



## **ADDITIONAL PROVISIONS FOR**

### **VIP Basic Mortgage (MCAP - 2197)**

**1. EFFECT ON STANDARD TERMS:**

These Additional Provisions form part of the Mortgage. In the event of any inconsistency or conflict between these Additional Provisions and a term of the Standard Charge/ Mortgage Terms, these provisions amend those terms and will prevail.

**2. CAPITALIZED TERMS:**

All capitalized terms used but not otherwise defined in these Additional Provisions have the respective meanings ascribed to such terms in the Standard Charge/ Mortgage Terms.

**3. INTEREST RATE:**

Your Interest Rate is a Variable Interest Rate based on the Prime Rate and any applicable premium (or discount) to the Prime Rate as set out in the . Subsequent interest rate adjustments will be made every 3 months, if the Prime rate changes, with no prior notice to you. Your Regularly Scheduled Payment will also change accordingly.

Your Regularly Scheduled Payment amount will be adjusted every 3 months to reflect any rate changes that may have occurred to the Prime Rate over that period. We recalculate your Regularly Scheduled Payment amount to an amount sufficient to pay the interest that will accrue to each Regularly Scheduled Payment date plus the amount of principal that has to be paid to maintain the Amortization Period of the Loan, as adjusted for any prepayments you have made. This amount will be your new Regularly Scheduled Payment amount until it is again changed following an increase or decrease in the Prime Rate.

**4. PREPAYMENT PROVISIONS:**

The following Prepayment Provisions are available to you each year of the Term of the Loan (ie. during the 12 month period starting from the Interest Adjustment Date, and starting from each anniversary of the Interest Adjustment Date thereafter), provided you are not in default:

- a) Increased Payment:** Once per year, you may increase the amount of the Regularly Scheduled Payment up to a maximum of 20%. The maximum for each payment increase is calculated using the amount of the current Regularly Scheduled Payment in effect at the time.
- b) Lump Sum Payment:** You may make lump sum prepayments of \$100 or more on any Regularly Scheduled Payment date, provided the total of these Prepayments made throughout the year does not exceed 20% of the original Principal Amount.

If all or any portion of these privileges are not used in a particular year, they cannot be carried forward and used in a future year.

**5. EARLY PAYOUT PROVISIONS:**

During the first 3 years of the Term:

- You may payout the entire outstanding balance of the Loan prior to the Maturity Date.
- A Reinvestment Fee and an Early Payout Penalty will apply.

In subsequent years of the Term (ie. on or after the 3<sup>rd</sup> anniversary of the Interest Adjustment Date):

- You may payout the entire outstanding balance of the Loan, at any time.
- There is no Reinvestment Fee, however an Early Payout Penalty will apply.

**Reinvestment Fee:**

The Reinvestment Fee is \$500 in the first year of the Term, \$400 in the second year, and \$300 in the third year.

There is no Reinvestment Fee in subsequent years of the Term.

**Early Payout Penalty:**

The Early Payout Penalty is equal to 3 months simple interest. This is calculated by applying your current Interest Rate in effect at the time OR the current Prime Rate in effect at the time (whichever is greater), to the outstanding principal balance of your Loan, for a 3 month period.

If you request an Early Payout, you cannot exercise the lump sum and/ or increased payment privileges (outlined in section 4a and 4b of this document), until the Payout Statement expires. The calculation of the Early Payout Penalty will be based on the outstanding principal balance of your Loan.

**6. CONVERTIBILITY:**

You may, at any time without penalty, convert this Variable Interest Rate Loan to an eligible closed fixed interest rate loan offered at the time, provided that the new term plus the time elapsed on the existing Term is equal to or greater than 5 years. You may select from the options available at the time of conversion. You will receive the interest rate we quote at the time, for the term selected. You will sign a Renewal Agreement which will contain all of the amended terms and conditions of the new loan. All the features and benefits of the existing Loan are rescinded upon conversion, and you will adopt the features and benefits of the new loan. You can not convert if you are in default.

**7. RENEWAL/ ROLL-OVER:**

The outstanding balance of the Loan is due and payable on the Maturity Date; however, we may offer to renew it prior to the Maturity Date.

If we have sent you a Renewal Agreement (in advance of the Maturity Date), and:

i. If you accept the Renewal Agreement:

All the features and benefits of existing Loan are rescinded upon renewal, and you will adopt the features and benefits of the new loan.

ii. If you fail to either accept or decline the Renewal Agreement, and do not pay out the Loan on the Maturity Date:

a. **The Loan will automatically renew into a 6 Month Convertible closed term loan on the Maturity Date.**

b. The renewed 6 Month Convertible closed term loan will provide you with the option to subsequently convert it to a longer closed term, fixed rate loan without penalty, at any time during the renewal term.

c. If you choose to pay out the outstanding balance of your 6 Month Convertible loan during the renewal term, you will be subject to the Early Payout Penalty (which is the greater of the Interest Rate Differential Amount or Three Months Interest Cost), plus a Reinvestment Fee.

You may not renew your Loan prior to the end of your Term. However, if you wish to switch to a new term prior to the Maturity Date, you can do so upon payment of any penalties or fees associated with Early Payouts.

**8. ASSUMABILITY:**

This Mortgage is assumable. For details, refer to section 9.5 of the Standard Charge/ Mortgage Terms.

**9. PORTABILITY:**

This Mortgage is portable. For details, refer to section 9.6 of the Standard Charge/ Mortgage Terms.

**10. SKIP-A-PAYMENT:**

This Mortgage permits skip-a-payment. For details on skip-a-payment, refer to section 6.4 of the Standard Charge/ Mortgage Terms.

**11. SECOND MORTGAGE:**

Not applicable (ie. this Mortgage is not a second mortgage).

**12. LINES OF CREDIT AND REDRAWABLE MORTGAGES:**

Not applicable (ie. this Loan is not a Line of Credit or Redrawable Mortgage).

**13. OCCUPATION OF PROPERTY:**

Unless the Mortgage was granted under our Small Rental Program, the Borrower must occupy the Property during the term of the Mortgage.

If the Mortgage was granted under our Small Rental Program, the Borrower is not required to occupy the Property, but it must be occupied at all times throughout the term of Mortgage.

We may declare this Mortgage in default and exercise all remedies available, if the Property is not occupied as specified herein.