OPTIONAL COVENANT AND CONDITION NO. 139.254

Section 2A (Interest Rate) is replaced by the following:

The initial interest rate payable by you on the loan is the rate shown on page 1 of the mortgage. Interest is payable monthly and calculated half-yearly not in advance. The first half-yearly calculation of interest after the interest adjustment date (which is the date on which your mortgage term begins) shall be for the six-month period commencing on that date. That calculation shall be made six months after the interest adjustment date and half-yearly calculations of interest shall continue to be made every six months after that, using the adjusted interest rate described below. The adjusted interest rate, as determined below, is payable on the loan amount both before and after the final payment date as well as both before and after default, until the loan has been paid in full.

Interest Adjustment

After the initial six month period described above, you will pay interest at the rate of our then current prime rate minus 0.75% calculated semi-annually not in advance for the next six month period. After this six month period, a new interest rate will be recalculated as set above which will be payable for the next six month period. This process will be repeated every six months until the end of the term. Interest is payable on the loan amount at the applicable interest rate both before and after the final payment date as well as both before and after default and judgment until the loan amount is paid in full. Any compound interest, calculated as set out below, shall be at the interest rate applicable for the six month period during which compound interest is chargeable.

Section 3A (Monthly Loan Payments) is replaced by the following:

You shall repay the loan amount and all interest payable on it to us in Canadian dollars. Your regular monthly loan payment and all other payments will be made at our Head Office in Toronto, Ontario, or at any other place we may designate, and are payable as follows:

Before your regular monthly loan payments begin you will pay us interest at the above rate monthly, calculated half-yearly not in advance, on all money we have advanced to you up to the interest adjustment date. 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 month next 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.

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**.

You will make your regular monthly loan payments to us in equal installments. Your monthly payment for the first six month period of your loan will be shown on page 1 of the mortgage beginning on the date stated on page 1 of the mortgage and continuing on the FIRST day of each and every following month for the six month period. We will adjust your payment at the beginning of the next six month period, taking into account the remaining amortization period and new interest rate. We will tell you what your new interest rate and payment amount will be for the next period within 30 days of the change. We will do this for each six-month period. If there has been no change to our prime rate, your payment amount will not change and we will not send you a notice with a new payment amount. Each date on which you are required to make a monthly loan payment is called a monthly loan payment date.

Each payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date.

You will pay the balance of the principal amount, together with all interest due and payable on it, on the date shown on page 1 of the mortgage as the Maturity Date.

PREPAYMENTS

Paying off a mortgage before the maturity date

Although we expect you to pay back your mortgage according to the payment schedule, you may pay off 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 mortgage, these prepayment provisions will not apply to the new or extended term. The terms used in this schedule have the same meaning as in the mortgage.

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 to 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, sum total not to exceed the yearly maximum	
3. by increasing your regular monthly mortgage payment up to 15% of the current principal and interest payment	once each year of the term of your mortgage	

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

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 credit insurance premium, if applicable. Extra payments or prepayments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

Prepayment Costs

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 costs at the current mortgage rate on the amount you want to pay.

Portable Mortgage

As long as we agree in writing, you may transfer your existing mortgage balance to a new home or you may combine your existing balance with additional funds and, depending on the remaining term of the existing mortgage, obtain an extended term.

Continuing Liability

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