GABM#____________

Suitability and Material Risks Form

Get A Better Mortgage Inc. is dedicated to ensuring that we provide you with the right mortgage to suit your needs and present circumstances. To meet this objective, we require that all clients complete this application to the best of their abilities.

Applicant and Co-Applicant Name: ____

Please read the statements below, and check the circle that best represents your opinion, with 1 being **Strongly Disagree** and 10 being **Strongly Agree**

	Strongly Disagree 1	2	3	4	5	6	7	8	9	Strongly Agree 10
I am concerned about an unexpected expense impacting my ability to pay a mortgage.	O	O	O	O	O	O	O	O	O	O
I am concerned about job loss and being able to pay a mortgage.	O	O	O	O	O	O	O	O	O	O
I have confidence in my long-term financial health.	O	O	O	O	O	O	O	O	O	O
It is important that I have stability in my monthly payment.	O	O	O	O	O	O	O	O	O	O
I have concerns about the impact of future interest rate movements.	O	O	O	O	O	O	O	O	O	O
I intend to pay off my mortgage faster than the amortization period.	O	O	O	O	O	O	O	O	O	O
I intend to increase my monthly payments to pay down my principal faster.	O	O	O	O	O	O	O	O	O	O
I intend to make a lump-sum payment on my mortgage once per year.	O	O	O	O	O	O	O	O	O	O
I am not comfortable with fluctuations in the value of my home.	O	O	O	O	O	O	O	O	O	O
I am prepared to make significant changes to my discretionary spending habits in order to afford a mortgage.	O	O	O	O	O	O	O	O	O	O
I do not expect to sell my property and move for at least five years from now.	O	O	O	O	O	O	O	O	O	O
I do not expect any major life changes or major expenditure changes for my home budget within the near future	O	O	O	O	O	O	O	O	O	O

How would you rate your knowledge and understanding of mortgage products?

	Minimal – no experience		**Good** – I have experience and product knowledge
	Limited – I understand the basics		**High** – I have experience with a wide variety of mortgage products

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Product Suitability Confirmation

Our Role: The role of the Mortgage Centre Agent is to provide the client with an evaluation and analysis of various mortgage product alternatives in an attempt to aid in the selection of the most "suitable" mortgage solution. The method of evaluation involves detailed interaction between the client and agent and ultimately an "education process" must be completed so that the client has a clear understanding of these alternatives. The method of selection in determining the client's most "suitable" alternative takes into account the following factors:

- Income
- The size of their borrowing needs as well as the size relative to their income (i.e. percentage of total borrowing ability)
- Material risks
- Risk tolerance
- The interest rate environment and future market expectations
- Other relevant issues specific to the client

Product Decision: ____

Payment Type (Fixed vs. Variable)	**Mortgage Type** (Open vs. Closed)	**Term**	**Amortization**	**Payment Frequency** (Monthly, weekly, bi-weekly, accelerated)

Based on the method of selection indicated above, I consent that the mortgage product decision selected above is the most suitable for my/our needs.

Date:

_____________________________________ _____________________________________

Applicant Signature Applicant Signature

To be completed by your Get A Better Mortgage agent or broker:

Certification:
I certify that the information provided is accurate and may be considered current unless Get A Better Mortgage Inc. is notified otherwise. I certify that I have advised my client of all the material risks of the mortgage I am entering them into.

I certify that Get A Better Mortgage Inc. is compliant and current with PIPEDA legislation. Personal information will be held in the strictest confidence and only released to third parties to fulfill our obligations to my client or to comply with regulatory requirements or when required to do so by law.

Franchise agent/broker signature: ____________________________ Date Signed: ___________________

Could I defend the suitability of the mortgage for the above mentioned clients to my colleagues or a regulator? Could this decision have been made reasonably by another mortgage professional?

- ☐ YES
- ☐ NO

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Material Risks

There are both general and specific risks associated with a mortgage. General risks include loss of employment, foreclosure, etc. In addition, the following risks are associated with the features of your specific mortgage (choose all that apply).

