

# Suitability Disclosure

## Part One: Agent's Responsibility

Your licenced Mortgage Agent/Broker has evaluated your suitability for mortgage financing using information obtained through your application, credit bureaus and conversations with you. As such, they have considered many factors including, but not limited to, your financial position, your life stage and goals and how mortgage financing will affect your overall household position. Your Mortgage Agent receives ongoing training, supervision, news and updates and is therefore aware of all the products, prices, limitations and fees associated with a wide variety of lenders and their mortgage products. Your Mortgage Agent has carefully matched you with a lender and product they believe to be the best fit with your requirements, and has also considered the risks you, the lender and the brokerage will assume as a result of his/her recommendation. Your Mortgage Agent/Broker has provided you with all the required disclosures, including a Cost of Borrowing Disclosure, Amortisation Schedule, Conflict of Interest Disclosure, and this Suitability Disclosure. If you were eligible, you were also offered a mortgage life insurance option.

Agent: I have documented my assessment of the factors impacting my decision at the time. (e.g., all of the factors above, including economic conditions)

\_\_\_\_\_  
Agent/Broker Signature

## Part Two: Risks Associated with Mortgage Financing:

The following represents a list of general risks associated with your mortgage financing. This list does not include risks deemed unlikely to occur by a reasonable person acting in good faith and as such does not represent a detailed summary of every possible scenario. The brokerage has undertaken a reasonable effort to assess and disclose risks specific to your situation.

### *Risk of Default and Foreclosure:*

Regular mortgage payments are due on the date disclosed in your commitment. If these payments are not made on time, interest will continue to accrue on the principle and interest may accrue on overdue interest. In the event you do not make your payments and your mortgage falls seriously into arrears the lender may have the right to foreclose on the subject property and sell it to someone else at market value. If the sale price is less than the balance of financing owed by you, you may be subject to further obligation, including but not limited to: lawsuits, garnishment of wages or seizure of assets by court order.

### *Risk of Prepayment Penalty*

This mortgage has a limited amount of principle that can be paid off every year without penalty. If, for any reason, you exceed this amount you may be subject to an interest penalty. Your commitment specifies the maximum amount you can prepay every year, as well as the method by which your penalty is calculated if you exceed your maximum. A penalty becomes most likely in the event you sell the subject property and do not port the financing to a new home, or if you break your term early. Please see your commitment for details regarding penalties.

### *Renewal Risk*

This mortgage is only valid for the term in question and no lender is under any obligation to renew your financing when your term expires. In most cases, if you have made your payments on time you will be offered a renewal by your existing lender but this is not guaranteed. Any material change to your financial situation including employment, credit or debt can affect the ability to renew your mortgage. Market factors including changes to house prices, interest rates and general underwriting guidelines can affect your ability to qualify for a loan renewal.

### *Variable Interest Rate Risk (if applicable)*

Your mortgage rate is variable, which means that the interest rate will change when your lender's prime rate changes. The lender does not guarantee this rate will remain constant; that it will increase or decrease or that the rate will follow the Bank of Canada's overnight rate. As such, your payments will change when your interest rate changes and if rates raise significantly you may no longer be able to meet your obligations.

## Signatures:

Client: I have reviewed this suitability checklist and am aware of the risks associated with my loan. I am satisfied I have disclosed to the brokerage any factors that may increase my risk and am confident in my decision to accept this loan.

Applicant One: \_\_\_\_\_ Date: \_\_\_\_\_

Applicant Two: \_\_\_\_\_ Date: \_\_\_\_\_