

SCHEDULE

REVERSE MORTGAGE DISCLOSURE FORM

THIS DISCLOSURE FORM HAS IMPORTANT INFORMATION ABOUT THE REVERSE MORTGAGE YOU ARE CONSIDERING. THE FORM CONSISTS OF PARTS A TO M. BE SURE YOU READ ALL PARTS.

THE LENDER MUST GIVE A COPY OF THIS FORM TO EACH PERSON WHO SIGNS IT (*excluding witnesses*).

A. SIGN TO SHOW YOU RECEIVED THE FORM

Manitoba's *Mortgage Act* requires that the lender give you this form because you are considering a reverse mortgage. It also requires the lender to give the form to any person whose consent to the mortgage is required under the *Homesteads Act*. This will usually be a spouse or common-law partner who does not own the property that may be mortgaged.

The *Mortgage Act* also requires that the lender give this form to you, and anyone whose consent to the mortgage is required by the *Homesteads Act*, **before** the start of a **seven calendar-day period** (cooling-off period) that must have ended before you sign the mortgage or any other document that requires you to sign the mortgage.

The seven-day cooling-off period does not begin until the day after you and any person whose consent is required under the *Homesteads Act* have signed this form to show that it has been received. Signatures must be witnessed by a Commissioner for Oaths, Notary Public or other person who can take affidavits under the *Manitoba Evidence Act*.

THIS IS NOT A CONTRACT. YOUR SIGNING DOES NOT REQUIRE YOU TO TAKE THE LOAN. IT ONLY SHOWS THAT YOU RECEIVED THE DISCLOSURE FORM.

Borrower (**please print name**)

Date

Witness (Commissioner for Oaths for Manitoba,
Notary Public, etc.)

Signature of Borrower (y/m/d)

Borrower (**please print name**)

Date

Witness (Commissioner for Oaths for Manitoba,
Notary Public, etc.)

Signature of Borrower (y/m/d)

THIS IS NOT A CONTRACT. YOUR SIGNING DOES NOT REQUIRE YOU TO CONSENT TO THE LOAN. IT ONLY SHOWS THAT YOU RECEIVED THE DISCLOSURE FORM.

Person Whose Consent is Required
(please print name)

Date

Witness (Commissioner for Oaths for Manitoba,
Notary Public, etc.)

Signature of Person Whose
Consent is Required

(y/m/d)

Person Whose Consent is Required
(please print name)

Date

Witness (Commissioner for Oaths for Manitoba,
Notary Public, etc.)

Signature of Person Whose
Consent is Required

(y/m/d)

B. WHAT IF I SIGNED THE MORTGAGE BEFORE RECEIVING THE DISCLOSURE FORM?

If you have already signed the mortgage or any other document that obligates you to sign the mortgage and you do not want to continue with the loan, the Mortgage Act might allow you to cancel. If you have already spent all or part of the loan funds, the Act might reduce your obligations under the loan. You should call the Consumer Protection Office at 945-3800 or 1-800-782-0067 (toll free in Manitoba) if you want more information.

C. REVERSE MORTGAGES ARE NOT LIKE ORDINARY MORTGAGES

1. A reverse mortgage is a loan based on the equity you have in the property being mortgaged. The loan amount may depend on such factors as the amount of equity you have in the property, your age, and the location and value of the property. As with other mortgages, you owe interest on the money borrowed through a reverse mortgage.
2. Reverse mortgages usually differ from ordinary mortgages in at least two important ways:
 - a) the interest rate is usually higher with reverse mortgages than with short term conventional mortgages; and
 - b) with reverse mortgages, the loan is usually not required to be repaid until the borrower dies or the property is sold.

Since you usually make no payments before the end of the loan, the amount of debt you owe under a reverse mortgage loan will accumulate. Depending on the interest rate and the amount of the loan, the amount of debt can accumulate quickly.

3. A risk with a reverse mortgage loan is that your debt can consume all of your equity in the property. As a result, you or your family may find that equity being counted on for other purposes no longer exists. Tables in Part M show how your equity in the property could be affected by the interest rate, the length of the loan you are considering and changes in the value of your property.
4. Unless a judge orders otherwise, you will not have to pay back more than the fair market value of your property as determined when the property is sold or otherwise transferred to a new owner.

D. LENDER

Lender (**prospective mortgagee**)

Address

Contact Person

Phone Number of Contact Person

E. PROPERTY TO BE MORTGAGED

Address
Legal Description
(attach schedule if necessary)

F. FEES AND OTHER COSTS OF THE LOAN

1. Fees and Other Costs the Lender Requires the Borrower to Pay to the Lender or Another Person as a Result of this Loan			
(if estimated, place E in the brackets)			
a) property appraisal	\$____ () paid from loan	paid from another source	\$____ ()
b) independent legal advice	\$____ () paid from loan	paid from another source	\$____ ()
c) application fee	\$____ () paid from loan	paid from another source	\$____ ()
d) Other fees and costs the lender requires the borrower to pay to the lender or another person as a result of this loan (identify each)			
	(i) _____		
	(state particulars)		
	\$____ () paid from loan	paid from another source	\$____ ()
	(ii) _____		
	(state particulars)		
	\$____ () paid from loan	paid from another source	\$____ ()
	(attach schedule if necessary)		
2.	Subtotal: Fees and Other Costs paid from loan		\$____ ()
3.	Subtotal: Fees and Other Costs paid from a source of funds other than the loan		\$____ ()
4.	Total Fees and Other Costs		\$____ ()

