How to Remove a Name from a Mortgage | No Refinancing

You're parting ways with a spouse or co-mortgage borrower. You've agreed on who will keep the house and take over the mortgage payments.

However, a challenge remains: how do you remove someone from a mortgage? And can you do so without refinancing? In the eyes of your mortgage lender, those "ties that bind" aren't legally severed until you remove your ex from the mortgage.

The good news is that you have a few options. The best one is usually to refinance, which may be less of a hassle than you think. But refinancing isn't the only way. Here's what you should know.

Can you remove someone from a mortgage without refinancing?

Yes, removing someone from a mortgage is possible, but the most common method is refinancing the loan solely in the name of the person who will retain ownership of the property. This involves obtaining a new mortgage that pays off the existing one, releasing the other party from their obligation.

The most common way to remove someone from a joint mortgage is through refinancing the loan solely in the name of the person who will retain ownership of the property.

However, if refinancing isn't an option due to financial constraints, credit issues, or lender restrictions, there are a few alternative paths to consider. One option is a loan assumption, where one party takes over the full responsibility of the mortgage with the lender's approval. This is not always available and depends on the original loan terms and lender policies. Another option is a loan modification, where the lender agrees to alter the terms of the existing loan to accommodate the change in borrowers.

If these options are unavailable, selling the property might be the only solution to remove the obligation from both parties. But that's not always the case depending on your unique financial situation.

5 ways to remove someone from a mortgage without refinancing

While the best way to remove someone from a mortgage is often with a mortgage refinance, that comes with additional closing costs and the potential challenge of qualifying for a new loan, both of which need careful consideration.

It may be possible to take a person's name off your mortgage documents without refinancing. Ask your mortgage lender about loan assumption and loan modification.

Either strategy can remove a former co-owner's name from the mortgage. But not all lenders allow assumption or loan modification, so you'll have to negotiate with yours.

If neither is allowed, you may still have options. If you're wondering how to remove someone from a mortgage, here's what you can expect.

1. Mortgage loan assumption: Transfer the loan to your name

In theory, **mortgage loan assumption** is the simplest solution of all. That's because it doesn't require refinancing your mortgage.

You inform your lender that you are taking over the mortgage and want a loan assumption. When you assume the current mortgage, you take full responsibility for the mortgage and remove your ex from the note.

The terms and interest rate on the existing loan remain the same. The only difference is that you are now the sole borrower. And if your ex is the one who gets the house, your credit and finances are protected if your former spouse fails to make payments.

Be sure to ask the mortgage lender if you can obtain a release of liability. This will eliminate your obligation to repay the loan if your ex fails to do so.

The problem here is that many lenders won't agree to a loan assumption. And lenders that do agree may demand evidence that the remaining borrower can afford the payments.

Your ex may have to consent to the loan assumption, and you may need to submit a divorce decree.

In addition, a loan assumption isn't free. It can cost **1% of the loan amount** plus administrative fees of $250 to $500.

2. Mortgage loan modification: Change the terms of you loan

A **loan modification** allows you to change the terms of your mortgage loan without refinancing. It is typically used to lower the borrower's interest rate or extend their repayment period to make the loan more affordable.

While modification is usually only allowed in cases of financial hardship, some lenders may accept divorce or legal separation as a reason for a loan modification.

For example, if one party wants to keep the home as part of a divorce agreement, a loan modification may be used to transfer the mortgage into the name of the spouse who will retain the property.

Call your mortgage lender or loan servicer to ask whether a modification is an option for removing a name from your mortgage.

3. Selling the house: Fresh start for both parties

If neither borrower can afford the mortgage on their own, the only option may be to sell the home. This would remove both you and your ex from the home loan and provide a fresh start for both of you.

Fortunately, there's still a strong seller's market in many parts of the nation, as housing has been in short supply for some time. So it may be possible for home sellers to get a great offer on their property.

However, if real estate prices have fallen instead of rising, selling the home could be much more challenging, especially if you recently bought the home and made the minimum down payment.

If the mortgage is underwater, you may have to opt for a “short sale.” This is a property sale in which the net proceeds don’t fully cover all the liens on the property.

In less fortunate circumstances, your mortgage lender can sue you for the difference between the foreclosure sale proceeds and the remaining loan balance. This is called a “deficiency,” but in many states, mortgage lenders can’t come after you for this. Even if the lender releases you from liability, your credit score and your spouse’s will be negatively impacted by a short sale.

Tax implications of selling the home

Keep in mind that selling the home could create a new tax burden. Proceeds from home sales can be subject to the capital gains tax. Capital gains tax is a levy imposed by the IRS on profits made from the sale of an asset.

You probably won’t owe capital gains tax if you’re selling your primary residence and owned it for at least two years, but you still might if your earnings exceed the specified thresholds:

- Up to $500,000 in profits is tax-exempt for couples filing jointly
- Up to $250,000 in profits is tax-exempt for individual filers

These exemptions won’t apply if you’re selling jointly owned investment property. In that case, you could owe capital gains taxes on all proceeds from the sale. Your professional tax preparer will know how to report your capital gains to the IRS.

