

VARIABLE RATE CLOSED MORTGAGE/CHARGE SCHEDULE

A. INTEREST RATE

The interest rate for the variable rate closed mortgage is equal to the FirstOntario Variable Mortgage Base Rate plus/minus _____% per annum. This rate will change as the FirstOntario Variable Mortgage Base Rate changes. The FirstOntario Variable Mortgage Base Rate on the date of the mortgage is _____% per annum. Therefore at the date hereof the variable rate closed mortgage rate is _____% per annum calculated monthly not in advance. Such rate of interest will remain the rate of interest chargeable under this mortgage/charge until such rate is varied.

B. PAYMENT

The amount of the monthly payment as at the date hereof is \$ _____ per month, which is based upon the variable rate closed mortgage rate of _____%. The Mortgagor(s)/Chargor(s) hereby authorize(s) FirstOntario to automatically adjust the amount of the monthly payments following increases/decreases in the rate of interest, for the purpose of ensuring that, assuming all payments are made as agreed, the projected Balance Due at the end of the current term will remain as originally projected. FirstOntario will advise the Mortgagor(s)/Chargor(s) in writing of any such adjustments in the monthly payment amount.

Regular mortgage payments will be applied firstly to any collection expense, then escrow accounts, then previously accumulated and unpaid deferred interest, then the total amount of interest which accrued on the principal during the period and finally to reduce the principal amount. "Deferred interest" is that interest accumulated on the loan amount from one regular payment to the next that exceeds the regular loan payment. Deferred interest is due and payable on demand.

C. CONVERSION

The Mortgagor(s)/Chargor(s), when never having been in default hereunder, shall have the option at any time during the initial term of this mortgage, of converting to a fixed rate term closed mortgage equal to or greater than the remaining years of this agreement. The Mortgage/Charge will be converted to the term chosen by the Mortgagor(s)/Chargor(s) upon receipt of a written request at the Mortgagee/Chargee's head office located in the City of Hamilton, in the Province of Ontario. The interest rate for the converted mortgage shall be FirstOntario Credit Union Limited's prevailing posted interest rate.

The interest rate will be established on the date the request for conversion is received by the Mortgagee/Chargee. The conversion to a fixed rate mortgage will take effect on the next Adjustment Date applicable under the mortgage/charge after receipt by the Mortgagee/Chargee of the request of conversion to a fixed term.

D. PREPAYMENT

PROVIDED that the Mortgagor(s)/Chargor(s) never having been in default hereunder, shall have the privilege of paying without notice or penalty, on an annual non-cumulative basis, an amount not exceeding 20% of the original principal amount of the mortgage in each year during the term of this loan.

It is further intended and agreed that the within Mortgage/Charge may not be prepaid prior to the maturity date unless otherwise provided herein.

PROVIDED further that in the event of a sale, conveyance, lease or transfer of the title of the property herein described to a purchaser, grantee, transferee, mortgagee or lessee not approved in writing by the Mortgagee/Chargee, then at the option of the Mortgagee/Chargee, all monies hereby secured shall forthwith become due and payable.

PROVIDED further when not in default hereunder, and never having exercised the option to convert the mortgage to a fixed term rate mortgage as outlined in paragraph C of this schedule, the Mortgagor(s)/Chargor(s) shall have the privilege of paying the whole of the principal amount in full with a prepayment charge on any such principal repayment of an additional three (3) months interest penalty. The penalty is calculated by using the principal balance owing at the time of prepayment and interest rate of the mortgage on the day of prepayment.

If the Mortgage/Charge has been converted to a fixed rate term Mortgage/Charge, the Mortgagor(s)/Chargor(s) never having been in default hereunder, may pay off this Mortgage in part or in full at any time with a prepayment charge on any such principal repayment of the greater of an additional three (3) months interest penalty or the interest rate differential calculated using the Mortgage rate and the prevailing FirstOntario Credit Union Limited rate for the remaining term.

E. ADDITIONAL PROVISIONS

Provided that if the aggregate of

- i) the unpaid amount of the principal sum,
- ii) the unpaid amount of the deferred interest,
- iii) all amounts due and payable under paragraph 9 of the Standard Charge Terms and
- iv) any amount secured by a mortgage or charge on the said lands to the extent that such Mortgage or Charge ranks equally with or in priority to this Charge/Mortgage at any time exceeds the lesser of 80% (conventional) or 95% (high ratio insured) of the Designated Amount or 80% (conventional) or 95% (high ratio insured) of the original Principal Balance, all moneys payable hereunder shall, at the option of the Chargee/Mortgagee and if remedial action cannot be agreed upon by both the Chargor(s)/Mortgagor(s) and the Chargee/Mortgagee, become forthwith due and payable.

F. FEES AND COSTS

In addition to the fees provided for in the Standard Charge Terms, the Mortgagor(s)/Chargor(s) agrees to pay to the Mortgagee/Chargee its then customary servicing fees, as published from time to time, to compensate the Mortgagee/Chargee for its reasonable time expended and costs incurred in the administration of the Mortgage/Charge, including, without limiting the generality of the foregoing:

- a) dealing with each late or missed payment and for replacement of each cheque or other instrument, including, without limitation, a pre-authorized debit instrument, not honoured when presented for payment;
- b) processing each application to assume the Mortgage/Charge, whether or not approved or completed;
- c) administering insurance cancellations and paying insurance premiums;
- d) collecting any payment or enforcing any other obligation contained in this Mortgage/Charge or in managing or selling the property;
- e) conducting any inspection or appraisal of the Lands necessitated by the default of the Mortgagor(s)/Chargor(s) in his compliance with any of his obligations pursuant to this Mortgage/Charge; or,
- f) generally, attending to any matter connected with the proper administration of this Mortgage/Charge.

The aforementioned fees shall be forthwith payable to the Mortgagee/Chargee and, if not so paid, shall become part of the debt secured and shall bear interest at the interest rate set forth in this Mortgage/Charge.

G. CONSENT RE PERSONAL INFORMATION

The Mortgagor(s)/Chargor(s) acknowledge(s) that in the normal course of business, the Credit Union may sell this Mortgage/Charge to another financial institution or other entity or trust. I/We hereby consent to the Credit Union disclosing to any such proposed transferee interested in purchasing the Mortgage/Charge my/our Personal Information in the possession of the Credit Union relating to the Mortgage/Charge for the sole purpose of enabling it to decide whether or not to purchase it, and then to any ultimate purchaser of the mortgage for all the purposes a Mortgagee uses such information to properly administer the Mortgage/Charge.