SCHEDULE A
(Closed Mortgage)

to a Mortgage or Charge (the “mortgage”), covering residential property containing not more than 4 dwelling units made between

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and **SCOTIA MORTGAGE CORPORATION** dated

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Prepayment Terms and Conditions

Prepayment Charges – Paying off your mortgage before the maturity date.
You may prepay some, or the entire mortgage early, based on the type of mortgage you have. If we later agree to change or extend the terms of the loan, these prepayment conditions do not apply to the new renewal or extended term. The terms used in this schedule have the same meaning as in the mortgage.

Miss-a-Payment® Option
You may miss any scheduled payment, as long as you have prepaid an amount equal to the amount of the payments you intend to miss in this term and your mortgage is not in default. You cannot, however, miss your Mortgage Protection premium, if applicable. Extra payments or prepayments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

Continuing Liability
Unless you prepay the balance of the principal amount owing, you must continue to make your regular mortgage payments.

Closed Prepayment Type
Providing all your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the three ways listed in the following chart. These options apply to partial prepayments only. The options are available each year and cannot be saved to use in a later year. Each year is defined as the 12-month period starting on the Term Start Date (also referred to as the Interest Adjustment Date) or the anniversary of that date. If your mortgage term is less than 12 months, these options are available in each term.

PREPAYMENT OPTIONS

How	When	What it means
1 *by paying an extra regular mortgage payment (principal, interest and taxes)	on any regular payment date during the year	your principal mortgage balance will be reduced by that amount
2. *by paying one or more additional amounts up to a total of 15% of the original principal amount of your mortgage	at any time during each anniversary year (excluding day prepaid in full)	
3. by increasing your regular mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

*Only items 1 & 2 qualify for the *Miss-a-Payment* option

Prepayment Charge
When you prepay some, or the entire principal of your mortgage, you will incur prepayment charges unless the partial prepayment is in accordance with the prepayment options chart. We use the following process to calculate the prepayment charge:

Step 1: We calculate the amounts that equal (A) and (B):

(A) *3 months' interest costs* at the mortgage rate on the amount you want to pre-pay.

(B) *The interest rate differential*. This means the difference between the amounts calculated in (1) and (2):

(1) The present value of all interest you would have paid from the date of prepayment until the maturity date on the amount you want to prepay at the mortgage interest rate

(2) The present value of all interest that would be paid from the date of prepayment until the maturity date on the amount you want to prepay at the Current Interest Rate, less any rate discount you received on your existing mortgage.

Where:

The present value is calculated based on the remaining term to maturity in months (rounded up to the nearest month) and the number of monthly payments remaining in the term. When calculating the present value in connection with (2), we adjust the principal and interest payment amounts because they would have been different using the Current Interest Rate.

The Current Interest Rate is the current posted interest rate offered by us for a new fixed rate closed term mortgage with a term that is closest to the remaining term of your existing mortgage (rounded up if exactly between 2 terms), which can be located at www.scotiabank.com. As noted above, the Current Interest Rate will be discounted by any rate discount you received on your existing mortgage.

Step 2: We determine which amount is higher. The prepayment charge to pay out some, or the entire principal amount of your mortgage early, is the **higher** of the amounts calculated for (A) and (B).

If your term is greater than 5 years, and you prepay some or the entire principal amount of your mortgage after the 5th year, the maximum cost to prepay is (A) above.

If you received a cashback with your mortgage, the cashback amount will be repayable as outlined below under the heading *Cashback*.

Flexible Prepayment Type
In addition to the Closed Prepayment Type options and charges outlined above, if you have a flexible mortgage you may early renew your mortgage into a fixed rate closed term of one year or longer without a prepayment charge. If you receive a cashback with your mortgage, the cashback amount will be repayable as outlined below under the heading *Cashback*.

Cashback
If you receive a cashback with your mortgage, the cashback amount will be repayable if your mortgage loan does not remain outstanding with us for the full term. If your mortgage is partially prepaid, paid off in full, transferred, assumed, or renewed prior to expiry of the term, the cashback amount will appear as payable in any discharge or early renewal statement and will be calculated on an even, prorated basis using the following formula;

$$\text{Cashback Repayment} = \frac{\text{Remaining Term in months (rounded up)}}{\text{Original Term in months}} \times \text{Cashback Amount Received}$$

Portable Mortgage/Blended Rate
If you have a closed fixed rate mortgage, you may transfer your existing mortgage loan balance and the remaining term to a new home or you may combine your existing loan balance with an additional amount and extend your term. The interest rate on the new loan will be a blending of the rate you were paying on the amount transferred from your existing loan and the rate applicable to the extended term of the new loan and the additional amount. You must apply for a new mortgage and meet all our normal qualifications as if you were applying for any other new mortgage.

Prepayment Charge Reduction
If you payoff your entire mortgage early and concurrently provide us with a qualifying replacement mortgage, you may qualify for a prepayment charge reduction. Your Servicing Branch will review the details with you.