

# Client Engagement Letter

## Integrity

Thank you for choosing \_\_\_\_\_ (“Mortgage Advisor”) and \_\_\_\_\_ (“Brokerage”) to facilitate your application for mortgage financing. We are proud to provide the highest standards of professionalism and conduct ourselves with the utmost integrity; we will never falsify application details or documents. You can be secure in the knowledge that our advice is given with **your best interests** in mind.

## Confidentiality

Your Private Information (“Private Information”) and its security is important to us. Over the course of arranging your mortgage financing we will request, and be privy to, much of your personal information including SIN numbers, bank account history, employment, financial statements, etc. Be assured you can provide your personal information knowing that we will only collect the information necessary to achieve your financing goals. We never sell your information to a third party. Your information and documents are stored in a secure, encrypted service. All conversations and notes are kept confidential. If we discover illegal or fraudulent activity during a transaction, we may be required to report these findings to the appropriate authorities.

## Disclosure

Our office arrangement involves sharing Private Information with our Brokerage and/or MA Mortgage Architects Inc. and may include shared services such as photocopying, telephone, internet, fax, email, mail and software applications and programs. We will share limited information with third-party service providers including but not limited to lenders, insurers, law firms and appraisers as part of the process of completing your transaction.

## Communication

Our role is to guide you through the mortgage financing process and explain the details of the mortgage you may obtain, providing regular updates throughout. Our goal is to simplify the process and for you to obtain the best possible mortgage. When successful in arranging your financing, the lender will issue a Mortgage Commitment. The Mortgage Commitment will provide terms and conditions specific to the mortgage funding. Lenders may ask for additional information to complete an approval both before and after a Mortgage Commitment has been presented. Time is always of the essence in our office, and we strive to fulfill all lender conditions as quickly as possible. It is important to note that at no point are we able to guarantee financing even when you are pre-qualified or when a lender commits to financing. We cannot guarantee that the lender will fulfill an issued Mortgage Commitment, particularly if your circumstances change following approval.

## The Proceeds of Crime (Money Laundering) and Terrorist Financing Act

The Canadian federal government has enacted the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (the “Act”). The Act imposes obligations on our Mortgage Advisors and employees to record certain client transactions and report any “suspicious transactions” to an agency of the federal government; that is, financial transactions we reasonably suspect are related to the commission of a money-laundering offence. Further, the Act prohibits our Mortgage Advisors and employees from informing clients that a suspicious transaction has been identified, or from disclosing to clients the contents of a report when made.

You should also be aware that under provisions of the Act certain authorities may have the power to seize our mail or enter our premises:

- The Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”) have the authority to enter our firm, without a search warrant, to determine if we are complying with the Act. FINTRAC officials will be able to access our computer and data-processing system, examine and copy file information and records and reproduce any information or record; and
- The Canada Revenue Agency have the authority to seize, retain and open mail that it reasonably believes contains \$10,000 or more in cash or monetary instruments.

The Act may require our Mortgage Advisors and employees to disclose confidential client information, particularly as it relates to the transfer of cash more than \$10,000 in one or more transactions. Our obligations under the Act are not optional.

## Suitability and Risks

We will carefully match you to a lender and product we believe is to be the best fit with your financial position, life stage, and goals. Our recommendation will take into consideration the risks that you, the lender, and the brokerage may assume, and you will be provided disclosures relating to the total cost of borrowing as well as any conflicts of interests that may exist. The following non-exhaustive list of risks in obtaining a mortgage are taken into account and every reasonable effort has/will be made to assess and disclose those risks that may be specific to you:

