

Power of Sale Rescue

How to Stop a Power of Sale
and Protect Your Home

- ✓ Understand how the power of sale process works
- ✓ Discover options to stop the process and protect your equity
- ✓ Learn how professional coordination with lawyers can make a difference
- ✓ Explore refinancing options when traditional banks say 'no'
- ✓ Take action before it's too late

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Introduction

Receiving a Notice of Sale or learning that your lender has begun power of sale proceedings can be overwhelming. Fear, confusion, and urgency often take over, leaving homeowners unsure of what steps to take—or whether there is still time to act.

In Ontario, power of sale is a legal process used by lenders to recover unpaid mortgage debt by selling a property. While serious, it does **not** automatically mean you will lose your home or your equity. Many power of sale situations can be resolved when handled correctly and early enough.

This book is designed to give you clarity, not pressure. It explains how power of sale works in Ontario, what options exist to stop or resolve it, and how professional coordination between mortgage brokers and lawyers can make a meaningful difference.

Chapter 1: What Is Power of Sale?

Power of sale is a legal right contained in most Ontario mortgage contracts. When a borrower falls into default—typically due to missed payments—the lender may exercise this right to sell the property and recover the outstanding debt.

Unlike foreclosure, power of sale does not transfer ownership to the lender. The property is sold on behalf of the homeowner, and any remaining equity after debts and costs are paid belongs to the homeowner.

This distinction is critical, as it means homeowners often still have options even after the process begins.

Chapter 2: Power of Sale vs. Foreclosure

Foreclosure permanently transfers ownership of a property to the lender and eliminates the homeowner's equity.

Power of sale, by contrast:

- Allows the lender to sell the property
- Preserves the homeowner's equity
- Often provides opportunities to intervene before a sale closes

In Ontario, power of sale is far more common than foreclosure and generally offers more flexibility for resolution.

The process usually follows these stages:

1. Mortgage payments fall into arrears
2. Notice of Sale is issued
3. Legal costs are added
4. Property may be listed for sale
5. Sale proceeds are applied to the debt

At several points in this timeline, action can still be taken to stop or redirect the process.

Chapter 4: The Importance of Acting Early

Time is the most important factor in any power of sale situation.

The earlier action is taken:

- The more options remain available
- The lower legal costs tend to be
- The more flexibility lenders may allow

Waiting often reduces options and increases costs.

Chapter 5: Can a Power of Sale Be Stopped?

Yes — in many cases, a power of sale can be stopped before the property is sold.

Possible solutions include:

- Paying mortgage arrears
- Negotiating extensions
- Refinancing the property
- Selling the home voluntarily
- Legal coordination to delay proceedings

Each situation is different and must be assessed individually.

Chapter 6: Paying the Arrears and Reinstating the Mortgage

If arrears, legal fees, and lender costs can be paid in full, the lender may reinstate the mortgage and stop the power of sale.

This solution works best when:

- Funds are available quickly
- The original mortgage remains affordable
- The lender agrees to reinstatement

Chapter 7: Refinancing to Stop Power of Sale

When catching up is not possible, refinancing may be the solution.

Refinancing involves:

- Paying out the existing lender
- Clearing arrears and legal costs
- Replacing the mortgage with new financing

In power of sale situations, this often requires alternative or private lenders due to timing and risk.

Chapter 8: Why Banks Often Decline These Situations

Traditional banks typically decline refinancing once legal proceedings begin because:

- Timelines are short
- Credit is already impacted
- Risk levels are higher

This does not mean refinancing is impossible—it means the solution often lies outside traditional lending.

Chapter 9: Our Power of Sale Rescue Process

Power of sale rescue is not just about financing—it is about **coordination**.

Our process typically includes:

- Reviewing the legal status of the file
- Working alongside your legal counsel
- Communicating with the lender's lawyers
- Confirming payoff amounts and deadlines
- Structuring financing or reinstatement solutions
- Coordinating timing to stop or delay proceedings

Professional, lawyer-to-lawyer communication is often essential once legal action has begun.

Chapter 10: Working Through Lawyers

Once a power of sale begins, lenders usually stop communicating directly with homeowners.

At this stage:

- All communication flows through lawyers
- Requests must be formal and documented
- Timelines become legally enforced

By coordinating with legal counsel, discussions around extensions, reinstatement, or refinancing are taken more seriously and handled correctly.

Chapter 11:

Protecting Equity

One of the biggest risks in power of sale is loss of equity due to:

- Rushed listings
- Reduced sale prices
- Accumulating legal fees

Stopping the sale or controlling the outcome often protects significantly more equity than allowing the process to run its course.

Chapter 12: When Selling May Be the Best Option

In some situations, selling the property voluntarily may be the best outcome.

A voluntary sale often:

- Achieves a higher price
- Reduces legal costs
- Preserves more equity
- Allows for better planning

Even when selling is necessary, professional coordination can improve the outcome.

Chapter 13: Credit Impact Considerations

Power of sale affects credit, but:

- Unresolved legal action often causes more damage
- Foreclosure is typically worse than refinancing
- Stabilizing the situation allows rebuilding sooner

The goal is minimizing long-term damage, not just addressing the immediate crisis.

Chapter 14: Common Power of Sale Questions & Answers

What is the difference between foreclosure and power of sale?

Power of sale allows the lender to sell the property while preserving equity. Foreclosure transfers ownership to the lender.

Can a power of sale be stopped once it starts?

Yes, in many cases—especially before the property is sold.

How late is too late?

Often up until the sale closes, though options narrow over time.

Will the lender speak to me directly?

Once legal action begins, communication usually goes through lawyers.

Why involve lawyers?

Power of sale is a legal process. Lawyer-to-lawyer communication improves outcomes.

Can I refinance during power of sale?

Yes, though usually with alternative or private lenders.

Will I lose my equity?

Only if the sale proceeds do not exceed the debt and costs.

Chapter 15: Who Power of Sale Rescue Is For

This process is best suited for homeowners who:

- Want to protect their home or equity
- Are facing legal lender action
- Need fast, structured solutions
- Understand the importance of timing

Conclusion

Power of sale is serious, but it is not always final.

With the right information, professional coordination, and timely action, many homeowners are able to stop the process, protect their equity, and regain stability.

The most important step is not waiting.

About the Author

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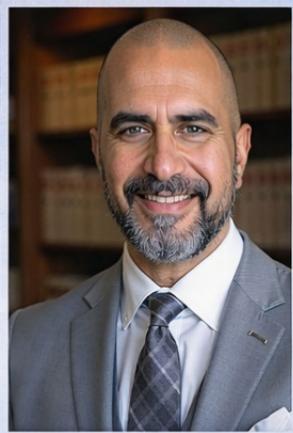
With extensive experience working alongside legal professionals and lenders, Rick helps homeowners navigate complex mortgage situations with clarity and professionalism.

Power of Sale Rescue

How to Stop a Power of Sale and Protect Your Home

Facing a power of sale can be overwhelming. But before you lose hope, know this: a power of sale doesn't mean automatic loss of your home or equity. There is still time, and there are options.

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Rick Bettencourt is a licensed Mortgage Broker specializing in helping Ontario homeowners stop power of sale and refinance out of difficult situations through strategic, professional intervention.

Learn more at:

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