	Risk of Arrears. Sample Disclosure Wording: 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 principal and interest may accrue on the overdue interest.
	Risk of Default and Foreclosure. Sample Disclosure Wording: 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. Sample Disclosure Wording: This mortgage has a limited amount of principal 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 that you can repay 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 even you sell the subject property and do not port the financing to a new home, or if you break your term early.
	Partially amortized, blended constant payment mortgage – <u>Fixed Rate.</u> Sample Disclosure Wording: You should be aware that with a fixed rate, partially amortized, blended constant payment mortgage you may not be saving as much as possible when compared to a variable rate option.
	Partially amortized, blended constant payment mortgage – <u>Variable Rate.</u> Sample Disclosure Wording: You should be aware that the risks associated with a variable rate, partially amortized, blended constant payment mortgage include the possibility of the interest rate rising without notice, based on market conditions. To prevent the possibility of negative amortization, an increase in the interest rate may require you to increase the amount of your periodic payment; reduce the total amount of the loan amount then owing by making a lump sum payment sufficient to reduce such total amount to a point below the designated amount; or convert the mortgage to a fixed rate mortgage having equal monthly payments. If you are unable to take any of these actions then the mortgage, at the lender's option, may immediately become due and payable.
	Interest-Only Mortgage. Sample Disclosure Wording: The mortgage being recommended is an interest only mortgage. This means that you will not be reducing the amount of your outstanding principal during the term of this mortgage, resulting in the same amount owing at the end of the term as was borrowed at the beginning of the term. By not reducing the principal outstanding, you may be at risk of having less equity in your property than you would have had if you had taken an amortized mortgage if the value of your property remains the same or decreases.
	Home Equity Line of Credit (HELOC). Sample Disclosure Wording: You should be aware that a HELOC contains the same rate volatility as a variable rate mortgage. Include variable rate disclosure.
	Interest Accruing Mortgage. Sample Disclosure Wording: You should be aware that under this repayment plan the amount borrowed increases over time. This increase in debt reduces your owner's equity in the property. The property must appreciate in value over the same period to offset this loss.
	Reverse Mortgage. Sample Disclosure Wording: You should be aware that a reverse mortgage may reduce in part or in whole the amount of equity remaining to be passed into the estate.
	Fully Open Prepayment Option. Sample Disclosure Wording: You should be aware that most fully open mortgages are at a higher interest rate.
	Partially Open Prepayment Option. Sample Disclosure Wording: You should be aware that although this option does not carry the same rate premium as the fully open feature, it might have a higher rate than a closed mortgage. Also, although it offers the flexibility to prepay the mortgage at any time, the penalty to fully repay the mortgage may outweigh the benefits of refinancing with a different lender.
	Closed Mortgage Prepayment Option. Sample Disclosure Wording: You should be aware that with this option you do not have any flexibility to prepay the entire mortgage amount or refinance with another lender. This means that you can only repay the mortgage before the term expires if you sell your property. You cannot refinance the mortgage before the term expires. This option may put you at risk of not being able to refinance this mortgage if interest rates decrease, if you wish to refinance your mortgage with another lender during the term, or if you need to repay this mortgage for any other reason than sale of property during the term of this mortgage

	Periodic Payment Increase. Sample Disclosure Wording. You should be aware that since the payment amount is increased, there might be a decrease in your cash flow. This must be examined before increasing the payment amount to ensure that you will not be negatively impacted.
	Accelerated Mortgage Payment. Sample Disclosure Wording. You should be aware that since the payment amount is increased when a mortgage is accelerated, there might be a decrease in your cash flow. This must be examined before increasing the payment amount to ensure that you will not be negatively impacted.
	Cash back Option. Sample Disclosure Wording: The cash back option provides you, the borrower, with a lump sum of cash on closing. You should be aware that most Cash Back Options come with a higher rate of interest on the mortgage. This is designed to offset the cost of advancing additional monies that do not have to be repaid by the borrower. If, however, you decide to refinance your mortgage before the end of the term, you will be required to repay a portion of the amount that was received under this option. For example, if you repay this mortgage in the twelfth month you will be required to pay the lender, in addition to any other penalties that may be charged, a pro-rated amount of $___which may hinder your ability to repay the mortgage before the term expires.
	Combined or Bundled Option. Sample Disclosure Wording: You should be aware that the full amount of the loan/credit is always registered against the title of the property. Whereas in a standard mortgage, the amount registered against the property decreases as the debt decreases, the amount of the bundle remains constant at the total amount originally approved.
	Extended Amortization. Sample Disclosure Wording: The mortgage being recommended has an extended amortization (in excess of 25 years) of XX years. If you do not reduce this amortization period on renewal of the mortgage, you may pay substantially more in interest over the lifetime of this mortgage than you would on a mortgage with a 25-year amortization. If you decide to keep the extended amortization over the life of this mortgage and do not make any additional prepayments, you will pay $______more than you would have on a mortgage with a 25- year amortization.
	Shortened Amortization. Sample Disclosure Wording: The mortgage being recommended has an amortization period of less than that for which you qualify. While this will decrease the amount of interest that you pay the lender over the life of this mortgage, you may be at risk of financial hardship due to the impact of a higher mortgage payment on your cash flow. If your financial situation changes during the term of this mortgage and you are unable to meet your payment obligations you may not be able to decrease your mortgage payment without refinancing this mortgage, which may result in additional costs to you such as prepayment penalties, legal fees and/or other costs associated with financing.
	High TDS Ratio. Sample Disclosure Wording: The mortgage being recommended allows you to have a higher total debt service ratio than typically allowed in the mortgage industry. By having a total debt service ratio of XX you may be at risk of financial hardship due to a reduced amount of cash flow and/or disposable income than you would have had if you had taken a mortgage with lower payments and/or if you had fewer monthly obligations.
	Failure to abide by the terms and conditions of the Standard Charge Terms. Sample Disclosure Wording: Every mortgage has terms and conditions which a borrower must abide by. You understand that this mortgage contains a set of Standard Charge Terms that governs your rights and obligations under this mortgage contract. There is a risk to you if you fail to meet these obligations under this mortgage contract. This is a risk to you if you fail to meet these obligations that may include penalties assessed by the lender or an action to remedy the contravention by the lender's use of the power of sale process.