



Lic #10464

Client / Product Risk Disclosure

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Risks Associated With Variable Rate Mortgages

A "Variable Rate" mortgage has a fluctuating interest rate. If the interest rate rises, the possibility exists that the payment will not be sufficient to cover the interest due for the payment period. In this scenario the lender will increase the payment to cover the deficiency. The borrower must keep a close watch on rates and make the decision to switch (lock-in) to a fixed rate product. The lock-in rate will be established by the lender at the time this request is made. To discharge a Variable Rate mortgage, you may incur either a 3 month interest penalty or the Interest Rate Differential, whichever is greater, at time of the discharge.

Please select your tolerance level for fluctuating interest rates by circling your tolerance level. For example, if you are not bothered by increasing interest rates, you will have a high tolerance for rising interest rates. If you are nervous by rising interest rates, then you will have a low tolerance level.

5
4
3
2
1

High Tolerance
Medium Tolerance
Low Tolerance

Risks Associated With Fixed Rate Mortgages

There are no basic risks attached to this type of mortgage repayment plan for the borrower other than the fact that he or she may not save as much interest as possible when compared to the variable rate option. If you have an interest rate fluctuating tolerance level of 2 or 1, we recommend you choose a fixed rate mortgage.

Risks Associated With Fixed Rate Closed Mortgages

With a fixed rate mortgage you typically can make pre-payments over the term of the mortgage. However, the main characteristic of the "Fixed Rate Closed" mortgage is that it does not allow for full prepayment at any time during the term of the mortgage except by sale of the property. Even though these mortgages may have lower interest rates, the borrower is "locked in" on this mortgage and has no flexibility to prepay the entire mortgage amount or refinance with another lender. This can limit your options if the rates decrease or if you wish to increase your mortgage amount. Please read your approval carefully to make sure that you understand the guidelines associated with breaking the mortgage.

If this is the mortgage that you selected then please specify which closed mortgage you chose

- A) Fully closed except on arms length sale
- B) Closed with discharge on sale or refinance. Discharge penalty is greater of either 3 months interest or interest rate differential.
- C) Fully open to prepayment without penalty

Existing Information

Current Mtg. Amount + Taxes:	
Current Rent Amount Monthly:	

New Mortgage Information

Lender Name	
Approval Number & Date	
Term and Rate Type	
New Monthly Payment Amount	

I/we, the borrower(s) acknowledge that I/we have reviewed my/our current budget and financial obligations and deem the mortgage product as stated on the mortgage commitment from the lender as suitable for my/our needs and circumstances.

Please Sign that you acknowledge the above statement.

Date