



Personal Credit Agreement

Companion Booklet

March 2019

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Our Service Commitment to You

Our mission at Scotiabank is to be the best at helping customers become financially better off by finding relevant solutions to meet their needs. If you're not completely satisfied with the products and services we're providing you, we want to know; let the people at your Branch or Service Centre know about any concerns you have. If your concerns are not resolved to your satisfaction please refer to the Complaint Resolution section of this Companion Booklet. At Scotiabank, we are committed to the highest standards of customer service, in fact, Scotiabank is a recognized leader in customer service amongst financial institutions. We are very proud of that reputation, but what is most important to us is that you are completely satisfied.

Congratulations! Congratulations! Congratulations! Congratulations!

Your loans and/or your request for credit accounts have been approved!

The Scotiabank Personal Credit Agreement you've just signed is your promise to pay that loan or credit account.

For loan products, the agreement outlines the amount of the loan, the payment amounts and schedule, the interest rate, and where applicable, the security that you pledged for the loan.

For credit accounts, the agreement outlines the limit of the account, the payment options, interest rate, and where applicable, the security that you pledged for the credit account.

If you have any questions, please contact your branch or call 1-800-4SCOTIA (1-800-472-6842).

So, what's in this booklet?

This booklet is a companion document to the Personal Credit Agreement and contains important terms which form part of that agreement. There are two sections:

Loan Products & Credit Accounts - In which we explain the general terms and conditions that apply to all Scotiabank personal loans and credit accounts. We also list your rights and responsibilities as a borrower and ours as a lender. We then explain terms unique to each type of loan product and credit account.

Security Agreements - If you have pledged security on the Personal Credit Agreement, the terms and conditions for that security agreement come into effect when you sign the credit agreement.

There are six types of security agreements, based on the type of security that we accepted from you. We include each type of security agreement with the exception of mortgages for real estate. That document will be given to you separately either by us or your solicitor/notary or was previously provided to you (for Switch). There is however, a short explanation of it provided for your information.

And just to be sure that we both understand the terminology we use in this booklet...

Definitions you need to know

Agreement means as appropriate the Personal Credit Agreement, *ScotiaLine*® Personal Line of Credit for Students Personal Credit Agreement or the *Scotia Professional*® Student Plan Credit Agreement for ScotiaLine, including the applicable terms stated in this booklet and any notice or other document relating to your loan or credit account. It also includes any amendments, renewals or replacements to the agreement.

Personal loan means mortgage loans and Scotia Plan Loans. They are also called term loans because they have a fixed time frame for repayment.

Credit account means credit cards, *ScotiaLine*® Personal Line of Credit, *ScotiaLine* access card, *Scotia* RSP Catch-Up® Line of Credit, *ScotiaLine*® Personal Line of Credit for Students, *Scotia Professional* Student Plan and Overdraft Protection.

You (all borrowers) means each person, corporation or other entity to whom the loan is granted, and includes the cosignors and guarantors.

We, our, us, Scotiabank or the bank (the lender) means The Bank of Nova Scotia and, as appropriate, any of our subsidiaries. Scotiabank acts as agent for Scotia Mortgage Corporation, a wholly owned subsidiary.

If the mortgage is in the name of National Trust as mortgagee, you agree that we are entering into the agreement with you as agents for National Trust.

Security Agreement refers to the documents identified as security agreements in this booklet. When you sign the Personal Credit Agreement and specify security in the security pledged section, the terms and conditions for that security agreement come into effect. The agreement grants us an interest in (or lien on) the property you pledged, which we may register with the appropriate government agency. We can take legal action to own, or sell that security if you are in default on the loan and/or the credit account.

Default occurs when you fail to comply with any of the terms, including the promise to pay, outlined in any agreement you have with us.

Legal Costs means solicitor and own clients fees on a full indemnity basis for our solicitor/notary, as well as disbursements and taxes on a full indemnity basis.

Property (as appropriate) means:

- tangible goods, such as a car, boat, aircraft, motorcycle or mobile home (any attachments, accessories, repair or replacement parts or other equipment placed on the property are considered part of the property)
- mutual funds, bonds, G.I.C's and bank accounts
- life insurance policy
- can include Real Property (see below)

Real Property (as appropriate) means land and improvements, structures, buildings and fixtures (immovable property in Quebec).

Card means Scotiabank credit card and *ScotiaLine* access card.

Cheque means a Scotia® Credit Card Cheque and a *ScotiaLine*, *Scotia Professional* Student Plan and *ScotiaLine* Personal Line of credit cheque.

Loan Products & Credit Accounts

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Loan Products & Credit Accounts

In this section we explain the general terms and conditions that apply to all Scotiabank personal loans and credit accounts. Also listed are your rights and responsibilities as a borrower and ours as a lender. We then explain terms unique to each type of loan product and credit account.

General Terms and Conditions

You are agreeing to the terms and conditions in this booklet, including the Scotiabank Group Privacy Agreement and the Telephone/Facsimile/E-Mail Agreement. Your application for credit forms part of this agreement.

Language Choice

When you applied for the loan or credit account, you made a decision for your correspondence and materials to be in English or French. We will honour that request.

Conditions

When we say that a credit agreement is “subject to” certain conditions, we mean that these conditions must be fulfilled before we will advance funds or cause a security agreement to be registered. We will determine, in our sole discretion, whether any condition has been fulfilled.

Who is bound by the agreement?

The agreement and any security agreement you sign is binding on you, your estate, your representatives and any person to whom it is assigned. This includes legal or personal representatives, or anyone else to whom this agreement (and the property covered by the security interest) is transferred.

If more than one person signs this agreement, the obligations set out in it are joint and separate (joint and several). That means each person is fully responsible for the entire debt. Each person may give us instructions regarding the personal loan and/or the account (including, without limitation, in connection with any renewal of a personal loan) and obtain information about the personal loan and/or credit account without the agreement of any other person.

We can, at our sole discretion, release you, any guarantor or any other person from performing an obligation contained in any agreement and/or security agreement without releasing any part of the property subject to the security agreement. Any such release will not release any other party from their obligations under the applicable agreement and/or security agreement. If you, any guarantor or any other person requests such a release, for us to consider the request, any other party to the applicable agreement and/or security agreement must submit an application to requalify for the loan and/or credit account under our credit criteria in effect at the time of the request. In all cases, including if an application is submitted, we will decide whether to agree to any request for a release at our sole discretion.

Separate Agreements

Each completed portion of the Personal Credit Agreement, together with the related terms and applicable security agreements contained in this booklet, is a separate contract.

If any part of this agreement is held to be invalid by a court, either completely or in part, the remaining parts shall still be in effect and binding.

Security Valuations

Inspections and/or appraisals of the security being offered are solely for our lending

purposes and are not inspections and/or appraisals made on your behalf.

For real estate security, inspections and/or appraisals of the property made by us or Canada Mortgage and Housing Corporation, Genworth Mortgage Insurance Company or Canada Guaranty Mortgage Insurance Company are solely for the purpose of each institution and are not inspections or appraisal made on your behalf.

You should not rely on such inspections and/or appraisals as an indication of the condition or value of the security. You should satisfy yourself before acquiring the security.

For new construction mortgages, advances and inspections will be made as outlined in the agreement and any related disclosure documents.

If the purpose of the loan is for home renovations, we may require an inspection of the property before each advance.

We reserve the right to retain any holdback which is deemed necessary to protect the priority of the mortgage.

We may draw on your deposit account or deduct from the loan proceeds for the purpose of paying the inspection fees.

We do not assume any responsibility for the construction or completion of any improvements on the property subject to our security or for any contractual terms or arrangements made between you and a builder or any contractor/subcontractor. The fact that we have made an advance does not constitute any representation or warranty by us with respect to the condition or completion of the improvements on the property subject to our security or compliance with any contractual terms or arrangements made between you and the builder or any contractor/subcontractor.

Extensions or renewals

We may extend, renew, or amend any agreement, or replace it with another agreement, without diminishing our interest in the property or our rights or your obligations under the agreement. In addition, no waiver or delay in enforcing our rights shall act to diminish or cancel our rights under any agreement.

You agree to pay all money owing under any mortgage loan/term loan on the maturity date or, if we have offered to renew your mortgage loan/term loan, to enter into a renewal agreement with us on or before the maturity date. If you do not, provided that we have not advised you that we will not renew your mortgage loan/term loan, you agree that (i) the mortgage loan will be automatically renewed into a fixed rate six month closed term at our posted rate with a Scotiabank Flexible Mortgage option (as described in this booklet) unless we indicate otherwise in the renewal agreement and (ii) any term loan that is not a mortgage loan will be automatically renewed on the terms we indicate in the applicable renewal agreement, in each case, including, without limitation, all the other terms and conditions stated in the renewal agreement. For purposes of Section 10 of the *Interest Act* (Canada), the date of your mortgage loan or other term loan will be the date the applicable renewal takes effect.

We may, at our option, sell, assign or deposit all or any part of any loan agreement or security agreement to one or more third parties (including, without limitation, a

mortgage default insurer if any mortgage loan is insured or a title insurer, if title insurance is obtained in connection with your mortgage) without notice to you or your consent. The security agreement, any agreement and any amount borrowed by you, once sold, assigned or deposited may be repurchased or reacquired by us, whether or not in default, without notice to you or your consent. If any personal loan(s) and/or credit account(s) is so sold, assigned or deposited and we retain any other personal loan(s) and/or credit account(s), we have the right to require you to provide us with another security agreement to be registered on the property with respect to the personal loan(s) and/or credit account(s) retained by us.

You agree that we may pass information about you and any loan covered in the agreements to any one to whom we assign or deposit the agreements or security agreement, in whole or part, including a trustee or custodian, or to any party which may act as a servicer of the agreements or mortgage.

Your rights & obligations as a borrower

When you borrow money from us, use a credit account, or authorize others to use it, you incur a debt.

Your primary obligation is to repay that debt according to the terms and conditions outlined in the agreement and this companion booklet.

You agree to make each payment on time in full. You are in default when you fail to honour any of the terms of the loan or credit account. All payments that you make to us or that we ask you to make will be made in full without any set off, abatement, counterclaim, deductions or withholdings whatsoever and you do not have the right to cancel, offset or reduce any payment or debt by any amount we owe you.

Making payments when mail service is disrupted

Even when normal mail service is disrupted, you must continue to make payments. If appropriate, we will tell you where to do so, and where to pick up your statement, by advertising on radio, television or in newspapers. Your statement will be considered to have been delivered to you on the day it is available for you to pick up, whether or not you do so.

Making pre-authorized payments

You authorize us to debit your designated account for your loan or credit account payment, including any tax payment, and any costs, service charges and fees set out in any documents related to your loan or credit account (as amended from time to time) at the Financial Institution (FI) you specified in the applicable pre-authorized debit form (PAD agreement). Your authorization to Scotiabank also constitutes your authorization to the FI you specified. The debit charged to your account is considered to be a personal pre-authorized debit. The frequency of withdrawals from your account will be as set out in the documents related to your loan or credit account as amended from time to time.

If you are enrolled in creditor protection insurance for your mortgage loan, your premium will be debited from the same account and with the same frequency as your mortgage payment if you have been advised accordingly.

You agree that any renewal, amendment, or adjustment of the loan, credit account, creditor protection insurance any adjustment in the amount required to pay any taxes and/or any applicable service charges and fees will result in an automatic adjustment of the payment amount and you authorize us to debit your account in such adjusted amount(s).

You are responsible for letting us know if there are any changes to the account information for this pre-authorized personal debit. Changes must be submitted in writing. You will provide us with another authorization if this is required. The authorization applies only to the method of payment and does not have any bearing on your obligations under your Loan. This authorization will continue until you cancel it. You may cancel this payment method at any time by providing us with no less than 30 days written notice. Termination of this authorization does not affect your obligation to make loan payments to us. To obtain a sample cancellation form or to obtain more information on your right to cancel this authorization, contact Scotiabank at 1-800-4SCOTIA (472-6842) or visit www.cdnpay.ca.

We are not responsible to notify you if the pre-authorized payment was reversed due to insufficient funds or changes in the account status (even if we choose to do so). You are responsible for any charges that arise from this situation and to ensure that the required payment is made through an alternative method. For any mortgage loan or creditor protection insurance, when the account is held at another FI, you must contact us to continue the pre-authorized payment arrangement if any pre-authorized payment is reversed. For any Scotia Plan Loan, when the account is held at another FI and any pre-authorized payment is reversed, you must make arrangements with us to cover the amount of the reversed payment but we will continue the pre-authorized payment arrangement for the subsequent payments. If a mortgage loan is in arrears for more than 60 days, we will discontinue the pre-authorized payments for any applicable creditor protection insurance premium(s) for that mortgage loan however we may continue to debit the account for your loan payment, including any tax payment and any costs, service charges and fees.

Debits charged to the account and FI you specified under this authorization will be reimbursed, if, within 90 days after the date of the debit, you provide the applicable branch of the specified FI with a declaration in which you declare that:

- the debit was not drawn in accordance with this authorization
- the authorization was cancelled by you on notice to Scotiabank before the debit was made; or
- you did not authorize the debit.

You have certain recourse rights if any debit does not comply with the PAD agreement. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with the PAD agreement. To obtain more information on your recourse rights, you may contact Scotiabank at 1-800-4SCOTIA (472-6842) or visit www.cdnpay.ca.

You warrant that all persons whose signatures are required to sign on the pre-authorized debit account have signed a PAD agreement.

By signing a PAD agreement, you waive your right to prior notice of the payment amount and payment date for the initial debit as well as prior notice of any adjustment of the payment amount or change to the payment date, subject to applicable law.

Insurance

You have the option of applying for creditor protection on all loan products and credit accounts except overdraft protection. Any creditor protection only applies to the product for which it was designed. The coverage available may vary by product.

Interest

Interest is charged at the rate applicable under the agreement both before and after the final payment date, maturity, default and judgment, until the loan or credit account has been paid off in full. If your interest rate is a variable rate, then in no event will your interest be less than 0.00% despite anything to the contrary in this agreement or any other document related to your loan or credit account.

Adding to your debt

We will add interest, service charges and annual fees allowed under this agreement to your debt.

If we have to take collection proceedings under this agreement, you agree that you will *pay* us our Legal Costs for any action to collect the amounts due and any other costs, which we reasonably incur in order to protect or realize security which you have pledged.

If you default and we require the services of a third party to enforce this agreement, retrieve from your property we have accepted as security, or your credit account card or cheques, we may add Legal Costs to your debt and any other costs which we reasonably incur related to retrieval and/or enforcement.

Changing the agreement

Changes may be made as long as your loan is not in default and we agree in writing.

Changing your Address

You will tell us in writing, or by any other means which we permit, if you change your address and will give us other information that we may need from time to time to keep our records up to date.

When you communicate with us in writing

You may have to, or want to, give us written notice for certain types of information or requests. We consider written notice from you to be received by us when it is received by the office servicing your account.

Your representations, warranties and obligations if you are a corporation

If you are a corporation, you represent and agree on a continuous basis while any personal loans and/or credit accounts remain outstanding that:

- you are duly organized, validly existing and in good standing under the laws of your governing jurisdiction;
- you have full power, authority and legal right to own your interest in the property and are duly qualified to do your business and are in good standing in each jurisdiction where qualification is necessary for your business and you have not commenced any dissolution or reorganization proceedings;
- you have full power, authority and legal right to enter into this agreement and any security agreements and to do all acts and execute and deliver all other documents as are required to be done, observed or performed by you under this agreement and/or the security agreements;
- you have taken all necessary action and proceedings to authorize the execution, delivery and performance of this agreement and any security agreements and to observe and perform the provisions of each;
- neither the execution and delivery of this agreement and any security agreement, nor compliance with the terms and conditions of any of them has resulted or will result in a violation of the constating documents governing you, including without limitation any unanimous shareholders' agreement, or any resolution passed by your board of directors or shareholders, has resulted or will result in a breach of or constitute a default under applicable laws or any agreement or instrument to which you are a party or by which you or the property or any part of the property is bound, or requires any approval or consent of any person except such as has already been obtained.

When you provide information to us

You agree that all statements, information or documents which you have given or made to us, or which you give or make to us in the future, in applying for the personal loans and/or credit accounts, or in any agreement and/or security agreement, are true and accurate. If we discover that any statement, information or document which you have given or made to us, or which you give or make to us in the future, in applying for the personal loans and/or credit accounts, or in any agreement and/or security agreement, is untrue and/or inaccurate, you will be in default of your obligations under the agreements and any security agreements and the entire balance of the personal loans and credit accounts will, at our option, immediately become due and payable, regardless of whether you knew that the statement, information or document was untrue and/or inaccurate at the time it was given or made to us and regardless of whether we relied or did not rely on the truth or accuracy of any such statement, information or document.

