

## Changes concerning your All-In-One™ home equity line of credit

As of August 27, 2023, the repaid principal on your mortgage loan will no longer be entirely accessible under your line of credit. A portion of the repaid principal may be used to gradually reduce your global credit limit until the loan-to-value ratio (LTV) reaches 65% of the value of your property.

Did you receive a letter explaining these changes? Do you have questions? This document will help you understand the situation.

### Determine which situation applies to you

Your mortgage loan financing ratio is the percentage of the value of your property represented by your mortgage loan. Here's how to calculate it using information you should have available.

#### Step 1

#### Identify the balance of your mortgage loan and the value of your property for the calculation.

- The **balance of your mortgage loan** is the amount of your mortgage loan that still needs to be paid off. This amount may be spread across more than one mortgage portion. To quickly access your balance:
  - Sign in to your online banking, click **Overview** in the menu, then select your All-In-One™.
  - Or sign in to the National Bank app, click on your All-In-One™, then click the *Details* tab to see the amount.
- The **value of your property** is the price you paid for your property or the value at refinancing. This amount can be found in your All-In-One™ agreement, Section 22 *Description of mortgaged property, Mortgage amount* box.

If you have repaid the full amount of all your mortgage portions,  
go to [Example 1](#) on page 2.

#### Step 2

#### Calculate your mortgage loan financing ratio.

If you have more than one mortgage portion in your All-In-One™, you should add up the amounts to determine the total balance of your mortgage loan.

Use the following formula to calculate your financing ratio:

$$\text{Balance of your mortgage loan} \div \text{Value of your property} \times 100 = \underline{\hspace{2cm}} \%$$

- If the result is below 15%, go to [Example 2](#) on page 2.
- If the result is equal to or above 15%, go to [Example 3](#) on page 3.

## See the examples of how the new credit limit is calculated

To fully understand the examples, review the following definitions:

- Your **global credit limit** is the total amount of financing on your property included in your All-In-One™. This amount is made up of your revolving credit limit (line of credit) and one or more mortgage portions.
- Your **revolving credit limit** is the line of credit portion that allows you to access the repaid balance of your mortgage financing. To quickly access this information:
  - Sign in to your online banking, click **Overview** in the menu, then select your All-In-One™.
  - Or sign in to the National Bank app, click on your All-In-One™, then click the *Details* tab to see the amount.
- The **repaid principal** is the portion of your mortgage payments that excludes interest and goes to reduce the balance of your mortgage financing.

### Example 1

#### Your mortgage loan has been repaid in full

- Your **global credit limit will be reduced on August 27, 2023 only**. Here's how to calculate the reduction:

*Global credit limit - (revolving credit limit + balance of your mortgage loan)*

- Your **revolving credit limit will remain the same**. This limit is equal to 65% of the value of your property, the maximum permitted.

#### Sample calculation

##### Mortgage financing fully repaid, property valued at \$400,000

- Current global credit limit: \$320,000
- Revolving credit limit: \$260,000
- Balance of mortgage loan: \$0

$$\$320,000 - (\$260,000 + \$0) = \$60,000$$

On August 27, 2023, the global credit limit will be reduced by \$60,000 to \$260,000, equal to the revolving credit limit.

### Example 2

#### Your mortgage loan financing ratio is under 15%

- Your **global credit limit will initially be reduced on August 27, 2023**. Here's how to calculate the reduction:

*Global credit limit - (revolving credit limit + balance of your mortgage loan)*

- Your **global credit limit will then be gradually reduced** until it reaches 65% of the value of your property.
- Your **revolving credit limit will remain the same**. This limit is equal to 65% of the value of your property, the maximum permitted.

### Sample calculation

#### Property valued at \$400,000 with mortgage loan financing ratio under 15%

- Current global credit limit: \$320,000
- Revolving credit limit: \$260,000
- Balance of mortgage loan: \$40,000

$$\text{\$320,000} - (\text{\$260,000} + \text{\$40,000}) = \text{\$20,000}$$

On August 27, 2023, the global credit limit will be reduced by \$20,000 to \$300,000. The new global credit limit of \$300,000 will then be gradually reduced as the principal is paid down, until it reaches 65% of the value of the property.

