AKAL MORTGAGES

Material Risks-Borrowers

Initial ONLY Applicable Material Risks. *NOT ALL*

	Fixed Rate Mortgage: The mortgage being recommended is a fixed rate mortgage which means that you will have a fixed principal and interest payment and may not save as much interest as possible when compared to the variable rate option.
	Variable Rate Mortgage: The mortgage being recommended is a variable rate mortgage that has the following associated risks with it: payment fluctuates with the prime interest rate, with the increase in interest rate and to prevent the negative amortization, lender may require you to increase the amount of your payments, might affects your cash flow.
	Variable Rate Mortgage (Blended Constant Payment): The mortgage being recommended is a variable rate mortgage but the payment will be set at lender's 3 years posted rate and has the following associated risks with it: payment fluctuates with the prime interest rate, with the increase in interest rate the fixed payment may not be sufficient to cover the interest due for payment period and may cause you to potentially enter in to a negative amortization scenario and could force you to increase your mortgage payment or paying a lump sum of money to the lender to return the mortgage to a positive amortization. Moreover, to prevent the negative amortization, lender may require you to increase the amount of your payments, might affects your cash flow.
	Variable Rate Mortgage (Blended Variable Payment): The mortgage being recommended is a variable rate mortgage that means the payment will fluctuate with the prime rate changes. Since the payment is reset each time the lender's interest rate fluctuates, you must have sufficient funds to reflect any increases in the payment. This will result in a cash flow uncertainty for you, the borrower.
	Interest Rate ONLY Mortgages: The mortgage being recommended is an interest rate only mortgage that means there will be no principal reduction and it can put you the borrower at risk. If you are using interest only repayment plan to increase your purchasing power and property prices decrease, you could end up owing more than the property is worth.
	Home Equity Line of Credit (HELOC): A HELOC is a line of credit that is secured against your real property and the payments will fluctuate with the prime rate changes. Since the payment is reset each time the lender's interest rate fluctuates, you must have sufficient funds to reflect any increases in the payment. This will result in a cash flow uncertainty for you, the borrower.
	Reverse Mortgage: The mortgage being recommended is a reverse mortgage and is not due (under the CHIP program) until the death of the remaining homeowner or sale of the property, means you the borrower never has to repay the debt in your lifetime. However, if there are issues surrounding the inheritance of the property, it is best to understand that the reverse mortgage may reduce in part or in whole the amount of equity remaining to be passed in to the state.
	Interest Accruing Mortgage: The mortgage being recommended is an interest accruing mortgage that means that with this repayment plan the amount borrowed will be increasing over time meaning you will be having an increase in your debt load. Since the debt increases it eats into the equity that the property has. You must anticipate and hope that the property appreciates in value over the same period to offset this loss.
	Closed Mortgage: The mortgage being recommended is a closed mortgage which means that you can only repay the mortgage before the term expires if you sell your property or if you wish to re-finance your mortgage with in the term or if you have to re-pay your mortgage due to any reason other than the sale of the property, you will have to pay penalty based on 3-month interest or interest rate differential, whichever is greater.

Initial ONLY Applicable Material Risks. *NOT ALL*

	High TDS Ratios: The mortgage being recommended allows you to have higher TDS ratios than the typically allowed in the mortgage industry. By having TDS ratio over 40%, you may be at risk of financial hardship due to reduced amount of cash flow and/or disposable income than you would have had if you had fewer monthly obligations.
	Accelerated Mortgage Payment: The mortgage being recommended has an accelerated mortgage payment, which is a payment that is higher than that on non-accelerated mortgage payment. This may put you at financial hardship due to the reduced amount of cash flow and/or disposable income than you would have taken a mortgage with lower payments.
	Decreased amount of pre-payment: The mortgage product (Right Mortgage) you have selected is a product designed by MFI/MAC where you can decrease the amount of pre-payment available to you. By having this product, you are decreasing your chances to pre-pay the larger amount to bring down your amortization period. If you do not increase your pre-payment plan on renewal of the mortgage after five years, you may lose the opportunity to bring down your amortization period down and may pay more in interest over the lifetime of this mortgage.
	Cash Back Option: The mortgage being recommended has a cash back option which provides you a lump sum of cash on closing. This option may put you at risk of having to repay some or this entire amount if you repay this mortgage before the end of the term. For example, if you repay this mortgage in the twelfth month you will be required to pay to the lender, in addition to any other penalties that may be charged, a pro-rated amount of $__________ which may hinder your ability to pay this mortgage before the term expires.
	Extended Amortization: The mortgage being recommended has an extended amortization of 30/35/40 years. If you do not reduce this amortization period on renewal of the mortgage after five years, you may substantially more in interest over the lifetime of this mortgage more than you would pay on a mortgage with 25 years.
	Shortened Amortization: The mortgage being recommended has an amortization period 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 cost to you such as prepayment penalties, legal fees and/or other costs associated with refinancing.
	Standard Charge Terms: 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 which 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.

By signing below, I/We acknowledge that I/We have Read and Understood material risks associated with the mortgage offered to me/us by mortgage agent/broker.

Borrower's Name (Print)	Signature	Date
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