



## **ADDITIONAL PROVISIONS FOR**

### **Fixed Rate Value Flex Mortgage (MCAP - 2460)**

#### **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, the Commitment Letter, the Mortgage and the Standard Charge/ Mortgage Terms, the provisions of these documents shall apply in the following order of precedence to resolve the inconsistency or conflict: (i) the Commitment Letter; (ii) the Additional Provisions; (iii) the Mortgage; and (iv) the Standard Charge/Mortgage Terms.

#### **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:**

We will charge you interest on the outstanding balance of your Mortgage at the Interest Rate from the Advance Date to the Interest Adjustment Date.

Starting on the Interest Adjustment Date, interest at the Interest Rate is compounded semi-annually, not in advance. For this purpose, we calculate interest for each payment period using a factor that is based on the Annual Interest Rate, compounded semi-annually. Interest is payable on the payment frequency selected by you (for example monthly). You promise to pay interest at the Interest Rate in effect at the time and as calculated above, on the outstanding balance of your Mortgage until paid in full.

**Compound Interest** - If you do not pay interest when it is due, we will add the overdue interest to the outstanding balance of the Mortgage, and charge you interest on the combined amount until it is paid. This is called Compound Interest. We calculate Compound Interest at the current Annual Interest Rate in effect at the time. You promise to pay Compound Interest at the same frequency as the Regularly Scheduled Payments until the outstanding balance of the Mortgage, and any unpaid interest, is paid in full.

Interest at the Interest Rate will accrue and will be compounded in the same manner and is payable whether before or after default as well as prior to and after the Maturity Date on any Principal Amounts and on any unpaid interest outstanding from time to time. Interest whether before or after default as well as prior to and after the Maturity Date will accrue at the same rate as during the Term.

#### **4. REGULARLY SCHEDULED PAYMENTS:**

Refer to the Payment Provisions in the Registered Mortgage.

Any prepayments made by you will not affect your Regularly Scheduled Payments but will shorten your Amortization Period and will change the composition of interest and Principal in your Regularly Scheduled Payments.

#### **5. PREPAYMENT PROVISIONS:**

The following Prepayment Provisions are available to you each year of the Term of the Mortgage (i.e. 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.

## 6. **EARLY PAYOUT PROVISIONS:**

You may payout the entire outstanding balance of the Mortgage prior to the Maturity Date:

- Only
  - a. **upon the closing of a sale of the Property** at fair market value to an arm's length purchaser,
  - b. if the Mortgage is renewed into another Value Flex Mortgage, or
  - c. in the event that the Primary Borrower deceases.
- If you exercise this option (a, b or c above), an Early Payout Penalty will apply.

### **Early Payout Penalty:**

The Early Payout Penalty is equal to the greater of 3 months simple interest or the Interest Rate Differential Amount:

- **3 months simple interest.** This is calculated by applying your current Interest Rate being charged on your Mortgage to the outstanding Principal balance of your Mortgage, for a 3 month period.
- **Interest Rate Differential Amount.** This is calculated by applying the difference between:
  - a. the Interest Rate being charged on your Mortgage, and
  - b. the current best rate in effect at the time, being charged by us on a loan with a term that is closest to the remaining term of your Mortgage.

This rate difference (between a and b) is then applied to the outstanding principal balance of your Mortgage, for the remaining term of your Mortgage.

If you request an Early Payout, you cannot exercise the lump sum and/or increased payment privileges (outlined in section 5a and 5b 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 Mortgage.

## 7. **CONVERTIBILITY:**

This Mortgage is not convertible.

## 8. **RENEWAL:**

The outstanding balance of the Mortgage 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 the existing Mortgage are amended upon renewal, and you will adopt the features and benefits of the new Mortgage.
- ii. If you fail to either accept or decline the Renewal Agreement, and do not pay out the Mortgage on the Maturity Date:
  - a. **The Mortgage will automatically renew into a closed term 6 Month Convertible Fixed Rate Mortgage on the Maturity Date.**
  - b. The renewed closed term 6 Month Convertible Fixed Rate Mortgage will provide you with the option to subsequently convert it to a longer closed term, Fixed Rate Mortgage without penalty, at any time during the renewal term.
  - c. If you choose to pay out the outstanding balance of your closed term 6 Month Convertible Fixed Rate Mortgage 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 Mortgage prior to the end of your Term. However, if you wish to switch to a new Value Flex Mortgage Term prior to the Maturity Date, you can do so upon payment of any penalties or fees associated with Early Payouts.

## 9. **ASSUMABILITY:**

This Mortgage is assumable subject to MCAP's consent. For details, refer to the Standard Charge/ Mortgage Terms.

## 10. **PORTABILITY:**

This Mortgage is portable subject to MCAP's consent. For details, refer to the Standard Charge/ Mortgage Terms.

## 11. **SKIP-A-PAYMENT:**

This Mortgage permits skip-a-payment subject to MCAP's consent. For details, refer to Standard Charge/ Mortgage Terms.

## 12. **ASSIGNMENT BY MCAP:**

Without the consent of, and without notice to, the Borrowers and Guarantors, and without affecting the Obligations of the Borrowers and Guarantors under this Mortgage, MCAP may assign, transfer, sell, pledge or convey this Commitment Letter (prior to and after any Advances), this Mortgage, or any portion of this Mortgage to any third party ("Third Party") in relation to a sale, securitization, financing, pledging or security arrangement. The Borrowers and Guarantors agree, and for this purpose grant MCAP an irrevocable power of attorney coupled with an interest, to execute and register in any applicable land titles or registry office any and all documentation, notices and agreements required to evidence or perfect any assignment, transfer, sale, pledge, conveyance or security arrangement pursuant to this Section. On any notice of an assignment, transfer, sale, pledge, conveyance or security arrangement pursuant to this Section from MCAP or from a Third Party (as consented to by MCAP), the Borrowers and Guarantors shall make all payments due under this Mortgage to such Third Party as mortgagee hereunder.