

**Maritime Provinces  
(except New Brunswick)**

**Schedule B  
(Six Month Automatic Renewal)**

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**FIRST NATIONAL FINANCIAL GP CORPORATION**

**SIX MONTH AUTOMATIC RENEWAL**

All terms and conditions of this Schedule shall be incorporated into the mortgage/charge (the "Charge") to which it is attached.

**AUTOMATIC RENEWAL**

Provided the Charge is not in default and further provided that the Chargor has maintained a satisfactory payment record and subject to the pre-authorized chequing requirement set out below, this Charge shall automatically renew at the end of its original 6 month term and at the end of each subsequent 6 month renewal term into a new 6 month term.

The Chargee will mail a notice of the Guaranteed Renewal Rate to the Chargor(s) on the maturity of the original term and of each renewal term of this Charge. The Chargor(s) may at his sole option terminate this automatic renewal clause and pay out the Chargee in full at the end of (but not during) any term by notifying the Chargee of his decision to do so at least 15 days prior to the end of that term. There shall be no renewal fee charged to the Chargor on each renewal as long as the Charge remains on automatic renewal.

**CONVERSION OPTION**

Provided the Chargor is not in default and further provided that the Chargor has maintained a satisfactory payment record, the Chargor may, without bonus or penalty, convert this Charge to a fixed term of one year or longer, bearing such interest rate and containing such other terms and provisions, including prepayment provisions, if any, as the Chargee is then making available to similar chargors on similar properties in similar circumstances for a similar term. The length of term chosen shall be a number of years which is then offered by the Chargee as a standard term for residential mortgage loans.

To exercise this privilege, the Chargor shall make a written request, signed by the Chargor (or by all of them, if more than one) and the Guarantor or Guarantors, if any, delivered to First National Financial LP, Administration Department, and the applicable interest rate and terms will be those in effect as at the date of receipt of such written request. The new term will commence and the new interest rate will take effect on the next scheduled payment date or the payment date immediately thereafter as determined by First National Financial LP. Upon conversion the provisions of this Schedule will no longer be applicable. An executed Amending/Modification Agreement may be requested (and if so the Chargor(s) and Guarantor(s) covenant to execute same) but the written notice to First National Financial LP will be binding upon the Chargor(s) and the Chargee shall be entitled to rely thereon.

This conversion option is subject to the proviso that the Chargor continues to meet the underwriting requirements of the Chargee for the term selected. If such is not the case, or if personal circumstances of the Chargor have changed since the date of the original application for the Charge, the Chargee shall, at its sole discretion, have the option to decline the foregoing conversion.

**CMHC INSURED INTEREST ONLY MORTGAGES**

If this is a CMHC insured loan with interest only payments for the first 5 years, monthly instalments of interest only shall be payable until the 5<sup>th</sup> anniversary of the Interest Adjustment Date. Thereafter, blended monthly payments of principal and interest shall be payable (at the interest rate then in effect) in an amount sufficient to fully amortize the loan amount over a 20 year amortization period commencing on the fifth anniversary of the Interest Adjustment Date.

If this is a CMHC insured loan with interest only payments for the first 10 years, monthly instalments of interest only shall be payable until the 10<sup>th</sup> anniversary of the Interest Adjustment Date. Thereafter, blended monthly payments of principal and interest shall be payable (at the interest rate then in effect) in an amount sufficient to fully amortize the loan amount over a 15 year amortization period commencing on the tenth anniversary of the Interest Adjustment Date.

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If these provisions are being applied to a loan which commenced as a variable rate loan and was converted to a fixed rate loan the term Interest Adjustment Date as used herein shall mean the original Interest Adjustment Date of the variable rate loan and not the date when the loan was converted to a fixed rate.

Nothing in the paragraphs under this heading (“CMHC Insured Interest Only Mortgages”) shall be deemed to alter the Term of this Charge from that shown in the Charge to which this Schedule is appended or in any renewal or extension agreement, and any provision which relates to a period after the end of the Term shall only apply to the extent the Term is renewed or extended.

