SMC SCHEDULE A
(Variable Rate Mortgage)

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

____

and **SCOTIA MORTGAGE CORPORATION** dated

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Section 3 (INTEREST) is replaced by the following:

A. Interest Rate - The interest rate payable by you on the loan amount is a variable rate expressed as a rate per annum, equal to our Variable Rate Mortgage (VRM) Base Rate with a variance of ______% per annum. Our Variable Rate Mortgage Base Rate is set on the first of each month equal to the Prime Rate of The Bank of Nova Scotia on that day.

Interest is calculated half-yearly not in advance. Interest at this variable rate is payable on the loan amount both before and after the final payment date, default and judgment. The interest rate will vary automatically. If The Bank of Nova Scotia Prime Rate changed during the month, your interest rate will not change until the first day of the following month. Wherever this mortgage refers to the interest rate payable on the loan amount, that expression means the VRM Base Rate plus or minus the number of percentage points per annum set out above calculated and payable as set out above.

The principal amount secured by this mortgage is stated on page 1. At the time you sign this mortgage the VRM Base Rate is ______% per annum and the interest rate payable on the loan amount (Base Rate plus/minus the number of percentage points set out above) is _____% per annum calculated half-yearly not in advance.

Those interest rates will remain in effect after you have signed this mortgage until they are varied as provided under this Clause 3A.

For CMHC insured mortgages: After an increase in the interest rate payable on the loan amount you may prepay the money owing under the mortgage without notice or bonus or administration fee on the following terms. First, your prepayment must include all the money you owe us under the mortgage, except that the interest from the effective date of the increase to the date of the prepayment will be calculated at the interest rate payable on the loan amount immediately before the increase. Secondly, the prepayment must be made within 21 days after the effective date of the increase. If you do not make the prepayment with that period, you will be bound by the increase.

B. How You Can Ascertain the Interest Rate - After each VRM Base Rate change, we will mail a notice showing your new interest rate and the date it became effective. The notice will be sent to your last known address shown in our records. However, our failure to mail a notice or the fact that you do not receive it will not prevent the rate from varying under Clause 3A. The VRM Base Rate in effect at any time will be available at any branch of the Bank of Nova Scotia in Canada, or at www.scotiabank.com.

C. Compound Interest - If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue interest until paid to us. This is called compound interest. We will also charge interest on compound interest that is overdue until paid to us. The interest rate for compound interest is the interest rate payable on the loan amount both before and after the final payment date, default and judgment. It shall be paid periodically at intervals (called rests) that are the same as your monthly loan payment dates.

D. All interest and compound interest is a charge on your property.

SECTION 4 (HOW YOU WILL REPAY YOUR LOAN) IS REPLACED AS FOLLOWS:

A. Currency and Place of Payment - You shall repay the loan amount and all interest due and payable on it to us in Canadian dollars. Your regular monthly loan payments and all other payments will be made at our Office in Toronto, Ontario, or at any other place we may designate.

B. Interest Payable Prior to and on Interest Adjustment Date - Before your regular monthly loan payments begin you will pay us interest at the interest rate payable on the loan amount on all money we have advanced to you up to the interest adjustment date (which is the date on which your mortgage term begins). Interest will be computed from the date of each advance and will become due and payable in monthly installments on the first day of the next month following the date of each advance and on the first day of each and every month thereafter. The balance, if any, of such interest on advances payable up to but not including the interest adjustment date shall become due and be paid on that date.

In this mortgage the interest adjustment date is the 1st ______________________, _______.

C. Payments After the Interest Adjustment Date – The principal amount together with interest calculated from the interest adjustment date shall become due and be paid by you in regular **monthly loan payments**.

Your initial monthly payment based on the interest rate indicated in Clause 3A above will be $ ___________________________. Your payment amount will vary automatically at the first day of each month with each change to the VRM Base Rate. Each payment adjustment will take into account the remaining amortization period and new interest rate on the date of the change. Each time there is an interest rate and payment change, we will tell you what your new interest rate and payment amount will be within 30 days of the change. If, on the first day of the month there is no change to the VRM Base Rate, your payment amount will not change and we will not send you a notice with a new payment amount. Each monthly loan payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date.
Your monthly loan payments will begin on the 1st _____________________________, ______,
and continue on the FIRST day of each and every following month and ending on the
1st______________________________. ________.

You will pay the balance of the principal sum together with all interest due and payable, on the date last mentioned, which is called the **final payment date**.

D. Application of Monthly Loan Payments - Each monthly loan payment will be used, **first**, to pay interest due and payable and **next**, to reduce the principal amount.

E. Early Payment on Sale or Mortgage - We may require you to pay all the money that you owe us under this mortgage immediately if you sell, transfer, mortgage or charge your property. This provision does not apply to a sale, transfer, mortgage or charge to which we have given our prior written consent.

F. Paying Off a Mortgage Before the Maturity Date - You may pay off some, or the entire mortgage early, based on the following term. If we later agree to change or extend the terms of the loan, these prepayment conditions will not apply to the new or extended term.

Miss a Payment Option

You may miss any scheduled payment as long as you have prepaid an amount equal to the amount of the payment you intend to miss in this term and your mortgage is not in default. You cannot, however, miss your mortgage protection premium, if applicable.

Continuing Liability

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

Prepayments

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 ways listed in the chart below. These options apply to partial prepayments only. The options are available each year and cannot be saved for use in a later year. Each year is defined as the 12-month period starting on the Interest Adjustment Date (IAD) 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	your principal mortgage balance will be reduced by that amount
2. *by paying up to 15% of the original principal amount of your mortgage	at any time (excluding day prepaid in full), sum total not to exceed the yearly maximum	
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 Cost

When you prepay some, or the entire principal of your mortgage, you will incur prepayment costs unless the partial prepayment is in accordance with the Prepayment Options chart. The costs to pay off some, or the entire principal amount of your mortgage early is 3 months' interest on the amount you want to pay. The interest rate used to calculate the 3 months interest is the interest rate being charged on the mortgage at the time of the prepayment.

Cashback

If you receive a cashback with your mortgage the cashback amount will be repayable if your mortgage loan does not remaining outstanding with us for the full term. If the mortgage is partially prepaid, paid in full, transferred, assumed or renewed prior to the expiry of the original term, the cashback amount will appear as payable in any assumption, 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

You may transfer your existing mortgage balance to a new home. You must apply for a new mortgage and meet all our normal qualifications as if you were applying for any other new mortgage. In this case, we will not charge you a pre-payment cost.

Early Renewal

You may early renew this mortgage into a fixed rate, closed prepayment type mortgage with with us, with an equivalent or greater term than the remaining term of this mortgage without a prepayment cost.

G. Amounts covered by Mortgage – All amounts payable by you to us under this mortgage are secured by this mortgage and are a charge on your property.