4. Paying off the mortgage: Eliminating the debt

Should you find yourself unable to refinance your existing mortgage, the lender might insist that you fully pay off the loan to take someone's name off the mortgage. This action will finalize the loan, freeing you, along with any other co-borrowers or co-signers, from the mortgage agreement.

If the amount of debt you carry makes this unworkable and you don't have immediate access to enough cash to cover the total loan balance, you may find that your only viable alternatives are either mortgage refinancing or selling the property to settle the remaining amount.

5. Risky alternative: Keeping both names on the mortgage

If you're still wondering how to remove someone from a mortgage without refinancing, there is one final option, but it's risky and should only be used as a last resort.

You and your ex can agree to both stay on the mortgage.

This *could* work, especially if both people decide to continue living in the house. That way, both parties have an incentive to stay current with the payments.

Otherwise, experts advise against this strategy. If either person stops making payments, the house could go into foreclosure, and the credit scores of both will take a nosedive.

If you have no choice but to remain joint borrowers with your ex-spouse, seek legal advice from an attorney first. An attorney may be able to help protect your finances if your ex stops making payments.

The first four options mentioned above require more work, but the odds of a successful outcome are much higher.

Can't remove spouse from mortgage without refinancing? Explore your options

If you're looking to remove your spouse from your mortgage, refinancing is often the most straightforward solution. However, there are several refinancing options to consider that can save you money, time, or provide you with additional funds. In some cases, select homeowners may have alternative legal solutions available to them. Let's explore these options in more detail to help you find the best path forward.

Mortgage refinance options

Refinancing is generally the best way to take a person's name off a mortgage. Depending on your lender, refinancing may be the only way to remove a co-borrower's name from the home mortgage. To remove your spouse from the mortgage through refinancing, you'll need to qualify for the new loan on your own by demonstrating a strong credit history and **sufficient monthly income** to make the monthly payments.

If you fear your income might not be sufficient for a refinance loan, you can either ask a family member to co-sign or provide your lender with information on any alimony or child support to help you qualify.

Rate-and-term refinance: Most common option

A **rate-and-term refinance** is a traditional refinancing option that allows you to change the interest rate and terms of your existing mortgage. By refinancing your mortgage, you can remove your spouse from the loan and become the sole borrower. This option may also provide you with the opportunity to secure a lower interest rate or adjust the loan term to better suit your financial situation.

Cash-out refinance: Use equity to buy out your spouse

A **cash-out refinance** allows you to tap into your home's equity by refinancing your mortgage for a higher amount than your current loan balance. You can use the extra funds to buy out your spouse's share of the home equity, effectively removing them from the mortgage and the property title. This option may be suitable if you have significant equity in your home and can afford the higher monthly payments that come with a larger loan amount.

Streamline Refinance: Simpler, faster option

A **Streamline Refinance** is a simplified refinancing process that typically requires less documentation and may have lower costs compared to a traditional refinance. This option is often available for government-backed loans such as FHA loans and VA loans. If you have one of these loan types, a Streamline Refinance can be a quicker and more straightforward way to remove your spouse from the mortgage without the need for a full credit check or new home appraisal.

When using a Streamline Refinance to remove an ex-spouse’s name from the mortgage, credit and income verification requirements vary depending on the loan type:

- FHA Streamline Refinance: FHA loans allow removal of a name without credit and income verification if the remaining borrower can prove they’ve made the past six months’ mortgage payments on their own. Otherwise, re-qualification is necessary.
- VA Streamline Refinance (VA IRRRL): May allow name removal without credit re-verification, but the remaining borrower must be the VA-eligible veteran.
- USDA Streamline Refinance: Requires the remaining borrower to re-qualify for the loan based on their credit report and income when removing a name from the mortgage.

Alternatives to removing a name from the mortgage

If removing your ex-spouse’s name from the mortgage through refinancing isn’t feasible or desirable, there are other alternatives to consider. These options may help you navigate the situation and find a solution that works for both parties involved.

Seek a partition action to force the sale of the property

A partition action is a legal process that allows co-owners of a property to divide their interests. In the case of a divorce, a partition action can be used to force the sale of the property and distribute the proceeds between the divorcing spouses. This option may be suitable if neither party wants to keep the property or if one party is unable to buy out the other's interest.

Use a divorce decree to outline mortgage responsibilities

A divorce decree is a legal document that outlines the terms of a divorce, including the division of assets and debts. If you and your spouse are going through a divorce, you can use the divorce decree to specify who will be responsible for the mortgage and outline any agreements related to the property. This can help provide clarity and legal protection for both parties.

Consider a power of attorney for uncooperative situations

A power of attorney is a legal document that allows you to appoint someone to act on your behalf in financial or legal matters. If your spouse is unable or unwilling to cooperate in removing their name from the mortgage, you may be able to use a power of attorney to make decisions related to the property and the mortgage. However, this option should be used cautiously and with the guidance of a legal professional to ensure that it is appropriate for your situation.