**PREAUTHORIZED CHEQUING**

The Chargor herein agrees to execute any documents necessary to permit the Chargee to deduct payments from the Chargor’s bank account and it is hereby agreed between the parties hereto that the covenant herein forms a material consideration in the granting of the loan secured by the Charge and failure of the Chargor to execute any such documents enabling the Chargee to receive payments through the preauthorized payment plan will, at the option of the Chargee, result in the full amount outstanding under the Charge falling due and payable.

The Chargor must make payments by way of preauthorized chequing to be eligible for the six month automatic renewal plan.

**PREPAYMENT PRIVILEGES – 15% / PLUS 15% / DOUBLE-UP**

I. The Chargor, when not in default of any terms or conditions contained in the Charge, may do one or more of the following.

- (a) Without notice or charge, in any year of the Term, make, on any regular payment date (a “Payment Date”), prepayments of principal in minimum \$100.00 increments which do not exceed in the aggregate in that year fifteen percent (15%) of the original Principal Amount of the Charge. A prepayment received after a Payment Date will be applied on the next Payment Date following receipt of the prepayment. If not, or to the extent not, exercised in any year of the Term, this privilege is not cumulative from year to year. This privilege does not apply in the case of a prepayment of the entire amount owing pursuant to subsection 1(d) of this Schedule.
- (b) Without notice or charge, once only in any year of the Term, on any Payment Date, increase the amount of the regular instalment payment of principal and interest by up to fifteen percent (15%) of the original principal and interest instalment amount payable under this Charge. Such increase shall commence on the Payment Date specified by the Chargor and shall apply to all subsequent instalment payments. If not, or to the extent not, exercised in any particular year, this privilege is not cumulative from year to year. This privilege may not be combined with a prepayment of the entire amount owing pursuant to subsection 1(d) of this Schedule.
- (c) Without notice or charge, on any Payment Date during the Term, make a prepayment of principal equal to, but not less than, the regular monthly instalment of principal and interest then being paid by the Chargor. This privilege, if not exercised on a particular Payment Date, is not cumulative from Payment Date to Payment Date, and may not be combined with a prepayment of the entire amount owing pursuant to subsection 1(d) of this Schedule.
- (d) At any time prior to the end of the Term of the Charge, prepay the whole of the Principal Amount then outstanding together with all accrued interest thereon, without notice, on the payment to the Chargee of the greater of:
  - (i) three months’ interest at the Interest Rate on the Principal Amount outstanding; and
  - (ii) the amount, if any, by which interest at the Interest Rate exceeds interest at the Chargee’s then current interest rate for reinvestment calculated on the Principal Amount outstanding. Such amount shall be calculated from the date of prepayment to the maturity date of the Mortgage.

For the purposes of this subsection, the “Chargee’s then current interest rate for reinvestment” shall mean the Chargee’s lowest advertised interest rate (which may not be its “posted” rate) in effect on the prepayment date for new mortgages of a similar kind for a term not greater than the remaining term of the Charge and not less than the next shorter term offered by the Chargee;

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except that where the remainder of the Term of the Charge is less than the shortest term offered, the Chargee's interest rate for its shortest term for mortgage loans shall apply.

2. Notwithstanding any prepayment on account of any portion of the Principal Amount, and subject to Section 1(b) above, the regular blended payment instalment originally set out in the Charge shall continue to be payable on each Payment Date as set out in the Charge for so long as there is any indebtedness outstanding under the Charge. Notwithstanding the foregoing, if a prepayment is made on account of any portion of the Principal Amount and regular periodic payments of interest only (with no principal portion) are required under the Charge at the time of the prepayment, then the regular instalments of interest shall be payable on the reduced Principal Amount.

The above supercedes the prepayment provisions, if any, which are included in the Charge to which this Schedule is appended.

**ADDITIONAL PRIVILEGES AND PROVISIONS  
PORTABILITY OF CHARGE**

All amounts outstanding under the Charge may be secured by a charge on replacement property of at least equal value (the "Replacement Property") on the same terms and conditions as this Charge, provided the following conditions are met:

1. the Chargor is not in default under the Charge;
2. the Replacement Property is a single family dwelling;
3. the Chargor completes a new mortgage loan application for the Replacement Property for an amount not less than the then outstanding Principal Amount of the Charge (the "New Charge");
4. the New Charge is approved by the Chargee;
5. the New Charge is registered as a first charge against the title of the Replacement Property and all searches, opinions and clearances required by the Chargee are obtained;
6. the term of the New Charge shall expire on the maturity date of this Charge;
7. the New Charge shall incorporate all terms and conditions then contained in the Chargee's standard mortgage documentation in use at that time; and
8. the Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the New Charge, or, if applicable, an amending agreement, including, without limitation, any application and appraisal fees, solicitors' fees, and if applicable, mortgage insurance and title insurance premiums.

