

A mortgage is a loan secured by property, such as a home. When you take out a mortgage, the lender registers a charge on your property. The type of charge determines which loans your lender allows you to secure against your property. There are two types of charges lenders use to document the security for a mortgage loan: **conventional charge** or **collateral charge**.

At Equitable Bank, we register a **conventional charge** on our standard and EQB Evolution Suite<sup>®</sup> residential mortgages and we register a **collateral charge** on our combined Mortgage Loan and HELOC product. When you obtain an Equitable Bank residential mortgage, we agree to lend you money based on certain terms and conditions. One of these conditions is that we will use your Property as security for the repayment of the money we lend you. In order to do this we will register a charge (in Quebec a charge is known as a hypothec) on your Property. The charge gives us, the lender, certain rights, including the right to sell the Property, if you do not fulfill your obligations to us under the terms of your mortgage loan.

**Conventional Charge:** A conventional charge only secures the mortgage. It doesn't secure any other loans you may have with your lender, such as a line of credit. A conventional charge is registered for the actual amount of your mortgage and contains specific details about the loan and your agreement with the lender (such as the interest rate, term, payment amounts, rights of the lender and your obligations under the loan). A conventional charge is sometimes referred to as a traditional, standard, residential or non-collateral charge.

**Collateral Charge:** A collateral charge can be used to secure multiple loans with your lender, including one or more mortgage loans or lines of credit. The charge can be registered for an amount that is higher than your initial mortgage. This allows you to borrow additional funds on top of the original mortgage amount in the future, subject to any approval requirements of the lender, without having to pay fees to discharge your mortgage and register a new one.

A collateral charge contains terms related to the security (such as the rights of the lender and your obligations under the loan), however the specific details of the loan (such as the loan amount, interest rate, term and payment amounts) are set out in a separate loan agreement (or multiple loan agreements) that is not registered on title. You only have to make payments, including interest, on the money you actually borrow subject to your loan agreement(s) with the lender.

**Comparing Conventional Charge Mortgages and Collateral Charge Mortgages:** The type of charge that is registered against your home may affect how you are able to borrow additional funds, transfer your mortgage to a new lender, and discharge your mortgage security.

The following outlines situation-specific considerations, depending on whether your mortgage is a conventional charge or collateral charge:

	Conventional Charge Mortgage	Collateral Charge Mortgage
Registering the mortgage charge	Generally registered for the account amount of the mortgage loan. For an Equitable Bank residential mortgage loan or EQB Evolution Suite <sup>®</sup> mortgage loan, the charge will be registered for the Principal Amount.	May be registered for up to the full value of your home. For an Equitable Bank combined Mortgage Loan and HELOC product, the charge will be registered for the Principal Amount of your Mortgage Loan and your HELOC credit limit.
If you want to borrow additional funds	<p>You will need to qualify and be approved based on our credit criteria.</p> <p>Where an increase in the Principal Amount of your Mortgage Loan is necessary, we require a discharge and re-registration of a new charge. Where no increase is necessary, we will not require a discharge or re-registration.</p> <p>Certain terms and conditions of your Mortgage Loan may change, such as the</p>	<p>You will need to qualify and be approved based on our credit criteria.</p> <p>Where an increase in the Principal Amount of your Mortgage Loan and/or HELOC credit limit is necessary, we require a discharge and re-registration of a new charge. Where no increase is necessary, we will not require a discharge or re-registration.</p>

	<p>Annual Interest Rate, amortization and payment amount.</p> <p>We will require you to pay fees associated with borrowing additional funds, such as any legal, discharge and re-registration fees. You may also incur a prepayment charge.</p>	<p>Certain terms and conditions of your Mortgage Loan and/or HELOC may change, such as the interest rate, amortization and payment amount.</p> <p>We will require you to pay fees associated with borrowing additional funds, such as any legal, discharge and re-registration fees. You may also incur a prepayment charge.</p>
<b>Transferring your mortgage to another lender</b>	<p>Typically, a new lender will only agree to accept the transfer if it is familiar with our mortgage terms.</p> <p>You may be subject to fees from both us and your new lender such as a Mortgage Statement Fee, the costs for registering the transfer of your Mortgage Loan to the new lender, and, where permitted by law, an Assignment Administration Fee.</p> <p>There may also be a prepayment charge if you transfer mid-term.</p>	<p>Typically, a new lender will only agree to accept the transfer if it is familiar with our mortgage terms. Some lenders may not accept transfers of collateral charge mortgages.</p> <p>You may be subject to fees from both us and your new lender such as a transfer fee and the costs for registering the transfer of your Mortgage Loan to the new lender.</p> <p>There may also be a prepayment charge if you transfer mid-term.</p>
<b>Discharging the mortgage</b>	<p>There are fees associated with discharging your Mortgage Loan such as a Discharge Registration Fee, a Mortgage Statement Fee, and, where permitted by law, a Discharge Administration Fee.</p> <p>Prepayment charges may apply for your Mortgage Loan if it is paid out and discharged before the Maturity Date.</p> <p>Once your Mortgage Loan is paid in full, we will release our interest in your Property and register the discharge.</p>	<p>There are fees associated with discharging your Mortgage Loan such as a Discharge Registration Fee, a Mortgage Statement Fee, and, where permitted by law, a Discharge Administration Fee.</p> <p>Prepayment charges may apply for your Mortgage Loan if it is paid out and discharged before the Maturity Date.</p> <p>Once your combined Mortgage Loan and HELOC is paid in full, we will release our interest in your Property and register the discharge.</p>