Pros and cons of refinancing to remove someone from a mortgage

Divorce and separation are emotionally taxing processes. One important but complicated issue that needs resolving in these scenarios is how to divide up joint financial obligations, like mortgage debt.

There are a few pros and cons to consider when you are figuring out how to remove someone from a mortgage without refinancing.

Advantages of removing a name from a mortgage by refinancing

Aside from removing a borrower's name, there may be benefits to refinancing your home. Refinancing offers a chance to hit the reset button on mortgage debt. Your new loan could offer something your current loan doesn't, like a lower interest rate or a chance to cancel mortgage insurance premiums.

1. **Shortening or lengthening your home loan term:** You could potentially refinance into a shorter or longer loan term to pay off your house sooner or lower monthly payments.
2. **Reducing the loan's mortgage rate:** If you and your ex-spouse bought the home when mortgage rates were high, you may qualify for a lower rate now, especially if your credit score and income are higher.
3. **Eliminating mortgage insurance:** Refinancing from an FHA or USDA loan, which are popular with first-time home buyers, to a conventional loan with 20% equity can eliminate mortgage insurance fees, potentially saving hundreds per month.
4. **"Cashing out" the spouse:** Cash-out refinancing can pay your ex a percentage of the home's equity in exchange for removing their name from the title, but it requires significant equity.

Disadvantages of removing someone from a mortgage by refinancing

While refinancing to remove someone from a mortgage has advantages, there are drawbacks to consider:

1. **New mortgage application:** The individual retaining the property must independently qualify for the new mortgage, meeting lender requirements for debt-to-income ratio (DTI), credit scores, income, employment stability, and equity. Closing on a refinance loan typically takes around a month.
2. **Closing costs:** Refinance closing costs typically range from 2% to 5% of the loan amount, which can be a significant burden for homeowners already navigating the financial complexities of

separation or divorce. However, it’s important to calculate whether your new loan offsets the expense of removing an ex-spouse’s name from the mortgage.

3. **Interest rate variability:** Depending on market conditions, mortgage interest rates may be higher than the original loan, increasing monthly payments and overall interest.

As a disclaimer, while this information is meant to be educational, it’s essential to remember that it does not constitute financial advice. First-time homeowners should carefully consider their options and seek expert guidance before making decisions about their mortgage debt.

How to remove a name from a deed

Regardless of which method you use to take your ex’s name off the mortgage, you’ll also need to get their name off the deed. To legally solidify the process, you’ll need a legal document, specifically a quitclaim deed, where your ex-spouse relinquishes all property rights.

Your ex should sign the quitclaim deed in front of a notary. Once this document is notarized, you file it with your local county office. This publicly removes the former partner’s name from the property deed and the mortgage.

If you refinance to remove the borrower, the title company will automatically remove the spouse’s name from the deed for you.

FAQ: How to remove someone from a mortgage without refinancing

Can I remove someone's name from a mortgage without refinancing?

A loan assumption or modification could release a co-borrower from your mortgage without refinancing, preserving the current homeownership. However, lenders aren’t required to grant these options, so be prepared to negotiate.

How can I get out of a joint mortgage?

To get out of a joint mortgage, you can refinance the loan in your name only, sell the home to pay off the mortgage, or in some cases, ask your lender to modify the loan or allow you to assume it for a fee.

What documents are required to remove someone from a mortgage?

Removing someone from a mortgage typically requires a loan application, proof of income, bank statements, credit report, property title and deed, and a divorce decree or separation agreement if applicable. Your lender may also request additional documents depending on your specific situation.

Does it cost to remove a name from a mortgage?

Yes, removing a name from a mortgage typically incurs costs. Refinancing usually requires closing costs of 2-5% of the loan balance, while a loan assumption may cost around 1% plus processing fees. Loan modification costs vary by lender.

Does taking one's spouse off the house deed automatically remove them from the mortgage?

No, removing a name from the deed does not remove them from the mortgage. The mortgage servicer will still hold both borrowers responsible for the debt.

How long before you can remove a co-signer from a mortgage?

The timeline to remove a co-signer from a mortgage varies depending on the mortgage terms and lender policies. It generally requires building equity, improving credit, or increasing income to qualify for the mortgage independently, which could take several years.

What are the steps to remove a co-signer from a mortgage?

To remove a co-signer, assess your financial stability and ability to qualify for the mortgage alone. Contact your lender to discuss options, which may include refinancing or obtaining a release of liability. Specific steps vary by lender, so consult your loan officer for guidance.

Ready to remove a name from your mortgage? Take the first step

Removing someone from a mortgage can be a complex process, but understanding your options is the first step.

If you're considering refinancing to remove a name from your mortgage, we can connect you with experienced lenders who can help you navigate the process and find the best solution for your unique situation. To ensure you're working with a reputable lender, look for their NMLS (Nationwide Multistate Licensing System) number, which indicates they are licensed to offer mortgage products in your state.