

## **ADJUSTABLE RATE MORTGAGE SCHEDULE**

In consideration of the granting of the loan secured by this mortgage and of its conditions, the borrower agrees with the lender as follows:

The provisions of this Schedule shall be incorporated into, and form part of, the attached mortgage and, where applicable, shall replace the corresponding provisions of this mortgage. All terms and conditions of this mortgage document not varied by this Schedule remain in full force and effect notwithstanding the addition of this Schedule. In the event of any conflict between the provisions of this Schedule and the provisions of this mortgage, the provisions of this Schedule shall prevail.

All terms utilized in this Schedule but not otherwise defined in this Schedule shall have the respective meanings ascribed to such terms in the Standard Charge Terms or Standard Mortgage Terms, as applicable.

The privileges of this mortgage are available to the borrower only when not in default.

The borrower will make regular payments at the interest rate, calculated and compounded in accordance with this mortgage and as further set out in this Schedule.

### **1. INTEREST**

The interest rate payable under this mortgage is an adjustable rate, adjusted as set out below, and equal to the lender's Prime Rate (the "Prime Rate") as it may be set from time to time, plus or minus, if any, the specific percentage points per annum set out in this mortgage or any amendment hereto. The resulting rate is defined as the "total interest rate". Interest at such adjustable rate is calculated semi-annually not in advance.

The total interest rate will be set at the start of the mortgage. Thereafter the total interest rate will be automatically adjusted, on each adjustment date, with changes in the Prime Rate and without notice to the borrower. Lack of such notice will not reduce or affect the obligation of the borrower to pay interest in accordance with the terms of this mortgage.

The principal and interest payment will be re-calculated on the total interest rate and remaining amortization on each adjustment date. The total interest rate and payment amount will be adjusted and will vary in accordance with this paragraph regardless of whether the borrower receives notice of such adjustment.

The adjustment date is a date scheduled after every change in the Prime Rate when the lender will adjust all the adjustable rate mortgages under administration. The total interest rate will be adjusted on each adjustment date during the term of this mortgage and will remain in effect until the next adjustment date. At the close of business on the adjustment date, the rate will be reset to the Prime Rate then in effect, plus or minus, if any, the specific percentage points per annum set out in this mortgage or any amendment thereto.

The Prime Rate is, on any day, the annual rate of interest, compounded semi-annually not in advance, that the lender establishes from time to time, at its principal office in Toronto, as its prime rate for residential mortgage loans and as its reference rate of interest used to determine the interest rates it will charge on such day for loans in Canadian dollars made to its customers in Canada and which it refers to as its "Prime Rate". The lender's Prime Rate in effect at any time is available upon inquiry to the lender. Any certificate in writing the lender issues setting out its Prime Rate and interest rate applicable to this mortgage at any time shall be deemed to be conclusive evidence as to the rate at such time.

In the event of default, the lender may at any time during default and at the lender's sole discretion, exercise the borrower's conversion option as set out in section 3 below and/ or fix, temporarily or permanently, the then current adjustable rate, without the consent of the borrower. The borrower will not be entitled to a rebate of any interest or cost of borrowing resulting from the lender's actions regardless of whether the borrower later cures the default.

## **2. PRIVILEGES**

The following privileges may be used in the same year.

The exercising of either privilege will not affect any of the borrower's obligations under this mortgage including the continuing regular loan payments as to amount or due date.

Privileges are not cumulative and may not be carried over from one year to the next.

### **(a) PARTIAL PREPAYMENT**

The borrower, when not in default, may prepay partial amounts of principal, without payment of compensation to the lender, on any payment date. Such partial payments must each be a minimum amount of \$ 100.00, and total no more than 20% of the original principal amount of this mortgage during each year. This privilege is only available if this mortgage is continuing in force and is not applicable in part to any prepayment in full of this mortgage. Any unused partial prepayment privilege will not reduce the compensation payable on any prepayment in full of this mortgage. This privilege may not be used in the 31 days prior to a prepayment in full of this mortgage.

