







# What is a Power of Sale for a Mortgage in Canada?

When you purchase a home with a mortgage, you agree to meet all the agreement terms, especially making the monthly payments.

If you cannot meet the terms, the lender might choose to possess the house and sell it using a power of sale.

In this guide, we look at what a power of sale is, how it's different from foreclosure, whether it's a good idea to buy power of sale properties, and more.

## Key Takeaways

- A power of sale gives the lender authority to possess and sell your property if you default on your mortgage.
- While it is similar to foreclosure, there are some important differences.
- You may be able to prevent the power of sale in several ways, including remortgaging.

## What is a Power of Sale?

A power of sale grants the lender the power to possess and sell a property if you default on your mortgage.

This is a serious situation, and the lender will normally reach out to you first to ask you to rectify the situation before taking action.

## Power of Sale Process

There is a power of sale process, and as the homeowner, you will always be notified before the power of sale if you fail to make a mortgage payment.

You will also find out when a power of sale is being proposed, and it must be in writing.

The process typically takes between two weeks and 45 days, depending on the province. A power of sale can be used in Ontario, New Brunswick, Prince Edward Island, and Newfoundland and Labrador.

- Ontario – A property can be sold 45 days after notice if the mortgage has been defaulted on for three months or more. The lender must notify the homeowner 45 days before selling the property.
- New Brunswick – The lender must provide written notice to the homeowner about the possible sale, including the time and location of the sale. Notification must also be published in a newspaper in the same county as the property for two weeks.
- Prince Edward Island – The lender must notify the homeowner about the default, and then a period of time must pass before the sale. However, this period can vary.
- Newfoundland and Labrador – The lender must provide a written notice to the borrower. After 30 days, if the homeowner still defaults, the lender must publish a

