

Collateral Charge Mortgage

What You Need to Know



What is a collateral charge mortgage?

A collateral charge mortgage is a different way to secure a mortgage or loan against your property. Collateral charge mortgages allow lenders to lend more without the client incurring further legal fees. However other lenders won't accept transfers from borrowers with collateral charges; borrowers must refinance which means incurring legal costs that would not otherwise be associated with switching lenders when you have a standard mortgage.

Who should get a collateral charge mortgage?

When you know you might want to access more of your home's equity in the first few years of your mortgage for things like debt consolidation or renovations. A collateral charge mortgage will allow you to do so without incurring more legal fees.

Important facts to know about collateral charge mortgages?

Pros

- Flexibility to borrow money from your home anytime
- Withdraw equity without refinancing
- Easier access to equity if property increases in value
- Ideal mortgage product for debt consolidation or use of home equity for renovations/ investments

Cons

- Difficult to switch to another lender upon renewal, legal fees may apply
- New legal fees apply if you switch lenders prior to maturity for a better rate or product feature
- May make it tough to get approval on any secondary financing due to having a large amount of debt secured against your home

Who issues collateral charge mortgages?

- TD Canada Trust
- Many credit unions

Contact me today to see if a collateral mortgage is right for you!

Rita & Rachel Cousins Mortgage Brokers



604 230 9206
250 618 5053
www.cousinsmortgageteam.com
mortgages@cousinsmortgageteam.com