

This is Schedule "A" to a Charge/Mortgage of Land securing all amounts owing under a Mortgage Loan made by the Chargee to the Chargor.

**I. Pre-Payment Privileges**

Where the Chargor is not in default of any of the Chargor's covenants and obligations under the Mortgage Loan or this Charge and the Mortgage Loan terms provide that the Mortgage Loan is:

(a) **OPEN** to prepayment then, the Chargor shall have the privilege of prepaying in whole or, in part, the principal amount outstanding at any time or times, provided that no payment on account of principal shall be in an amount less than \$100.00; or

(b) **CLOSED** to prepayment then, the Chargor shall, nonetheless, have the following prepayment privileges:

**Annual Prepayment Privileges:** Once each year, (a year being herein defined as a 12 month period commencing on any anniversary of the Interest Adjustment Date and ending on the day immediately preceding the next following anniversary of the Interest Adjustment Date and hereinafter referred to as a "Loan Year") the Chargor may prepay up to **20%** of the original Principal Amount without notice or penalty, other than in a Loan Year in which the Chargee consents to the repayment in full of the Charge.

The pre-payment privilege outlined above may be exercised in any one or, any combination, of the following methods, subject to the conditions hereinafter set out:

- a) by lump sum payment on each anniversary of the Interest Adjustment Date throughout the Term;
- b) once during each Loan Year, the Chargor may increase the amount of the regular Payment Amount by up to **20%** of the original regular Payment Amount (not including tax or other charges), by giving written notice to the Chargee at any time during the Loan Year. The increased regular Payment Amount will become effective on the regular Payment Date following receipt of the Chargor's request, and will remain in force until written cancellation is received from the Chargor;
- c) on any regular Payment Date the Chargor can double one regular Payment Amount (or monthly equivalent) which shall be applied against the outstanding Principal Amount (the "Double Up" option); **or**
- d) self apply periodic lump sum payments to the outstanding Principal Amount (minimum \$100.00 per instance) throughout the Loan Year.

The foregoing annual prepayment privileges are subject to the following conditions:

- a) no prepayment may be made before the Interest Adjustment Date; and
- b) the foregoing prepayment privileges are non-cumulative and the aggregate total of all prepayment amounts made during any Loan Year shall not exceed **20%** of the original Principal Amount, even if the Chargor has prepaid less than **20%** in previous years.

**Prepayment Privilege on Arms Length Sale of Property:** Notwithstanding the provisions restricting a sale of the Property in Section II below, where the Chargee is, in its sole discretion, satisfied that the Chargor has entered into a bona fide arms length agreement to sell for fair market value the Property which is the Chargor's primary residence, then, the Chargor may pay off the Mortgage Loan upon the closing of the bona fide sale transaction provided the Chargor pays, in addition to the outstanding principal balance, accrued interest and any other amounts which may be outstanding and payable upon the discharge of the mortgage security, a prepayment charge equal to the greater of:

- (a) three months interest on the Principal Amount outstanding as of the repayment date, calculated at the Mortgage Loan interest rate prevailing on the date the repayment is made; and
- (b) an interest rate differential adjustment in an amount which is calculated in accordance with the Chargee's then usual procedures based on the difference between (1) the Chargee's then current rate of interest set for mortgage loans extended to similarly qualified borrowers having a term equal to the length of the Mortgage Loan term then remaining, and (2) the rate at which interest is then payable under the Mortgage Loan.

For greater certainty the Chargor agrees the prepayment charge:

- a) shall be calculated on the Principal Amount outstanding as of the repayment date PLUS any pre-payments previously permitted and made during the Loan Year in which the Chargee permits the early repayment of the Mortgage Loan; and

- b) the prepayment charge is not and shall not be deemed to be a penalty but, is a reasonable estimate of the losses and costs to be incurred by the Chargee on account of the early repayment of the Mortgage Loan.