If there is more than one of you and any untrue and/or inaccurate statement, information or document is given or made to us by only one of you, all of you will be considered to be in default of your obligations under the agreements and any security documents, and we will have the right to demand immediate payment of the entire balance of the personal loans and credit accounts from any or all of you, at our option.

Our rights & obligations as a lender

Any of our subsidiaries, such as Scotia Mortgage Corporation, may act as our agent in any transaction or correspondence for your loan or credit account. Dealing with them is the same as dealing with us.

Communicating with you

So that you are aware of changes to, or renewal of your loans or credit accounts, we will issue a notice to you.

We consider that we have given you notice in writing about anything under this agreement when we send you the information by fax transmission or regular mail, or hand deliver it, to the last address any one of you gave us in writing, subject to applicable law, by electronic communication, including without limitation by electronic mail, text message or message sent via our online banking platform or by any other means that we permit. When we send notice to the last address we have on file for you, we consider you to have received the notice within 5 days, if we send it by regular mail and when we send notice by any other of the above methods, we consider you to have received the notice on the same date it is given or published.

If there is more than one of you, you are each entitled to receive the cost of borrowing disclosure and notices that we are required to give you either separately or you may designate the primary borrower to receive the disclosure documents for both of you. You may contact us through any of the methods we offer to change your preference to receive separate disclosure documents or joint disclosure documents. If our records indicate that you are to receive separate disclosure, we will send you the required disclosure documents to your address that appears in our records. If our records indicate that you are to receive joint disclosure, we will send the disclosure documents to the address of the primary borrower.

Applying your payment

We apply your payment to pay or reduce deferred interest, if any, interest, then to principal except as otherwise specified in the agreement. We may allocate your payments to any loan under any agreement both before and after default.

Late Payments

If your payment is not made on the due date, we may debit any accounts which any of you have with us to make the payment.

Default

Under the agreement and subject to provincial or territorial law, if you default on your loan and/or credit account, we have the right to be paid the total balance due by doing any of the following:

- suing you for what you owe
- taking possession of the property held as security
- both of the above
- appointing a Receiver to administer the property
- exercising any other rights we may have.

Default of any loan, credit account or security agreement under this agreement is considered default of all agreements. In that case, all amounts owing to us under all loans and credit accounts, including principal, interest and other costs and charges will be due and payable to us immediately. If we permit a second mortgage in our favour on any property held as security, a default under any agreement secured by a mortgage in our favour against the property will be considered a default under all agreements that are secured by a mortgage in our favour against the same property. Except if otherwise stated in the agreement and/or your security agreement, we may determine the order in which any agreement is to be satisfied in the event of default under any agreement that is secured by a mortgage in our favour against the property.

Statute of Limitations

The limitation period for the agreement is extended to the greater of six years (three years in Quebec) or any longer period where permitted by law.

Total balance due

Without prejudicing our rights to receive any benefits from insurance and subject to any additional rights we may have under any security agreement, we can require you, to the maximum extent permitted by applicable law, to pay at once the total balance due and anything else you owe us under this agreement, without prior notice or demand, if any of the following events take place:

- you fail to pay an installment of your loan on time
- you fail to pay when we ask, any amount we are entitled to charge you for making repairs, maintaining insurance or clearing claims against the property or similar provisions
- you break any of your promises under any security agreement, you die, become insolvent or bankrupt
- the property is lost, stolen, destroyed or significantly damaged or seized in any legal proceeding
- the property you have pledged reduces in value to a level we consider unacceptable
- anything else happens that we believe endangers your ability to pay or that we believe endangers the property in any way
- you, or any other person using your property with your permission, use your property or allow it to be used for any illegal purposes.
- you or any person using your property with your permission, use your property to cultivate or store marijuana.

If any of the events described under the “Total balance due” section occur, we have no further obligation to pay any cheques or make any advances.

Changing your limit

Conditions such as consistent late payments and/or no payments, may cause us to reduce your approved *Scotia Total Equity*® Plan limit and/or any account credit

limit. Your limits may also be affected by legal and regulatory requirements. We may reduce your approved limit for credit accounts at any time, without telling you in advance, with or without terminating the agreement.

We can agree with you to change the agreement. This may be to add more loans and/or change the amount of a loan with our written approval and your payment of any applicable prepayment charges.

We will then create a new agreement to record the changes. At our option, we may issue a notice to you about the changes. The notice will be a binding agreement between you and us, and may not require a written signature from you. Any such agreement or notice shall form part of the agreement.

Terminating the Agreement

If the agreement is terminated for any reason, you are not relieved of any obligations under the agreement existing at the time of the termination until they have been satisfied.

Discharge of Security

For loans secured by real property, when our interest in your real property ends, where permitted, you agree to pay us fees for the preparation and execution of a discharge, plus a provincial registration fee where we register the discharge. Our fees are set out in your Cost of Borrowing Disclosure Statement and are subject to change. You may obtain current information about Scotiabank service fees by contacting your servicing branch. These fees are applicable to loans secured by mobile/mini homes only where the land where the mobile/mini home is situated is owned or leased by you and you have granted us a mortgage of your interest in the land. For mobile/mini homes, you agree to pay us any additional government personal property security discharge fees that may be applicable at that time.

For loans secured by personal property (including mobile/mini homes which are situated on leased land), when our interest in your property ends, where permitted, you agree to pay us a Discharge Service Fee for the discharge of any real or personal property registrations (in addition to any government personal property security discharge fees applicable at that time). You may obtain current information about Scotiabank service fees by contacting your branch. For loans secured by a ship mortgage, you must pay a government ship mortgage registration fee which also includes a discharge fee.

In Quebec

You waive your right of division and discussion.

Scotiabank Privacy Agreement

Your privacy is important to Scotiabank. This Agreement sets out the information practices for Scotiabank in Canada, including what type of information is collected, how the information is used, and with whom the information is shared.

This Agreement may be amended from time to time. (See “Further information”, below, for an explanation of how we will advise you of any future changes.)

In this Agreement, “we”, “our”, “us” and “Scotiabank” mean The Bank of Nova Scotia and any of its affiliates, subsidiaries, programs or joint ventures they participate in, with respect to their operations enterprise-wide.¹ Scotiabank includes companies engaged in the following services to the public: deposits, loans and other personal financial services; credit, charge, debit and payment card services; full service and discount brokerage services; mortgage loans; trust and custodial services; insurance services; investment management and financial planning services; and mutual funds investment services; and services related to the above such as loyalty programs.

“You” and “your” mean an individual who has made application to us for, enrolled in or signed an application in respect of any personal or business banking, insurance, brokerage or financial product or service offered by us (“Service”), including any co-applicants, guarantors, personal representatives, or an individual who participates in a Scotiabank contest, survey, event or has otherwise provided personal information to us.

Collecting, using and disclosing your information

When you apply for, or provide a guarantee in respect of, or use any Service and while you are our customer, or when you participate in any contest, survey, event or otherwise provide us your personal information, you agree that we may collect your personal information from you and third party sources. Examples of information collected may include:

- Your name, address, telephone number, nature of your principal business or occupation and date of birth, all of which may be required by law;
- Identification, such as a valid driver’s license or passport. We may also ask for documents such as a recent utility bill to verify your name and address;
- Your education, annual income, assets and liabilities and credit history;
- Information about your transactions, including payment history, account activity and how you intend to use the account or Service and the source of any incoming funds or assets;
- Information we may need in order to provide you with a Service such as health information if you are applying for certain insurance products. In some instances, providing this information is optional;
- Information about third parties such as your spouse if you are applying for certain Services, where this information is required by law; and
- Information about beneficial owners, intermediaries and other parties, which is required by law.

For legal entities such as businesses, partnerships, trusts, estates, clubs or other organizations, we may collect the information referred to above from each authorized person, signatory, partner, trustee, executor and club member, as appropriate.

In addition, when you apply for, enrol in or use a Service, or participate in any contest, survey or event via a digital channel (such as online or mobile banking), we may collect information about your computer or device, operating system, internet connection or telephone account, settings, IP address and device locational data, browser information, and transaction data, as well as personal information as described above. We may collect, use, disclose and retain this information for the purposes described below, as well as to determine which settings are appropriate for your computer system, to provide or enhance digital functionality and banking options, and for security purposes, internal analysis and reporting. You may withhold consent to the collection, use and disclosure of this information, although in some cases this may prevent you from using the digital channel to apply for or use a Service or to communicate with us, or may reduce the functionality of that channel.

Scotiabank or its service providers may also use various web tools including Cookies (please see our Cookies Policy), Web Beacons and Tagging on our websites and advertisements to evaluate and improve our websites and other electronic offerings, tailor our services, enhance our customer experience and communicate with you regarding products and services that may be of interest.

- **Tagging** is a customized code on our websites that provide the ability to monitor user activity on Scotiabank websites. This software can be used to capture user activity to be used by us or a third party for analysis so that we can understand and enhance our user experience and provide further security controls.
- **Web Beacons** are small images embedded in our websites that, when combined with Cookies, help provide us with information about the use and effectiveness of our website.

We may collect your personal information, and use it, and disclose it to any person or organization, including any member of Scotiabank, for the following purposes:

- To confirm your identity;
- To understand your needs;
- To determine the suitability of our Services for you;
- To determine your eligibility for our Services;
- To set up, manage and offer Services that meet your needs;
- To provide you with ongoing Service;
- To provide you with various options for applying for and accessing Services;
- To satisfy legal and regulatory requirements that we believe are applicable

to us, including the requirements of any self-regulatory organizations to which we belong;

- To help us collect a debt or enforce an obligation owed to us by you;
- To respond to a local or foreign court order, search warrant or other demand or request which we believe to be valid, or to comply with the rules of production of a local or foreign court;
- To manage and assess our risks;
- To investigate and adjudicate insurance claims, other claims or complaints; and
- To prevent or detect fraud or criminal activity or to manage and settle any actual or potential loss in connection with fraud or criminal activity.

1. When we collect your health information for the purpose of providing an insurance Service, we will use that information strictly for that purpose. (See below for more information.)

We do not provide directly all the services related to your relationship with us. We may use third party service providers to process or handle personal information on our behalf and to assist us with various services such as printing, postal and electronic mail distribution and marketing (including by telephone and electronic means), and you acknowledge that we may release information about you to them. Some of our service providers are located outside of Canada. In addition, we may use personal information in Scotiabank locations outside of Canada. As a result, your personal information may be accessible to regulatory authorities in accordance with the laws of these jurisdictions. When personal information is provided to our service providers, we will require them to protect the information in a manner that is consistent with Scotiabank privacy policies and practices.

2. We may collect, use and disclose your Social Insurance Number (SIN), as well as other information, for income tax reporting purposes and to fulfil other regulatory requirements, as required by law. In addition, we may ask you for your SIN to verify and report credit information to credit bureaus and credit reporting agencies as well as to confirm your identity. This allows us to keep your personal information separate from that of other customers, particularly those with similar names, and helps maintain the integrity and accuracy of your personal information. You may refuse to consent to its use or disclosure for purposes other than as required by law.
3. We may verify relevant information you give us with your employer or your references and you authorize any person whom we contact in this regard to provide such information to us. If you apply for or enrol in a Service and during the time you have the Service, we may consult various financial service industry databases, third parties (such as the Bank Crime Prevention and Investigation Office of the Canadian Bankers Association and the Investigative Services Division of the Insurance Bureau of Canada), or private investigative bodies maintained in relation to the type of Service you have applied for, enrolled in or have. You also authorize us to release information about you to these databases and investigative bodies.

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4. You agree that we may monitor, record, and retain any telephone call or electronic communication we have with you. This is to establish a record of the information you provide, to ensure that your instructions are followed properly and to ensure customer service levels are maintained. Records of calls and electronic communications are destroyed when they are no longer required for business or other purposes, and any personal information is safeguarded in accordance with this Agreement.
 5. Scotiabank may use video surveillance in and around our branches, bank machines and other locations for the purpose of safeguarding our clients and employees and protecting against theft, fraud and vandalism. Any video images recorded are destroyed when they are no longer required for business or other purposes, and any personal information is safeguarded in accordance with this Agreement.
 6. If you have a Service with us, we may use, disclose to and collect from credit bureaus or financial service industry databases, credit and other information about you in order to offer you pre-approved credit products or margin facilities.
 7. We may give information (except health information) about you to other members of Scotiabank (where the law allows this) so that these companies may communicate with you directly about their products and services. This consent will also apply to any companies that form a part of Scotiabank in the future. You also agree that we may provide you with information about or from third parties we select. Your consent to this is not a condition of doing business with us and you may withdraw it at any time (see below).
 8. We may ask you for contact information such as your telephone, mobile or fax number or email address, and keep and use this information as well as disclose it to other members of Scotiabank so that we or any of these companies may contact you directly through these channels for the purpose of marketing, including telemarketing. This consent will also apply to any companies that form a part of Scotiabank in the future. Your consent to this is not a condition of doing business with us and you may withdraw it at any time (see below).
 9. If we sell a company or a portion of the business or assets of a Scotiabank company, we may release the information we hold about you to the prospective purchaser. We will require any prospective purchaser to protect the information provided and to use it in a manner that is consistent with Scotiabank privacy policies and practices.
 10. We may keep and use information about you in our records for as long as it is needed for the purposes described in this Agreement, even if you cease to be a customer.
 11. You agree that all information that you give us will, at any time, be true and complete. If any personal information changes or becomes inaccurate or out of date, you are required to advise us so we can update our records.

Refusing or withdrawing consent

Subject to legal, regulatory and contractual requirements, you can refuse to consent to our collection, use or disclosure of information about you, or you may withdraw

your consent to our further collection, use or disclosure of your information at any time in the future by giving us reasonable notice. However, depending on the circumstances, withdrawal of your consent may prevent us from providing you, or continuing to provide you, with some Services, means of access to Services, or information that may be of value to you.

We will act on your instructions as quickly as possible but there may be certain uses of your information that we may not be able to stop immediately.

You cannot refuse our collection, use and disclosure of information required by third party service providers essential for the provision of the Services or required by our regulators, including self-regulatory organizations. Some of our service providers are located outside of Canada. As a result, your personal information may be accessible to regulatory authorities in accordance with the law of these jurisdictions.

You can tell us at any time to stop using information about you to promote our Services or the products and services of third parties we select, or to stop sharing your information with other members of Scotiabank. If you wish to refuse consent or to withdraw consent as outlined in this Agreement, you may do so at any time by contacting the branch or office with which you are dealing or by calling us toll-free.

Scotiabank	1-800-4SCOTIA
ScotiaMcLeod, Scotiatrust and Private Investment Counsel	1-866-437-4990
ScotiaLife Financial	1-800-387-9844
Scotia iTRADE®	1-888-872-3388

In addition, if you apply for, accept, or guarantee, a line of credit, term loan, mortgage or other credit account with us

When you apply for, accept, or guarantee a loan or credit facility or otherwise become indebted to us, and from time to time during the course of the loan or credit facility, we may use, give to, obtain, verify, share and exchange credit and other information (except health information) about you with others including credit bureaus, mortgage insurers, creditor insurers, reinsurers, registries, other companies in Scotiabank and other persons with whom you may have financial dealings, as well as any other person as may be permitted or required by law. We may do this throughout the relationship we have with you. You also authorize any person whom we contact in this regard to provide such information to us.

If you have a Service with us such as a banking card, credit card or line of credit product with an access card, you agree that we may give information (except health information) about you to electronic payment service providers, credit or charge card associations, loyalty program partners and their employees and agents for the purpose of processing, authorizing and authenticating your transactions (as the case may be), providing you with customer assistance services and for other purposes related to your services. We may also give this information in respect of your participation in contests and promotions administered by the electronic payment service providers, credit or charge card associations and loyalty program partners on our behalf.

If you have a mortgage account with us, we may give information about you, including credit information, to mortgage insurers for any purpose related to

mortgage insurance. Information retained by Canada Mortgage Housing Corporation will be subject to federal access to information and privacy legislation.

During the term of the loan or credit facility, you may not withdraw your consent to our ongoing collection, use or disclosure of your personal information in connection with the loan or other credit arrangement you have with us or have guaranteed. We can continue to disclose your personal information to credit bureaus even after the loan or credit facility has been retired, and you may not withdraw your consent to our doing so. We do this to help maintain the accuracy, completeness and integrity of the credit reporting system

In addition, if you accept an insurance Service with us

When you apply for, enrol in or sign an application in respect of or accept an insurance Service from us, we may use, give to, obtain, verify, share and exchange information about you with others including references you have provided, from hospitals and health practitioners, from government health insurance plans, from other insurers, from medical information and insurance service bureaus, from law enforcement representatives, from private investigators, and from other groups or companies where collection is necessary to underwrite or otherwise administer the Service requested, including the assessment of claims. You also authorize any person whom we contact in this regard to provide such information to us.

If you accept an insurance Service with us, or if an insurance Service is issued on your life, you may only withdraw your consent as noted above so long as the consent does not relate to underwriting or claims where Scotiabank must collect and report information to insurance service bureaus after the application has been underwritten or the claim has been adjudicated. This is necessary to maintain the integrity of the underwriting and claims systems.

