



General Information

Types of Registered Charges for Real Estate Secured Lending – Standard and Collateral

When you need a residential mortgage loan to purchase a home, lenders (such as Simplii Financial™) require security for repayment in the form of real property, such as a house. The lender providing the mortgage loan will require you to sign a charge document, which will be registered in the provincial or territorial land registry office where the property is located. The charge gives the lender certain rights, including the right to sell the property if the loan is not repaid as agreed.

There are two types of charges a lender can register: standard or collateral. A standard charge may also be referred to as a traditional, conventional, or non-collateral charge.

What is a Standard Charge?

A standard charge, also known as a conventional charge, is registered on title in a document that includes the important terms of your mortgage loan, such as the principal amount, interest rate, term, payment amount, etc. A standard charge is registered for the actual amount of the mortgage, securing only the one mortgage loan. For example, if you require a mortgage loan for \$250,000 to purchase a home and the loan is secured by a standard charge, the lender will register a standard charge for \$250,000. If you want to borrow additional funds you will have to pay off the mortgage loan, discharge the registered charge, sign a new mortgage loan agreement and register a new charge on title.

What is a Collateral Charge?

A collateral charge allows you to use your home as security for one or more loans. Because the lender may register the charge for an amount that is more than your initial loan, you may be able to borrow more funds without having to register a new charge, provided the total amount owing is no more than the principal amount of the collateral charge. For example, if you require a mortgage loan for \$250,000 to purchase a home, the lender may register a collateral charge for \$300,000, and you may be able to borrow an additional \$50,000 in the future without having to register a new charge. The specific mortgage loan terms (such as the mortgage loan amount, interest rate, term and payment amount) are in a separate document (the mortgage loan agreement), and not included in the document registered on title.

The following chart will guide you through the benefits and differences for each type of charge. And depending on your needs, you can explore a variety of mortgage products offered by Simplii Financial.

Standard vs. Collateral Charges

	Standard Charge	Collateral Charge
What are some of the benefits?	Most lenders will accept a transfer or assignment of another lender's standard charge mortgage loan, which permits you to switch lenders without discharging the existing charge from title and registering a new one.	With a collateral charge, you may be able to borrow additional funds against your property in the future without having to register a new charge (avoiding legal and other fees that may apply). This is because the collateral charge may be registered for more than the amount of the original mortgage loan.
How much could Simplii Financial register the charge for?	Simplii Financial registers the standard charge for the actual amount borrowed. For example, if you purchase a home for \$500,000, and require a mortgage loan for \$250,000, the standard charge will be registered for the actual amount of the mortgage loan (\$250,000).	A lender may register the collateral charge for up to or more than the full property value to allow you to borrow additional funds in the future. For the Secured Line of Credit with an adjustable feature, Simplii typically registers the charge for up to 100% (or more) of the property value. For example, Simplii could register the charge for 100% (or more) of the value of the home. But, you only make payments and pay interest on the borrowed amount. On a Secured Line of Credit without an adjustable feature, Simplii typically registers the collateral charge for the amount of the loan or line of credit you're approved for. There is a separate loan agreement that contains the loan amount, interest rate, term and other details of the mortgage loan.
What costs would apply if I wanted to switch lenders?	If you wish to switch your existing mortgage loan to another lender at the end of the term without increasing the mortgage loan amount, the mortgage loan and registered standard charge can be transferred or assigned to another lender, provided the other lender agrees. Note, prepayment charges may apply for mortgage loans that are transferred/paid out before the maturity date of the mortgage loan.	If you wish to switch your existing mortgage loan to another lender at the end of the term, the new lender may not accept a transfer of your registered collateral charge. In that case, you will need to pay fees to discharge your registered collateral charge and register a new charge with the new lender. If the collateral charge also secures other debts to your original lender, you will have to repay those debts before the lender will transfer or assign the charge to your new lender, or discharge it from title.

	Standard Charge	Collateral Charge
How would I borrow additional funds?	<p>If you have a standard charge and wish to borrow additional funds against your property you will need to pay fees to discharge your existing standard charge and register a new charge for a higher amount.</p> <p>Note, prepayment charges may apply for mortgage loans that are transferred/paid out before the maturity date of the mortgage loan.</p>	<p>If you have a collateral charge you may be able to borrow additional funds without having to register a new charge and pay the associated legal and other fees.</p> <p>To do so, you would have to qualify for the additional funds. In addition, the increased loan amount cannot exceed the amount of the registered collateral charge.</p>
How do I discharge my registered mortgage charge?	<p>If you have a standard charge and pay off your mortgage in full, Simplii will release its interest in your property and register a discharge of the mortgage. There may be costs associated with registering the discharge and, depending on the region, a discharge fee may apply.</p>	<p>If you have a collateral charge, your charge may remain in place even after you pay off the full amount you borrowed. You may be able to borrow more funds against your property in the future without registering a new charge. This helps you avoid legal and other fees.</p> <p>If you don't think you'll need to borrow money in the future and have repaid all credit secured by the charge, just ask to discharge the charge. There may be costs associated with registering the discharge and, depending on the region, a discharge fee may apply.</p>
Which Simplii Financial lending products are registered with each charge type?	<ul style="list-style-type: none"> • Simplii Financial Fixed Rate Mortgage • Simplii Financial Variable Rate Mortgage 	<ul style="list-style-type: none"> • Simplii Financial Secured Line of Credit

For more information, please contact us at [1 888 723-8881](tel:18887238881)

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