- Global credit limit on August 27, 2023: \$300,000
- Revolving credit limit: \$260,000
- Balance of mortgage loan: \$40,000
- Principal payment on mortgage loan: \$1,000

#### Percentage of repaid principal that will no longer be available: 100%

All of the repaid principal (\$1,000) will become unavailable, reducing the global credit limit to \$299,000 (\$300,000 - \$1,000).

*To find out how this percentage is calculated, see explanation on page [5](#).*

### Example 3

#### Your mortgage loan financing ratio is equal to or above 15%

- Your global credit limit will be gradually reduced starting August 27, 2023, until it reaches 65% of the value of the property.
- When you make your mortgage payments, a portion goes to pay down your principal. A part of this repaid principal will become available again as part of your revolving credit limit. Another part will be used to gradually reduce your global credit limit.

### Sample calculation

#### Property valued at \$400,000 with mortgage loan financing ratio equal to or above 15%

- Current global credit limit: \$320,000
- Revolving credit limit: \$200,000
- Balance of mortgage loan: \$120,000
- Principal payment on mortgage loan: \$1,000

#### Percentage of repaid principal that will no longer be available: 50%

Half of the repaid principal (\$500) will become unavailable, reducing the global credit limit to \$319,500 (\$320,000 - \$500).

Percentage of repaid principal that will become available as part of the revolving credit limit: 50%

Half of the repaid principal (\$500) will become available again, increasing the revolving credit limit to \$200,500 (\$200,000 + \$500).

*To find out how these percentages are calculated, see explanation on page [5](#).*

## Frequently Asked Questions

### **Why is it necessary to change the credit limit on August 27, 2023?**

This change is being required by the Office of the Superintendent of Financial Institutions Canada (OSFI), an organization that regulates banks. [Read the official notice on the Government of Canada website.](#)

### **Will the amount of my mortgage payments change?**

No. Your payment amount will not change.

### **Will my funds still be accessible?**

Yes, the amount available in your line of credit portion will remain accessible.

### **Will this change affect the banking transactions I make using my line of credit?**

No. Transactions such as withdrawals, purchases and salary deposits will not be affected.

### **What should I do if I need additional financing for a project?**

Make an appointment with an advisor at a branch.

### **Could limit overrun fees apply?**

Yes, if the balance used exceeds your global credit limit. For more information, refer to your All-In-One™ agreement and our Fee Guide, available on [nbc.ca](#) or at a branch.

## Here's how we calculate the percentage of the repaid principal that will become unavailable (as in examples 2 and 3).

*[Portion of LTV ratio above 65% ÷ Mortgage loan financing ratio] X 100 = Percentage of repaid principal that will become unavailable*

1. Calculate the portion of your LTV ratio above 65%:

$$[(\text{Global credit limit} \div \text{Value of your property}) \times 100] - 65$$

2. Calculate your mortgage loan financing ratio:

$$[\text{Balance of your mortgage loan (all portions)} \div \text{Value of your property}] \times 100$$

3. Calculate the percentage of the repaid principal that will become unavailable:

$$(\text{Result 1} \div \text{Result 2}) \times 100$$

4. Multiply the amount of the repaid principal by Result 3.

This is the amount of the repaid principal that will become unavailable and will be used to reduce your global credit limit.

### Sample calculation

#### Percentage of the repaid principal that will become unavailable:

- Current global credit limit: \$320,000
- Revolving credit limit: \$200,000
- Property value: \$400,000
- Balance of mortgage loan: \$120,000
- Principal payment on mortgage loan: \$1,000

1.  $[(320,000 \div 400,000) \times 100] - 65 = 15$

2.  $(120,000 \div 400,000) \times 100 = 30$

3.  $(15 \div 30) \times 100 = 50\%$

4.  $\$1,000 \times 50\% = \$500$

The amount of the repaid principal that is not available is \$500 and the global credit limit will be reduced by that amount. The difference (\$1,000 - \$500) will become available under the line of credit portion, since it will increase the revolving credit limit to \$200,500 (\$200,000 + \$500).