to qualify on your own at that point, and the refinance costs and rates of the day apply, so it's worth planning for rather than assuming. Simply taking a name off an existing mortgage without refinancing is uncommon and up to the lender or servicer, so don't count on it.

How to Set It Up the Right Way

1

Talk to us before you shop

We'll run your numbers alone and with your parent, across FHA and conventional, so you know which structure actually works and what price range makes sense.

2

Gather both sets of documents

Your parent will need the same paperwork you do: pay stubs, W-2s or tax returns, bank statements, and ID. Our **loan process page** shows what to expect.

3

Decide on the deed with your attorney

Co-borrower on title, or guarantor off title. Settle it before contract so closing isn't rushed.

4

Plan the exit

Agree as a family on who makes the payments and when you'd aim to refinance your parent off the loan.

Buying a co-op? Co-op boards set their own rules on guarantors and often look closely at them, separate from the lender. Our **condo vs. co-op guide** explains how that process works. And if you're just getting started, our **Long Island first-time homebuyer guide** is a good next stop.

Want to see how much a parent on the loan changes your buying power?

COMMON QUESTIONS

Can my parents co-sign my mortgage if they don't live with me?

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Usually, yes. Conventional loans, FHA, HomeReady, and Home Possible all allow a non-occupant co-borrower on a primary residence, with some limits. Freddie Mac's HomeOne and USDA loans require everyone on the loan to live in the home, and VA loans don't offer a true non-occupant co-signer option.

How much do I need to put down if a parent is on the loan?

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With FHA and a family member as co-borrower, the minimum is 3.5% on a one-unit home. Conventional loans with a non-occupant co-borrower allow up to 95% financing with automated approval, so the minimum is 5%, or 10% if the loan is manually underwritten.

Can a parent co-sign an FHA loan?

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Yes. FHA allows non-occupying co-borrowers. When the co-borrower is a family member and the home is one unit, the loan can go up to 96.5% of the value. For co-borrowers who aren't family, or for two- to four-unit homes, the maximum is 75%.

Does co-signing my mortgage hurt my parents' ability to borrow?

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It can. The payment usually counts in their debt-to-income ratio. Under Fannie Mae's rules, a lender can exclude it if you're also obligated on the mortgage and can document 12 months of on-time payments made by you, but the property still counts toward their number of financed homes.

Can my parent co-sign a VA loan?

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Generally not as a non-occupant co-signer. A spouse can co-borrow normally, and VA does allow joint loans with a non-veteran in some cases, but VA only guarantees the veteran's share, so the other share typically needs a down payment and many lenders don't offer it. For veterans, parents usually help with a gift instead.

How do I take my parent off the mortgage later?

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The usual way is to refinance into your name alone once your income can support the payment by itself. Removing a borrower from an existing mortgage without refinancing is uncommon and depends on the lender or servicer.

Program guidelines are based on published Fannie Mae, Freddie Mac, HUD/FHA, VA, and USDA requirements as of October 2026 and are subject to change. Individual lenders may apply additional requirements. All loans are subject to credit approval, underwriting, and property

eligibility. This article is for educational purposes, is not legal or tax advice, and is not a commitment to lend. Coltrain Mortgage is a mortgage broker; all loans are arranged through third-party lenders. Equal Housing Opportunity.

SOURCES

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Fannie Mae Selling Guide, **B3-6-05, Monthly Debt Obligations (debts paid by others)**

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Freddie Mac Seller/Servicer Guide, **Section 5103.1, Mortgages including a non-occupying Borrower**

HUD, **FHA Single Family Housing Policy Handbook 4000.1** (non-occupying borrower LTV limits)

U.S. Department of Veterans Affairs, **VA Lenders Handbook (Pamphlet 26-7)**

7 CFR 3555.151, **USDA Guaranteed Loan applicant eligibility (principal residence)**

Consumer Financial Protection Bureau, **What is a co-signer?**

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READY WHEN YOU ARE

Thinking about buying with a parent's help?

We'll run it both ways, with and without your parent on the loan, across FHA and conventional, so the whole family knows exactly where you stand. No pressure, no obligation.



Ready to talk it through?

Scan to reach a loan officer, or call (631) 851-4420.

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