

<b>Prepayment Privilege</b>	You may pay more than your regular payments without paying a penalty or charge as follows:	
	Increase the regular payment amount by up to <b>20%</b> .	The total of these increases during the Term of the mortgage cannot be more than <b>20%</b> of your original monthly payment amount.
	Prepay up to <b>20%</b> annually	The total value of prepayments in a year cannot be more than <b>20%</b> of the original principal amount and each prepayment must be at least <b>\$500</b> . You may not prepay more than <b>20%</b> in any year, even though you may have prepaid less than <b>20%</b> of the original principal amount during a previous year.
<b>Prepayment Charges</b>	<p>(a) If the Term of the mortgage is for <b>5 years or less</b>, you may at any time during the Term prepay more than the Prepayment Privilege allows upon payment of a Prepayment Charge that is the greater of:</p> <ul style="list-style-type: none"> <li>(i) the interest rate differential (“IRD”), and</li> <li>(ii) 3 months interest at the annual interest rate of the mortgage (and for an adjustable rate mortgage, the interest rate then in effect), calculated on the principal amount being prepaid.</li> </ul> <p>(b) If the Term of the mortgage is <b>more than 5 years</b>, you may:</p> <ul style="list-style-type: none"> <li>(i) at any time during the <b>first 5 years</b> prepay more than the Prepayment Privilege allows upon payment of the Prepayment Charge provided for in (a) above, and</li> <li>(ii) at any time <b>after the 5th year</b> of the mortgage prepay more than the Prepayment Privilege allows upon payment of a Prepayment Charge of <b>3 months</b> interest at the annual interest rate of the mortgage (and for an adjustable rate mortgage, the interest rate then in effect), calculated on the principal amount being prepaid.</li> </ul> <p>The IRD is the difference in the interest rate between (A) the annual interest rate of the mortgage (and for an adjustable rate mortgage, the interest rate then in effect), and (B) the yield on a Government of Canada bond reported as the wholesale bid side yield at 12:00 p.m. (Eastern Standard Time) at Toronto on the business day</p>	

	<p>preceding the date you requested us to prepare your mortgage payout statement, plus <b>0.5% (50 basis points)</b>.</p> <p>The wholesale bid side yield will be posted on our <a href="#">website</a> or may be obtained by calling Bridgewater Bank toll free at 1-888-837-2326.</p>
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**Prepayment Privilege and Charge:**

For the Prepayment Privilege and Prepayment Charges, a year means each 12-month period following the interest adjustment date and each anniversary of the interest adjustment date. After each partial prepayment, you must continue to make your regular mortgage payment. Each partial prepayment you make is applied to pay down the outstanding principal and cannot be refunded. We may refuse to permit any prepayment when the mortgage is in default.

If you want to prepay more than 20% of your mortgage in a year or pay out in full with a Prepayment Charge, you must ask us to provide you with a statement of the required payment amount (a mortgage payout statement). The date you want to prepay the mortgage cannot be more than 30 days after the date you ask us to prepare the mortgage payout statement.

We will calculate the Prepayment Charge using the annual interest rate of the mortgage (and for an adjustable rate mortgage, the interest rate then in effect), and the yield on a Government of Canada bond reported as the wholesale bid side yield at 12:00 p.m. (Eastern Standard Time) at Toronto on the business day preceding the date you requested us to prepare your mortgage payout statement. The wholesale bid side yield will be posted on our [website](#) or may be obtained by calling Bridgewater Bank toll free at 1-888-837-2326. We add 0.5% to that wholesale bid side yield and allow the amount of the annual 20% Prepayment Privilege you have not used in that year to complete the calculation. The Prepayment Charge and the required payout amount we set out in the mortgage payout statement will not vary with any change in the Government of Canada bond yield during the 30 days after the date you ask us to prepare the statement.

Here is how the calculation of a Prepayment Charge is made:

- (i) for the interest rate differential amount (the IRD)

$$\frac{C \times [A - (B + .50)] \times D}{12 \text{ months}}$$

Where: C is the outstanding amount of the mortgage, less the amount if any of the unused 20% Prepayment Privilege in that year,

A is the annual interest rate on your mortgage (and for an adjustable rate mortgage, the interest rate then in effect).

B is Government of Canada bond yield reported as the wholesale bid side yield at 12:00 p.m. (Eastern Standard Time) at Toronto on the business day preceding the date you requested us to prepare the mortgage payout statement\*, and

D is number of months remaining in the term.

\*You can find the applicable wholesale bid side bond yields reported each business day on our website at [www.bridgewaterbank.ca](http://www.bridgewaterbank.ca) or by contacting one of our client care representatives directly at 1-888-837-2326. Select the wholesale bid side bond yield reported on our website for bonds with the term closest to the remaining term of your mortgage as at the effective payout date. For example: (a) if the remaining term of your mortgage is 2 years and 6 months or less,

select the yield for 2 year bonds; (b) if the remaining term of your mortgage is greater than 2 years and 6 months (e.g. 2 years, 6 months and 1 day), then select the yield for 3 year bonds; (c) if the remaining term of your mortgage is 4 years and 7 months, then select the yield for 5 year bonds; and (d) if the remaining term of your mortgage is 1 year or less, select the yield for 1 year bonds.

(ii) for the three months interest amount

$C \times A \times 3 \text{ months}$

12 months

Where: C is the outstanding amount of your mortgage, less the amount if any of the unused 20% Prepayment Privilege in that year and

A is the annual interest rate on your mortgage (and for an adjustable rate mortgage, the interest rate then in effect).