Accessing your information

Subject to legal, regulatory and contractual requirements, you can request to access the personal information we hold about you. Much of this information is already accessible by you, for example: through your account statements or bankbook updates; by visiting the branch or office where you regularly do business; by accessing your account online; or through the Customer Contact Centre. However, if you need access to any other information, you must direct your request in writing to the President's Office (see contact details below under "Further information").

In order to process your request, we may ask you for specific details, such as branch and account number, and clarification on the specific information or time period you are requesting access to. Once your identity has been verified and the scope of your request confirmed, within 30 days we will provide you with access to your information, except where prohibited by law. If necessary, we will notify you that we require an extension beyond the 30 day period.

Scotiabank may charge you a nominal access fee depending on the nature of your request. We will advise you of the fee, if any, prior to proceeding with your request.

If you have a sensory disability, you may request that your information be made available in an alternative format.

Further information

You acknowledge that we may amend this Agreement from time to time to take into consideration changes in legislation, technology or other issues that may arise. We will post the revised Agreement on our website and make it available at our branches or we may also send it to you by mail. We may also notify you of any changes to this Agreement in any of the following ways:

- A notice prominently displayed at all Scotiabank ATMs;
- An announcement through the VoiceResponseUnit (VRU) or a digital channel such as a mobile app;
- A notice on the Scotiabank website or your Scotia OnLine portal;
- A notice in our branches; or
- A notice in your monthly statement.

Your continued use of the account or Service following such change means that you agree to and accept the new terms and conditions of the Agreement as amended. If you do not agree with any of the changes made or with the new terms of the Agreement, you must immediately stop using the account or Services and notify us that you are closing your account or terminating your Service with us.

If you have a general question about Scotiabank's privacy policies, please contact the branch or office you deal with or call us toll free at 1-800-472-6842. If your branch or office is not able to resolve your concern to your satisfaction, contact the President's Office:

Telephone: 1-877-700-0043
Fax: 1-877-700-0045
E-mail: mail.president@scotiabank.com
Letter: The President, Scotiabank
44 King Street West
Toronto ON M5H 1H1

Our Privacy Code and Cookies Policy are available to the public on www.scotiabank.com. The Privacy Code and Cookies Policy both form part of the Scotiabank Privacy Agreement.

¹For a list of Scotiabank's principal affiliates and subsidiaries enterprise-wide, please refer to the most recent *Annual Report* available on the Scotiabank website at www.scotiabank.com.

Resolving Your Complaint

Step One:

Talk to us at your Branch or Customer Contact Centre 1800-4SCOTIA or 1-800-472-6842.

If the person you speak to at the branch/customer contact centre is not able to resolve your concern to your satisfaction, please speak directly to a management officer, who has the authority to resolve the majority of problems that arise.

Step Two:

Contact the Office of the President.

If the management officer has been unable to resolve your complaint satisfactorily, a representative of the President & CEO will be pleased to assist you.

- e-mail: mail.president@scotiabank.com
- Mail: The President, Scotiabank
44 King Street West
Toronto, ON M5H 1H1
- Fax: 1-877-700-0045 (in Toronto 416-933-1777)
- Telephone: English 1-877-700-0043 (in Toronto 416-933-1700)
French 1-877-700-0044 (in Toronto 416-933-1780)

Step Three:

Contact Scotiabank's Ombudsman.

Scotiabank's Ombudsman has been appointed to undertake an impartial review of all unresolved customer complaints. If you have gone through the first two steps and remain dissatisfied, submit your complaint to the Ombudsman in writing.

- e-mail: ombudsman@scotiabank.com
- Mail: Scotiabank Ombudsman
44 King Street West
Toronto, ON M5H 1H1
- Fax: 1-866-787-7061

Still not satisfied?

You may contact an External Complaints Body for banking complaints; ADR Chambers Banking Ombudsman (ADRBO)

ADRBO has been appointed to undertake an impartial review of unresolved banking complaints. If you are not satisfied with our Ombudsman's response, you can refer your complaint to the ADRBO. While we would expect to resolve your complaint within 90 days, if our best efforts have been unable to provide a resolution in that time, you may refer your complaint to the ADRBO.

- e-mail: contact@bankingombuds.ca
- Mail: ADR Chambers Banking Ombudsman
P.O. Box 1006
31 Adelaide St. E.
Toronto, Ontario M5C 2K4
- Telephone: (800) 941-3655
- Fax: (877) 803-5127

Contacting the Financial Consumer Agency of Canada (FCAC):

The FCAC supervises federally regulated financial institutions to ensure they comply with federal consumer protection laws. For example, financial institutions must provide consumers with information about fees, interest rates and complaint-handling procedures. They must also provide proper notice of closing a branch and, subject to certain conditions, must cash a federal government cheque up to \$1,500 and open a deposit account when acceptable identification is presented. If you have a complaint about such a regulatory matter, you can contact the FCAC in writing.

- Mail: Financial Consumer Agency of Canada
6th Floor, Enterprise Building
427 Laurier Avenue West
Ottawa, Ontario K1R 1B9
- Telephone: English 1-866-461-3222
French 1-866-461-2232
- Website: www.fcac-acfc.gc.ca

Telephone/Facsimile/E-Mail Agreement

You authorize us to receive and act upon instructions from you concerning your bank accounts, investments in any registered plans, guaranteed investment certificates (GICs), accounts with Scotia Securities Inc. (mutual funds) and other investment holdings with us or matters in relation to a personal loan, including any loan under a *Scotia Total Equity*® Plan or credit account you are applying for or have taken out with us, given to us by telephone, facsimile transmission, electronic mail (e-mail) or through any other means that we may permit from time to time (the permitted means). Telephone instructions for transactions provided solely by voice mail will not be acted upon. Instructions means your order given to us by permitted means to complete certain transactions which are permitted under this agreement. This agreement applies to both instructions given to us as well as to any of our subsidiaries for which we normally accept instructions. This authorization does not include investments held by Scotia iTRADE and ScotiaMcLeod for which a separate agreement may be required. You agree to providing your Social Insurance Number for the purchase of any registered investment product as required by the Canada Customs and Revenue Agency for the purpose of income tax reporting.

These instructions can only be given in relation to bank accounts, GICs, mutual funds, non-registered and registered investments, personal loans or credit accounts with us in your name or over which you are a signatory with the sole right to give instructions. You understand and agree that your instructions may be viewed by persons employed by The Bank of Nova Scotia and Scotia Securities Inc.

The instructions which you can give us using the permitted means include investments in and renewals of GICs, purchases of mutual funds, transfers from your deposit accounts to purchase mutual funds or GICs, transfers between investments within the Scotiabank Group and changing instructions for the payment of principal, interest or income from existing or maturing GICs or mutual funds. We can also make changes to the personal data reflected in your accounts or investments as long as the change does not require that we have proof of the change. You may also apply for a personal loan or credit account, signify your agreement to be bound by the terms of the loan or credit card agreement or otherwise give instructions with respect to a loan or credit account.

You can provide us with instructions to transfer money to or between bank accounts. In addition, you can give us instructions to redeem GICs, mutual funds or other investments provided the redemption proceeds are payable to all registered owners of the GIC, mutual fund or other investment. You can provide stop payment instructions. We may amend or vary the nature of the instructions we may accept and undertake on your behalf pursuant to this agreement at our discretion and without prior notice to you. In addition, not all of our branches or offices will accept all the instructions which can be given under this agreement. You may be referred to another office or branch.

You agree to be bound by the agreements which govern the banking, investment, or loan relationships which are established pursuant to instructions given under this agreement.

You may be required to sign any agreements which are required in connection with the transaction you are asking us to complete. We may send you, at our discretion, a confirmation that the instructions have been received and acted upon and any related agreement(s). You agree to ratify any instructions given pursuant to this agreement.

Consent for Electronic Disclosure: You agree that when you provide us with instructions pursuant to this agreement that you are also requesting and consenting that any information, documents and/or notices that we provide to you in relation to those instructions may be provided solely at the fax number used by you to provide instructions or at the email address used by you to provide instructions, or at the fax number or email address otherwise designated by you in your instructions, as the case may be. We recommend that you keep a copy of any such information, documents and/or notices for your records.

We agree to carry out instructions in accordance with our normal procedures although we can refuse to undertake any instructions if we deem it appropriate for any reason to do so and we will have no liability to you on account of such refusal. We will take reasonable steps to inform you when we have determined that we will not be following your instructions. We may ask you to give us certain information which will assist us in determining that you are the party giving the instructions. We will not be liable to you if we are unable to complete your instructions for reasons beyond our control.

You agree that we can deduct from any of your accounts or investments any amounts that we have disclosed to you as being the service charges for acting on instructions given under this agreement. These charges are in addition to any account-related or other transaction fees which we may charge to your account.

By signing this agreement you authorize us to obtain a credit bureau report for the purpose of identification. You are solely responsible for our following, in good faith, all instructions which appear to have been given by you by permitted means. We will not be liable to you if a transaction is completed pursuant to instructions given by persons other than you which we believed in good faith to have been given by you. You agree to indemnify and hold us, our subsidiaries, as well as our officers, directors, employees or agents and those of our subsidiaries harmless for any loss, cost, liability or damage of whatever kind which may result from our acting in accordance with this agreement.

This agreement is binding on you, your heirs, legal or personal representatives and permitted assigns. It shall be interpreted in accordance with the law of jurisdiction in the province where your branch is. We may rely on this agreement until such time as you give us notice in writing indicating that this agreement will not apply to any further instructions given in relation to banking or investment matters. We may rely on the instructions of any one of you for joint accounts or investments with respect to all matters covered by this agreement. We may terminate this agreement at any time on written notice to you. This agreement does not amend any of the other agreements that you have with us or establish with us at a later date. In the case of a conflict between these agreements, this agreement shall govern.

Loan Products

Mortgage Loans

Payment Schedules

When we lend you money, you must pay it back according to the payment schedule on the Personal Credit Agreement.

When you sign the agreement for mortgage loans, you are promising to repay those amounts plus interest at the annual interest rate stated for each loan, as described below.

All mortgage payments must be made through an automatic payment plan. Your payment, which may include a tax installment, is due one month from the Term Start Date indicated on the agreement and then monthly thereafter, up to and including the final payment date, which is your maturity date. At that time, the balance of the principal amount together with all interest and all other costs and charges, shall be due and payable to us.

You may pay your mortgage more frequently than monthly by selecting a weekly, bi-weekly or semi-monthly frequency. The semi-monthly frequency does not accelerate repayment nor save interest costs. Regardless of which repayment frequency you choose, each of your payments is applied first to pay or reduce deferred interest, if any; second to pay interest; and finally to pay principal unless otherwise specified in the agreement. For all frequencies, when your first regular mortgage payment is more than one frequency period from your Term Start Date, we will debit your deposit account for the interest owing for the excess number of days. All interest is collected not in advance. This interest adjustment amount is due on the date shown on your Cost of Borrowing Disclosure Statement. If your mortgage is in default we may require your mortgage payment to be paid on a monthly basis.

Continuing Liability

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

Term Start Date (TSD)

Also commonly known as the advance date or the Interest Adjustment Date.

The Term Start Date is the date your mortgage loan is at least 75% advanced and is the date your term starts unless otherwise stated in your Cost of Borrowing Disclosure Statement or Personal Credit Agreement Approval Conditions.

For a Progress Draw Construction Mortgage (during the construction period) the TSD is the day of your 1st advance. You must pay interest only payments on the money advanced to you during the construction period starting one month from the 1st advance date. You may pay the interest only payments more frequently than monthly by selecting a weekly, bi-weekly or semi-monthly frequency. Paying more frequently than monthly does not accelerate repayment nor save interest costs.

Mortgage Insurance

Mortgage default insurance, where required, will only apply to the particular mortgage loan insured.

Service Fees

You agree to pay the service charges and fees set out in this agreement, your Disclosure Statement and your security agreement, as amended from time to time. We have the right to change these charges and fees from time to time. You may obtain current information about Scotiabank service charges and fees by contacting us. You will pay our fees and charges immediately. If you do not, we may declare that you are in default under your loan or credit account, add these amounts to your debt, or do both. We may also require you to pay all outstanding fees and charges before we agree to renew your mortgage. You must pay any unpaid fees and charges when you repay your mortgage in full. If we add these amounts to your debt, interest will be charged at the interest rate applicable to your loan or credit account.

Progress Draw Construction Mortgages

A Progress Draw Construction Mortgage is a mortgage loan obtained for the purpose of constructing a residential property. It is a variable rate mortgage with interest only payments during the term. The interest rate payable by you is a variable rate, expressed as a rate per annum, equal to our VRM Base Rate plus/minus the VRM Rate Variance shown on the agreement and calculated semi-annually, not in advance. Our VRM Base Rate is equal to The Bank of Nova Scotia's Prime Rate and varies from time to time, as The Bank of Nova Scotia Prime Rate changes.

Following the registration of the mortgage, we will make advances as construction progresses. We will decide whether and when any advances will be made and the amount of any advances at our discretion. We will hold back sufficient funds to complete construction and meet provincial holdback requirements. We will release the accumulated lien holdback with the final mortgage advance to your solicitor/notary who may release the funds when construction is complete, a certificate of occupancy is issued and, where applicable, the required time has passed.

Before each advance, we will review the value of the work completed by obtaining an inspection report. Your Disclosure sets out a description of construction draw stages. This description is a guideline only and may be amended by us from time to time.

Your home construction must be completed and your mortgage fully advanced within 15 months of the Term Start Date. Your interest only term will mature 18 months from the Term Start Date. You must pay interest only payments until the end of the 18 month term unless you choose to early renew your mortgage as set out in this agreement.

If your home construction is not complete and/or your mortgage is not fully advanced by the end of the 15 month construction period, we will conduct a reassessment. As part of this reassessment, we will arrange an inspection. The amount of your mortgage will be reduced to the principal amount advanced to date, plus the amounts we have held back for applicable provincial lien filing periods. Depending on the results of the inspection, we may, at our discretion, offer to renew the mortgage into a fixed rate term with payments of principal and interest. If you require additional advances, you will need to reapply for a new mortgage component under your Scotia Total Equity Plan.

If your mortgage is default insured and your loan amount is reduced or you do not require all amounts originally approved, you may receive a refund from the default insurer depending on the policies of the applicable default insurer. If a refund is provided by the default insurer, we will apply the refund to your mortgage as a principal balance reduction.

Interest Rates

For Fixed Rate Mortgages

The interest rate payable by you on the loan amount is a fixed rate expressed as a rate per annum calculated semi-annually not in advance, and payable monthly.

For Variable Rate Mortgages (VRM)

Your interest rate will vary automatically on the day The Bank of Nova Scotia Prime Rate changes. After each rate change, we will mail you a notice showing your new interest rate and the date it became effective. The notice will be mailed to your last known address in our records but our failure to mail a notice or its non-receipt will not prevent the rate from varying.

For variable rate mortgages with a fixed payment amount, the interest rate payable by you on the loan amount is a variable rate, expressed as a rate per annum, calculated monthly, not in advance, equal to our VRM Base Rate plus/minus the “VRM Rate Variance” shown on the Agreement. Our VRM Base Rate is equal to The Bank of Nova Scotia’s Prime Rate and varies from time to time, as The Bank of Nova Scotia Prime Rate varies.

For a variable rate mortgage with a fixed payment amount and a Cap Rate, the maximum interest rate payable by you on the loan at any time during the term will be the Cap Rate as indicated on the Agreement. Your payment will be set using the Cap Rate. If the interest rate applicable to your mortgage rises to or above the Cap Rate, we will not send you notices of subsequent rate changes unless the rate change results in your interest rate dropping below the Cap Rate.

For a variable rate mortgage with a fixed payment amount and without a Cap Rate, if the interest rate increases, your payment may not be sufficient to cover the interest that accrues on the loan amount. In that case, the unpaid interest will be added to the amount you owe and will bear interest at the interest rate payable on the loan amount. We may require you to pay all the money that you owe us under the mortgage immediately whenever the loan amount and unpaid interest exceeds 105% of the original amount advanced.

For a variable rate mortgage with a variable payment amount and without a Cap Rate, interest will be calculated semi-annually, not in advance. Your interest rate is payable and will vary as outlined above. Your initial payment amount based on the initial interest rate is shown on page 1 of the Agreement. Your payment amount will vary automatically with each change to the VRM Base Rate. Each payment adjustment will take into account the new interest rate and the remaining amortization period on the date of the change. After each change we will mail you a notice showing your new interest rate and new payment amount as outlined above. If there is no change to the VRM Base Rate, your payment amount will not change and we will not mail you a notice.

Equivalent Interest Rates

For variable rate mortgages where interest is calculated monthly, not in advance, the table below sets out the equivalent interest rates for your variable interest rate as if it were calculated semi-annually, not in advance.

