

Schedule "C"

FIRST NATIONAL FINANCIAL GP CORPORATION
OPTIONAL MORTGAGE COVENANTS AND CONDITIONS

Fixed Rate (New Brunswick)

Land Titles Act, S.N.B. 1981, C. L-1.1, s.25

The following set of Optional Mortgage Covenants and Conditions shall be deemed to be included in every mortgage in which the set is referred to by its filing number as provided in Section 25 of the *Land Titles Act*, S.N.B. 1981, C.L-1.1.

PREPAYMENT PRIVILEGES— 15% / PLUS 15% / DOUBLE-UP

The Mortgagor, when not in default of any terms or conditions contained in the Mortgage, 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 Mortgage. 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 (d) of this section.
- (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 then current principal and interest instalment amount payable under this Mortgage. Such increase shall commence on the Payment Date specified by the Mortgagor 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 (d) of this section.
- (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 instalment of principal and interest then being paid by the Mortgagor. 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 (d) of this section.
- (d) At any time prior to the maturity of the Term of the Mortgage, prepay the whole of the indebtedness then outstanding, without notice, upon payment to the Mortgagee of the greater of:
 - (i) three (3) 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 Mortgagee'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 "Mortgagee's then current interest rate for reinvestment" shall mean the Mortgagee's lowest advertised interest rate (which may not be its "posted" rate) in effect on the prepayment date for a mortgage product of a similar kind for a term not greater than the remaining Term of the Mortgage and not less than the next shorter term offered by the Mortgagee; except that where the remainder of the Term of the Mortgage is less than the shortest term offered, the Mortgagee's interest rate for its shortest term for such mortgage product shall apply.

- (e) Notwithstanding subsection (d), if the Term (not inclusive of any renewals) is longer than 5 years and the Mortgagor is an individual, then at any time after the first 5 years of the Term the Mortgagor may prepay the whole of the Indebtedness then outstanding, without notice, upon payment to the Mortgagee of three (3) months interest at the Interest Rate on the amount prepaid.

Notwithstanding any prepayment on account of any portion of the Principal Amount, and subject to subsection (b) of this section, the regular blended payment instalment originally set out in this Mortgage shall continue to be payable on each Payment Date as set out in the Mortgage for so long as there is any indebtedness outstanding under the Mortgage.