



Residential Mortgage Security

For the purposes of the information below, **real property** and **property** mean a home and land.

When you borrow money to buy a house, security in the form of real property is required to obtain a mortgage. To acquire security, you sign a mortgage loan document granting the lender a “charge” against your property. This charge is registered at the nearest land registry office.

Types of Charges

There are two types of charges a lender can register against the title of a property: a conventional charge and collateral charge.

Conventional Charge

A conventional charge is registered against the title to a property and sets out the terms of the mortgage including the principal amount borrowed, the interest rate, the payment amount and frequency. The charge secures only the one loan. If in the future you need to re-finance your mortgage to obtain additional funds, for example to help fund renovations or consolidate debt, the mortgage loan must be paid off and the charge must be released. A new mortgage loan for the new amount and a new charge on the title will then be required. Other financing options may be available. Contact us for details.

Collateral Charge

A collateral charge allows you to use the real property as security for more than one loan. The lender may register the loan for more than you are borrowing at the present time. If in the future you need to re-finance the mortgage to obtain additional funds, the lender does not have to register a new charge provided the total amount borrowed is not more than the amount registered on the property title as the collateral charge. The specific terms of the mortgage are not contained within the mortgage document but are set out in a separate agreement(s). Currently, Innovation Credit Union does not offer collateral charge mortgages on residential properties.

Transferring/Assigning Mortgages to Another Financial Institution

Conventional Mortgages

Financial institutions will accept a transfer/assignment of another financial institution’s conventional mortgage. This permits you to switch financial institutions without registering a new charge against your property. If you wish to switch your mortgage to another financial institution at the expiry of the term, the mortgage loan may be assigned to another financial institution.

Collateral Mortgages

Most financial institutions will not accept the transfer in of a collateral mortgage. If you wish to transfer a collateral mortgage to another financial institution you may be asked to payout your mortgage and register a new mortgage loan against your property.

Discharging the Mortgage

When a mortgage is discharged, the registered charge is removed from the title to your property. There may be legal and administrative costs associated with the discharge.

For more information about residential mortgage security call or book an appointment with one of our mortgage specialists.