CALCULATING A PREPAYMENT CHARGE

Customer Information Sheet

BRIDGEWATER BANK

Gateway IRD or 3-month interest method

You will need to pay a prepayment charge if you prepay more than your prepayment privilege allows. If you're considering paying out your mortgage early or making a lump sum payment, please email one of our Customer Experience Specialists. Alternatively, you can contact your Mortgage Broker to discuss your options with you.

Calculating a prepayment charge with an interest rate differential (IRD) (reference rate) method

$$C \times \left[\frac{A - B}{12 \text{ months}} \right] \times D = F$$

A is the annual interest rate on your mortgage expressed as a percentage (e.g. 6.25%).

B is the reference rate* expressed as a percentage (e.g. 6.25%) reported on the business day preceding the date your mortgage prepayment/payout statement is prepared.

C is the amount of the mortgage being prepaid.

D is the number of months remaining in the term which is calculated by dividing the number of days remaining in the term by 365 and multiplying by 12.

F is the **estimated prepayment charge.**

***How to determine which reference rate applies:**

(a) if the remaining term on your mortgage is **equal to or less than 18 months**, the reference rate will be the Government of Canada Treasury Bill yields daily series on the business day preceding the date on which the prepayment/payout statement is prepared. You can find the link on our website at bridgewaterbank.ca. You will need to input the business day preceding the date the prepayment/payout statement is prepared as the 'Start,' select the 6-month 'V39066' series or 1-year 'V39067' series, and then click submit. Refer to the table below.

(b) if the remaining term on your mortgage is **greater than 18 months**, the reference rate will be the Government of Canada Selected Benchmark Bond Yield on the business day preceding the date on which the prepayment/payout statement is prepared. You can find the link on our website at bridgewaterbank.ca. Select the Benchmark Bond Yield with the term closest to the remaining term of your mortgage. Refer to table below.

Remaining Term (months)	Use Following	Data Source (reference rate)
0 months – 8 months	6 months rate – V39066	GoC T-Bill Rate
Greater than 8 months – 18 months	1-year rate – V39067	GoC T-Bill Rate
Greater than 18 months – 36 months	2-year rate	GoC Bond Rate
Greater than 36 months – 54 months	3-year rate	GoC Bond Rate
Greater than 54 months – 72 months	5-year rate	GoC Bond Rate

Calculating a prepayment charge with a 3-month interest method

$$C \times \left[\frac{A}{12 \text{ months}} \right] \times 3 \text{ months} = F$$

A is the annual interest rate on your mortgage expressed as a percentage (e.g. 6.25%).

C is the amount of the mortgage being prepaid.

F is the **estimated prepayment charge.**

Please note this information is for discussion purposes only. Check your most recent Disclosure Statement or Renewal Agreement to find out which prepayment charge method applies to your mortgage and if there are any prepayment restrictions.

You can access our online mortgage prepayment charge estimate calculator at bridgewaterbank.ca to estimate your prepayment charge. If you have any questions about prepaying your mortgage and would like assistance, please contact us:
1.866.243.4301 I customer.experience@bridgewaterbank.ca

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