

## Second Mortgages in Cobourg and Port Hope

A property may have multiple mortgages registered against it after a first mortgage has been registered. Placing a second mortgage on a property is a popular way to access the equity that is saved up in your home. [Second mortgages](#) are considered to be riskier investments than first mortgages, and as such many people have difficulty getting second mortgages from banks. People who have been turned away by banks may still use the services of a [private mortgage lender](#). Private lenders take on mortgages in [Cobourg](#) and [Port Hope](#) that banks consider too risky. Private lender base their mortgage approvals on the equity of the property instead of aspects involving the borrower. Banks are bound by government regulations that require them to have high standards in terms of income and credit score when approving mortgages. Private lenders are not regulated in the same way and can provide mortgages regardless of income and credit score. Private lenders also require less administrative work to process their mortgages and can provide mortgages much faster than banks.

### About Second Mortgages

A mortgage can be defined as a loan which is secured by real estate property. Mortgages are numbered in the order in which they are registered against the property. There is no limit to the number of mortgages which can be placed on a property, but each additional mortgage is increasingly risky. For this reason, seeing more than three mortgages on a property is very rare. Lenders in Ontario will typically refuse to place a mortgage on a property if the total value of mortgages is in excess of 80% of the property's value. When mortgages on a property exceed 80% of the property's value, there is a chance that some lenders may not be repaid upon the sale of the property. Upon the sale of a property, mortgages are paid out in the same order in which they are placed on the property. This means that a third mortgage holder may not be able to reclaim their investment after the first and second mortgages are paid.

### Second Mortgages Compared With Other Loan Types

Second mortgages are typically used to achieve short-term financial goals, similar to a credit card. Since a second mortgage is a secured debt, it carries much lower interest rates than credit cards and other unsecured debts. Many credit cards charge interest rates of 20% to 29.9% while most second mortgages charge rates between 7% and 15%. Second mortgages also allow you to borrow large sums of money in excess of \$30,000, in contrast, most credit cards have a limit of around \$8,000. Most second mortgages take around two weeks to be processed and have set up fees equal to 3% to 5% of the mortgage amount.

### Common Ways to Use Second Mortgage Money

The money from a second mortgage is used in a way variety of ways. Some popular uses for second mortgage money include:

- Paying college or university tuition
- Paying living expenses
- Funding home renovations or repairs
- Consolidating other high interest debts

- [Preventing a Power of Sale](#) or Foreclosure

Private lenders will take note of how the mortgage money will be used, but they will accept most reasonable uses of the money.