



Co-sign a mortgage or loan for your child?

We don't recommend it, but 6 things to consider before you do.



Increased Debt-to-Income Ratio

The co-signed mortgage will be factored into your debt-to-income ratio, potentially making it harder **for you** to qualify for other loans or credit in the future.



Credit Score Damage

If they fail to make payments, your credit score can be negatively impacted, making it harder **for you** to qualify for future loans or credit.



Financial Strain

The mortgage payments, late fees, and potential collection costs can put a significant strain on **your finances**, especially if you are retired or on a fixed income.



No Ownership Rights

Even though you are responsible for the payments, **you won't** have any ownership rights or equity in the property.



Legal Action

If the primary borrower defaults and the co-signer fails to make payments, the lender can pursue legal action **against you**, the co-signer, potentially leading to wage garnishment.



Relationship Strain

You might see certain spending habits that you never considered before, or financial situations may change unexpectedly for either party, leading to new concerns after putting yourself on the hook for this financial burden. If they default on the loan, that will surely have a negative impact on your relationship.

Full Financial Responsibility

As a co-signer, you become legally obligated to repay the mortgage if your child defaults, even if you don't own the property.

Think twice before co-signing for any loan for any family member... this would pertain to student loans, regular loans, and mortgage loans.

Encourage family members to delay purchases until they can save more, grow their income, and qualify independently for the loan they are seeking.

Are there other ways to help?

Equipping adult children with the tools they need to progress independently could be the most valuable support of all.

Credit Counseling

Down Payment Assistance

Continuing Education

Expense Assistance



HERE TO HELP!

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