**TAXES**

Where the Chargee administers a property tax account on behalf of the Chargor (hereinafter referred to as the "Tax Account") , it is agreed that:

1. the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of taxes, such interest to be credited monthly to the Tax Account; and
2. the Chargor shall be charged interest at the rate of 2% above the Royal Bank of Canada Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of taxes by the Chargee, until such debit balance is fully repaid.

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The "Royal Bank of Canada Prime Rate" as used herein means the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest on Canadian dollar loans made in Canada.

**ASSUMPTION OF MORTGAGE**

Unless this is a CMHC insured interest only loan, the Chargee shall allow a purchaser of the charged premises to assume the Charge from the current Chargor provided the purchaser completes a new mortgage loan application, the purchaser is approved by the Chargee and executes an assumption agreement in form and substance satisfactory to the Chargee.

Provided that in the event of:

- (a) the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the lands hereby charged to a purchaser, grantee or transferee not approved in writing by the Chargee; or
- (b) if such purchaser, grantee or transferee should fail to:
  - a. apply for and receive the Chargee's written approval as aforesaid,
  - b. personally assume all the obligations of the Chargor under this Charge, and
  - c. execute an Assumption Agreement in the form required by the Chargee,

then, at the option of the Chargee, all monies hereby secured together with all accrued interest thereon and the amount required to be paid on a prepayment of the Charge pursuant to Section 1(d) under the heading Prepayment Privileges in this Schedule, shall forthwith become due and payable.

**CMHC INSURED INTEREST ONLY LOANS – DUE ON SALE**

It is acknowledged by the Chargor that if this is a CMHC insured interest only loan this Charge is not intended to be assumable. Notwithstanding any other provision herein, if this is a CMHC insured interest only loan, in the event of the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the lands hereby charged, then, at the option of the Chargee, all monies hereby secured, together with all accrued interest thereon and the amount required to be paid on a prepayment of the Charge pursuant to Section 1(d) under the heading Prepayment Privileges in this Schedule, shall forthwith become due and payable.

**CRIMINAL ACTIVITY**

In the event that any activity which violates the Criminal Code (Canada) (as same may be amended from time to time) or any other law or regulation of any competent authority is conducted on the charged premises, the Chargee may, at its option, declare all monies owing hereunder immediately due and payable and in such event any amount which would have been payable by the Chargor had he exercised a right to prepayment at such date shall also become immediately due and payable.

**EXTENSION OF TERM**

If on or prior to maturity of this Charge the Chargor does not advise the Chargee as to its intentions respecting discharging or renewing this Charge, then provided this Charge is not then in default, at the option of the Chargee the term of this Charge may be extended for a further term of six (6) months at the rate of interest being charged by the Chargee on the maturity date of this Charge for mortgages of a similar kind for a six month term which are open for prepayment. During such extended 6 month term the Chargor shall be entitled to prepay all or any part of the principal sum outstanding hereunder on 48 hours notice to the Chargee without bonus. This clause shall continue to apply at the end of each such six month extended term until the Charge has been paid in full.

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**DISHONOURED CHEQUES**

The Chargor shall pay an administration fee to the Chargee for every dishonoured cheque or preauthorized cheque debit. The charge will automatically be debited to the Chargor's Tax Account balance, or sundry account, unless a separate payment of such administration fee is received with a replacement cheque, or added to the pre-authorized cheque debit upon reissue. The charge may vary from time to time and will be published in the Chargee's schedule of fees.

The Chargee also reserves the right to charge reasonable fees for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees.

**INTERPRETATION**

In the event of any conflict between the provisions of this Schedule and the Charge to which it is appended, the provisions of this Schedule shall, to the extent of the conflict, govern.