VRM Calculated Monthly, not in advance	Equivalent Rate Calculated Semi-Annually not in advance	VRM Calculated Monthly, not in advance	Equivalent Rate Calculated Semi-Annually not in advance	VRM Calculated Monthly, not in advance	Equivalent Rate Calculated Semi-Annually not in advance
2.0000	2.00835	4.3900	4.43034	7.1000	7.20585
2.0500	2.05878	4.4000	4.44053	7.1250	7.23160
2.1000	2.10921	4.4500	4.49146	7.1500	7.25736
2.1250	2.13443	4.4900	4.53221	7.2000	7.30887
2.1500	2.15965	4.5000	4.54240	7.2500	7.36039
2.2000	2.21011	4.5500	4.59335	7.3000	7.41193
2.2500	2.26057	4.5900	4.63411	7.3500	7.46347
2.3000	2.31105	4.6000	4.64431	7.3750	7.48925
2.3500	2.36154	4.6250	4.66979	7.4000	7.51503
2.3750	2.38678	4.6500	4.69528	7.4500	7.56659
2.4000	2.41203	4.7000	4.74626	7.5000	7.61817
2.4500	2.46254	4.7500	4.79725	7.5500	7.66976
2.5000	2.51306	4.8000	4.84826	7.6000	7.72135
2.5500	2.56359	4.8500	4.89927	7.6250	7.74716
2.6000	2.61412	4.8750	4.92478	7.6500	7.77296
2.6250	2.63940	4.9000	4.95029	7.7000	7.82458
2.6500	2.66467	4.9500	5.00133	7.7500	7.87621
2.7000	2.71523	5.0000	5.05237	7.8000	7.92785
2.7500	2.76580	5.0500	5.10343	7.8500	7.97951
2.8000	2.81638	5.1000	5.15450	7.8750	8.00534
2.8500	2.86698	5.1250	5.18003	7.9000	8.03117
2.8750	2.89228	5.1500	5.20557	7.9500	8.08284
2.9000	2.91758	5.2000	5.25666	8.0000	8.13452
2.9500	2.96819	5.2500	5.30776	8.0500	8.18622
3.0000	3.01881	5.3000	5.35887	8.1000	8.23792
3.0500	3.06945	5.3500	5.40999	8.1250	8.26378
3.1000	3.12009	5.3750	5.43555	8.1500	8.28964
3.1250	3.14542	5.4000	5.46112	8.2000	8.34137
3.1500	3.17074	5.4500	5.51226	8.2500	8.39310
3.2000	3.22141	5.5000	5.56341	8.3000	8.44485
3.2500	3.27208	5.5500	5.61457	8.3500	8.49661
3.3000	3.32277	5.6000	5.66574	8.3750	8.52249
3.3500	3.37347	5.6250	5.69133	8.4000	8.54838
3.3750	3.39882	5.6500	5.71692	8.4500	8.60016
3.4000	3.42417	5.7000	5.76812	8.5000	8.65195
3.4500	3.47489	5.7500	5.81932	8.5500	8.70375
3.4900	3.51547	5.8000	5.87054	8.6000	8.75556
3.5000	3.52562	5.8500	5.92176	8.6250	8.78147
3.5500	3.57636	5.8750	5.94738	8.6500	8.80739
3.5900	3.61695	5.9000	5.97300	8.7000	8.85922
3.6000	3.62711	5.9500	6.02424	8.7500	8.91106
3.6250	3.65249	6.0000	6.07550	8.8000	8.96292
3.6500	3.67787	6.0500	6.12677	8.8500	9.01479
3.6900	3.71848	6.1000	6.17805	8.8750	9.04072
3.7000	3.72864	6.1250	6.20369	8.9000	9.06666
3.7500	3.77942	6.1500	6.22934	8.9500	9.11855
3.7900	3.82005	6.2000	6.28064	9.0000	9.17045
3.8000	3.83021	6.2500	6.33195	9.0500	9.22236
3.8500	3.88101	6.3000	6.38327	9.1000	9.27428
3.8750	3.90642	6.3500	6.43460	9.1250	9.30024
3.8900	3.92166	6.3750	6.46027	9.1500	9.32621
3.9000	3.93183	6.4000	6.48594	9.2000	9.37815
3.9500	3.98265	6.4500	6.53730	9.2500	9.43010
3.9900	4.02331	6.5000	6.58866	9.3000	9.48206
4.0000	4.03348	6.5500	6.64003	9.3500	9.53403
4.0500	4.08433	6.6000	6.69142	9.3750	9.56002
4.0900	4.12500	6.6250	6.71711	9.4000	9.58602
4.1000	4.13518	6.6500	6.74281	9.4500	9.63801
4.1250	4.16061	6.7000	6.79422	9.5000	9.69002
4.1500	4.18605	6.7500	6.84564	9.5500	9.74203
4.1900	4.22674	6.8000	6.89706	9.6000	9.79406
4.2000	4.23692	6.8500	6.94850	9.6250	9.82008
4.2500	4.28781	6.8750	6.97423	9.6500	9.84610
4.2900	4.32852	6.9000	6.99995	9.7000	9.89815
4.3000	4.33871	6.9500	7.05141	9.7500	9.95021
4.3500	4.38961	7.0000	7.10288	9.8000	10.00228
4.3750	4.41507	7.0500	7.15436	9.8500	10.05436

VRM Calculated Monthly, not in advance	Equivalent Rate Calculated Semi-Annually not in advance	VRM Calculated Monthly, not in advance	Equivalent Rate Calculated Semi-Annually not in advance	VRM Calculated Monthly, not in advance	Equivalent Rate Calculated Semi-Annually not in advance
9.87500	10.08040	13.12500	13.48916	16.37500	16.94389
9.90000	10.10645	13.15000	13.51556	16.40000	16.97065
9.95000	10.15855	13.20000	13.56837	16.45000	17.02417
10.00000	10.21066	13.25000	13.62118	16.50000	17.07769
10.05000	10.26279	13.30000	13.67401	16.55000	17.13123
10.10000	10.31492	13.35000	13.72685	16.60000	17.18478
10.12500	10.34099	13.37500	13.75327	16.62500	17.21156
10.15000	10.36707	13.40000	13.77970	16.65000	17.23834
10.20000	10.41922	13.45000	13.83256	16.70000	17.29192
10.25000	10.47139	13.50000	13.88543	16.75000	17.34550
10.30000	10.52357	13.55000	13.93831	16.80000	17.39909
10.35000	10.57576	13.60000	13.99121	16.85000	17.45270
10.37500	10.60185	13.62500	14.01766	16.87500	17.47950
10.40000	10.62795	13.65000	14.04411	16.90000	17.50631
10.45000	10.68016	13.70000	14.09702	16.95000	17.55994
10.50000	10.73238	13.75000	14.14995	17.00000	17.61358
10.55000	10.78462	13.80000	14.20289	17.05000	17.66723
10.60000	10.83686	13.85000	14.25583	17.10000	17.72089
10.62500	10.86298	13.87500	14.28231	17.12500	17.74772
10.65000	10.88911	13.90000	14.30879	17.15000	17.77456
10.70000	10.94138	13.95000	14.36176	17.20000	17.82824
10.75000	10.99365	14.00000	14.41474	17.25000	17.88193
10.80000	11.04594	14.05000	14.46773	17.30000	17.93564
10.85000	11.09823	14.10000	14.52073	17.35000	17.98935
10.87500	11.12438	14.12500	14.54724	17.37500	18.01621
10.90000	11.15054	14.15000	14.57375	17.40000	18.04308
10.95000	11.20286	14.20000	14.62677	17.45000	18.09682
11.00000	11.25519	14.25000	14.67981	17.50000	18.15056
11.05000	11.30753	14.30000	14.73285	17.55000	18.20432
11.10000	11.35988	14.35000	14.78591	17.60000	18.25809
11.12500	11.38605	14.37500	14.81244	17.62500	18.28498
11.15000	11.41224	14.40000	14.83897	17.65000	18.31187
11.20000	11.46461	14.45000	14.89205	17.70000	18.36567
11.25000	11.51699	14.50000	14.94514	17.75000	18.41947
11.30000	11.56938	14.55000	14.99824	17.80000	18.47328
11.35000	11.62179	14.60000	15.05135	17.85000	18.52711
11.37500	11.64800	14.62500	15.07791	17.87500	18.55403
11.40000	11.67420	14.65000	15.10448	17.90000	18.58095
11.45000	11.72663	14.70000	15.15761	17.95000	18.63479
11.50000	11.77907	14.75000	15.21075	18.00000	18.68865
11.55000	11.83151	14.80000	15.26391	18.05000	18.74252
11.60000	11.88397	14.85000	15.31707	18.10000	18.79640
11.62500	11.91021	14.87500	15.34366	18.12500	18.82335
11.65000	11.93644	14.90000	15.37025	18.15000	18.85030
11.70000	11.98892	14.95000	15.42344	18.20000	18.90420
11.75000	12.04141	15.00000	15.47664	18.25000	18.95811
11.80000	12.09391	15.05000	15.52985	18.30000	19.01204
11.85000	12.14643	15.10000	15.58307	18.35000	19.06597
11.87500	12.17269	15.12500	15.60968	18.37500	19.09295
11.90000	12.19895	15.15000	15.63630	18.40000	19.11992
11.95000	12.25149	15.20000	15.68954	18.45000	19.17388
12.00000	12.30403	15.25000	15.74279	18.50000	19.22785
12.05000	12.35659	15.30000	15.79606	18.55000	19.28183
12.10000	12.40915	15.35000	15.84933	18.60000	19.33582
12.12500	12.43544	15.37500	15.87597	18.62500	19.36282
12.15000	12.46173	15.40000	15.90262	18.65000	19.38982
12.20000	12.51432	15.45000	15.95592	18.70000	19.44384
12.25000	12.56692	15.50000	16.00922	18.75000	19.49786
12.30000	12.61953	15.55000	16.06254	18.80000	19.55190
12.35000	12.67215	15.60000	16.11587	18.85000	19.60594
12.37500	12.69846	15.62500	16.14254	18.87500	19.63297
12.40000	12.72478	15.65000	16.16922	18.90000	19.66000
12.45000	12.77742	15.70000	16.22257	18.95000	19.71407
12.50000	12.83008	15.75000	16.27593	19.00000	19.76815
12.55000	12.88274	15.80000	16.32930	19.05000	19.82224
12.60000	12.93542	15.85000	16.38269	19.10000	19.87634
12.62500	12.96176	15.87500	16.40939	19.12500	19.90340
12.65000	12.98810	15.90000	16.43609	19.15000	19.93046
12.70000	13.04080	15.95000	16.48949	19.20000	19.98458
12.75000	13.09351	16.00000	16.54291	19.25000	20.03872
12.80000	13.14623	16.05000	16.59634	19.30000	20.09286
12.85000	13.19896	16.10000	16.64978	19.35000	20.14702
12.87500	13.22533	16.12500	16.67650	19.37500	20.17411
12.90000	13.25170	16.15000	16.70323	19.40000	20.20119
12.95000	13.30445	16.20000	16.75669	19.45000	20.25537
13.00000	13.35721	16.25000	16.81016	19.50000	20.30956
13.05000	13.40998	16.30000	16.86365		
13.10000	13.46277	16.35000	16.91714		

Compound Interest

If on any regular payment date, you do not make the payment due on that day, we add the overdue interest to the principal amount owing. Then we use this new principal amount to calculate the interest owing on your next regular mortgage payment date. This is called compound interest. The interest rate for compound interest is the same as the interest payable on your mortgage loan, both before and after the final payment date, maturity, default and judgment, until the mortgage has been paid off in full.

Prepayment

Prepaying a mortgage before the maturity date

You may prepay some, or the entire mortgage early, based on the type of mortgage and the mortgage solution you have. These prepayment conditions apply independently to each loan. If we later agree to change or extend the terms of the loan, these conditions will not apply to the new or extended term.

Open Mortgages

If your mortgage is open, and if you pay off your entire mortgage within the 1st year from the Term Start Date, you will be charged an administration fee of \$200. After the 1st year from the Term Start Date, if all your mortgage payments are up to date, you can prepay some or the entire principal amount owing, at any time without an administration fee or any prepayment charges. If you received a cashback with your mortgage, the cashback amount will be repayable as outlined under the heading *Cashback*.

Closed Mortgages

If your mortgage is closed, you may increase your payments or prepay some of your mortgage early based on the mortgage solution you have selected (if applicable) in the ways listed in the Prepayment Options charts 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 TSD or the anniversary of that date. If your mortgage term is less than 12 months, these options are available during the term.

PREPAYMENT OPTIONS - Scotiabank Value Mortgage

How	When	What it means
1. By paying an additional amount up to 10% of the original principal amount** of your mortgage	once each anniversary year (excluding day prepaid in full)	your principal mortgage balance will be reduced by that amount
2. By increasing your regular mortgage payment by up to 10% of the principal and interest payment originally set for the term of the mortgage	once each year of the term of your mortgage	

** This is the principal amount when your mortgage was first entered into with us or, where your mortgage has been assigned to us from another lender, the principal amount that was outstanding at the time of the assignment.

PREPAYMENT OPTIONS - Scotiabank Flexible Mortgage⁺⁺

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 one or more additional amounts, up to a total of 15% of the principal and interest payment originally set for the term of the mortgage	at any time during each anniversary year	

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

** This is the principal amount when your mortgage was first entered into with us or, where your mortgage has been assigned to us from another lender, the principal amount that was outstanding at the time of the assignment.

⁺ These options are not available during the Interest Only term of a Progress Draw Construction Mortgage.

⁺⁺ If you have a Scotiabank Flexible Mortgage with an open term, refer to the Open Mortgages section on page 29 for your prepayment rights.

PREPAYMENT OPTIONS - Scotiabank Rewards Mortgage

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 20% 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 one or more additional amounts, up to a total of 20% of the principal and interest payment originally set for the term of the mortgage ⁺	at any time during each anniversary year	

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

** This is the principal amount when your mortgage was first entered into with us or, where your mortgage has been assigned to us from another lender, the principal amount that was outstanding at the time of the assignment.

⁺ These options are not available during the Interest Only term of a Progress Draw Construction Mortgage.

PREPAYMENT OPTIONS - Standard Mortgage

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 originally set for the term of the mortgage ⁺	once each year during the term of your mortgage	

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

** This is the principal amount when your mortgage was first entered into with us or, where your mortgage has been assigned to us from another lender, the principal amount that was outstanding at the time of the assignment.

+ These options are not available during the Interest Only term of a Progress Draw Construction Mortgage.

If you Move (Porting the Mortgage)

If You Move (Porting the Mortgage)

- (1) If you sell your property and purchase another property within 90 days of the sale of your original property and you are not in default, and we agree in writing, you can move your existing mortgage to your new property. This means you may transfer the principal amount outstanding at the time of sale and your interest rate terms for the remaining term of the mortgage to the new property.
- (2) This privilege may only be used for one new mortgage. This privilege may not be used for mortgages under the Scotiabank Value mortgage, construction mortgages or any non-personal residential mortgages. In addition, to be eligible to move the mortgage to your new property, you must:
 - (a) meet our mortgage approval and mortgage transfer criteria, including any requirements of the mortgage default insurer, if applicable; and
 - (b) pay any processing and administration fees, mortgage default insurance premiums, legal costs and property valuation fees, and any other expenses we incur.
- (3) You will still be required to pay all applicable prepayment charges, discharge fees and any cashback amount owing when you sell your property. If we agree to let you move the mortgage, we will refund such charges and amounts when we obtain the new mortgage, with the exception of discharge fees. If the principal amount of the new mortgage is less than the principal amount outstanding when you sold your original property, you are responsible for the applicable prepayment charges and any cashback amount owing on the difference.
- (4) If the mortgage has mortgage default insurance, ask us to see if the mortgage default insurance can be moved.

Prepayment Charges for Closed Mortgages

For Closed Fixed Rate Mortgages

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 under *Cashback*.

For Variable Rate Mortgages With a Cap Rate

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 cost to prepay some, or the entire principal amount of your mortgage early is 3 months interest costs on the amount of the prepayment. The interest rate used to calculate the 3 months interest is the Cap Rate.

You may early renew this mortgage to a fixed rate closed prepayment type mortgage for a term that is three years or longer without a prepayment charge.

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

For Variable Rate Mortgages With a Variable Payment without a Cap Rate (Scotia Flex Value® mortgage)

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 cost to prepay some, or the entire principal amount of your mortgage early is 3 months interest costs on the amount of the prepayment. 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.

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

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

Flexible Prepayment Type

For *flexible prepayment type mortgages*, the prepayment options and charges for Closed Term Fixed Rate mortgages apply. In addition, you may early renew your mortgage into a fixed rate closed term of one year or longer without a prepayment charge. If you received a cashback with your mortgage, the cashback amount will be repayable as outlined under the heading *Cashback*.

