



A Better Way

Disclosure of Suitability and Material Risks to Borrower

As a mortgage broker, I must take reasonable steps to make sure that any mortgage option I show you is suitable for your needs and circumstances as a borrower. I must also clearly explain any material risks in writing.
I have considered your needs, available lenders, and products, and determined the mortgage(s) summarized below are suitable.

1. LENDER & MORTGAGE SUMMARY

Lender Name:

☐

A-Lender

☐

B-Lender

☐

MIC

☐

Private

Terms & Info:

2. KEY FEATURES AND LIMITATIONS OF THE MORTGAGE

- | | |
|--|--|
| ☐ Fixed-Rate Term (Locked rate/payment) | ☐ Variable-Rate (Fixed payment, rate adjusts) |
| ☐ Adjustable-Rate (Payment fluctuates with prime) | ☐ Interest-Only (Zero principal reduction) |
| ☐ Fully Open (Repay anytime penalty-free) | ☐ Closed Term (Prepayment penalties apply) |
| ☐ Hybrid / HELOC Component | ☐ Prepayment Privileges (Annual lump-sum) |
| ☐ Bona Fide Sale Clause Restriction | ☐ No-Frills Restrictions / Strict Terms |
| ☐ Portability Feature (Transferable) | ☐ Assumable Mortgage Option |
| ☐ Collateral Charge Registered | ☐ Cash Back Clawback On Discharge |
| ☐ Default Insured (Non-refundable premium) | ☐ Extended Amortization (>25 Years) |

Additional Features and Specific Product Limitations:

3. EXPLANATION OF OVERALL RATIONALE FOR SUITABILITY

Explanation of the overall rationale for suitability of the mortgage based on your needs and circumstances and any other factors:

- | | |
|--|---|
| ☐ Standard Fixed-Rate Purchase:
Matches borrowing requirements for payment predictability and rate protection. Verified debt servicing. | ☐ Variable / Adjustable Rate Option:
Secures lower initial rate with pre-payment flexibility. Surplus cash flow accommodates prime fluctuations. |
| ☐ Alternative Income / Self-Employed:
Tailored to accommodate non-traditional income while maintaining manageable debt payments. | ☐ Debt Consolidation / Restructuring:
Restructures high-interest obligations into a single mortgage, reducing total monthly debt service. |
| ☐ Private / Short-Term Bridge Loan:
Provides immediate capital for temporary financing gaps, uninsurable property aspects, or equity needs. | ☐ High-Yield / Second Charge Private:
Delivers target investment yields while maintaining equity protection capped at a conservative LTV. |
| ☐ Mortgage Renewal / Continuation:
Re-evaluated against current financial circumstances to confirm terms continue meeting ongoing budget goals. | ☐ Referral to External Product:
Needs do not align with brokerage products. In client's best interest, referred to external lender. |

Additional Suitability Analysis & Custom Rationale:



A Better Way Exit Strategies & Material Risks Disclosure

4. EXIT STRATEGY (MANDATORY FOR MIC, PRIVATE INVESTOR, OR SHORT-TERM FINANCING)

Where financing involves a short-term facility or private lender, define the borrower's repayment plan:

- | | |
|---|---|
| ☐ Institutional Refinance:
Conventional payout upon score and income restoration in 12 mos. | ☐ Property Sale Strategy:
Place property on market prior to maturity to fully repay debt. |
| ☐ Secondary Real Estate Liquidation:
Repaid via scheduled closing and sale of separate property. | ☐ Equity / Savings Payout:
Repaid via guaranteed incoming capital or investment funds. |
| ☐ Value-Add / Renovation Strategy:
Refinance upon completion and higher appraised uplift. | ☐ Reverse Mortgage Settlement:
Payout upon future property sale, relocation, or estate settlement. |

Detailed Exit Strategy & Contingency Milestones:

5. DISCLOSURE OF MATERIAL RISKS

A. General Mortgage Risks:

- ☐ **Risk of Arrears:**
Payments must be made on due date. Late payments incur penalties and damage credit rating.
- ☐ **Default & Foreclosure:**
Failure to pay may cause foreclosure; borrower remains liable for shortfall and legal costs.
- ☐ **Prepayment Penalty:**
Breaking term early or exceeding annual allowances incurs substantial discharge penalties.

B. Product-Specific & Regulatory Risks:

- | | |
|--|---|
| ☐ Fixed Closed:
If rates drop, early payout triggers substantial IRD penalties. | ☐ Variable Rate:
Prime increases trigger negative amortization or payment spikes. |
| ☐ Adjustable (ARM):
Monthly payments adjust automatically with prime rate hikes. | ☐ Interest-Only:
Zero equity reduction; vulnerable if property values soften. |
| ☐ No Frills:
Severe break penalties and strict bona fide sale restrictions. | ☐ Reverse Mortgage:
Compounding interest depletes equity and estate inheritance. |
| ☐ Extended Amortization:
Lower payment at cost of higher lifetime total interest. | ☐ HELOC / Hybrid:
Revolving line rate fluctuates directly with Prime. |
| ☐ Compounding Periods:
Monthly compounding increases total borrowing cost. | ☐ Collateral Charge:
May restrict 2nd mortgages and increase legal switch fees. |
| ☐ Cash-Back Option:
Clawback required if discharged or broken before term ends. | ☐ Fully Open:
Penalty-free repayment comes with substantially higher rate. |
| ☐ Bridge Financing:
Transaction delays create severe carrying cost accumulation. | ☐ Insured Mortgage:
Default insurance premiums are non-refundable once bound. |
| ☐ Legislative Changes:
Regulatory shifts may impact renewal, refinance, or porting. | ☐ Lender Discretion:
Subject to special covenants, call provisions, or restrictions. |

Additional Material Risk Notes:



6. ACKNOWLEDGEMENT AND SIGNATURES

Statutory Notice under Section 70 of the Mortgage Services Rules:

This disclosure of suitability and material risks is required under Section 70 of the Mortgage Services Rules. I understand that this disclosure must be true, plain, and not misleading. Under the Mortgage Services Act, it is misconduct to make (or allow to be made) a false or misleading statement in any record. Any substantive changes must be promptly disclosed in writing.

Mortgage Brokerage Name:

Borrower 1 Name(s):

Mortgage Broker Name(s):

Borrower 1 Signature:

Broker Signature:

Borrower 1 Date:

Broker Date (YYYY-MM-DD):

Borrower 2 / Co-Signer:

Provided By:

☐ Email

☐ In-person

☐ Other

Borrower 2 Signature:

Other Delivery Details:

Borrower 2 Date: