

INFORMATION ON MORTGAGE SECURITY

When you apply for a mortgage you can choose either a traditional residential mortgage or a collateral mortgage.

Traditional Residential Mortgage

- Traditional residential mortgages are registered with "terms of mortgage" that specifically set out things such as the principal amount owing, interest rate, term, payment amount, etc.
- If you wish to borrow additional funds, you will likely need to pay legal and other fees to discharge the Residential Mortgage and register a new mortgage.
- Other financial institutions will likely accept the transfer of your Residential Mortgage so that you can avoid paying legal and other fees to discharge your Residential Mortgage and register a new mortgage.
- Lender will discharge your Residential Mortgage when you pay off your mortgage loan and request a discharge.

Collateral Mortgage

- A collateral mortgage allows you to use your home as security for a loan or more than one loan and, potentially, borrow additional funds.
- You will not need to register a new mortgage and pay associated legal and other fees if the total amount of the loans is equal to or less than the amount of the collateral mortgage.
- Other financial institutions may not accept the transfer of your collateral mortgage. You will likely need to pay legal and other fees to discharge your collateral mortgage and register a new mortgage with the other financial institution.
- If you pay off your mortgage loan, lender will not discharge the collateral mortgage as it may secure other loans, existing or in the future. Lender will discharge a collateral mortgage if you have repaid all loans secured by it and request a discharge.

State Bank of India (Canada) does not offer Collateral Mortgages.

For general information on the types of security that can be taken by a lender for a mortgage loan or real estate-secured line of credit, please visit Canada Bankers Association (CBA) and Financial Consumer Agency of Canada (FCAC) website links as below:

<http://www.cba.ca/en/consumer-information/41-saving-investing/713-information-on-mortgage-security>

<http://www.fcac-acfc.gc.ca/Eng/forConsumers/topics/yourRights/Pages/Security-Garantie.aspx>

<http://www.cba.ca/contents/files/misc/vol-mortgage-security-en.pdf>