For Progress Draw Construction Mortgages - Interest Only Term

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 cost to prepay some, or the entire principal amount of your mortgage early is 3 months interest costs on the amount of the prepayment. The interest rate used to calculate the 3 months interest is the interest rate being charged on the loan at the time of the prepayment.

If your home construction is complete and your mortgage is fully advanced, you may early renew this mortgage into a fixed rate or variable rate closed mortgage with us for a term that is greater than the remaining term on the mortgage without incurring a prepayment charge.

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 payment for Life Protection, Critical Illness Protection and/or Mortgage Disability Protection premium(s), if applicable. This option does not apply to mortgages under the Scotiabank Value mortgage, Progress Draw Construction Mortgages and/or if the Automatic Credit Limit Increase option under the *Scotia Total Equity®* Plan has been selected.

Cashback Repayments

Cashback

If you received a cashback with your mortgage loan, the cashback amount will be repayable to us if the mortgage loan does not remain outstanding with us for the full term. If the 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 on any assumption, discharge or early renewal statement and will be calculated on an even, prorated basis using the following formula:

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

Scotiabank Rewards Mortgage

If you have a Scotiabank Rewards Mortgage the following additional rewards apply:

Free Property Appraisal:

If we require an appraisal to be completed on your property in relation to the approval of this mortgage loan, the fee for the appraisal will be waived in full. This waiver applies to one appraisal only for the initial mortgage loan and would not apply to any appraisal required in relation to any refinancing of your mortgage loan, any credit limit increase under a *Scotia Total Equity*® Plan or any similar request.

Scotia Rewards® Points:

Within 90 days of the closing date of your mortgage you will receive 1,000 bonus *Scotia Rewards* points per \$10,000 of mortgage loan that is advanced on your closing date. These points will be credited to your eligible Scotiabank credit card account. If you do not have any of the eligible cards listed below, you will be eligible for the bonus *Scotia Rewards* points upon obtaining a new eligible card within 6 months of the closing date of your mortgage. *Scotia Rewards* points will be transferred to your new card within 90 days of card activation. The following cards are eligible for the bonus *Scotia Rewards* points:

Scotiabank Platinum American Express Card

Scotiabank Gold American Express Card

ScotiaGold Passport® Visa* card

Scotiabank American Express Card

Scotiabank Rewards Visa* card

If you have more than one of the cards listed above, the bonus *Scotia Rewards* points will be applied to the card that appears first on the list above. For joint mortgage accounts, where there is one or more credit card(s) in either borrowers' name, points will be rewarded to the card owned by the primary borrower on the mortgage that appears first on the list above.

The bonus points will not be awarded if the credit card account is not in good standing at the time the points are to be awarded or if the account is no longer open. In order for the account to be in good standing, the account must not be delinquent or over limit and the cardholder(s) must not be in breach of the Revolving Credit Agreement.

Annual Cash Reward:

You will receive a 3% cash reward on the total interest paid on the mortgage annually for the term of this mortgage or until this mortgage is paid in full or transferred to a different mortgage program, whichever comes first. Cash rewards for each calendar year will be deposited directly to your bank account most recently used for mortgage payments by March 31st of the following year. If your bank account is closed, a bank

draft will be mailed to you directly at the current address listed on file. For joint mortgage accounts, the bank draft will be payable to the primary and secondary borrowers. Payment will not be made for mortgages that are under foreclosure or other form of default enforcement proceedings at the time the cash reward payment is to be issued. If the mortgage is paid out, the cash reward payment will be pro-rated for the period of time that the mortgage was open during the previous calendar year.

Switch Mortgage Loan

If you are switching/transferring your mortgage to us from another financial institution, the following conditions will apply:

This agreement will become part of the mortgage on the “Switch Date” noted. All terms of the mortgage, except those altered by this Agreement and the Cost of Borrowing Disclosure Statement, will remain in effect. You agree to comply with all provisions of the mortgage as amended. You agree to pay the payments as outlined under your current mortgage agreement up to and including the Switch Date. The switch balance will be that outlined on page 1 of this Agreement, assuming you have complied with all of your obligations to your existing lender and there were no changes in the rate of interest.

You agree not to sell, mortgage or otherwise encumber the property until we have registered the transfer or assignment of mortgage (in Quebec, the Deed of Subrogative Acquittance). Any amount paid by us to your existing lender will not discharge the mortgage nor reduce the principal amount that you owe.

The Principal & Interest payment amount under this agreement is based on the principal loan amount owing as provided to us by the existing lender, the remaining amortization of the mortgage, the applicable interest rate, and your chosen payment frequency.

If on the Switch Date, the Principal Loan Amount owing is different than that outlined in this Agreement, we will mail you a notice, confirming the Loan Amount, Principal & Interest Payment and Total Payment Amount. We will mail this notice to your address shown in our records, within 10 business days of our payment to the existing lender.

We may terminate this agreement if your existing lender is not able to provide us with a registerable transfer or assignment of mortgage (in Quebec, a Deed of Subrogative Acquittance), within 15 days of our payment to them.

If you are switching into a fixed mortgage, an adjustable rate mortgage or a variable rate mortgage with a variable payment and without a Cap Rate, interest is payable monthly and calculated semi-annually, not in advance. If you are switching into a variable rate mortgage with a fixed payment amount, interest is calculated monthly, not in advance. The interest rate is payable on the loan amount both before and after the final payment date, maturity date, default, and judgement, until the loan has been paid off in full.

Early Payment on Sale or Mortgage

If you are switching your mortgage, and you subsequently sell, transfer, mortgage, charge, hypothecate, lease or encumber your property without our prior written

consent, we may immediately require you to pay all the money you owe under this mortgage. This provision does not apply to a sale, transfer, mortgage or charge to which we have given our prior written consent.

Our Rights

This agreement does not take away or lessen our rights against anyone who has guaranteed the mortgage or anyone else who is liable for the money owing or any other obligations under the mortgage. This agreement does not take away or lessen our rights and priorities against anyone who may have an interest in your property subsequent to the mortgage.

In addition to the provisions outlined in the Mortgage, if you fail to make any payment when due or comply with any of your other obligations under the mortgage, or obligation under this Agreement or subsequent agreements, the loan amount and all other charges will become due and payable immediately. We may exercise any of the remedies provided for under the mortgage or provided for by law. We may apply the credit balance in your tax account to reduce the principal amount outstanding of any personal loans and/or credit accounts secured by your mortgage.

You agree to pay our expenses for preparing or signing any document required to discharge the mortgage.

Scotia Plan Loans

Payment Schedules

When we lend you money, we expect you to pay it back according to the payment schedule on the Agreement. When you sign the Agreement, you are promising to repay the amount of money we loaned you plus interest.

Interest is calculated

Interest is calculated on a daily basis by multiplying your daily balance by your daily interest rate. The sum of the daily interest amounts since the date of last payment is the interest payable during the period. This amount is subtracted from your next payment and the remaining portion is applied towards your principal. Therefore, you pay interest on a declining balance.

Your daily interest rate is calculated by dividing your annual rate by the number of days in the year (365 or 366 in a leap year). Interest is charged on a leap day in a leap year. Each regular payment you make pays the interest costs for the loan and repays part of the principal amount borrowed, subject to the payment amount being sufficient to pay the interest costs. Each payment will be applied first to interest then to principal. If your loan becomes delinquent and enters Non-Accrual status (payment is overdue for 90 days or more) we will first apply the payment to principal and then to interest.

If you fail to renew, or repay the balance of the total amount you have borrowed at the end of the term, you will pay interest on these amounts until they are renewed or they are paid. Any extensions or deferred payments will increase your cost of borrowing.

For Fixed Rate Scotia Plan Loan

The interest rate payable by you on the loan amount is a fixed rate per year. Interest is accrued daily and charged as per the payment frequency.

For Variable Rate Scotia Plan Loan

Variable interest rate is expressed as Scotiabank Prime Rate plus or minus a rate variance. Your interest rate will change automatically on the day Scotiabank Prime Rate changes. Scotiabank Prime Rate is the prime lending rate published from time to time by The Bank of Nova Scotia. Interest is accrued daily and charged as per the payment frequency.

TRIGGER RATE and FIXED PAYMENT AMOUNT RE-SET (For Variable interest rate loans)

As set out in your Cost of Borrowing Disclosure Statement, your payment will not be reset automatically with each change to the Scotiabank Prime Rate but it will be reviewed for re-set in accordance with the “Trigger Rate and Fixed Payment Amount Re-Set” provisions of the Disclosure Statement, which are set out below.

Trigger Rate

It is possible that interest rate increases in-between each payment amount re-set could cause your payment amount to no longer cover the interest that would accrue between payments. Prior to the first payment amount re-set, the lowest annual interest rate, based on the original principal amount, at which the payments would not cover the interest that would accrue between payments is the “Trigger Rate”. On the date any increase in the Scotiabank Prime Rate results in your interest rate being equal or greater than the Trigger Rate, your payment amount will be re-set immediately and effective the next scheduled payment date. If your payment is due on the date of a Scotiabank Prime Rate change, any unpaid interest that accrued before re-set will be deducted from your next regular payment.

Fixed Payment Amount Re-Set

- (a) Although the interest rate will vary automatically on the day Scotiabank Prime Rate changes, your payment amount will be fixed until it is re-set as set out below.
- (b) 31 days prior to each anniversary date of the beginning of your term, your payment amount will be reviewed by us for re-set and the payment amount will be recalculated if we determine that an adjustment is required based on the criteria set out in paragraph (c) below. Any payment change would be effective as of the next payment date after the anniversary date. On the date any increase in the Scotiabank Prime Rate results in your interest rate being equal or greater than the Trigger Rate, your payment amount will be re-set, effective the next payment date

and each further review by us for re-set during the term will occur 31 days prior to each subsequent anniversary date from this re-set date. Any payment change would be effective as of the next payment date after the anniversary date.

- (c) Payment amounts are re-set based on the remaining original amortization of the account, (as may be adjusted from time to time in the event of any prepayments or extended payment terms), the current interest rate and any interest rate fluctuations since the payment amount was last set. Payment amounts are re-set based on an assumption that all payments between the review date and the anniversary date will be paid when due. The payment amount may increase, if required, but will not decrease. It is possible that after a review of the payment amount, we will determine that no re-set of the payment amount is required. If the net change is less than or equal to the tolerance, which is calculated as the greater of \$10 or 1% of the payment amount at the time of the calculation, the payment amount will not change.
- (d) Payment amounts will not be re-set if, on the date of review, the remaining amortization is less than 4 months, the loan is delinquent 90 days or more, and/or a letter notifying renewal has been issued. In the case of a delinquent loan, the payment amount will reviewed by us for re-set at the end of the day on which all outstanding payments have been made. Any payment change would be effective on a regular scheduled payment date that is at least 28 days plus one payment cycle after the next scheduled payment date.

We will issue a notice in writing each time your payment amount changes. We will also issue a notice in writing where the payment amount does not change after a review. Our failure to issue a notice or its non-receipt will not prevent the rate or payment amount from varying.

Prepaying a loan before the maturity date

You may pay off your loan before the due date on the Agreement. For loans that are secured by real or immovable property, in addition to any amount you prepay, you will also pay us a prepayment charge equal to 90 days interest. The interest is calculated on the full amount of the prepayment at the interest rate on the Agreement. **For open term loans**, you can make additional payments or pay the entire amount of the loan before the end of the term without any penalties. If your loan is secured by personal property, when our interest in your property ends, you may be charged a Discharge Service Fee (in addition to any government PPSA discharge fee charged at that time). You may obtain current information about Scotiabank service fees by contacting your branch.

Cancellation of insurance

You may cancel your insurance coverage at any time during the insured loan term. A premium refund will automatically be calculated for the remaining period of the term.

Scotia Plan Loans for RSP

When we grant you the loan, the proceeds are deposited to your registered retirement savings plan (RSP). You agree that any amount you request to have redeemed and paid out to you from your RSP may, at our discretion, be applied first against the outstanding balance of the loan. You authorize the Trustee or the holder of your RSP to obtain the outstanding balance of your RSP loan from your Scotiabank branch and direct sufficient funds to pay out the loan to the branch where your RSP is held. You further acknowledge that, if you request that your Scotiabank Group RSP be transferred to another carrier, we may declare all amounts owing under the RSP loan to be due and immediately payable. You authorize the Trustee and any party administering your RSP to disclose the information in relation to your RSP to the Bank.

These provisions apply to any Scotiabank registered retirement income fund (RIF) that the RSP funds are transferred to.

Credit Accounts

Credit Cards, ScotiaLine Personal Line of Credit, Scotia RSP Catch-Up Line of Credit, ScotiaLine Personal Line of Credit for Students, Scotia Professional Student Plan and Overdraft Protection

Revolving Credit Agreement

You and your refer to the borrower and any co-borrowers, cosignors and/or guarantors under this agreement. We, our, us and the Bank refer to The Bank of Nova Scotia. The credit card and line of credit (including *ScotiaLine* access card) will be called collectively the “credit account”. “Primary borrower” refers to the person listed first on any statement/agreement.

This agreement governs all of our credit cards, including *ScotiaLine for business* Visa card, as well as our personal lines of credit (including *ScotiaLine* access cards). If we issue a Scotiabank credit card or *ScotiaLine* access card (“card”) to you; provide you with a renewal or replacement card; or provide you with *Scotia*® Credit Card Cheques or line of credit cheques (“cheques”) and you keep or use the credit card, *ScotiaLine* access card or cheques, it means that you agree to be bound by the terms of this agreement, as amended from time to time, including the additional terms and conditions referred to under the heading Other documents/terms and conditions. You also agree to the terms of the Scotiabank Group Privacy Agreement which has been provided to you. Your application for credit forms part of this agreement.

Your rights and obligations

Use of the Credit Card/Line of Credit

You understand and agree that you are liable for all charges incurred on your account with any supplementary credit card (also known as an authorized user card) or *ScotiaLine* access card issued in connection with the account. When either a primary borrower or a co-borrower request Scotiabank to issue a supplementary card (also known as an authorized user card) or a *ScotiaLine* access card, we will also issue renewal and replacement cards for such card unless one of you or Scotiabank cancels the card. You understand and agree that a supplementary cardholder’s signature on or use or retention of the supplementary credit card or *ScotiaLine* access card issued in his or her name shall evidence your receipt of the agreements relating to the account and your acceptance of their terms.

For the ScotiaGold Passport® *for business* Visa card, *Scotia Momentum*® *for business* Visa card, *Scotiabank* GM[®] Visa* Business Card, Scotiabank Passport™ Visa Infinite Business* card and *ScotiaLine*® *for business* Visa card: You agree that the cards and account will only be used for business purposes.

For all other credit lines: You agree that the credit line may only be used for personal, household or family purposes unless this credit line is issued to a business in which case it may also be used for business purposes.

You may not use your credit card or credit line (including any *ScotiaLine* access card) for any transaction which is illegal, including the purchase of goods or services, prohibited by local law applicable in the Cardholder's jurisdiction.

You can use the credit card, *ScotiaLine* access card and cheques, wherever they are accepted. We are not liable if your credit card, *ScotiaLine* access card or cheques are not accepted by a merchant or a business.

When the credit card or *ScotiaLine* access card is used with your PIN (Personal Identification Number) to make a purchase at enabled point of sale terminals or to obtain a cash advance at an Automated Banking Machine (ABM), including using your *ScotiaCard*® banking card together with a PIN through designated ABMs, or by using your Verified by Visa Password to make purchases on-line, you are deemed to have authorized the transaction.

You may draw on your credit account using a cheque or through any other method that we permit, including through contactless card and mobile device transactions with participating merchants, using your *ScotiaCard* banking card together with a PIN through designated ABMs, or by using your Verified by Visa password to make purchases on-line.

If we set up a line of credit in your name, other than *ScotiaLine* with an access card, for the sole purpose of funding an investment, we may restrict your access to the account. We may not supply you with cheques or an access card and you will not draw on the line of credit for any other purpose.

Other documents/terms and conditions

You agree to be bound by the terms and conditions of any rewards program, points program, membership program, cash back program and any other benefits, discounts or other programs related to your credit account. These terms and conditions are provided to you separately from this agreement. Scotiabank reserves the right to introduce, modify, terminate or extend any such programs or benefits or discounts, or the terms and conditions of the operation of same, at any time.

You also agree to be bound by the terms and conditions related to accessing the credit account through mobile devices, which will be provided to you separately at the time that you download the app for the mobile device. These terms and conditions are subject to change from time to time.

Special Promotional Offers

We may make special promotional (or introductory) low rate offers to you. For example, we may offer a promotional low interest rate (a rate that is lower than your preferred interest rates) for cash advances, balances transfers, or *Scotia* Credit Card Cheques. If we do make you a promotional offer, we will explain the special

terms that apply to it at the time of the offer. If you accept the promotional offer, you agree to the terms of the offer, plus this agreement. When the promotion ends or expires, the promotional offer terms will also end but this agreement will continue to apply. If you do not make your minimum payment by the payment due date, any promotional offer will end immediately and your standard (not preferred) interest rates will apply (as described in your Disclosure Statement under “Annual Interest Rate or Rates” and in this agreement under the section “Interest”).

