I/We agree that should I/We cease to be member(s) in good standing of Meridian Credit Union Limited, the balance of principal and interest owing hereunder shall become due and payable three months after the date of cessation of the said membership.

Closed Mortgage

I/We acknowledge that the strict terms in the mortgage will apply to prohibit me/us from making any payments in addition to those required on the stipulated dates prior to maturity date, subject to the prepayment privilege indicated below. However, Meridian Credit Union Limited may agree to either renew the mortgage early, on terms more advantageous to me/us, or to provide me/us with a discharge or assignment of the mortgage prior to the maturity date, on the condition that I/we agree to pay to the Credit Union all of the unpaid balance of the loan, all accrued interest, and an additional amount as the price for our agreement to release you from the strict terms of the current mortgage. The price shall be equal to the greater of three months' interest on the unpaid principal balance at the expected payout date (plus any prepayment previously allowed by the Credit Union in the same calendar year of the request); and the amount calculated by multiplying the difference between the annual interest rate stated in the mortgage and the current annual interest rate for similar mortgages, by the unpaid principal balance at the requested payout date (plus any prepayment previously allowed by the Credit Union in the same calendar year of the request), calculated with respect to the remaining portion of the term of the mortgage.

The Chargor/Mortgagor agrees to be bound by the terms and prepayment restrictions of any unregistered agreements, (such as a four months free agreement, Cash Bonus Agreement, etc.) or amendments to those agreements.

I/We have a Closed Mortgage and agree to be bound by the following prepayment privilege clauses.

PREPAYMENT PRIVILEGE

Notwithstanding that prepayments of principal may not be permitted under the terms of the said charge, the following privileges of prepayment shall apply for the term of the mortgage:

(a) In any calendar year in which I/we have not requested the Credit Union to either permit me/us to payout the mortgage in full, or renew it early, prior to the maturity date, and only when I/we am/are not in default hereunder, I/we shall have the privilege of paying an additional amount of principal not in excess of twenty (20%) per cent of the original amount without notice, bonus or penalty. Each permissible pre-payment may be made on a regular payment date, and shall not be less than $100. If I/we do not fully use this privilege in a calendar year, I/we cannot carry forward any unused portion of the privilege to any following calendar year.

(b) If this charge was transferred to MCU from another financial institution, the amount of the privilege shall be 20% of the principal balance at the date of the transfer.

(c) I/We shall have the further privilege of increasing the monthly payment as indicated above by a MAXIMUM of 20% once in any calendar year.

(d) I/We agree(s) that if the term of the mortgage is greater than five years and I/We are not a corporation, or if this is a CMHC or GENWORTH insured mortgage which covers a rental housing project as defined in the National Housing Act, R.S.C. 1985, C. n.11, (as amended or replaced), I/ We may prepay the principal amount of the mortgage at any time after the end of the fifth year of the term and if so, I/We agree to pay MCU the outstanding principal amount and interest to the date of payment and three months' further interest at the rate specified in the registered document or any subsequent agreement in lieu of notice.

(e) Apart from the above-noted privileges, the terms of the CLOSED OPTION apply to payment or payments attempted at any other time or times.

PAYMENT AFTER DEFAULT

I/We agree that if I/We fail to make my/our payments at the time or times specified in the mortgage, I/We will not require the Credit Union to accept payment of the overdue principal amount without first giving three months' previous notice in writing, or paying a bonus equal to three months' interest in advance of the overdue principal.

I/We agree that notwithstanding the fact that Meridian Credit Union Limited's Solicitors will be preparing and registering the Mortgage, I/We will be responsible for and will pay all legal fees and disbursements incurred by reason of the preparation and registration of this Mortgage. I/We also agree costs incurred for appraisal, survey, evaluation inspection and mortgage insurance fees where applicable, are payable by ourselves, and may be deducted from the proceeds of the mortgage loan or may be withdrawn from our account on deposit with Meridian Credit Union Limited.

______ Initials **I/We hereby acknowledge that Meridian Credit Union Limited has informed me/us that Life Insurance may be available with regard to this Mortgage and further, that I/We have applied for Life Insurance coverage/or that I/We do not wish to obtain insurance.**

I/We agree that Meridian Credit Union Limited shall be at liberty upon my/our death or total and permanent disability, to apply towards payment of the mortgage debt any monies received by it under any policy or group insurance carried by it on my/our lives as mortgagor(s), notwithstanding that the mortgage is not otherwise due.

______ Initials **I/We hereby acknowledge that I/we will obtain/transfer fire insurance coverage with loss payable to Meridian Credit Union Limited, and agree to maintain insurance coverage for the life of the mortgage.**

If I/We are completing improvements to the property, I/We are required to withhold funds equal to 10% of the value of the work, service or materials actually done, placed or furnished to or for the improvement for 45 days after completion of the contract, to comply with the provisions of the Construction Lien Act. I/We are aware that Meridian Credit Union Limited will retain 10% holdback from each advance.