

Definition Sheet: Standard Mortgage Terms and Charges in Alberta



This sheet provides clear definitions of common legal instruments and charges used in private mortgage lending and investment transactions in Alberta.

1. GSA (General Security Agreement)

Definition: A General Security Agreement (GSA) is a legal contract used by lenders to secure personal property (non-land assets) of a borrower as collateral for a loan.

Purpose: Provides the lender with rights over all present and future personal property of the borrower, such as equipment, inventory, receivables, and other movable assets. Typically used in conjunction with a mortgage to provide additional security.

Key Notes: Filed under the Personal Property Registry (PPR) in Alberta. Allows the lender to seize and sell personal assets in the event of default.

2. Promissory Note

Definition: A Promissory Note is a written, unconditional promise by the borrower to pay a specified amount of money to the lender either on demand or at a specified future date.

Purpose: Serves as a legal acknowledgment of debt. Often accompanies mortgage documentation, especially in private lending deals.

Key Notes: Can include interest rate, repayment schedule, default terms, and prepayment conditions.
Enforceable as a standalone debt instrument in court.

3. Assignment of Rents and Leases

Definition: An Assignment of Rents and Leases is a legal agreement that transfers the rights to rental income from a property to the lender if the borrower defaults on the mortgage.

Purpose: Ensures the lender can collect income from tenants directly if loan payments are missed.
Common in commercial and residential rental property mortgages.

Key Notes: May be included within the mortgage or registered as a separate charge on title.
Helps protect the lender's cash flow during enforcement or foreclosure.

4. Personal Property Registration (PPR)

Definition: The Personal Property Registry (PPR) in Alberta is a provincial database where lenders register interests in personal property used as collateral.

Purpose: Publicly notifies other creditors of existing claims on a borrower's personal property.
Establishes priority among secured creditors.

Key Notes: Essential for registering GSAs, vehicle liens, equipment leases, and other security interests.
A lender must register a security interest in the PPR to perfect their claim and maintain enforceability.

Disclaimer:

This definition sheet is for informational purposes only and should not be considered legal advice. For assistance with documentation or enforcement, consult a legal professional familiar with Alberta real estate and lending law.

Discover the Dependable Difference

lending@dependablemortgage.ca

dependablemortgage.ca

202 15 Carleton Dr, St Albert, AB T8N 7K9

PH: 587 702 3242

FX : 587 952 8703