### **(b) PAYMENT INCREASE**

The borrower, when not in default, shall have the privilege of increasing the then regular loan payment on account of principal and interest, in an amount not to exceed 20% thereof, or reducing the aforesaid increased payment by an amount up to but not exceeding 20%, once during any year. It is understood that the principal and interest portion of the regular loan payment may never be less than the original principal and interest amount.

## **3. CONVERSION**

The borrower, when not in default, and any time after having made regular payments for one month or more, may convert this adjustable rate mortgage to any closed, fixed rate mortgage that is available for a similar mortgage offered by the lender at the time the request to convert is received. This conversion option is subject to the following restrictions:

#### If this adjustable rate mortgage is for a term of ONE (1) YEAR:

The term of the fixed rate mortgage chosen must be equal to three years or longer regardless of the term remaining on this adjustable rate mortgage at the time this conversion option is exercised.

#### If this adjustable rate mortgage is for a term of THREE (3) YEARS or FIVE (5) YEARS:

The term of the fixed rate mortgage chosen must be equal to or greater than the remaining term of this adjustable rate mortgage at the time this conversion option is exercised.

The fixed rate will be the rate the lender then quotes for the term so chosen by the borrower under this option.

The lender may require all borrowers and guarantors to sign a mortgage conversion or amending agreement, which will contain all the terms and conditions of the mortgage option selected. Or, at the lender's sole option, a written request to convert, signed by all borrowers and guarantors will be accepted, and be binding on all signing parties, in lieu thereof.

The remaining amortization period at the date of conversion will remain unchanged from this adjustable rate mortgage and will be used to calculate the loan payment amount on the fixed rate mortgage. The new interest rate will begin on the first or second scheduled payment date following conversion, whichever the lender decides, in its sole discretion.

The lender will not charge an administration fee for converting this mortgage. However, the borrower must pay to the lender any applicable administration and processing fees and any interest that results from a change in the frequency of the regular loan payments. The borrower must also pay all legal expenses related to the conversion documents and their registration, if applicable. If the required fees and expenses are not paid, the lender may declare the borrower in default on the mortgage, or add such fees and expenses to the mortgage money or both.

Once this conversion option has been exercised and this mortgage has been converted, all the features and benefits of this mortgage will be rescinded and the features and benefits of the new mortgage will take effect whether or not a conversion or amending agreement is signed by, or delivered to, the borrower.

The exercising of this conversion option will not affect any of the borrower's obligations under this mortgage.

#### **4. ASSUMPTION**

The borrower, when not in default, may sell the property charged hereunder without paying off the mortgage money secured by this mortgage if the purchaser of the property first obtains our written approval for the assumption of the mortgage. The borrower and the purchaser must provide sufficient information as required by the lender to enable it to make a decision to grant approval. The purchaser will be required to sign an assumption agreement and documents and pay all fees that may be associated with the granting of the approval to assume the mortgage.

If this mortgage is assumed, the purchaser assuming this mortgage will be limited to the privileges outlined herein as if the purchaser had exercised such privileges prior to the completion of the sale.

#### **5. PORTABILITY**

This mortgage is portable subject to the lender's sole discretion and consent. The borrower may, when not in default, and upon a bona fide arm's length sale of the property charged hereunder and the purchase of another property, apply for approval to transfer this mortgage as a charge of the same priority and of the same amount to the new property. The closing date of the two sales must be the same. In most cases, an arm's length sale is one where the buyer and seller are unrelated and have no personal or business relationship with each other.

The existing borrower and the new property must both qualify under the lender's underwriting policies, criteria, procedures and documentation requirements and those of any insurer, if applicable, in effect at the time of application. The borrower will be required to pay the port application fee, appraisal fee and insurance premiums, if any, and all other fees and prepayment compensation that may be associated with the granting of the approval to port.

#### **6. MATURITY**

The balance of the mortgage money will become due and payable, in full, on the balance due date (maturity) of this mortgage.

In the event the lender agrees to renew or extend the term of this mortgage, such renewal or extension may, at the lender's sole discretion, be subject to a credit review and any renewal or extension fee in effect at such time. If the lender so chooses, the borrower will be required to provide any and all documentation required by the lender for the lender's credit review. Failure of the borrower to provide such documentation or pay such fees may cause the lender to revoke any offer of renewal or extension so made.

