

Conventional vs. Collateral Mortgage Charges

All our mortgage loans are secured by real property such as a house. The Bank of Nova Scotia (carrying on business as "Scotiabank") or Scotia Mortgage Corporation (SMC) will obtain mortgage security that will be registered on title against your home in the appropriate land registry office. This is referred to as the registration of a mortgage or a "charge" and it gives Scotiabank the legal right to take action against you and your home and sell it to get our money back if you do not pay as promised or honour the terms of your mortgage loan with us.

Collateral Charge:

The collateral charge is granted in favour of Scotiabank and is registered in first position priority against the home usually for an amount that is greater than the actual amount of the mortgage loan.

By registering the collateral charge for a higher amount than the amount you require, you may be able to borrow additional funds at a later date without having to refinance or reregister a new mortgage as the additional amount would be secured by the existing collateral charge. A collateral charge might provide you with future borrowing flexibility and possibly avoid you from paying new legal, administrative and registration fees to refinance your mortgage in the future.

The collateral charge covers both the land and building. The specific details of the mortgage loan are not included in the charge that is registered on the title against your home. A separate credit agreement contains the specific terms of the mortgage loan such as the amount, interest rate, payment amount and other terms. This collateral charge may secure other debt besides the mortgage loan.

There may be costs such as legal, administrative and registration costs.

Conventional Charge:

(in Quebec, this is referred to as an "immovable hypothec"):

The conventional charge is granted in favour of Scotia Mortgage Corporation (SMC), a wholly-owned subsidiary of Scotiabank, and is registered in first

position priority against the home. The conventional charge covers both the land and building.

The specific details of the mortgage loan such as the amount, term, payment amount and due date and interest rate are included in the charge registered on title against your home.

This conventional charge secures only the amount of the mortgage loan. There may be costs such as legal, administrative and registration costs.

Comparing Collateral Charge Mortgages and Conventional Charge Mortgages:

The type of charge that is registered against your home may affect how you are able to have your mortgage transferred/ assigned to us or to a new lender, how you are able to borrow additional funds (either from us or from a different lender) and how you are able to have your mortgage security discharged.

Please review the following table for more details of the comparison about the similarities and differences between a collateral charge and a conventional charge mortgage for these three actions.



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Type of Financing	Applicable to both Collateral Charge and Conventional Charge Mortgages	Comparison	
		Collateral Charge Mortgage	Conventional Charge Mortgage
Transferring/ Assigning the Mortgage Security to Scotiabank or SMC (Subrogation in Quebec) or to a different lender	<p>To Scotiabank or SMC</p> <ul style="list-style-type: none"> A transfer/assignment is usually only possible if all the key elements and terms of the mortgage loan remain unchanged (e.g. amount owing, ownership of the home, etc.). There may be costs such as legal, administrative and registration costs associated with transferring/assigning a mortgage. <p>To a different lender</p> <ul style="list-style-type: none"> If you want to switch your mortgage from Scotiabank to another lender and a transfer/assignment is not possible, or if you want to increase the principal amount, you may be able to do so by discharging the charge and arranging a new loan with a different lender (and registering a new conventional or collateral charge). There may be costs such as legal, administrative and registration costs charged by the other lender. 	<ul style="list-style-type: none"> Scotiabank does not accept collateral charge transfers/ assignments from other lenders. 	<ul style="list-style-type: none"> SMC accepts most conventional charge transfers/ assignments from other lenders (provided the terms of the mortgage being transferred/assigned are substantially similar to SMC's mortgage terms).
Borrowing Additional Funds from Scotiabank or SMC or from a different lender	<p>From Scotiabank or SMC</p> <ul style="list-style-type: none"> You will need to apply and be approved by Scotiabank for the increased amount based on our current credit criteria. There may be costs such as legal, administrative and registration costs. <p>From a different lender</p> <ul style="list-style-type: none"> If you want to borrow additional funds from a different lender, the new lender may have to register new security by registering a new additional charge (a second mortgage) or by discharging the existing charge and registering a new charge. In either case there may be costs such as legal, administrative and registration costs. Please speak to your lender about the associated costs. 	<p>From Scotiabank</p> <ul style="list-style-type: none"> For a collateral charge mortgage, Scotiabank may or may not need to re-register a new charge (depending on the product and the province) when increasing the principal amount of your mortgage loan or taking out another loan secured by your home, provided that you don't exceed the registered amount on the existing charge. There will be no registration or discharge costs if we do not have to discharge and register a new charge and any legal costs may be lower. <p>From a different lender (while keeping the existing Scotiabank charge and mortgage loan)</p> <ul style="list-style-type: none"> If you have a collateral charge mortgage that is registered for more than your loan amount and you want to borrow additional funds from a new lender using your home as security, your new lender may require information about the outstanding balance or may ask Scotiabank to take certain actions (for example, agree to a postponement of its collateral mortgage) to allow room for the new charge. There may be costs by Scotiabank and the new lender such as legal, administrative and registration costs. If you have a Scotia Total Equity Plan (STEP) product with Scotiabank and you wish to register a second charge, Scotiabank will request you to close your STEP. <p>Note: Please contact your lender for more details.</p>	<p>From SMC</p> <ul style="list-style-type: none"> For a conventional charge mortgage, if you want to increase the principal amount of your mortgage loan, SMC will need to discharge the existing charge and register a new charge for the higher amount. If you want to add a second mortgage loan, we will need to register a new charge against the home. There may be costs such as legal, administrative and registration costs. <p>From a different lender (while keeping the existing SMC charge and mortgage loan)</p> <ul style="list-style-type: none"> If you have a conventional charge mortgage and you want to borrow additional funds from a new lender using your home as security the new lender may require you to discharge and register a new charge or it may register a second charge against the home. There may be costs such as legal, administrative and registration costs. <p>Note: Please contact your lender for more details.</p>
Discharging the Mortgage Security (may be referred to as a "release" or "acquittance" in Quebec)	<ul style="list-style-type: none"> A discharge is the removal of a charge registered against the title to your home. When the discharge is registered, the lender generally loses any rights it has against your home under the mortgage security. There may be costs such as legal, administrative and registration costs to prepare and/or register the discharge. 	<ul style="list-style-type: none"> For a collateral charge 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. 	<ul style="list-style-type: none"> For a conventional charge mortgage, SMC will discharge the mortgage security once the mortgage is paid in full.
Please discuss with your Scotiabank Advisor if you have questions regarding the Conventional Charge Mortgage and Collateral Charge Mortgage.			