

SCHEDULE "B"

ADJUSTABLE RATE CONVENTIONAL OR INSURED CHARGE

This schedule forms part of a Charge (hereinafter the mortgage, all schedules thereto and any applicable standard form mortgage or standard charge or mortgage terms are collectively called the "Charge") between the Mortgagor(s), the party or parties, if any, identified in the Charge as the spouse(s) of the Mortgagor(s), the party or parties, if any, identified in the Charge as guarantor(s) (collectively, the "Chargor"), Lighthouse Credit Union as the Chargee. If there is any conflict between any provision of this schedule and any other provision of the Charge, such provision of this schedule shall prevail.

A. VARIABLE INTEREST RATE PROVISIONS

1. The Chargor shall pay to the Chargee interest on the principal amount of the Charge outstanding, from time to time, and all other amounts owing under the Charge at a variable rate of interest per annum (herein called the "Mortgage Rate") calculated semi-annually not in advance, and payable both before and after default, maturity and judgment. The Mortgage Rate is equal to the Chargee's Prime Rate from time to time plus or minus an Incremental Rate. Prime Rate means the floating annual rate of interest established and recorded by the Chargee from time to time as a reference rate for purposes of determining rates of interest the Chargee will charge on loans denominated in Canadian dollars. On the ____ day of _____, 20____, the Prime Rate was _____% per annum. The Incremental Rate is plus+ _____%. Therefore, on such date, the Mortgage Rate was _____% per annum calculated semi-annually not in advance. This Mortgage Rate will remain in effect until there is a change in the Prime Rate.
2. Your Interest Rate is a Variable Interest Rate based on the Prime Rate and any applicable premium (or discount) to the Prime Rate as set out in the Mortgage. Based on this, the Interest Rate will change each time the Prime Rate changes, with no prior notice to you. Your Regularly Scheduled Payment will also change accordingly.
3. Notice of any change in the Prime Rate may be given to the Chargor by posting a notice on the Chargee's website or by mailing the notice to the last known address of the Chargor as contained in the Chargee's records; and the change in the Prime Rate shall become effective notwithstanding failure of the Chargee to mail the statement or non-receipt of the statement by the Chargor.
4. When the Mortgage Rate changes, the amount of the blended monthly payment of principal and interest shall be recalculated by the Chargee, so that the then outstanding principal of the Charge shall be repaid over the remainder of the amortization period of the loan as at the date of such change in the Mortgage Rate. The remainder of the amortization period shall be equal to the original amortization period less the number of months that have elapsed since the Interest Adjustment Date. The "Interest Adjustment Date" is the date on which the term of the Charge commenced.

B. DEFERRED INTEREST

The amount of interest that has accumulated on the outstanding principal amount of the Charge from one regular payment to the next regular payment that exceeds the regular loan payment is called "deferred interest". Interest at the Mortgage Rate will be charged on deferred interest from and including such regular payment date. On the next following regular payment date, all interest that has accumulated on deferred interest from the previous regular payment date shall be added to and become deferred interest and will itself bear interest from and including that regular payment date at the Mortgage Rate. The Chargor may pay deferred interest to the Chargee by separate payment. The Chargor's regular instalment payments will not be applied to reduce deferred interest. The total amount of deferred interest outstanding from time to time under the Charge may be obtained by contacting the Chargee.

C. OPTION TO CONVERT TO FIXED INTEREST RATE

The Chargor shall be entitled, when not in default under the Charge, to request an amendment to the Charge to convert the Mortgage Rate from a variable rate to a fixed interest rate, as determined by the Chargee, at the time of conversion, and to amend:

- (a) the term of the Charge to a term, as determined by the Chargee, that is not less than the then remaining term of the Charge; and

(b) the amount of the instalments of principal and interest payable under the Charge, as determined by the Chargee, in accordance with the amendments to the Charge.

All such amendments shall be made under a mortgage renewal agreement in form and substance satisfactory to the Chargee which shall state the date on which the amendments take effect.

After exercise of this conversion option by the Chargor, the Chargor will no longer be entitled to exercise any prepayment rights contained herein, if any, and the prepayment terms and conditions of the Charge, as amended, shall prevail.

D. CALCULATION OF PAYMENT

Interest is calculated on the closing daily balance, using the following formula:

$$1 \text{ day's interest} = (\text{Mortgage Rate} \times \text{Principal}) / 365$$

Example: Interest on a principal balance of \$100,000 at 8.00% for 30 days would be:

$$(8.00\% \times 100,000) / 365 = \$21.91780 \text{ per day}$$

$$\$21.91780 \times 30 \text{ Days} = \$657.53$$