Understanding Mortgage Security

A mortgage is a loan that is secured by the borrower's ("**your**" or "**you**") property. When you take out a mortgage, the lender ("**we**" or "**us**") will register a 'Charge' on the property (also known as a "hypothec" in Quebec). This Charge gives us certain rights if you don't repay your loan as agreed or comply with your mortgage obligations.

There are generally two types of mortgage security charges, a '**Standard/Conventional Mortgage Charge**' and a '**Collateral Mortgage Charge**'.

Below we compare these two types of mortgage security charges.

You can also find more information about mortgages on the website of the Financial Consumer Agency of Canada (FCAC), here **https://www.canada.ca/en/financial-consumer-agency/services/rights-responsibilities/rights-mortgages/rights-mortgage-security.html** and here **https://www.canada.ca/en/financial-consumer-agency/services/mortgages/choose-mortgage.html**

General Comparative Information

	Standard Mortgage Charge	**Collateral Mortgage Charge**
Registering the mortgage charge	A standard mortgage charge is registered for the **exact amount** of the mortgage loan. For example, if you borrow $300,000, the mortgage is registered for $300,000.	A collateral mortgage charge is registered for an **amount higher than the original loan**. For example, even though you're only borrowing $300,000, the mortgage could be registered for $700,000 or more. The collateral mortgage charge is registered for an amount higher that the actual mortgage to accommodate future borrowing needs (subject to applicable terms and conditions).

If you want to borrow additional funds	The standard charge is directly tied to the loan amount. You can only access the specific amount you have borrowed. If you wish to borrow more in the future, you will need to request a refinance and go through the process of discharging the original mortgage and registering a new one or take out another loan.	A higher registered collateral charge provides you with the ability to access additional funds, if approved by us, in the future without needing to refinance or discharge the mortgage. Using the example above, you could borrow additional funds up to the registered amount (e.g., $700,000), if we approve such additional funds.
Transferring your traditional mortgage to another lender	If you wish to switch your mortgage to another lender, and your current lender allows it, you may need to pay the cost for registering the transfer of the mortgage to a new lender. There may also be an early prepayment charge levied against you.	While collateral mortgages accommodate future borrowing needs (subject to applicable terms and conditions), they can complicate switching lenders, as some banks may not allow you to transfer the mortgage to another lender without first paying off the entire loan –and other potential loans you've secured under the collateral charge. You may also have to pay fees such as legal, administrative, discharge and registration costs in addition to a possible early prepayment charge levied.
Discharging the mortgage	Standard mortgages are generally simpler to discharge. When the loan is fully repaid, paperwork is completed, and the mortgage is discharged (removed) from the property.	Unlike standard mortgage charge, collateral mortgages are generally discharged at your request not the lender. By not automatically discharging the mortgage, you can potentially save legal fees and registration costs if you need to borrow money in the future from the same lender. However, discharging a collateral mortgage might be more complicated compared to a standard mortgage. If there are other loan

		agreements secured by the collateral charge after you have repaid the mortgage loan in full, you can only request a discharge, and a discharge will only be provided when you have repaid **all** the loans secured by the charge.

Specific HomeEquity Bank Information

When you arrange a HomeEquity Bank Reverse Mortgage, we agree to lend you money based on certain lending terms and criteria. Once approved, we will also register a charge on your property.

In general, we register a collateral charge on our mortgages; however, for most loans, we only register the collateral charge for the total approved mortgage amount. However, in some cases, depending on your individual lending situation and your province of residence, we may register the collateral charge for an amount higher than your initial loan, which may allow you to borrow more funds in the future.

If you want to borrow more funds than what you were initially approved for, you will need to apply to borrow additional funds. * If your existing collateral charge is insufficient to support your application, your previous collateral charge may need to be amended, or a new collateral charge may need to be added.

If you wish to transfer your mortgage to a new lender, we will need to discharge our mortgage.

If you wish to discharge your mortgage, you will need to fully repay your outstanding mortgage balance and we will then release our interest in your property. You could be subject to a prepayment charge and there may be applicable fees associated with discharging the mortgage.

*Terms and conditions apply. An application will be treated as a brand-new loan application, including being subject to all associated costs of amending or adding a collateral charge.