



# SCHEDULE A (Adjustable 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

### Section 3A (Interest Rate) is replaced by the following:

The initial interest rate payable by you on the loan is \_\_\_\_\_ percent. 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. The next 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 Rate Adjustment

After the initial six month period described above, you will pay interest at the rate of The Bank of Nova Scotia's then current prime rate minus \_\_\_\_\_% calculated semi-annually not in advance for the next six month period. After this six month period, the new interest rate will be recalculated as set out 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 4A (How You Will Repay Your Loan) 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 term start date, you will pay us interest, at the rate payable on the loan amount, calculated semi-annually, not in advance, on all money we have advanced to you.

If more than 1 month will elapse from the advance date to your 1st regular payment due date, you will owe interest for the period, separately. At our option, such interest will be due and payable one month prior to the 1st regular payment due date or on the 1st regular payment due date or it may be deducted from subsequent advances. We may also require you to pay this interest monthly, before we set a first regular payment due date.

In this mortgage the Interest Adjustment Date (also referred to as the Term Start Date) is \_\_\_\_\_.

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 regular payment for the first six month period of your loan will be \$\_\_\_\_\_ beginning on \_\_\_\_\_, \_\_\_\_\_, and continuing monthly 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, ending on \_\_\_\_\_, \_\_\_\_\_. 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 monthly loan 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 last date mentioned, which is called the **final payment date**.

### Section 4C. (Prepayment Terms and Conditions) is amended as follows:

#### 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 mortgage, these prepayment conditions do not apply to the new renewal 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 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 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 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 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 Charge

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 above. The cost to pay off some, or the entire principal amount of your mortgage early, is 3 months interest costs on the amount you want to prepay. 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 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 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.

#### Early Renewal

You may early renew this mortgage into a fixed rate, closed prepayment type mortgage with a term that is greater than the remaining term on this mortgage without a prepayment charge.