

DOING 'STUFF' WITH YOUR PROPERTY TITLE...

Frequently, clients will ask me to tell them what is involved with doing 'something' to their property title. 'Something' can include adding someone, or taking someone off title; changing from Joint Tenants to Tenants-in-Common, removing a deceased person from title, and others. The first thing I ask, is whether a mortgage, line-of-credit, or bank loan is secured against the asset.

If you have any kind of financial obligation to a lender charged against your title, then you can't do anything with the title without the permission of the lender. Lenders are not unreasonable, and will usually grant permission (with a few exceptions – I will save those for another article!). But sometimes the permission comes with a price tag – fees, and interest charges.

If you make a change to a title that has a mortgage charged on it, the bank will usually want whomever you are adding to title to also be added to the mortgage. This means that person(s) need to have a credit check to determine whether they are a 'good risk' for the bank. If they are not, it could affect your interest rate.

In addition, if you are taking someone off title, they are probably already on the mortgage if you have one, and you will likely need to have your current mortgage discharged, and a new one registered, to make this change. Obviously, you will need to undergo a credit check yourself, so the bank is satisfied that you can handle the mortgage on your own.

These activities incur fees, so beware! It is important to align changes that you want made to your title to the interval when you need to be renewing or replacing your mortgage anyway. That way you can avoid interest penalties for discharging a mortgage early. Administration fees will be charged, even if you are re-mortgaging with the same bank, but in that case, you may be able to make a case with the bank to waive some of the interest penalty if you are discharging early. And don't forget the other fees: the notary who discharges the old mortgage and registers the new one... some pretty significant transaction fees from the Land Titles Office for the discharge and registration...title searches...etc.

All this talk about fees would be incomplete if I did not mention what could be one of the biggest fees of all – and it's often hidden: per-diem.

If your title amendment requires that you discharge your current mortgage, and the payout is time-sensitive, you may have to pay per-diem while the payout cheque is in transit (usually to Toronto). Often, people will elect to use 'branchless banks' because of their reduced fees and notionally lower interest rates. Sadly, they may then find themselves paying \$300-\$400 in travel-time per-diem charges, depending on the size of the payout.

So, if you want to 'do stuff' with your title, beware of fees, and timing is everything!