

CALCULATING A PREPAYMENT CHARGE

Customer Information Sheet



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, making a lump sum payment or increasing your regular payment amount, 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) (Bond +0.75) method*

$$C \times \left[\frac{A - (B + 0.75\%)}{12 \text{ months}} \right] \times E = F$$

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

B is the Government of Canada bond yield rate expressed as a percentage (e.g. 6.25%) reported at 12:00 pm ET (Eastern Time) on the business day preceding the date your mortgage payout statement is prepared¹.

C is the amount of the mortgage being prepaid, less the amount (if any) of the unused 20% prepayment privilege in that year.

E 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.

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, less the amount (if any) of the unused 20% prepayment privilege in that year.

F is the estimated prepayment charge.

* The IRD method with the Government of Canada bond yield rate + 0.75pt is applicable to mortgages that originated prior to December 2014. Please contact us directly if you are unsure which prepayment charge method applies to you.

1. You can find the applicable bond yield rates reported each business day on our website at bridgewaterbank.ca or by contacting one of our customer experience representatives directly at 1.866.243.4301. Select the bond yield rate reported on our website for bonds with the term closest to the remaining term of your mortgage at the expected payout date.

For example:

(a) If the remaining term of your mortgage is 2 years and 6 months or less, use the bond yield rate for 2-year bonds.

(b) In the remaining term of your mortgage is greater than 2 years and 6 months (e.g. 2 years, 6 months and 1 day), use the bond yield rate for 3-year bonds.

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 | customer.experience@bridgewaterbank.ca