



## Terms

### **Adjustable-Rate Mortgage “ARM” (5-year convertible term)**

Based on Prime rate. Payment will fluctuate based on Prime rate changes. Payments will be adjusted on the 2nd payment date following our change to Prime Rate.

The borrower may prepay the mortgage in full at any time upon payment of a penalty of three (3) months of interest.

### **Fixed Rate Mortgage (1–5-year closed terms)**

Interest rate is locked in for the applicable term. The borrower has the privilege to prepay a portion of the mortgage annually with no penalty. The mortgage can be paid in full at any time, subject to a prepayment penalty. (REFER to PREPAYMENT CHARGES/PENALTIES section of this document)

## Prepayment Privileges

The borrower shall have the following privileges for payment of extra principal amounts:

Once each mortgage year on a regular payment date, a borrower may, without penalty:

- Make a lump sum prepayment up to twenty percent (20%) of the original principal amount of the mortgage. The minimum amount is \$500.

AND/OR

- Increase the regular payment amount to an increased payment amount (the “Increased Payment Amount”) no more than twenty percent (20%) of the current regular payment amount. The difference between the Increased Payment Amount and the original regular payment amount is referred to as the “Increase Difference”.

Notes:

- A mortgage year is defined by the annual anniversary of the Interest Adjustment Date of the mortgage as indicated in the loan agreement.
- Borrower mortgage must be paid as agreed to exercise prepayment privileges outlined above. A mortgage in default of any terms, covenants, conditions, or provisions is not eligible for prepayment privileges.
- Each prepayment privilege is not cumulative from Mortgage Year to Mortgage Year. If you have not used a prepayment privilege in one Mortgage Year, the prepayment privilege cannot be carried forward and used in a later Mortgage Year. Subject to the prepayment privileges, if you pay the full outstanding amount of your mortgage before maturity, then a prepayment Charge, as described below, will apply. Notwithstanding anything, to the contrary,

prepayment privileges without penalty cannot be made on the date of payout/discharge or within 30 days of full repayment.

- PI Increase: increased PI payment will carry over from mortgage year to mortgage year

### Prepayment Charges/Penalties

Prepayment in Full:

#### Fixed Rate Mortgage

Borrower can pay the full outstanding amount of the mortgage before maturity, subject to prepayment penalty in the amount equal to the greatest of the following two (2) options:

1. Three (3) Months Interest Amount: This means an amount equal to three (3) months of interest calculated on the full amount of outstanding principal balance owing of the mortgage that you prepay using the annual interest rate.
2. Interest Rate Differential ("IRD") Amount: This means an amount based on using the interest rate differential, which is the difference between the annual interest rate and the current Peoples Group posted rate based on the current term rate for the equivalent of the term length remaining at day of payout.

#### Adjustable-Rate Mortgage "ARM"

1. Three (3) Months Interest Amount: This means an amount equal to three (3) months of interest calculated on the full amount of outstanding principal balance owing of the mortgage that you prepay using the annual interest rate.

### Portability

Borrowers have the option of transferring or 'porting' their remaining mortgage balance, interest rate existing maturity date to another property provided the following conditions are satisfied:

- The borrower completes a new mortgage application for the replacement property.
- The new property is approved by Peoples Group under guidelines.
- Approval by the mortgage insurer is also required.
- The term of the new mortgage shall expire on the maturity date of the existing mortgage, and all terms remain the same.
- With prior notice, a mortgage port can occur up to 60 days before or after the discharge of the original mortgage.

- The borrower is also responsible for paying all costs, charges, and expenses of and incidental to the approval, taking, preparation, execution, and registration of the new mortgage, or if applicable, and amending agreement.

### Assumptions

Mortgages may be assumed to be subject to the following conditions:

- The new borrower/prospective buyer must qualify in accordance with current Peoples and mortgage insurer lending guidelines.
- The purchase agreement must include an agreement for the new borrower/prospective buyer to assume the existing mortgage.
- Peoples Group will issue a release of covenant to any previous borrower(s). A copy will be forwarded to the solicitor handling the transaction upon satisfactory completion of all conditions.

A Peoples Group assumption fee will apply. The new borrower is also responsible for paying all costs, charges, and expenses of and incidental to the approval, taking, preparation, execution, and registration of the new mortgage, or if applicable, an amending agreement.