Repaying the amounts you owe

When you use the credit account through the means we permit, or authorize others to use it, you incur a debt. We will add interest, service charges and annual fees that we can charge you under this agreement to your debt which will form part of it. You agree to repay any debt owed to us.

Adding to your debt

If we have to take collection proceedings under this agreement, you agree that you will pay us our Legal Costs for any action to collect the amounts due and any other costs which we reasonably incur in order to protect or realize security which you have pledged. If you default and we require the services of a third party to enforce this agreement, retrieve from you property we have accepted as security, or your credit account card or cheques, we may add Legal Costs to your debt and any other costs which we reasonably incur related to retrieval and/or enforcement. Legal Costs means solicitor and own clients fees on a full indemnity basis for our solicitor/notary, as well as disbursements and taxes on a full indemnity basis.

Making a minimum monthly payment

If you do not repay your debt in full by your statement payment due date, you agree to make a minimum monthly payment. We will tell you the minimum required payment on your monthly statement. We may require a different monthly payment and will notify you of this beforehand. Any overdue payment or over limit amount must be paid as soon as you receive your statement.

If you have a *Scotia Professional Student Plan*, for as long as you remain at school, or during the 12 months of your repayment grace period, we will charge you interest as provided in your agreement. This interest will be automatically added to your account monthly. You may make principal payments as well. If you exceed your available credit limit, you are required to make a payment as indicated on your next statement due date.

Requesting Credit Services

You have requested the features, benefits and services provided automatically with the credit account. You understand that optional services may be available at additional cost to you and that these services may be governed by separate agreements or authorizations by which you agree to be bound. You also understand that some of these services are supplied by firms independent of us and that we are not liable for them in any way.

Tell us about loss, theft or unauthorized use

You will inform us immediately by telephone and in writing about any actual or suspected loss, theft or unauthorized use of your credit card, *ScotiaLine* access card, Password, PIN or cheques. You agree that we may assume you have authorized all transactions unless you tell us otherwise.

If your credit card or *ScotiaLine* access card is lost or stolen, you will not be liable for any unauthorized use, as long as the unauthorized use does not involve use of your Password or PIN. If your Password or PIN is used in such a transaction, you will be liable for the full debt, including interest arising from such use. If you have previously authorized someone to use your credit card, *ScotiaLine* access card or cheques, and have subsequently withdrawn your authorization, you will continue to be liable for all debts incurred by their use until they have been surrendered to the Bank.

For cheques, if your cheques are lost or stolen, you will also be liable for any unauthorized activity until you advise us of the loss of your cheques or the unauthorized activity.

Keeping your Personal Identification Number (PIN) and Password confidential

You agree to keep your PIN and Password separate from your credit card or *ScotiaLine* access card at all times. If you do not keep your PIN or Password confidential, or if you select a PIN or Password that can be easily discovered, such as a number the same or similar to an obvious number combination including numerical sequences such as “1234”, your date of birth, bank account numbers or telephone numbers, or if you keep your credit card or *ScotiaLine* access card and your PIN or Password in a way that would enable someone else to use them together, you will be liable for all debt, including interest, arising from their unauthorized use.

Telling us about errors in your statement

If your statement contains any errors, you will tell us in writing or by any other means that we permit within 15 days of the date of the statement. After that time, the statement will be considered to be correct unless you can provide us with written proof that it is not.

Settling disputes

If a dispute arises about a transaction which you authorized, you must settle it directly with the merchant or business concerned. In addition, you may contact us through any of the methods we offer, to discuss the transaction in question.

Pre-Authorized Payments

You are responsible for providing a merchant with whom you have set up a pre-authorized payment plan with correct and up-to-date information. This include a change in account number or expiry date. We will not be liable for any pre-authorized transactions that cannot be posted to your account and you are still liable to the merchant for making payment. It is your responsibility to contact a merchant when you wish to cancel a pre-authorized transaction. You should check your monthly statements to ensure that cancelled transactions have been discontinued.

Canceling this agreement

You can cancel this agreement by telling us in writing that you want to do so. We can cancel this agreement without a reason by giving you 30 days' written notice. We can also cancel this agreement without written notice or any notice whatsoever if you are not handling your credit account in accordance with this agreement or our requirements. In addition, we can cancel your credit card, credit line (including your *ScotiaLine* access card) and cheques and require you to return them to us, or to someone acting on our behalf, when we ask for them. The credit card, *ScotiaLine* access card and cheques are our property. If either of us cancels this agreement, you still have to pay your debt and any other amounts you owe us in full immediately.

Observing your credit card's and ScotiaLine access card's expiry date

You agree not to use the credit card or credit card cheques after the card's expiry date. You agree not to use the *ScotiaLine* access card or cheques after the access card's expiry date. If they are used, you agree to pay any debts that are incurred.

Credit limit

We will set a credit limit for your credit account. The limit is indicated on the agreement and on your monthly statement. We can reduce your credit limit or allow you to exceed your credit limit without telling you in advance. In the case of unsecured personal lines of credit, we can increase your credit limit without telling you in advance. We may refuse to honour any use of the credit account which would cause you to exceed your limit. However, we are not obligated to do this.

Being jointly and severally liable

Each person who is bound by this agreement is jointly and severally liable for performing all of the obligations under this agreement. In addition, this agreement will be binding on your personal and legal representatives.

The limitation period for this agreement is extended to the greater of six years (3 years in Quebec) or any longer period permitted by provincial or territorial law.

Our rights and obligations

Charging interest on purchases with your credit card

For credit cards, including *ScotiaLine for business* Visa cards, we will not charge interest on any purchases or interest-bearing service charges (annual fee(s), dishonoured payment fee, dishonoured *Scotia* Credit Card Cheque fee and overlimit fee) if you pay, by the payment due date set out in the monthly statement, the entire balance of the monthly statement on which they first appear. If your entire balance is not paid in full, we will charge interest on all purchases and interest-bearing service charges from their transaction date to the date they are paid in full. Note that purchases made with your *ScotiaLine* access card are treated as line of credit advances.

Charging interest on cash advances and line of credit advances (including ScotiaLine access card advances)

In the case of cash advances from a credit card, including balance transfers and *Scotia* Credit Card Cheques, and all advances under a line of credit, including

advances taken by cheque, or purchases with your *ScotiaLine* access card, interest is payable on each cash advance or advance from the transaction date indicated on the monthly statement to the date it is repaid in full. There is no interest-free grace period for cash advances or advances. Cash advances include “cash-like transactions”. Cash-like transactions are monetary transactions posted to your account which are not “purchase” transactions and include, but are not limited to, wire transfers, foreign currency, travellers cheques, money orders, remote stored value, and purchase of gaming chips. American Express Cards are not presently accepted for the purchase of lottery tickets or gaming chips.

Cash Advances include balance transfers. A balance transfer is a transaction in which funds from your credit card account are used, at your request, to pay the balance of any other account that we permit, which may include a transfer to a bank account, another credit card account or line of credit, or a bill payment (other than recurring bill payments made as pre-authorized charges to your account which are usually treated as purchases). A balance transfer cannot be used to pay another Scotiabank account.

Interest

For both credit cards and credit lines, we will tell you the applicable interest rates. We may change these rates from time to time at our sole discretion and in accordance with applicable law even if you repay your credit account in accordance with its terms. If your credit account has standard and preferred rates, to qualify for the preferred interest rate, you must repay your credit account in accordance with its terms; otherwise, the standard interest rates will apply. You will pay the higher standard interest rates until such time as you have paid the minimum monthly payment by the due date continuously for the period set out in your Disclosure Statement.

Interest for credit lines is composed of two factors. The first is our prime rate which is announced by us from time to time. In addition to our prime rate, we will also set an adjustment factor. We will change our prime rate from time to time and will post a notice of this in our branches. We may also change the adjustment factor at our discretion, but we will give you prior written notice of any increase in the adjustment factor, stating the effective date of the change. Note for accounts secured by real property: if you increase your credit limit, we may agree to lower your adjustment factor; if you decrease your credit limit, we may increase your adjustment factor, but we will give you prior written notice.

Adding interest to your debt

We calculate interest on your debt daily but we only add it to your debt once a month on each statement. We calculate the amount of daily interest by adding any new advances and subtracting any payments and then multiplying the unpaid balance of the debt on which interest is payable by the annual interest rate then dividing by 365 or 366 in a leap year. Interest is charged on a leap day in a leap year. Interest is charged at the rate applicable under the agreement both before and after the final payment date, maturity, default and judgment, until the credit account has been paid off in full.

If you have a *Scotia Professional Student Plan*, interest will be automatically added to

your principal balance once a month provided you are within your limit, as long as you remain at school and during the 12 months of your repayment grace period. A payment is required if you exceed your available credit limit, as indicated on your next statement.

Telling you about interest rates, service charges and our annual fee

We will send you a notice that will tell you about interest rates, service charges and, if applicable, our annual fee. All service fees will be charged to your account. The annual fee will appear on your first monthly statement and annually thereafter and is not refundable. If we change any of these rates or amounts, or introduce new fees, we will give you prior notice as required by law.

Applying your payments

For credit card accounts, we apply your minimum payments, as applicable, first to interest charges that we have billed, then to any billed service charges that are not treated as purchases (includes annual fees billed prior to September 1st, 2013 that remain unpaid), then to any low rate billed cash advances or purchases in the order in which the low rate offers were activated, then to any regular billed cash advances, then to any regular billed purchases on which interest is payable, then to regular billed purchases on which interest is not yet payable, then to any low rate unbilled cash advances or purchases in the order in which the low rate offers were activated, then to any regular unbilled cash advances and finally to any regular unbilled purchases.

Annual fee(s) billed after September 1st, 2013, dishonoured payment fee, dishonoured *Scotia* Credit Card Cheque fee and overlimit fee are treated as purchases. Note that when your minimum payment is applied, your minimum payment may not cover all charges that are included in the calculation of the minimum payment amount.

For line of credit accounts, we apply your minimum payments, as applicable, first to interest charges that we have billed, then to any billed service charges, then to any low rate billed advances in the order in which the low rate offers were activated, then to any regular billed advances, then to any low rate unbilled advances in the order in which the low rate offers were activated, then to any regular unbilled advances.

Advances include any purchases with a *ScotiaLine* access card.

For both credit card accounts and line of credit accounts, we will apply your payments in excess of your minimum payment, as applicable, on a pro-rata basis among each group of billed charges on your account and then on a pro-rata basis among each group of unbilled charges on your account. Charges are grouped on the basis of the interest rate applicable to the group of charges, including a group of charges that do not accrue interest. For credit card accounts, annual fee(s) billed after September 1st, 2013, dishonoured payment fee, dishonoured *Scotia* Credit Card Cheque fee and overlimit fee are subject to the prevailing interest rate applicable to purchases and would be grouped with transactions subject to the same rate when payments are applied in excess of your minimum payment.

Example for credit card accounts^{***}: Your billed charges include \$20 in accrued interest, a \$39 annual fee (charged after September 1st, 2013), \$30 in cash advance fees, \$15 in statement reprint fees, \$120 in cash advances and \$1,000 in purchases for a total of \$1,224.00. No interest is applied to the accrued interest or the cash

advance fees or statement reprint fees - Group 1. An interest rate of 21.99% applies to the cash advances - Group 2. An interest rate of 19.99% applies to \$600 of the purchases and the \$39 annual fee - Group 3 - and a promotional interest rate of 7.99% applies to \$400 of the purchases - Group 4.

The minimum payment is \$60 and the borrower pays \$500. The minimum payment is applied to the accrued interest of \$20 first, then \$30 is applied to the cash advance fees, and then \$10 is applied to the balance accruing interest at 7.99% (Group 4). The remaining payment amount of \$440 is applied to the remaining balance of \$1,164, as follows:

Group 1 - $\$15 / \$1164 \times \$440 = \5.67

Group 2 - $\$120 / \$1164 \times \$440 = \45.36

Group 3 - $\$639 / \$1164 \times \$440 = \241.55

Group 4 - $\$390 / \$1164 \times \$440 = \147.42

** Please note: dollar figures shown are in Canadian Dollars, except if you are a *Scotiabank*® U.S. Dollar Visa cardholder, in which case dollar figures shown are in U.S. Dollars.

Example for line of credit accounts: Your billed charges include \$20 in accrued interest, a \$42.50 service charge for a dishonoured cheque and \$1000 in advances for a total of \$1,062.50. No interest is applied to the accrued interest - Group 1. An interest rate of 7.00% applies to the service charge and \$600 of the advances - Group 2 - and a promotional interest rate of 5.00% applies to \$400 of the advances - Group 3.

The minimum payment is \$31.87 (3% of balance) and the borrower pays \$500. The minimum payment is applied to the accrued interest of \$20 first and then \$11.87 is applied to the service charge. The remaining payment amount of \$468.13 is applied to the remaining balance of \$1,030.63, as follows:

Group 2 - $\$630.63 / \$1,030.63 \times \$468.13 = \286.44

Group 3 - $\$400.00 / \$1,030.63 \times \$468.13 = \181.69

Applying credit vouchers

For credit cards and *ScotiaLine* access cards, if a business issues a credit voucher, we will reduce your debt by the amount of the voucher when we receive it.

Dealing with transactions in a foreign currency

For Scotiabank U.S. Dollar Visa cards, we will bill you in U.S. dollars for debts in a currency other than U.S. dollars; debit and credit vouchers issued or payments made in a currency other than U.S. dollars will be converted and posted to your account in U.S. dollars. **For other Visa credit cards and ScotiaLine access cards**, we will bill you in Canadian currency for debts incurred in a foreign currency; debit and credit vouchers issued or payments made in a foreign currency will be converted and posted to your account in Canadian currency.

For Scotiabank U.S. Dollar Visa cards, transactions in a currency other than U.S. dollars are charged or credited to your account in U.S. dollars. **For other Visa credit cards and ScotiaLine access cards**, transactions in a foreign currency are charged or credited to your account in Canadian dollars. The exchange rate is determined by Visa Inc. on our behalf on the date that the transaction is settled with Visa Inc. This

exchange rate may be different from the rate in effect on the transaction date. When the transaction is posted to your account, in addition to the exchange rate, you will be charged a currency conversion mark-up for each transaction. The mark-up is disclosed in your Disclosure Statement and applies to both debit and credit transactions.

For credit card account payments and *Scotia* Credit Card Cheques, the exchange rate will be the posted rate charged to customers at any branch of The Bank of Nova Scotia on the date the transaction occurs. For any reversal of these transactions, the exchange rate will be determined in the same manner as of the date that the transaction is reversed.

For line of credit accounts with *ScotiaLine* access card, the exchange rate for both account payments and cheques drawn on the account will be the posted rate charged to customers at any branch of The Bank of Nova Scotia on the date the transaction occurs. For any reversal of these transactions, the exchange rate will be determined in the same manner as of the date that the transaction is reversed.

For all other line of credit accounts, foreign currency transactions are not permitted.

Please refer to your Disclosure Statement for further details on the exchange rate(s).

For Scotiabank American Express Cards, transactions in a foreign currency other than U.S. dollars, the amount is converted to U.S. dollars and then to Canadian dollars.

For a transaction with your Scotiabank American Express Card, the exchange rate is determined by American Express on the date the transaction is processed by American Express. This exchange rate may be different from the exchange rate in effect on the transaction date. When the transaction is posted to your account, in addition to the exchange rate, you will be charged a foreign currency conversion of 2.5% of the transaction amount. 1.0% of the transaction amount will be retained by American Express. This mark-up applies to both debit and credit transactions on your Scotiabank American Express Card.

For Scotiabank American Express Card account payments and *Scotia* Credit Card Cheques, the exchange rate will be the posted rate charged to customers at any branch of The Bank of Nova Scotia on the date the transaction occurs. For any reversal of these transactions, the exchange rate will be determined in the same manner as of the date the transaction is reversed.

For cash withdrawals made from ABMs outside of Canada using a *ScotiaCard* debit card to obtain a cash advance on the Scotiabank American Express Card account, the exchange rate is determined by the appropriate network on our behalf on the date that the transaction is settled with that network. This exchange rate may be different from the exchange rate in effect on the transaction date. When the transaction is posted to your account, in addition to the exchange rate, you will be charged a foreign currency conversion of 2.5% of the transaction amount.

For a transaction with your Scotiabank American Express Card in Canadian dollars with a merchant located outside of Canada, a Cross Border Transaction Fee will be charged, equal to 2.50% of the Canadian dollar amount of the transaction, 1% of which will be retained by American Express.

