

**SCHEDULE "C1"  
PREPAYMENT OPTIONS  
FOR RESIDENTIAL MORTGAGES**

**As at the execution date of this mortgage and/or mortgage renewal**

**A. Prepayment Privileges**

**1. Regularly Scheduled Payments**

During each regularly scheduled payment period you are permitted to pay up to double your contracted regularly scheduled payment without prepayment charges regardless of the contracted interest rate or the current posted interest rate, provided your regularly scheduled payments are up-to-date. This privilege is non-cumulative.\*

**2. Annually**

In addition to increasing your regularly scheduled payment (as above), you are permitted to prepay, without prepayment charges, up to twenty (20%) percent of your outstanding balance once in any twelve (12) month period. Regular payments must continue without interruption. This privilege is non-cumulative.\* Prepayments in excess of 20% will be charged a penalty on the amount of prepayment as outlined in section B (Prepayment Charges) below.

\*These prepayment privileges without penalty are non-cumulative and cannot be used at the time you payout the principal amount of the mortgage in full.

**B. Prepayment Charges**

If you want to payout all or a portion (greater than 20%) of your mortgage balance before the end of your mortgage term, you will be charged a penalty. Your penalty will be the greater of: three (3) months interest at your contracted annual interest rate OR an interest rate differential on the amount of prepayment. The interest rate differential is calculated on the date the payout statement is prepared by multiplying the following: a) the difference between your contracted interest rate and the current posted interest rate\*\* of a mortgage with a similar term to maturity (ie. a term equal to the time remaining on your mortgage - as shown in Table 1 below); b) the amount you want to prepay; and c) the number of months remaining on your mortgage term until maturity. For a detailed example of a comparison between the three (3) months interest calculation and the interest rate differential calculation see Table 2 below.

\*\* For more information on posted interest rates, financial calculators or to obtain balance and payout information, please call us toll free at 1-800-668-2879 or visit our web site at [www.lsm.ca](http://www.lsm.ca)

**Table 1 - Similar Term to Maturity**

Time Remaining on Your Mortgage	Mortgage with Similar Term to Maturity
Greater than 6 months and less than or equal to 18 months (i.e. 0.5 to 1.5 years)	1 year
Greater than 18 months and less than or equal to 30 months (i.e. < 1.5 to 2.5 years)	2 years
Greater than 30 months and less than or equal to 42 months (i.e. < 2.5 to 3.5 years)	3 years
Greater than 42 months and less than or equal to 54 months (i.e. < 3.5 to 4.5 years)	4 years
Greater than 54 months and less than or equal to 60 months (i.e. < 4.5 to 5.0 years)	5 years

**Table 2 - Prepayment Charge Calculation**

In this example, a member has a mortgage of \$100,000 that he/she wants to pay off 40 months and 15 days early. The member's contracted annual interest rate is 6%, and the current 3 year interest rate (mortgage with a similar term to maturity) is 5.50%.

- The 3 month interest penalty would be calculated using the member's contracted annual interest rate of 6%.
- The interest rate differential penalty would be calculated using the difference between the member's contracted annual interest rate and the current posted interest rate on a mortgage with a similar term to maturity. In this example, as the term remaining on the member's mortgage is 40 months and 15 days (or 3.375 years) it has a similar term to maturity as a 3 year mortgage (see Table 1). The interest differential is therefore equal to the difference between the member's interest rate of 6% and the current 3 year interest rate of 5.50% (i.e. 0.50%).

Examples of the calculations for the 3 month interest penalty and the interest rate differential penalty are shown below.

3 Months Interest:		OR	Interest Rate Differential (IRD)	
Amount you want to prepay	\$100,000 (A)		Your interest rate	6.000% (A)
Your interest rate	6.000% (B)		Similar term to maturity rate (3 yrs)	5.500% (B)
(A) x (B) = Annual Interest	\$6,000 (C)		(A) - (B) = Rate Differential	0.500% (C)
(C) Annual Interest / 12 x 3 Mos	\$1,500 (3 mos interest penalty)		Amount you want to prepay	\$100,000 (D)
			Your term to maturity	40.5 months (E)
			((C) x (D)) x ((E) / 12)	\$1,687.50 (IRD penalty)

In the above example, the greater of the 3 months interest penalty (\$1,500) or the interest rate differential penalty (\$1,687.50) would be the interest rate differential penalty. Therefore, the mortgage prepayment penalty that would be charged in the above example would be the interest rate differential penalty of \$1,687.50.

**C. Statutory Right of Prepayment**

If the term of your mortgage is greater than 5 years, you may prepay the outstanding principal amount of your mortgage any time after the end of the 5th year after the interest adjustment date, provided you pay a penalty equal to the outstanding principal amount and interest owing to the date of prepayment, plus an amount equal to three (3) months interest calculated at your existing annual interest rate on the date of prepayment. The "term" of your mortgage means the period of time until your mortgage becomes due and payable unless renewed; it does not mean amortization.

**SCHEDULE "C2"  
FEES**

**AS AT THE EXECUTION DATE OF THIS MORTGAGE AND/OR MORTGAGE RENEWAL**

- 1 Fire Insurance Administration Fee - \$100.00 plus cost of insurance premium
- 2 Renewal Fee - \$90.00
- 3 Release Fees - \$150.00 if refinancing with League Savings  
- \$300.00 if loan paid out prior to being fully amortized  
- \$150.00 if loan fully amortized
- 4 NSF Cheque Fees - \$40.00 per occurrence
- 5 Audit Confirmation Fee - \$15.00 per statement
- 6 Amendment Fee - \$100.00
- 7 General Security Agreement (PPSA), if applicable - The document will be registered for the amortized period of the debt and a fee charged to the mortgage account in accordance with provincial legislation.
- 8 Property Tax Administration Fee, where applicable - As billed by your municipality.

**Note:** League Savings and Mortgage Company reserves the right to make changes to the above fees from time to time. In the event of fee changes, we will provide you with 30 days notice.