- **Penalties for Prepayment or Early Termination** – Different mortgage products have different methods of calculating fees and interest penalties when prepayments of principle in excess of the allowable maximum amounts are made, or if termination (payout) of the mortgage occurs before the end of a term. Your Mortgage Commitment, or lender, will outline how your prepayments and penalties are calculated.
- **Mortgage Renewal** - A mortgage is only valid for the term outlined in the Mortgage Commitment and the lender is not under any obligation to renew it. Material changes to your financial situation, including employment, income (including rental income for mixed-use properties) credit or debts can all affect your ability to qualify for a new mortgage at the end of the term. Changes to housing prices, interest rates, governmental policies, mortgage insurer policies and lender underwriting guidelines may also affect your ability to obtain a mortgage renewal.
- **Variable Interest Rate** (if applicable) - When a mortgage payment increases or decreases with changes to the Prime Rate of a lender, as some lenders require, there may be no notice to you. This may affect your ability to meet payment obligations to the lender.
- **Default or Foreclosure** - When mortgage payments are not made on time, interest will continue to accrue on the principal and interest may accrue on overdue interest. If your mortgage falls seriously into arrears the lender may have the right to foreclose on the property and sell it at market value. In some cases market value may be less than the balance of financing owed, leaving you with a personal obligation for the difference.

## Termination of Engagement

You may terminate this engagement at any time by providing us with written notice. We may terminate this engagement at any time by providing you with written notice, which may be for reasons including, but not limited to:

- you provide us with false, incomplete or misleading information;
- you ask us to perform an unethical or illegal act;
- you fail to cooperate with us; or
- we cannot find suitable financing for you despite our best efforts to do so.

## Compensation

Generally, the lender pays us a fee for arranging your mortgage. The fee we are paid varies depending on the lender and the nature of the financing obtained. We will disclose our fee to you upon request and/or in a disclosure statement we provide to you.

If financing from a private or alternative lender is required, or if construction financing is required, you may pay a fee to the Brokerage to arrange the financing. The fee will vary depending on the amount and nature of the financing required. We will disclose our fee and obtain your approval before you enter into a financing or Mortgage Commitment.

Although our fees are generally paid by the lender, you may have to pay additional expenses in connection with the financing arranged.

These expenses include but are not limited to:

- legal fees and disbursements, title searches, title insurance, mortgage processing, Property Transfer Taxes, provincial and federal taxes;
- appraisal fees;
- strata document retrieval fees; or
- fees charged by the lender.

### Protection

Our Mortgage Advisor may provide you with options for mortgage life insurance, critical illness and disability to protect your investment and your family. While these insurance policies are optional, we prefer to verify that you have adequate coverage in place. Our partners for insurance products include, but are not limited to:

- a) Mortgage Protection Plan through Manulife; and
- b) a referral to a qualified insurance agent.

### Agreement

We rely on the information you provide to us. It is important that you promptly provide us with the information we request. You warrant to us that the information you provide to us in the mortgage application process is true, complete and accurate and that you understand that it is being used to determine your creditworthiness. You also confirm that this engagement letter is the entire agreement between us, and that we have not made, and you have not relied on, any guarantee, promise or representation that is not included herein.

- I/We the undersigned, authorize my Mortgage Advisor (a representative of MA Mortgage Architects Inc.) to obtain a credit report for the processing of my mortgage application as required within six months of the date of this agreement, and further authorize the collection of any additional information required.

You also understand, acknowledge and agree that the information given in the mortgage application, as well as other information we obtain in relation to your credit history, may be disclosed to potential mortgage lenders, mortgage insurers, service providers or organizations providing technological or other support services related to facilitating your mortgage and the operation of our Brokerage. You further authorize potential mortgage lenders and/or mortgage insurers to obtain Your credit report(s) and history anytime throughout the course of an application for financing.

By signing this agreement, you grant our Mortgage Advisor(s) and Brokerage permission to contact you in the future to discuss your mortgage transaction. You also provide consent under Canada's Anti-Spam Legislation for us to send you communications about the latest mortgage news, events and services we believe may be of interest to you.

Thank you for your trust and we look forward to working with you. Please confirm that you agree with the terms and conditions of this engagement letter by dating and signing below and returning it to our office.

Yours truly,

*Maurice Kwok*

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Client Name (PLEASE PRINT)

\_\_\_\_\_  
Client Name (PLEASE PRINT)

\_\_\_\_\_  
Date (MM/DD/YYYY)

\_\_\_\_\_  
Date (MM/DD/YYYY)

I, \_\_\_\_\_ verify and warrant that I have viewed and obtained photo identification from all applicants \_\_\_\_\_