



RESIDENTIAL · GUIDE

Does your mortgage lender need to know about a title change?

Usually yes, and it is consent you need, not just a courtesy notice. Why changing title under a mortgage is a lender issue, and what happens if you skip it.

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People often assume that who is on title is their own business, and that as long as the mortgage keeps getting paid, the lender has no say in a change of ownership. For a property with a mortgage, that assumption is usually wrong, and acting on it can have real consequences. If there is a mortgage registered against your home, changing who is on title, adding someone, removing someone, gifting a share, moving the home into a trust or company, is generally something you need the lender's consent for, not merely something you tell them about afterward. This guide explains why, and what can go wrong if the lender is left out.

The mortgage is a contract, and it limits what you can do with title

When you give a mortgage, you agree to a long set of terms, the standard charge terms, that go well beyond simply promising to repay. Among them, almost every residential mortgage contains covenants that restrict dealing with the property while the mortgage is in place. Typically that includes a promise not to transfer or otherwise dispose of the property, and often not to further encumber it, without the lender's prior written consent.

So the question is not really "should I let the lender know." It is "the mortgage says I need the lender's consent before I do this." That is a meaningfully different thing. Consent is something the lender can grant, refuse, or attach conditions to; a courtesy notice is not.

The exact wording varies from one lender's charge terms to another, which is why this has to be checked against your actual mortgage rather than assumed. But the general position across residential mortgages is that a change of ownership is a lender matter requiring consent.

What happens if you change title without consent: the due-on-sale clause

Here is the consequence that makes this more than a technicality. Transferring the property without the lender's consent is typically an event of default under the mortgage. And most mortgages contain what is often called a due-on-sale clause, which gives the lender the right, on an unconsented transfer, to demand repayment of the entire mortgage, to accelerate the loan.

In plain terms: if you change ownership without getting consent, you can hand the lender the right to call the whole mortgage due. Whether a lender actually exercises that right in any given case is a separate question, and many do not pursue it where payments continue. But you do not want to be relying on the lender's forbearance. The point is that an unconsented transfer puts you in breach and gives the lender a powerful remedy you did not need to expose yourself to.

There is a second problem. An unconsented transfer that breaches the mortgage is the kind of thing that surfaces later, when you refinance, renew, or sell, and the next lawyer or lender looks at the title and the mortgage. A clean title change done with consent avoids leaving that landmine for your future self.

This applies even when "nothing really changes"

The covenant is triggered by the transfer of an interest in the property, not by whether the economics change. So it catches transfers that feel harmless:

- Adding a spouse or an adult child to title, even as a gift with no money changing hands.
- Removing a former partner after a separation.
- Gifting a share of the home to a family member.
- Moving the home into a family trust or a holding company.

In each of these, the fact that you are not "selling" the home and not taking money out does not take you outside the covenant. A transfer is a transfer. If there is a mortgage, the lender's consent is generally required. We cover these situations in more detail in our articles on adding or removing someone from title, gifting property to a family member, and moving your home into a trust or holding company; the lender-consent point in this article applies across all of them.

Removing a name from title does not remove that person from the mortgage

This one causes real hardship, so it deserves its own warning. Taking someone off title is not the same as taking them off the mortgage. The two are separate. If two people are on title and on the mortgage, and one is removed from title, that person generally remains liable on the mortgage covenant unless the lender agrees to release them.

This comes up constantly on separations. An agreement that one spouse will transfer their interest to the other does not, by itself, get the departing spouse off the loan. For that, the lender has to agree to release them, which usually means the remaining owner has to qualify for the mortgage on their own, or refinance into a new mortgage in their name alone. Until that happens, the person taken off title can still be on the hook for the debt, which is exactly the outcome they thought the transfer solved. So on any title change involving a mortgage, deal with the loan, not just the land.

The death-of-an-owner case is different

Where an owner dies and the home passes to a surviving joint tenant by survivorship, the picture is not the same as a voluntary transfer. Survivorship happens automatically, by operation of law, rather than by the owners choosing to transfer, so the covenant against voluntarily transferring the property

does not operate the way it does on a deliberate title change. You are not breaching a promise not to transfer; the law simply passed the interest to the survivor.

But, and this is the key point, the mortgage does not disappear on death. It survives, and the surviving owner generally has to deal with it going forward. So even though survivorship does not raise the consent-to-transfer issue in the same way, the lender still has to be engaged about the ongoing mortgage, and the survivor needs to understand what they are now responsible for. We cover this in our article on transferring title when a joint owner dies.

What to do before changing title

- Check whether there is a mortgage, and read its terms, or have us read them, before you do anything. The specific charge terms govern.
- Assume the lender's consent is required on any voluntary transfer, and get it in writing before closing the change, not after.
- If you are removing someone, deal with the mortgage separately. Getting them off title does not get them off the loan; that needs the lender's agreement to release, and often a refinance.
- Do not treat an unconsented transfer as harmless just because payments continue. It is a breach that can be acted on, and it complicates every future dealing with the property.
- Bring us in early, so the consent is obtained and the title change and the mortgage are handled together.

Bottom line

If your home has a mortgage, a change of title is a lender matter, and usually one that requires the lender's prior written consent rather than just a heads-up. The standard charge terms generally prohibit transferring the property without consent, and doing so anyway is typically an event of default that can let the lender call the entire loan due under a due-on-sale clause. This holds even for transfers that feel like formalities between family, and removing a name from title never, on its own, removes that person from the mortgage. The one real exception is survivorship on death, which passes title automatically, but even there the mortgage survives and the lender must be dealt with. Because the operative words are in your specific mortgage, the safe course on any title change is to read the charge and get consent first. Talk to us before you change title on a mortgaged home.

This is general information about mortgages and title changes in Ontario, not legal advice for your situation. What your mortgage permits and requires depends on the specific standard charge terms registered against your property, which have to be reviewed. Talk to us before changing title on a home that carries a mortgage.

Questions about your own situation? Book a free consultation at lucianolegal.com/contact.html, call 647-479-4585, or email info@lucianolegal.com.

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