

Comparison of COLLATERAL versus STANDARD CHARGE mortgages



More lenders are moving to collateral charge mortgages so it's becoming increasingly important to understand the differences between a collateral and standard charge mortgage. Which is better for you?

They both have advantages and disadvantages so it all depends on your preferences and future needs. It's important to understand those differences so you can make sure you get the mortgage that best fits your long-term goals.

COLLATERAL CHARGE	STANDARD CHARGE
<ul style="list-style-type: none"> • Ideal if you want to be able to access your equity for debt consolidation, renovations or to invest in property or investments easily and cost effectively i.e. no legal fees (rate may be higher than original, need to qualify). • Only option available at Tangerine, TD, and many home equity lines of credit (HELOC). • Your mortgage is registered for the same or more than the property value; 100% at Tangerine, 125% with TD Bank, which is why you can access your equity. • May affect your negotiating ability with your lender at renewal. It is harder to switch lenders without getting a new mortgage and paying legal fees, which range from \$500 to \$1,000. • Could be difficult to get a second mortgage unless your home significantly appreciates in value. • Lender may be able to seize equity to cover other debts with that same lender. 	<ul style="list-style-type: none"> • Ideal if you won't need to refinance your mortgage during your mortgage term. • Ideal if you want to have the ability to easily and cost effectively move from lender to lender at renewal. • Offered by majority of lenders. Some offer both – standard charge mortgages and HELOCs that are often a collateral charge. You choose the option that best meets your needs. • If you need to borrow more, you have the option of a second mortgage or line of credit. • You are not as tied to your lender for your full amortization period; it's easier to switch lenders at renewal with little or no cost; keeps your options open.

Whether you're buying your first or next home, getting ready for renewal, taking out some equity for debt consolidation, renovations, or investing, let us help you get the right mortgage type (collateral or standard charge) with the rate and features matched to your needs now and in the future.



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