
Trigger Rate Event

Coast Capital's Variable Rate Mortgage key facts.

- A variable interest rate credit product is subject to interest rate fluctuation.
- The interest will change automatically if and when Coast Capital's Prime Rate (Prime Rate) changes.

What is a Trigger Rate?

The term "Trigger Rate" describes the point when the interest rate on your variable rate mortgage has increased so much that your payments are not enough to cover the interest that accrues between payments.

Who may be impacted by a Trigger Rate event?

- Members who are in a variable rate mortgage; and
- Reach a point where the current mortgage payment is not enough to cover the interest charged.

What happens once a member reaches the Trigger Rate? How are they notified?

- Once the trigger rate has been hit, the new payment will be automatically updated to reflect the current rate and remaining amortization. However, Coast Capital is taking a member centric approach and postponing the new payment for 30 days to allow the member to speak with a Coast Capital advisor to discuss the options available.
Note: interest begins to accrue at the new rate the date that the mortgage is triggered.
- The new payment amount will be calculated based on the current outstanding balance of the mortgage and the current prime rate +/- spread that was agreed upon in the mortgage documents.
- The updated disclosure statement with the new payment amount will be sent directly to the member and a representative from Coast Capital will attempt to reach out to the impacted members by email.

Once the Trigger Rate is reached and the mortgage payments have been amended, what options are available to the member?

1. Keep the existing variable mortgage at the higher payment amount.
2. Speak with an advisor to convert the product from variable to a fixed rate and take advantage of the 20bps discount (subject to change without notice).
3. Book an appointment with an advisor to look at refinancing options.

What options are available to the member?

- A unique feature of the Retail Variable Rate Mortgage, at any time, the members have an option to put in a rate guarantee (valid for 120 days) to switch into a fixed period equal to at least that of the remaining term.
OR
- There is a 20 bps discount, subject to change, or any members looking to switch into a fixed rate mortgage (of a 5 year term or longer) right away (valid for a 7 day rate hold only).

How do Coast Capital's offers compare to other Financial Institutions?

To our knowledge, no other Financial Institutions are making concessions that will forgive any part of their customer's payment obligations. In fact, most of the options will leave customers with even higher payments upon renewal of their mortgage in order to bring them back in-line with their amortization schedule.

Coast Capital has carefully considered many different options and we believe that our current strategy is the best way to support the long-term financial wellbeing of our members.

What can the member do if they cannot afford their new mortgage payment?

Members can contact their local branch or advice centre to discuss their payment options. Our advisors have been trained and provide guidance to discuss options with members.

Are there any ways for members to avoid a future Trigger Rate event?

- Members should be aware that although principle payments will potentially reduce the overall amortization, it will not avoid the mortgage from being triggered.
- Members can switch their Variable Rate Mortgage into a Fixed Rate Mortgage to a fixed period equal to at least that of the remaining term. An extension of amortization or overall refinancing can be reviewed (subject to qualification).
- Members will need to speak directly with a branch or advice centre advisor to review their personalized options.

If Prime Rate decreases in the future, will Coast Capital decrease the member's payment amount?

No. Coast Capital will not automatically adjust member's payments when Prime Rate decreases although as soon as the rate changes more of the mortgage payment will be used to pay off the principle component, and less to the interest component. This is the part of the behavior of the variable product. Refinancing options are always available to members as well, these would need to be discussed through an appointment with a branch or advice centre advisor.

I have more questions who can I (mortgage broker) contact?

- All brokers can reach out directly to brokerrelationsmanager@coastcapitalsavings.com
- More information regarding Coast Capital's Trigger Rate Process can be found at the following link: <https://blog.coastcapitalsavings.com/managing-your-money/trigger-rate-calculated/>
- Members can book an appointment online at coastcapitalsavings.com or speak with an advisor by calling 1.888.517.7000

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