In the absence of receipt of either full payout funds or a signed renewal offer from the borrower, the lender, at its sole discretion and in accordance with its policies at the time of maturity, may renew this mortgage for a term with the length and at the rate of interest as it sets out for an auto renewal in its offer of renewal.

Upon completion of a renewal, all the features and benefits of this mortgage will be rescinded and the features and benefits of the new mortgage will take effect whether or not a renewal or amending agreement is signed by, or delivered to, the borrower.

#### **7. PREAUTHORIZED CHEQUING**

The borrower agrees to execute any documents necessary to permit the lender to deduct payments from the borrower's bank account and to ensure that such account always has clear and sufficient funds to satisfy the payment obligations of the borrower under this mortgage. It is hereby agreed between the lender and the borrower that the covenant herein forms a material consideration in the granting of the mortgage and failure of the borrower to execute any such documentation enabling the lender to receive payments through a preauthorized payment method acceptable to the

lender, and on an account with a financial institution in Canada will, at the option of the lender, result in the full amount outstanding under this mortgage becoming due and payable.

The borrower shall pay a fee for every dishonoured preauthorized payment, in accordance with the fee schedule established by the lender from time to time. Unless separate payment for the fee is received with the replacement payment, the fee will form part of the mortgage money and will thereafter be charged interest at the same rate as the mortgage until paid.

## **8. PREPAYMENT IN FULL**

The borrower may prepay this mortgage in full upon a compensation payment and Reinvestment Fee (as applicable), as follows:

- For terms less than or equal to 3 years, you may only prepay the mortgage in full upon a compensation payment and a Reinvestment Fee.
- For terms greater than 3 years, you may also at any time after the third year of the term, prepay your mortgage in full upon a compensation payment.

**Compensation Payment:** The compensation payment is calculated as the amount equal to 3 months simple interest, at the interest rate set out in the mortgage form or last renewal, conversion or amendment and calculated by the Lender as the remaining principal amount multiplied by the interest rate and divided by 4.

**Reinvestment Fee:** \$500 in the first year of the term, \$400 in the second year, and \$300 in the third year. There is no Reinvestment Fee in subsequent years of the Term.

The prepayment compensation amount may be estimated up to 30 days in advance of the discharge date. At a later date, to be determined by the lender at its sole discretion, the lender will fix and guarantee the compensation amount. Thereafter, the lender will not be required to re-calculate the compensation amount should the Prime Rate increase or decrease.

The borrower will not be entitled to require a discharge of this mortgage without payment of the compensation amount.

The borrower will not be entitled to a rebate of any of the costs of borrowing upon such prepayment. The costs of borrowing include the fees and costs related to the mortgage application and any other fees charged as set out in the lender's fee schedule.

The borrower agrees that the amounts calculated by the lender pursuant to the above calculations will, in the absence of obvious error, be conclusive.

The prepayment compensation amount is a charge in addition to accrued interest and any applicable compound interest and fees.

## **9. FEES**

The borrower shall pay a fee for every dishonoured payment whether for a regular loan payment, a replacement thereof, or any other remittance of payment or fee under this mortgage.

The borrower acknowledges that the lender may charge reasonable fees for all administrative services including, but not limited to, those outlined in the Disclosure Statement provided in the mortgage documentation and available on the lender's website and the Borrower agrees to pay all such charges. Fees not paid as required may, at the Lender's sole discretion, lead to the withholding of the service or approval for which the fee remains owing or, may be added to the mortgage money secured hereunder and accrue interest at the rate of the mortgage until paid. The lender shall have the same rights with respect to the collection of the fees as it does with respect to the collection of the mortgage money secured hereunder. The lender will not be liable for the effect of any such withholding of services or approval.

Fees disclosed in the mortgage documentation represent the most common fees that may be charged from time to time. The lender will advise the borrower of any applicable fees when a particular service is requested by the borrower.

All fee amounts are subject to change at any time and without notice and may be subject to tax where applicable. The fees in effect at any time are available upon inquiry to the Lender.