Automatic Banking Machines (ABMs)

The advance or cash advance amount you can withdraw each day from an ABM, and the available ABM services, can vary from time to time without notice to you. We are not liable for any loss or damages you may suffer because of your use of an ABM or because of any failure to provide ABM services.

Cumulative limits** currently in effect are:

- \$250 ABM cash advance per day; \$1,000 per week using your *L'earn*® Visa card and SCENE‡ Visa card for students;
- \$1,000 ABM cash advance per day; \$3,000 per week using your *Scotia Momentum*® Visa card, *Scotia Momentum* No-Fee Visa card, *Scotiabank Value*® Visa card, No-Fee *Scotiabank Value*® Visa card, SCENE Visa card, Scotiabank Rewards Visa card, *Scotiabank* U.S. Dollar Visa card, *Scotiabank* GM® Visa card and Scotiabank More Rewards®† Visa card;
- \$2,000 ABM cash advance per day; \$5,000 per week using your Scotiabank Passport™ Visa Infinite* card, *Scotia Momentum* Visa Infinite* card, *ScotiaGold Passport*® Visa card, *ScotiaGold Passport for business* Visa card, *Scotia Momentum for business* Visa card, *Scotiabank* GM Visa Business Card, Scotiabank Passport Visa Infinite Business card, *No-Fee ScotiaGold*® Visa card, *ScotiaLine for business* Visa card, Scotiabank Platinum American Express Card, Scotiabank Gold American Express Card, *Scotiabank* American Express Card and *Scotiabank* GM® Visa Infinite* Card;
- \$2,000 ABM advance per day; \$5,000 per week using your *ScotiaLine* access card.

** Please note: dollar figures shown are in Canadian Dollars, except if you are a *Scotiabank* U.S. Dollar Visa cardholder, in which case dollar figures shown are in U.S. Dollars.

Preparing and sending monthly statements

Monthly statements are only prepared on business days, so the time between statements will vary depending on the number of business days in the month. We will send a statement, on a regular periodic basis, at least once a month. If your account goes in default and we demand the balance in full, we will no longer send monthly statements. However, interest will continue to accrue on your account.

Requiring you to pay your total debt

We may terminate the credit account and require you to pay your total debt immediately, without prior notice or demand, if you do not carry out your obligations under this agreement, including any of the following events: a) you fail to make any payment when it is due; b) you fail to pay, when we ask, any amount we are entitled to charge you for making repairs, maintaining insurance or clearing claims against any real or personal property you have pledged as security; c) you break any of your promises under any security agreement related to the credit account, you die, become insolvent or bankrupt; d) any real or personal property you have pledged as security is lost, stolen, destroyed or substantially damaged or seized in any legal proceeding; e) any real or personal property you have pledged as security reduces in value to a level we consider unacceptable; f) anything else happens that we believe

endangers your ability to pay or that we believe endangers any real or personal property you have pledged as security in any way. If any of the events described under this section occur, we have no further obligation to pay any cheques.

Changing this agreement or the services we offer

We can change this agreement or the services that are available with the credit account, but we will give you notice in writing before we do so. We do not need to give you notice if we change ABM services. We consider that we have given you notice in writing about anything under this agreement when we send you the information by regular mail, or hand deliver it, or by any other means that we permit. Where we send the notice by regular mail, we consider you to have received the notice within 5 business days.

We may change any of the following elements of our contract with you: annual interest rates, your annual fee, any other fees and charges for your account; and any other terms and conditions set out in your Disclosure Statement or in this agreement. Before we make these changes we will send a notice to you describing the changes and the effective date. We will give you at least the minimum advance notice required by law. Except for changes to the interest rate, you may refuse changes we make and cancel this agreement. To do so, you must send written notice to us no later than 30 days after the changes are effective.

Co-Borrower disclosure options

If there is more than one of you, you are each entitled to receive the monthly statement, and other cost of borrowing disclosure or notices that we are required to give you, either separately or you may designate the primary borrower to receive the disclosure documents for all of you. You may contact us through any of the methods we offer to change your preference to receive separate or joint monthly statements and other disclosure documents. If our records indicate that you are to receive separate disclosure, we will send you a monthly statement and the other required disclosure documents to your address that appears in our records. If our records indicate that you are to receive joint disclosure, we will send the monthly statement and other disclosure documents to the address of the primary borrower.

Offset

We may debit any other account you have with us with the amount of any payment you are required to make to us and credit the amount to the outstanding debt under this agreement.

Security

If this credit account is secured by a mortgage, hypothec or security agreement, you will not transfer, mortgage, charge, hypothecate, lease or encumber the property without our prior written consent. If you sell, transfer, mortgage, charge, hypothecate, lease or encumber the property which is subject to the mortgage, hypothec or security agreement, you agree that you will immediately repay to us all amounts owing under the credit account.

Scotia RSP Catch-Up line of credit restrictions

We may not supply you with cheques and you will not draw on the line of credit for any other purpose other than funding an RSP.

When we grant a line to be used only for funding an RSP, the proceeds are deposited to your RSP. You agree that if you request to have any amount redeemed and paid out to you from your RSP, at our discretion we may declare an equal amount under the line of credit to be due and immediately payable and we may apply the amount redeemed against the outstanding balance of the line of credit. You authorize the Trustee or the holder of your RSP to obtain the outstanding balance of your RSP line of credit from your Scotiabank branch and direct sufficient funds to pay out the line of credit to the branch where your RSP is held.

If you request that your Scotiabank Group member RSP be transferred to another financial institution, we may declare all amounts owing under the line of credit to be due and immediately payable. You authorize the Trustee and any party administering your RSP to disclose the information in relation to your RRSP to us. These provisions apply to any RIF that the RSP funds are transferred to.

Where we declare any amount to be due and immediately payable under the line of credit as a result of a redemption or transfer of RSP and you fail to pay such amount, an additional adjustment factor may be added to your interest rate.

Service fees for your Line of Credit

You agree to pay the fees set out in your Disclosure Statement for your Line of Credit, as amended from time to time. Fees are treated as advances and will be added to your account and are subject to your account's prevailing interest rate(s).

Overdraft Protection Agreement

Overdraft limit

You may overdraw the account(s) specified in the agreement up to the amount set out in the agreement, if applicable, or as otherwise agreed to in writing by us.

We may refuse any debit if the amount would cause the overdraft limit to be exceeded.

Effective Date

The Overdraft Protection will be available for use, effective the approval date. If the Overdraft Protection is approved under the *Scotia Total Equity*[®] Plan, then it will be available from the funding date of the Plan.

Service fees & interest

- No monthly fee if the account does not go into overdraft;
- A \$5.00 Overdraft Protection fee applies each month in which your account is overdrawn a day or more. This fee is waived if the Overdraft Protection is approved under the *Scotia Total Equity*[®] Plan;

- Interest payable on overdrawn balances is calculated daily on the daily closing overdrawn balance at 21% per annum, charged monthly;
- A \$5.00 handling fee applies for each item paid while your account is overdrawn more than the pre-authorized limit.

Payment

Within 30 days from the day in which the overdraft occurred:

- You will bring your account to a positive balance;
- You will pay us the handling charge, which is treated as an overdraft amount, for each debit drawn on the account while your account is overdrawn more than the pre-authorized limit
- You will pay us all other applicable service charges, including the Overdraft Protection Fee; and
- You will pay us the overdraft interest charge. Interest is calculated and accrued daily to each statement date on each debit from the date on which the debit is charged to the account. Overdraft interest charges are treated as overdraft amounts.

You agree that all payments that you make to us or that we ask you to make will be made in full without any set off, abatement, counterclaim, deductions or withholdings whatsoever. You agree that you do not have a right to cancel, offset, or reduce any payment or debt by an amount we owe you.

Default

Default occurs when you fail to comply with any of the terms, including the promise to pay, outlined in any agreement you have with us and/or when you fail to operate your account in a satisfactory manner; for example, if you have multiple NSF cheques. If your overdraft balance goes into default, we may close your account and convert your overdraft balance to delinquent demand loan status. Interest payable will be calculated daily and applied to the demand loan at a rate of 21% per annum. Please note that default is reported to credit bureaus, which can adversely affect your credit rating and negatively impact your future borrowing capability.

Terminating the agreement

We may terminate the agreement, without notice to you, if you are in default. We may terminate the agreement, without reason, by giving you 30 days written notice. You may terminate the agreement by giving us at least 5 business days' prior written notice.

Termination does not relieve you of any obligations under this agreement until the overdraft amount has been paid to us in full. Regardless of such termination, you are responsible for paying us for all debits or other charges made following termination.

Scotia Total Equity[®] Plan

If you have a *Scotia Total Equity*[®] Plan with us, the rules for each loan product and credit account apply in addition to the following. Scotia Total Equity Plan is not available under the Scotiabank Value mortgage.

Applying your payment

We may allocate your payments to any loan under the agreement both before and after default.

Subject to the rights of any third party, any money we obtain by enforcing our rights after paying our costs, will be applied as follows:

- first to any mortgage loan(s) insured by mortgage default insurance (including without limitation any mortgage default insurance obtained by us after a mortgage loan is advanced);
- second, to any uninsured mortgage loan(s);
- third, to any line(s) of credit;
- fourth, to any term loan(s) other than mortgage loans;
- fifth, to any credit card(s);
- sixth to any overdraft(s); and
- seventh, to any other loans and credit accounts not listed above.

If there is more than one loan product and/or credit account in any category listed above, the money we obtain will be applied among such loan products and/or credit accounts at our sole discretion.

Credit Account Restrictions

Restrictions may apply to the amount of your *Scotia Total Equity*[®] Plan limit that can be allocated to non-amortizing revolving credit accounts such as lines of credit and credit cards. Please refer to www.Scotiabank.com/step for current restrictions as regulated by law; currently revolving credit accounts are restricted to 65% of the property lending value. If a revolving credit account limit exceeds the maximum permitted by law, we may, at any time, reduce the approved limit, without telling you in advance, with or without terminating the agreement. We may limit, restrict or eliminate the availability of the *Scotia Total Equity* Plan or the Credit Products that can be included within a *Scotia Total Equity* Plan at any time at our discretion without notice to you.

Changing the split of your loan

You may split the approved limit of your loan into a combination of loans and credit accounts, as long as we agree in writing. Each type of loan and credit account has a set of rules for payment. You may only change the split by creating a new agreement subject to the terms of the original agreement, including paying prepayment charges. You may be required to submit a credit application. You may also be

required to pay fees associated with changing your mix of borrowing products, such as title search fees. Your Personal Banker will disclose any fees you will be charged. We may require re-registration of your collateral mortgage prior to agreeing to change the loan(s) and credit account(s) included or to be included in your *Scotia Total Equity* Plan.

Scotia Total Equity® Plan Automatic Credit Limit Increase option

If you have selected the *Scotia Total Equity*® Plan Automatic Credit Limit Increase option, the credit limit increase will be allocated to one selected revolving credit account as long as the revolving credit account has not reached the maximum *Scotia Total Equity*® Plan limit and the total of all the revolving credit accounts under the *Scotia Total Equity*® Plan has not reached the maximum permitted by law (currently set at 65% of the property lending value)*. As credit becomes available, due to principal repayment under your mortgage and/or Scotia Plan® Loan components or changes made to your *Scotia Total Equity*® Plan, we will adjust the credit limit for your designated revolving credit product on a monthly basis, within 60 days of the principal repayment to reflect the available credit within your *Scotia Total Equity*® Plan limit. The credit limit increase is applied at a minimum of \$100 and in multiples of \$100. You will be notified of the adjusted credit limit for your designated product on the account statements for the designated product. The credit limit increase is subject to ongoing evaluation of your credit history. *Miss-a-Payment*® mortgage option is not eligible if you have selected *Scotia Total Equity*® Plan Automatic Credit Limit Increase. The *Scotia Total Equity*® Plan Automatic Credit Limit Increase option requires that your collateral mortgage be title insured by FCT Insurance Company Ltd. or Stewart Title Guaranty Company and you must pay a fee to obtain the title insurance coverage. Where the Automatic Credit Limit Increase option is selected after the Plan is initially set-up, you must pay a fee in the amount of \$75 to process and obtain the title insurance coverage, unless sufficient title insurance coverage for the collateral mortgage in an amount at least equal to your total credit limit is already in place with FCT Insurance Company Ltd. or Stewart Title Guaranty Company.

* Where your *Scotia Total Equity*® Plan limit was approved prior to September 15, 2012 (new Plans or refinanced Plans with an increased *Scotia Total Equity*® Plan limit), the credit limit increase will be allocated to the one selected revolving credit account up to the maximum of the *Scotia Total Equity*® Plan limit.

Collateral Mortgage

Your mortgage is a *Scotia Total Equity*® Plan Mortgage and the registered charge against your property will be a collateral mortgage. The *Scotia Total Equity*® Plan collateral mortgage must be in first position and be the only mortgage/encumbrance on the property. If we permit a second mortgage in our favour on the property, a default under any agreement secured by a mortgage in our favour against the property will be considered a default under all agreements that are secured by a mortgage in our favour against the same property. Subject to the Applying your payment section

above, we may determine the order in which any agreement is to be satisfied in the event of default under any agreement that is secured by a mortgage in our favour against the property.

Transferability

The transfer of this collateral mortgage (and any outstanding balance(s) attached), is at the sole discretion of the other lender. If you later wish to transfer your mortgage to a third party, they may not have a product similar to the *Scotia Total Equity*® Plan mortgage, and they may or may not absorb the legal fees associated with converting your *Scotia Total Equity*® Plan mortgage, to their mortgage product.

Assumability

Mortgage components of the *Scotia Total Equity*® Plan are not assumable by subsequent purchasers. If you would like to have a future purchaser take over the terms of your mortgage components(s), the purchaser must qualify under our normal credit granting policies and enter into new security documentation with us.

Delinquency

In cases of delinquency, we may transfer delinquent balances to other credit products to restructure your credit, and in addition we may reduce or cancel the credit limit (where applicable) of any product under your *Scotia Total Equity*® Plan.

Security Agreements Security Agreements Security Agreements Security Agreements

If you have pledged security on the Personal Credit Agreement, the terms and conditions for that security agreement come into effect when you sign the credit agreement.

There are six types of security agreements, based on the type of security that we accepted from you. We include each type of security agreement in this section with the exception of a collateral mortgage for real estate. That document will be given to you separately either by us or your solicitor/notary. There is however, a short explanation of it provided for your information.

Real Property

Mortgages

A mortgage is a document used to register our interest in your property at the land registry office. When we lend you money to purchase real or immovable property or for other purposes, we register the mortgage on that property. When the loan is paid in full, we will provide a discharge (or proof of discharge) at your request or as required by law.

If you default on the loan, we may be entitled to become owner of the property and we may sell the property in accordance with the laws of your province or territory.

Arranging the Mortgage With a Solicitor/Notary

The Mortgage or Deed of Loan and all legal work will be completed by our Solicitor or Notary. There are various cash adjustments in addition to the balance of the down payment and any contractual “extras”. The usual adjustments are property taxes, insurance premiums, utility adjustments, prepaid common expenses, etc. All taxes due prior to closing must be paid prior to closing.

Please check with the Solicitor/Notary for specific charges, which you will be required to pay.

You authorize us to pay the net proceeds of the loan to the solicitor/notary in trust.

Arranging the Mortgage Without a Solicitor/Notary - Instant Funding Program

If you have requested a refinance of your mortgage under our Instant Funding Program, we intend to make the additional loan to you without involving a solicitor/notary to act on your behalf. You agree we are not providing legal services or advice to you. If the additional loan involves unforeseen legal or other complications outside the norm of a refinancing transaction, the services of a solicitor/notary may be required and the legal fees incurred will be your responsibility. If complications arise, we are not obligated to make the loan to you. If any amounts are required to satisfy outstanding taxes, liens or encumbrances in priority to our new registered mortgage, we will deduct these costs from the loan proceeds.

If you have any concerns regarding the legal nature of the Agreement, you should talk to a solicitor/notary, at your own cost.

Condominium/Strata Plan Stipulations

The solicitor must review and approve the Declaration, Registered Condominium Plans, By-Laws (as amended), Insurance Trust & Management Agreements (if any) and, in Quebec, a Memorandum. The solicitor must also be provided with an Estoppel or similar certificate, satisfactory to them, arrange for us to exercise the voting rights attached to the unit and obtain an endorsement of the fire insurance coverage on the relative condominium unit.

Taxes

Your property taxes must be paid when required by the municipality. We may require a tax installment be included with your regular payment. If taxes are in default with the municipality, we may demand payment of any amounts due. Refer to your mortgage which sets out your property tax obligations.

Property Insurance

Coverage through insurance companies acceptable to us against fire and other hazards for the full replacement costs of the buildings with loss payable to us, is required. Your mortgage details your property insurance obligations.