## **II. Sales, Transfers, Leasing and Mortgaging of Property Not Permitted**

Subject only to the Arms Length Sale provisions of Section I above, the Chargor covenants and agrees not to enter into an agreement to or, otherwise take any action to, sell, transfer, convey, charge, mortgage, lease or otherwise encumber or deal with the title to the property herein charged without the prior written consent of the Chargee first being obtained and which consent may be withheld in the Chargee's unfettered discretion. Where the Chargor deals with the title to the Property in default of the foregoing covenant, then, at the sole option of the Chargee, all amounts outstanding under the Charge including, without limitation, principal, interest, prepayment charges and discharge fees shall become immediately due and payable and the Chargee shall be entitled to exercise any rights and remedies available to the Chargee upon a default of the Chargor under the terms of this Charge, the Mortgage Loan or at law including, without limitation, power of sale or, foreclosure, to enforce payment.

## **III. Mortgage Assumption Privileges**

If the Chargor desires to sell, transfer or, otherwise convey the Chargor's right title and interest in the property herein charged, in whole or in part, then, prior to so doing the Chargor and the prospective transferee(s) shall apply to the Chargee in accordance with the Chargee's established mortgage assumption application procedures for the Chargee's consent to the contemplated transaction and mortgage assumption, and upon the Chargee being satisfied, in its sole, absolute and unfettered discretion, as to all matters the Chargee deems material to the proposed mortgage assumption including, without limitation, the credit worthiness of the prospective transferee(s), the Chargee shall provide its written approval to the mortgage assumption on such terms and conditions as the Chargee may deem advisable. Upon the Chargor and prospective transferee(s) fulfilling all of the terms and conditions of the Chargee's consent, the Chargor may complete the proposed transaction and the transferee(s) shall thereafter be responsible and liable for the performance of all of the Chargor's obligations and covenants including the covenant to pay the Principal Amount plus accrued interest, under this Charge. Notwithstanding the Chargee's consent to the assumption by the transferee(s) of the Charge, the Chargor shall remain, jointly and severally, responsible and liable for the performance of all of the Chargor's obligations and covenants under the Charge to the same extent as if the assumption had not been permitted provided, the Chargee may in its sole and unfettered discretion agree to release the Chargor and/or any Guarantor therefrom but, such release shall only be effective if granted in writing by the Chargee and only to the extent and in accordance with the terms of such written release.

## **IV. Interest Rate**

Any reference to the Chargee's "YNCU's Prime Interest Rate" in this Charge shall mean the base rate of interest, as set by the Chargee from time to time, which the Chargee uses to determine the interest rate applicable to its variable interest rate loans. YNCU's Prime Interest Rate is subject to change by the Chargee, at any time without notice to the Chargor and shall be available, upon request, at any branch of the Chargee.

If this Charge secures a variable interest rate loan, the maximum interest rate of which is not "capped", the Mortgage Loan terms may provide the Chargor with an option to convert the Mortgage Loan to a fixed rate mortgage loan on certain terms and conditions and upon the exercise of such option the interest rate shall be fixed at the rate agreed to by the Chargor and Chargee.

## **V. Credit Union Membership**

Each Chargor acknowledges and agrees that a failure to be a member of the Chargee in good standing at any time during the term for any reason whatsoever constitutes a default under the terms of the Charge and the Chargee, may in its sole discretion, demand immediate repayment of the Charge in full upon the expiry, cancellation or other termination of a Chargor's membership in the Chargee credit union.

## **VI. Administration Fees**

The Chargor shall be responsible for the payment of the following fees the amount of which is subject to change without notice:

1)	Authorization to discharge YNCU mortgage	\$250.00
2)	Registration of mortgage discharge by YNCU	\$325.00
3)	Early mortgage discharge fee	\$250.00
4)	Assignment of YNCU mortgage fee	\$300.00
5)	Discharge of assignment of rents	\$250.00
6)	Mortgage renewal or extension fee	\$75.00
7)	For each cheque returned N.S.F.	\$39.00
8)	For each Notice of Default or Demand Letter	\$50.00