FREE GUIDE · FOR ALBERTA HOMEOWNERS

Second Mortgages & Private Lending, Straight

What second mortgages and private money are actually for, what they honestly cost, the risks nobody advertises - and the exit plan that separates a smart bridge from an expensive trap.

- When a second mortgage beats breaking your first - and when it does not
- Private lending without the sales pitch: short-term tool, never a long-term home
- The red flags that should end a conversation immediately
- The exit-plan checklist - because getting out IS the strategy

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The Tool Nobody Explains Properly

> A second mortgage is exactly what it sounds like: a second loan registered behind your existing mortgage, secured by the same home. Used correctly it is a precision tool. Used casually it is the most expensive money a homeowner ever borrows.

When a second makes sense

- **Your first mortgage is worth protecting.** A great rate or a brutal breakage penalty on the first can make adding a second cheaper than refinancing everything - the math runs both ways in minutes.
- **The need is short and sharp.** A renovation with a defined end, a tax bill, a bridge between houses, consolidating cards until renewal opens the penalty-free window.
- **Speed matters more than polish.** Some files need funding in days; institutional lending does not move in days. Priced-for-speed money exists for exactly this.

What it costs, honestly

Second-position money always costs more than first-position money - the lender behind the first carries more risk and prices for it. Private money costs more again: priced for risk and speed, well above institutional rates, usually one-year terms, with lender and broker fees stated up front. No numbers here because they move; the rule that does not move - **every cost disclosed in writing before anything proceeds, or you walk.**

What lenders look for

Equity, first; everything else, second. Second-position and private lenders lend against the value remaining in your home after the first mortgage - they generally want a meaningful cushion left, and the property itself matters as much as the borrower. Bruised credit and hard-to-prove income close far fewer doors here than at a bank, which is precisely who this market serves.

Private Money: the Bridge, Not the House

> Private lending is a legitimate, regulated corner of Alberta's market that solves real problems - for a season. The one rule: never enter without knowing how you leave.

The exit-plan checklist - complete it BEFORE you sign

- ☑ Name the exit: refinance to a mainstream or alternative lender, sale of the property, or a dated windfall - "something will come up" is not an exit
- ☑ Know what must change for the exit to work - credit target, documented income - and the honest timeline
- ☑ The ladder is the plan: private now, alternative lender in a year or two, mainstream after - disciplined files climb it; drifting files renew at private pricing forever
- ☑ Confirm renewal terms in writing NOW: a second year, and its cost
- ☑ Budget the true carry: payments, fees, and the exit costs - all of it, on paper

Red flags that end the conversation

- ☑ Fees that appear after commitment, or resist being put in writing
- ☑ Pressure to sign fast, or to borrow more than you asked for
- ☑ No discussion of your exit - a lender uninterested in how you leave is planning on you staying
- ☑ Anyone suggesting you overstate income or hide debts - that is fraud, and you carry it

Here's the thing about expensive money

Private lending fails people who treat it as a destination and serves those who treat it as a bridge. The difference is never the rate - it is **whether the exit existed before the entrance.** Build the exit first and the bridge earns its cost.

Considering a second or private money? Bring the whole picture.

The math both ways, the exit plan, and the honest answer - including "do not do this" when that is the answer.

Call or Text 403-703-6847

Go deeper: shawnselanders.ca/second-mortgage-private-lending-alberta · the rebuild ladder at shawnselanders.ca/mortgage-faq-alberta/bad-credit.