Obligations secured by a collateral mortgage

If you have a collateral mortgage:

- The obligations secured by your collateral mortgage are all debts, liabilities and other obligations, future, absolute or contingent, matured or not, at any time owing by you to us or remaining unpaid by you to us, and wherever incurred and whether incurred by you alone or with others and whether as principal or surety and which arise pursuant to the agreements which, by their terms, are intended to be secured by, the collateral mortgage on the real property indicated in the agreements.
- Subject to the provisions of the collateral mortgage relating to repayment of the obligations secured by the collateral mortgage, each loan and/or credit account that is made or provided to you under an agreement and secured by your collateral mortgage will be treated as a separate and distinct loan. If your collateral mortgage secures any mortgage loans insured by mortgage default insurance (including without limitation any mortgage insurance obtained by us after a mortgage loan is advanced), no further advances or re-advances on such insured mortgage loan(s) are permitted.
- We may, at our option, sell, assign or deposit all or any part of the obligations secured by your collateral mortgage, any agreement relating to the obligations secured and/or any related mortgage to one or more third parties (including, without limitation, a mortgage default insurer if any mortgage loan secured by the collateral mortgage is insured, or a title insurer if title insurance has been obtained in connection with the mortgage or hypothec), without notice to you or your consent. Any such obligations secured, agreement relating to the obligations secured and/or related mortgage once sold, assigned or deposited may be repurchased or reacquired by us, whether or not in default, without notice to you or your consent. If any part of the obligations secured or any agreement is so sold, assigned or deposited and we retain any part of the obligations secured or any agreement, at our request, you agree to provide us with another mortgage to be registered on the same real property as security for the obligations secured and agreements retained by us.

Mortgage/Deed of Hypothec

When you signed the Personal Credit Agreement that indicated a real property pledged as security, you are also bound by the terms and conditions of a mortgage. A mortgage is the document we hold when we take your real property as security on your loan. This includes a deed of hypothec on immovable property in Quebec.

When you offer and we accept your real/immovable property as security for a loan, a mortgage/hypothec document is registered at the appropriate registry office along with any terms and conditions for your province or territory.

You will receive a copy of these documents from us or from your solicitor/notary.

Any of our subsidiaries, such as Scotia Mortgage Corporation, may act as our agent in any transaction or correspondence for your mortgage loan. Dealing with them is the same as dealing with us.

Chattel Mortgage/Hypothec

When you signed the Personal Credit Agreement and indicated security agreement code C, you are also bound by the terms and conditions of this chattel mortgage/hypothec document. You have pledged the property listed in the security pledged section of the agreement (property) as security to us for your loan. A chattel mortgage is the document we hold when you provide your personal property as security on your loan. This includes a hypothec on moveable property in Quebec. Our security interest/hypothec in the property extends to any replacements or proceeds of the property.

In addition to the rights specified here, we also have all rights, remedies and powers of a secured party under the Personal Property Security Act, and similar legislation.

For any personal property that you offer and we accept as security, there are three key issues:

- Ownership/Use of the Property/Enforcement;
- Insurance;
- Maintenance.

Ownership/Use of the Property/Enforcement

You confirm that you are the sole legal and beneficial owner of the property and no one but us has any other interest in the property. You will keep the property clear of all legal claims against it except ours. If you do not, we may settle the claim and charge you what it cost, including incidental expenses which include our legal expenses.

You agree not to lease the property, sell or transfer any interest in it, grant any security interest in it, or give possession or control of it to anyone else without our prior written permission.

The property must not be used in any illegal manner. You also agree to notify us when

you move. You agree not to remove the property from your province or territory for more than 30 days without our written notice.

If we take possession of the property, we will provide you notice as required by law. You can regain possession of the property before we sell it or have agreed to sell it, by paying us any payments in default and related default charges, and any reasonable costs we incurred taking, holding, repairing and maintaining your property. Provincial or territorial law may state the number of times you may take advantage of reinstatement.

If you don't regain possession of the property, we can sell the property at either a public or private sale. We may also sell the property on deferred payment terms or lease it. We will give you at least the amount of notice required in the jurisdiction where you live of the date, time and place of any public sale or of the date after which any private sale will be made. We will give you the amount left after we subtract the total amount you owed us plus our reasonable legal and other expenses of taking, maintaining and selling the property (all our costs) plus any amount we are required to pay to any other person. We will only be responsible for amounts of money actually received by us.

If there is an unpaid balance still owing to us after we have sold the property, you must pay us that amount, unless prohibited by law. If we enforce our rights to be paid the balance due by court proceedings, you will pay to us all our costs including all our legal costs.

Insurance

You must keep the property insured against loss or damage from fire and theft. Where required, you must also insure it against collision. If it is a mobile home, you must also insure it against wind damage. If it is an aircraft, you must carry all-risk insurance, including collision and Breach of Warranty endorsement. You agree to carry additional coverage if we ask. You may purchase any insurance required by this agreement from an insurance company lawfully licensed to do so or through an agent of your choice. You also agree not to assign the insurance to any other person.

The insurance you carry must be equal to the fair market value of the property. You give us the right to receive proceeds of all insurance covering the property and you shall notify your insurer that you have done so. If you fail to carry adequate insurance, we may purchase it for you and charge you for the premium, the cost of which shall be secured by the property.

If the property is damaged, you will use the proceeds of the insurance to repair the property. However, if the property is lost, stolen or significantly damaged, we may decide whether to use insurance proceeds to replace the property or to apply them to what you owe.

The loss, destruction or damage of the property does not excuse you from making payments unless the insurance proceeds paid to us pay the total balance due.

If we make any payments to take, hold, repair, maintain, insure or to defend claims against the property, you will reimburse us. These payments will bear interest at the

rate set out in the agreement and will be secured by the property.

Maintenance

You promise to keep the property in good repair and replace all worn, broken or defective parts. If you fail to do this, we can make repairs and charge you for them. We have the right to inspect the property at any reasonable time. If the property is an aircraft, you must comply with the inspection requirements of the Department of Transport.

Hypothecation/Assignment of Specific Bank Accounts

When you signed the Personal Credit Agreement and indicated security agreement code H or A, you are also bound by the terms and conditions of this hypothecation. You have pledged the property listed in the security pledged section of the agreement (Property) as security to us for your loan. A hypothecation is a document we hold when you provide shares, bonds, mutual funds, guaranteed investment certificates, term deposits and bank accounts or similar assets as security on your loan. This document grants us an interest in the listed property, its revenue and proceeds.

Leveraging

You have indicated that you understand that borrowing to purchase mutual funds, shares or other securities (“leveraging”) gives rise to certain risks. If the value of the mutual funds, shares or other securities declines, you will still have to pay us the full amount that you owe us and we may require you either to reduce the amount of the outstanding loan or provide us with additional security to maintain our position.

For any Property that you offer and we accept as security, there are two key issues:

- Ownership/Power of Attorney;
- Our rights as the temporary owner.

Ownership/Power of Attorney

You warrant that you are the sole owner of the property pledged.

You irrevocably agree that the security agreement you have granted us shall remain in effect until what you owe has been paid in full or we release it, as we see fit. We will send the “Notices” page of the Personal Credit Agreement signed by you to the administrator, broker or issuer of the mutual funds securities, or securities account to notify them that your Property is being held by us as security for a loan. A copy of the text on the Notices page is in this document.

You irrevocably appoint any of our employees as your true and lawful power of attorney for the Property you have pledged. We will act under this power of attorney with respect to all aspects of the Property you have pledged including giving instructions for and completion of the sale of the Property you have pledged.

When you have paid what you owe on time and in full, and we have registered a

discharge, our interest in your Property ends. Our power of attorney rights will also end at that time.

Our rights as the temporary owner

In some cases, we will hold the Property in our vault or with any recognized clearing corporation, in a form deemed appropriate by us.

We may, in the event of default, immediately apply to what you owe us, any and all proceeds from public or private sale of the Property which you have assigned as security for your obligations.

We, at our option and without notice or formality (all of which you waive), may do any of the following:

- Sell the Property by public or private sale, if in our opinion the value depreciates below the amount of money you owe and sufficient additional collateral is not pledged to secure what you owe;
- Hold the proceeds of the sale of the Property as we see fit to secure what you owe us;
- Register the Property in our name or the name of any other nominee.

We will not:

- be bound to realize any of the Property or to allow any of the Property to be sold;
- be responsible for any loss incurred by any sale, or failure to sell the Property or enforce any of our security;
- be bound to protect any of the Property nor to protect the Property from depreciating in value or becoming worthless;
- be bound to examine any lists, or notices, relating to coupons or dividends, or the expiry of rights or warrants in connection with the Property you have pledged;
- be bound to collect any revenue payable on the Property pledged. All such revenue will be applied to the loan if received by us. We are not bound to vote in respect of any of the Property you pledge, but we are entitled to vote at our option;
- be responsible for any loss by exercising voting rights of the Property.

For a Scotia Investment Line of Credit you acknowledge that should the value of the Property you have pledged fall to a value where the loan to collateral value ratio is greater than 66 percent, we may require you to pay down the loan to bring it to 66 percent loan to value, purchase additional Property so that the loan to value ratio is reduced to 66 percent or we may call the loan if you do not do either of the above. We may also sell some of the Property and apply it to your loan to reduce the amount outstanding. We reserve the right to change the percentage levels indicated here from time to time. If any amount of the loan remains unpaid after we have sold the Property and applied it to the loan, you must repay it.

Notice to Fund Administrator, Issuer or Securities Intermediary

If any Property you have pledged is an uncertificated security or is maintained for you in a securities account by a broker or other person, the following paragraph, contained in your Personal Credit Agreement, is your direction to the issuer of that uncertificated security or to that broker or other person that you are using that Property as security for your loan from us. You agree that, depending on the issuer, broker or other person involved, your loan or credit account may be conditional on that person entering into an additional agreement satisfactory to us concerning the terms on which they will hold the property on our behalf.

“Please hold the Property described below on behalf of Scotiabank. No pledging, redemption, repurchase, sale or removal of any of that Property shall be made without Scotiabank’s prior written consent. Enter a “hold” or other appropriate message on the account to reflect this notice. Payments of interest or other income may be paid to me unless and until you receive notice to the contrary from Scotiabank. I acknowledge that all proceeds and all future purchases of Property of the type described below will be covered by this notice until Scotiabank expressly requests you to remove it. I direct you to comply with all notices, instructions and entitlement orders you receive from Scotiabank concerning the transfer, redemption or other dealing with my Property without my further consent. I request that you agree with Scotiabank that you will do so. This notice is irrevocable by me unless revocation is consented to by Scotiabank in writing.”

Authority to Hold Funds on Deposit

When you signed the Personal Credit Agreement and indicated security agreement code F, you are also bound by the terms and conditions of this authority to hold funds on deposit. You have pledged the property listed in the security pledged section of the agreement (Property) as security to us for your loan. This document allows us to hold the money in your Scotiabank account indicated on the Agreement to us until the loan has been paid or the arrangement between us ends.

For those accounts, there are two key issues:

- Ownership;
- Default.

Ownership

You warrant that you are the sole owner of the account.

You agree that you cannot withdraw funds from this account except those funds that are in excess of the amount stipulated in the agreement.

The agreement is irrevocable.

Default

In the event of default, we may immediately apply any and all amounts in your accounts to what you owe us.

Assignment of Life Insurance - Cash Surrender Value

When you signed the Personal Credit Agreement and indicated security agreement code L, you are also bound by the terms and conditions of this document. You have pledged the property listed in the security pledged section of the agreement (property) as security to us for your loan. An assignment of life insurance is the document we hold when you provide security by way of the cash surrender value of your life insurance as security on your loan. References to assignment mean agreement in Quebec.

This document grants us an interest in your policy and all amounts accumulated to your credit or benefit such as bonuses, additions, profits or other amounts.

When you offer and we accept this assignment as the security for your loan, there are two key issues:

- *Ownership/Power of Attorney;*
- *Maintenance of the policy.*

Ownership/Power of Attorney

You warrant that the policy is valid and that it has not been forfeited, assigned, hypothecated or otherwise disposed of or rendered void, and that you have the right to assign the policy. The beneficiary also agrees to this assignment and that we may deal with you without further reference to the beneficiary.

You irrevocably appoint any of our employees as your true and lawful power of attorney to do anything in relation to the policy as part of this assignment.

We will send the “Notices” page of the Personal Credit Agreement signed by you to your insurance company. A copy of the text on the “Notices” page is in this document. We will also keep a copy attached to the copy of your insurance policy that we will keep on file.

This assignment remains as a continuing security for any future borrowing between you and us.

We may deal with you or any other person in relation to the policy or any other agreement without releasing any of our rights under this assignment.

While the policy is assigned to us, we may:

- take the benefit of any option granted by the terms of the policy or arising subsequently;
- accept any policy in lieu of or substitution for the policy listed in the security pledged section of the agreement and in so doing, have all the rights of that policy;
- sell, dispose of, or accept the cash surrender value of the policy or substituted policy, or accept one or more paid up policies or exercise any other rights, remedies or recourses permitted by applicable law, if you default on any payment to the loan secured by this policy;
- demand or sue to recover any amount under the policy and give the insurance company a final receipt for any such payment. The insurance company in making a

payment to us will not be required to determine how much money you owe us. We will not be responsible for any loss which may occur in the value of the policy, or for the negligence of any solicitors or agents employed by us.

When the loan has been paid in full, our interest in your policy ends. Our power of attorney rights will also end at that time.

Maintenance of the policy

You are responsible for paying all premiums and any other charges required, and to do anything else to keep the policy in force. If you do not, we can do so and will add the costs to the loan which will bear interest at the loan interest rate.

You cannot change the name of the beneficiary in the policy without our written consent. You shall not assign or otherwise dispose of the policy by will, contract or other means, and shall not change the insurance plan of the policy during the period the policy is assigned/hypothecated to us.

Notice to Insurance Provider

This paragraph, contained in your Personal Credit Agreement, is your direction to your insurance company that you are using the cash surrender value of your life insurance as security on a loan.

“I am informing you that I have assigned and/or hypothecated the policy listed in the security pledged section of this agreement, to Scotiabank. I have appointed Scotiabank as my true and lawful power of attorney to do any action regarding my policy. Scotiabank has the right to sell, dispose of, or accept the cash surrender value of the policy listed below, or substituted policy, or accept one or more paid up policies should I default on the loan. This assignment and/or hypothec remains as a continuing security until expressly requested to be removed by the bank. This notice is irrevocable by me unless consented to by the bank in writing.

The beneficiary of the policy, if any, has signed this notice as well.”

Personal Guarantee

When you signed the Personal Credit Agreement as guarantor, you are also bound by the terms and conditions of this guarantee. A Personal Guarantee is the document we hold when we take a guarantee from an individual as security on your loans and/or credit accounts.

By signing the agreement, the guarantor accepts responsibility for the loan and/or credit agreement according to the terms set out in this document. The guarantor receives a copy of the agreement.

In consideration of the bank granting a loan and/or a credit account to the borrower(s), you guarantee payment to the bank on demand of the loans and/or credit accounts indicated on the Personal Credit Agreement in accordance with its terms and agree that your liability to do so will not be affected or released:

- by any new advances under the loans and/or credit accounts;
- by any variation, renewal, extension or replacement of the loans, credit accounts, agreements or any security (including any other guarantees) held by the bank for the loans and/or credit accounts;
- by any extension of time or other indulgence given by the bank to the borrowers or others under the agreement or any security, including any waiver of any provision of the agreement and/or security at any time;
- by any increase or decrease in the rate of interest payable under the loans and/or credit accounts, either during the initial term or any subsequent renewal period;
- by any delay or refusal by the bank to require or enforce payment of the agreement or any security;
- by the taking, non-perfecting, releasing or giving up of any security or by any dealings with the borrowers or others respecting the agreement or any security, including releasing, realizing on or replacing any security we may hold;
- by your death or legal incapacity or the death or legal incapacity of the borrowers;
- by any event which results in the borrowers not being under a legal obligation to pay the loans and/or credit accounts covered by the agreement;
- by any change in the name of a borrower or by any reorganization or amalgamation, if the borrower is a corporation.

The bank need not exhaust its recourse against the borrowers or others under the agreement or any security before being entitled to payment by you under this guarantee.

The guarantor's obligations under this guarantee will be binding on the guarantor's heirs, executors, liquidators or administrators, successors and personal representatives.

The guarantor's liability under this guarantee will arise immediately after demand for payment under this guarantee has been made in writing by us and will bear interest at the rate payable by the borrower(s) under the loan(s) and/or credit account(s) from the date of such demand.

If more than one guarantor signs this agreement, the obligations set out in it are joint and separate (joint and several). That means each guarantor is fully responsible for the entire debt.

In Alberta, a Certificate of Notary Public must be attached to the Personal Credit Agreement form. In Quebec, each guarantor waives their right of division and discussion.

If a guarantor has signed a separate guarantee agreement with respect to the a loan and/or credit agreement, the terms and conditions of such guarantee agreement will prevail to the extent of any conflict between the provisions of the guarantee set out in this agreement and the guarantee agreement.



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