



## Protect your interests during refinancing

TORONTO – May 9, 2007 – Spring is when many a consumer’s thoughts turn to homebuying. But for thousands of Canadians, spring is also the time to think about mortgage refinancing. People may have caught the renovation bug and require funds to finance home improvements. Or they’re wanting to capitalize on lower interest rates to perhaps buy a cottage or investment property. Or the term of their existing mortgage could be coming to an end and it may be time to re-negotiate their mortgage.

No matter what the scenario, a mortgage is typically a family’s single largest financial commitment, and professional advice can be invaluable in helping them save money, and protecting their interests.

“We know of cases where homeowners entered mortgage loan transactions without legal advice and didn’t understand the deal or the implications of it,” said Kathleen Waters, an experienced real estate lawyer and Vice President of TitlePLUS title insurance.

“For example, sometimes people don’t realize their home may be security for a line of credit – which then needs to be repaid when the property is sold. Another example can involve borrowers not understanding the legal implications of proposed changes to names on title or of being a guarantor or co-borrower. Having a lawyer involved in the process helps borrowers understand the transaction and know their legal options.”

Waters suggests homeowners take the following steps when considering refinancing their mortgage.

1. **Determine whether you wish to borrow from your current lender again, or if you wish to work with a different lender**—perhaps based on who is offering better terms or a better interest rate:
  - Individuals **borrowing from the same lender** will find the process to be fairly straightforward. Usually, the lender will notify you and request that you attend at the lender’s office or bank branch to sign some documents. Some lenders even send you the documents and you sign them at home and mail them back.
  - However, individuals **borrowing from a different lender** need to apply for a new mortgage, and this process can be more complex. It is possible to apply to the lender directly, or engage the services of a mortgage broker to help with the process.
2. **Don’t just sign the mortgage documents.** Protect your interests and be sure you understand what you’re signing, both in term of your obligations and those of the lender. Many people routinely sign documents as borrowers, effectively waiving the right to legal advice. They don’t realize their real estate lawyer can provide advice during refinancing just as he or she did at the time of home purchase. Your lawyer will counsel you and work to protect your interest, in terms of:
  - The specifics of what you are borrowing;
  - The security that you are giving to the bank in exchange for borrowing the money;
  - The lender’s Standard Charge Terms (including what the lender can do if you do not make your mortgage payments or other payments on time, such as condominium common expense payments, property tax payments); and
  - An explanation of what is currently on the title to your home.



The lawyer will also work to ensure that the old mortgage(s) get paid off from the money provided by the new mortgage, and that the old mortgage(s) get discharged (that is, get removed) from the title to your property. Otherwise old mortgages can be a problem when it's time to sell.

3. **Reconsider your protection in case of fraud.** When you refinance your home, it is a good time to have a legal check-up on various issues, such as whether your will is up-to-date and whether you need additional protection for the title to your property. One of the things that title insurance policies generally cover is fraud. If you did not get a title insurance policy when you bought your home, you can obtain a TitlePLUS OwnerEXPRESS policy with the assistance of your TitlePLUS lawyer, to give you solid financial protection and legal assistance in case your property is the target of a fraudster in the future.

“Refinancing the mortgage on your home is an important transaction for most homeowners, with both benefits and risks, depending on the circumstances,” Waters said. “Canadians can protect their interests by educating themselves about the process, and working with a trusted advisor, such as their real estate lawyer.”

### **A Free Guide**

The TitlePLUS program has created a free online *Real Simple Real Estate Guide* to educate home buyers on the role of a real estate lawyer and the key issues around title, as well as specifics for individuals interested in refinancing their mortgage. The *Guide* also includes financial calculators, a glossary of terms, and a locate-a-lawyer tool. The *Guide* is available at [www.titleplus.ca](http://www.titleplus.ca).

### **About TitlePLUS Insurance**

TitlePLUS title insurance is provided by the Lawyers' Professional Indemnity Company (LAWPRO®), an insurance company is licensed to provide title insurance and professional liability insurance in most jurisdictions in Canada. LAWPRO has earned an A (Excellent) financial strength rating by A.M. Best Co., a leading rating agency, for the last six consecutive years.

TitlePLUS title insurance is the only all-Canadian title insurance product on the market today. It offers home buyers insurance coverage for both title-related aspects of a transaction and the legal services provided by a lawyer. It also protects buyers and lenders under the same policy (and for the same premium) for title-related problems that could affect ownership or the marketability of the property in the future, and legal services provided by the lawyer closing the purchase.<sup>1</sup> The TitlePLUS OwnerEXPRESS® program offers current home owners protection against title-related risks and fraud.

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For more information or to arrange an interview with Kathleen Waters, please contact:

Trish Tervit  
Envionics Communications  
416-969-2768  
[ttervit@envionicspr.com](mailto:ttervit@envionicspr.com)

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<sup>1</sup> As with any insurance purchase, consumers should refer to the policy for full details, including actual terms and conditions. OwnerEXPRESS® policies do not include legal service coverage.

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