

Information about Mortgage Features

Terms

5 Yr ARM (Adjustable Rate Mortgage)

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 at any time upon payment of a penalty of three (3) months interest penalty.

Fixed Rate Mortgage (1-5 year closed terms)

Interest rate is locked for the applicable term. The borrower may prepay the mortgage at any time upon payment of a penalty equal to the GREATER of interest rate differential (IRD) or 3 months interest.

(REFER to PENALTIES section of this document)

Pre-payment privileges

When not in default of any terms, covenants, conditions, or provisions contained in the mortgage, the borrower shall have the following privileges for payment of extra principal amounts:

During each year of the term of the mortgage following the advance of funds, borrower may, without penalty:

- Make prepayments totaling up to twenty percent (20%) of the original principal amount of the mortgage. The minimum lump sum prepayment amount is \$1,000.
- Increase the payment by up to twenty percent (20%) of the current payment to reduce the amortization of the mortgage without changing its term.
- No prepayment may be made before the interest adjustment date (the date on which the term of the mortgage begins) specified in the mortgage.

These privileges are not cumulative and do not apply if the borrower is prepaying more than twenty percent (20%) of the original principal amount of the mortgage, even if the borrower has not used the privilege in each year of the term of the mortgage in which the prepayment is made.



Penalties

For an IRD our formula is $\text{Balance (current rate - posted rate) / 12 x months remaining}$

Prepayment in Full:

You may repay the mortgage only upon payment of an amount that is the greater of:

- a) Three months interest calculated at the interest rate of the mortgage on the outstanding loan balance
- OR
- b) The IRD (as defined below).

“IRD” means the amount of interest, calculated at the differential interest rate on the amount of the principal amount that you prepay, for the remaining term of the mortgage.

“Differential interest rate” is the difference between:

- A. The fixed interest rate on the mortgage, and
- B. The current interest rate for a similar mortgage.

There will only be a differential interest rate when the fixed interest rate on the mortgage is higher than the current interest rate for a similar mortgage.

“Similar mortgage” is a mortgage offered by us that has a fixed interest rate and a term closed to prepayment that is closed to the remainder of the term of the mortgage.

“Current interest rate” for a similar mortgage is our then lowest available rate of interest and is determined on the earlier of the date of the prepayment or the date we issue a valid discharge statement.

In determining the **current interest rate** for a **similar mortgage**, the following chart is used by us:

If the remaining term at the time of prepayment is:	The current interest rate is our then lowest available rate for this term:
54 months or greater but less than 60 months	5 year
42 months or greater but less than 54 months	4 year
30 months or greater but less than 42 months	3 year
18 months or greater but less than 30 months	2 year
6 months or greater but less than 18 months	1 year

If the principal amount has been re-financed and additional funds advanced using a blended rate of interest (including advances under our profitability provisions), then the rate reduction will be weighted average, based on the dollar amount, of the most recent rate deduction or discount received by you prior to the re-financing and the rate reduction on any additional funds advanced at the time of the re-financing.

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:

- New mortgage amount is less than or equal to the existing principal balance.
- New purchase price cannot exceed \$1,000,000.
- Amortization cannot exceed 25 years.
- Existing mortgage must have a minimum of six months repayment history.
- Borrower to demonstrate a satisfactory 12-month mortgage repayment history.
- 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.
- A copy of the Agreement of Purchase & Sale.
- A copy of the MLS is required, as applicable.
- The new mortgage is registered in first position against the replacement property, and all searches, opinions and clearances required by Peoples Group are obtained.
- 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 after the discharge of the original mortgage. Should the borrower take advantage of the "port" feature, the prepayment penalty collected on the discharge of the original property will be returned to borrower on the closing of the new mortgage. The new mortgage will have the same maturity date and rate as the original mortgage.

A Peoples Group port fee of \$300 will apply in addition to the application fee of the mortgage insurer. The borrower is also responsible to pay 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. If the original mortgage amount is decreasing by more than the client's remaining pre-payment privilege, standard mortgage penalties will apply.

Near Prime & Non-Conforming – Mortgage Portability When the mortgage property is sold the interest rate, remaining term and outstanding balance of current mortgage cannot be transferred to the new property.



Assumptions

Mortgages may be assumed subject to the following conditions:

- A complete mortgage application on the prospective purchaser(s) is received.
- The purchaser is approved by Peoples Group.
- If the original borrower wishes to be released from their obligation on the mortgage and the mortgage has existing mortgage default insurance in place, then an updated approval from the mortgage insurer is also required.
- Copy of the purchase & sale agreement plus MLS or if private or non-arm's length deal, full appraisal.
- Income verification, PAC agreement and void cheque for new applicants.
- The purchaser signs an agreement to assume.
- Peoples Group issues a release of covenant for any previous borrowers and forwards a copy to the solicitor handling the transaction upon satisfactory completion of all conditions.
- Peoples Group must be in receipt of registered transfer of deal reflecting changes in borrowers' names.

A Peoples Group assumption fee will apply in addition to an application fee of the mortgage insurer. The borrower is also responsible to pay 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. Please see the Fee Schedule attached to the Cost of Borrowing.



QUESTIONS?

Please contact your respective Business Development Manager