

SCHEDULE

PREPAYMENT

1. When not in default under the Charge, the Chargor shall have the privilege:
 - (i) on the anniversary date of the Charge, to pay an additional amount on account of principal not in excess of 20% of the original balance;
 - (ii) on the anniversary date of increasing all future monthly payments as set out in the Charge up to 20%; and
 - (iii) of making one extra complete monthly payment in any twelve (12) month period between anniversary dates of the Charge which right shall not be cumulative.

Any and all prepayments will be applied against the principal sum but the obligation under the Charge to pay monthly instalments each and every month, as set out in the Charge, shall continue until the amount secured by the Charge has been repaid in full or until the maturity date, whichever shall first occur.

2. In addition to the above, provided that the Chargor is not in default under the Charge, the Chargor shall have the privilege of prepaying the principal amount of the Charge in full or in part without notice upon the payment of the greater of:
 - (i) An amount equal to three months' interest on the principal amount then outstanding; OR
 - (ii) An amount to compensate the Chargee for loss of interest, if any, if the interest rate payable to the Chargee under the Charge is greater than the Current Reinvestment Interest Rate (as defined herein) which the amount prepaid to the Chargee could earn for the remaining term of the Charge. The amount to compensate the Chargee for loss of interest shall be calculated by the Chargee and shall, in the absence of obvious error, be conclusive.
 - (iii) Any additional payments shall be made in amounts equal to the principal portions of a number of consecutive monthly instalments which would otherwise become due hereunder next following the date upon which such additional payment is made, and the payment dates of all remaining instalments and of the balance owing hereunder shall accelerate so that the Chargors shall pay the aforesaid monthly instalments in each and every month, commencing with the month immediately following the month in which the additional payment is made and thereafter continuing until all the monies owing hereunder have been fully repaid.
 - (iv) The term "**Reinvestment Interest Rate**" shall mean
 - a) The Chargee's stated interest rate in effect on the prepayment date for new charges of a similar kind that are offered by the Chargee for a term not greater than the remaining term of the Charge and not less than the next shorter term offered, or if the remaining term of the Charge is less than the Chargee's shortest term offered, the Chargee's stated interest rate shall be the interest rate for the Chargee's shortest Charge term.

No Other Right of Prepayment

3. You shall have no other right of premature repayment except as expressly provided in this Schedule. You agree that any right of prepayment given to you by the provisions of any present or future law (including the rights under Section 10 of the Interest Act and any similar provincial laws) will not apply to the mortgage and you waive any such right.
4. PROVIDED that upon the Chargor selling the mortgaged lands and premises or agreeing to sell the same whether the conveyance or agreement is registered or not, or in the event that the Chargor at any time ceases to be a member in good standing of the Chargee Credit Union, then in any such case the said principal sum together with interest to the date of payment shall immediately become due and payable without notice being given or any action being taken by the Chargee and in default of payment the Chargee may exercise any of the remedies available hereunder to enforce payment including the powers of entering upon and leasing or selling the same lands.
5. PROVIDED that the Chargee, upon the death of the Chargor shall be at liberty to apply towards payment of the mortgage debt any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members notwithstanding that the mortgage is not otherwise due. The Chargee does not represent that such insurance is available for the Chargor.
6. In the event by order or judgment (whether such order or judgment be on consent or otherwise) any holdback deficiency, or any part thereof, under The Construction Lien Act, 1983, and any amendments thereto, is ordered, adjudged, or declared, to have priority over the within charge, the Chargee herein may, but without any obligation whatsoever so to do, pay such amount of the holdback deficiency which has priority over the within charge, and all costs, legal fees and expenses whatsoever, (on a solicitor and client basis) pertaining to such payment, and the amount so paid by the Chargee, including all costs, legal fees and expenses pertaining to such payment of the holdback deficiency shall be a charge against the within described mortgaged lands, and the amount so paid including the said costs, legal fees and expenses, shall be added to the principal amount of the mortgage herein and interest shall be charged on such amount so paid at the within mortgage rate, as amended from time to time, from the date of such payment provided further, that upon payment of the amount mentioned in this paragraph, all monies owing under the within mortgage shall immediately become fully due and payable, and the Chargee shall have the privilege of immediately exercising all of its remedies as contained in the within mortgage and The Mortgages Act.

7. "If any form of words contained herein are also contained in Column One of Schedule B of the Short Forms of Mortgages Act R.S.O. 1990 Ch.M40 and distinguished by a number therein, this charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this charge shall be interpreted as if the Short Forms of Mortgages Act were still in full force and effect. If any such form of words, or any other terms of this charge, are inconsistent with any of the covenants provided for in Section 7 of the Land Registration Reform Act, 1984 any such covenant so provided for in the Land Registration Reform Act, 1984, to the extent that it is so inconsistent, is expressly excluded from the terms of this charge."