

Appendix 1: Scenario A – Financial institution lender

Sample documentation of suitability assessment for borrower that qualifies for a mortgage with a traditional lender (i.e., financial institution)

For illustrative purposes only

Mortgage product suitability assessment summary [Scenario A 28-Sep-2023]		
File #: 12345	Borrower: Mark Kim	Broker/Agent: Rhonda Baker
Date: 01-Sep-2023	Borrower: Yae Gi Jeong	Brokerage: ABC Mortgages Inc. #54321
Section I: Recommendation		
Lender name: SKED-ONE Bank of Canada, Inc.		Lender type: Bank
5-year term, fixed interest rate, closed, 25-year amortization		
<i>The reference section at the end of this form provides information on the key mortgage details and disclosures you should receive from your broker or agent.</i>		
Section II: Key needs and circumstances summary		
Key personal and financial needs and circumstances include, but are not limited to:		
<ul style="list-style-type: none"> Credit scores (700, 715) Debts (1 auto, 3 c-cards) 	<ul style="list-style-type: none"> Incomes (\$122k, \$115k/yr) Down pymnt (25%, savings) 	<ul style="list-style-type: none"> Employment (salary, stable) Financial assets (RRSP, GIC)
These are the most important feature(s) in a mortgage solution, as indicated by you:		
<ul style="list-style-type: none"> Low interest rate 	<ul style="list-style-type: none"> Reasonable payout penalty 	
Other factors that may impact your ability to access and/or qualify for certain products and lenders:		
<ul style="list-style-type: none"> n/a – no other concerns 		

Section II: Rationale

How the recommended product meets your needs. If not lowest (overall) cost, key decision factors. Other options considered. Etc.

- Your excellent credit and payment history, significant savings, few debts, and additional financial assets mean that you are well-qualified at all financial institutions.
- Key features of recommended product that align with your needs and preferences:
 - Competitive 5.05% interest rate with a rate hold guarantee of 90 days
 - Pre-payment penalty calculation does not deduct discounts (reduced rate will not negatively affect penalty calculation).

Exit strategy – Required for private mortgages. Plan for return to traditional financing at end of term. Sustainability of solution if exit not achieved. Etc.

- n/a

Section III: Cautions

Unique and/or limiting product terms/conditions. Payout options, penalty, fees, etc.

- **Potential payout penalty:** Mortgage payout before the term’s maturity date is subject to a prepayment cost (penalty) of “the greater of 3 months’ interest or interest rate differential (IRD)”.
 - Depending on rates at pay out, **you may be subject to a costly penalty** given the size of the mortgage.

Section IV: Acknowledgement

Brokerage: *Info accuracy and suitability attestation. If product selected by borrower is NOT recommended/suitable, clear explanation. Etc.*

Information noted in this *Mortgage Product Suitability Assessment* is true to the best of my knowledge. It is informed by the clients’ mortgage application, conversations, financial information/ documentation reviewed. Based on clients’ personal & financial needs and circumstances, this is suitable and my best recommendation, of the products/ lenders available to me.

ABC Mortgages Inc. #54321

Rhonda Baker

Rhonda Baker

01-Sep-2023

Brokerage Name and Licence #

Name of Broker/Agent

Broker/Agent Signature

Date

Borrower^[9]: Agreement w/ product & rationale. If selecting a product NOT recommended/suitable, clear acknowledgement of risks. Etc.

My broker/agent discussed my mortgage financing options with me and explained both why and how this mortgage product recommendation suits my personal and financial needs and circumstances. I agree that this recommendation is appropriate and that I understand the mortgage’s features and limitations.

n/a	Mark Kim	<i>Mark Kim</i>	01-Sep-2023
Company (if applicable)	Borrower Name	Borrower Signature	Date
n/a	Yae Gi Jeong	<i>Yae Gi Jeong</i>	01-Sep-2023
Company (if applicable)	Borrower Name	Borrower Signature	Date

For your reference: Additional documentation and information

Together with your broker or agent, review the **disclosure to borrower, mortgage commitment** letter, and/or other mortgage document(s) for materially relevant information about your mortgage product, such as*:

Mortgage particulars

- Property details (e.g., address, value, mortgage rank/position, loan to value (LTV), etc.)
- Mortgage specifics (e.g., amount, term, maturity date, and amortization, etc.)
- Interest rate details (e.g., fixed/variable, compounding, reference index, etc.)
- Payment details (amount, constant/adjusting, frequency, payment method, etc.)

Cost of borrowing details

- Fees and costs breakdown (e.g., to/from details, type/purpose, calculation method, etc.)
- Interest calculation (total interest paid over term)
- Amortization details (e.g., schedule of payments, balance at maturity, etc.)
- Cost of borrowing (annual percentage rate, including interest costs plus applicable fees and charges)

⁹ **Disclosures:** In addition to this summary, you, as borrower(s), are entitled to receive full disclosure information (often referred to as the “disclosure to borrowers” or the “signing package”). This information must be presented to you in writing at the earliest opportunity, and in any case, no later than 2 business days before entering into a mortgage agreement or signing the mortgage instrument, whichever is first. You, the borrower(s) can consent in writing to waive this waiting period. **Caution:** Waiving the 2 business days waiting period [between receiving disclosure information and signing/entering into a mortgage agreement] means you agree to receive the disclosures at any time before signing a mortgage instrument. ([O. Reg. 188/08, s. 35](#)).



Terms and conditions

- Renewal options or conditions
- Prepayment privileges and payout penalties
- Transferability, assumability, portability
- Fee schedule and optional services

**This is not an exhaustive list.*

Disclosures

- Brokerage relationships, representation details
- Fees/other remuneration payable **by** or **to** brokerage
- Actual or potential conflicts of interest
- Material risks of the recommended product

Financial Services Regulatory Authority of Ontario (FSRA) contact information

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