G. LOAN AMOUNT GOING TO BORROWER AND TOTAL AMOUNT BEING BORROWED

1.	Actual loan funds you would receive	\$____
2.	Actual amount of funds you would have to repay, excluding interest (F.2. plus G.1.)	\$____

H. INTEREST COSTS

1. Interest Rate Changes

a) the interest rate will be equal to **(describe method of determining the interest rate)**

b) the interest rate can change every _____ months

c) the first date when the interest rate will possibly change is _____ **(describe date)**

2. Initial interest rate _____%

3. Interest will be compounded _____ times per year

4. Due to the effect of compounding, the effective initial interest rate is _____% per year

5. Based on the initial interest rate, the amount of interest that would accumulate during first 12 months of the loan is \$_____

Note: You are subject to interest rate risk. The higher the interest rate, the faster your equity in the property will decrease.

I. DATE LOAN TO BE REPAYED

If you do what you are required to do under the loan, it will not have to be repaid, unless a judge orders otherwise, until the earlier of

_____ days after the date the property is sold by you;

Or

_____ days after the date of your death or, if there is more than one borrower, the death of the last borrower to die.

It is important to note that the debt may have to be repaid before the death of the borrower(s) or the sale of the property by the borrower(s). This can happen if you fail to do what is required under the loan such as fail to pay property taxes or insurance or fail to maintain the property in good condition.

J. EARLY REPAYMENT

1. Partial prepayments of the loan are permitted _____ yes _____ no
(if partial prepayments of the loan are permitted, indicate any conditions)

2. If the loan is prepaid in full, there is a prepayment penalty _____ yes _____ no
(if there is a penalty, state how it is determined)

3. Prepayment of accumulated interest is permitted _____ yes _____ no
(state any conditions)

K. STATEMENTS OF ACCOUNT

1. The lender will give you statements of account at no charge every _____ months.
2. The statements will include
- a) interest rate
 - i) current _____ yes _____ no
 - ii) all rates since last statement _____ yes _____ no
 - b) amount of loan _____ yes _____ no
 - c) total amount owed as of date of statement _____ yes _____ no
 - d) amount of any prepayments since last statement
 - i) interest _____ yes _____ no
 - ii) loan _____ yes _____ no
3. Borrower can request a statement of account at any time _____ yes _____ no

(state any conditions) _____

4. Section 25 of Manitoba's *Mortgage Act* gives you the right to request a statement of account once every 12 months or whenever you need one to pay off the loan or sell the property. The lender cannot charge you for the statement.

L. CONSIDER GETTING ADVICE

1. Review this disclosure document carefully.
2. This disclosure document is not a contract and does not contain all of the details of the mortgage you are considering.
3. It is strongly recommended that you talk to your lawyer about this reverse mortgage before you sign the mortgage or any other document that requires you to sign the mortgage.
4. It is also recommended that you talk to someone employed by a bank, credit union or other financial institution or an accredited financial advisor to make sure a reverse mortgage is the best option for you.
5. You might also want to talk to a family member or friend about this reverse mortgage.

M. EFFECT OF INTEREST RATE, LENGTH OF LOAN AND PROPERTY VALUE ON YOUR EQUITY IN THE PROPERTY

Tables I and II show how the interest rate, length of loan and changes in property value could affect the amount of equity you have in your property.

TABLE I: INITIAL INTEREST RATE

Table I assumes that the interest rate does not change from the initial rate of _____% (from H.2.). Table I shows how the amount of equity you have in the property is affected by the length of the loan. It also shows what can happen if the value of your property did not increase or increased by 1.0% per year.

(a)	Property Value (land and buildings) as per	
	i) most recent property tax bill	\$ _____
or		
	ii) most recent appraisal by an accredited appraiser	\$ _____
(b)	Amount of Loan	_____
(c)	Estimated Equity [(a) minus (b)]	_____
	Interest Rate (from H.2.)	_____

		Assume Property Value Does Not Change		Assume Property Value Increases by 1.0% per Year	
End of Year	Amount Owed (A)	Property Value (B)	Equity Remaining (B) minus (A)	Property Value (C)	Equity Remaining (C) minus (A)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
15					
20					
25					

IT IS IMPORTANT THAT YOU UNDERSTAND THAT THE INFORMATION IN TABLE I IS BASED ON ASSUMPTIONS. BEFORE YOU HAVE REPAID THE LOAN, INTEREST RATES COULD HAVE INCREASED BY MORE THAN THE AMOUNT SHOWN IN THE TABLE OR THEY COULD HAVE DECREASED.

SIMILARLY, THE VALUE OF YOUR PROPERTY MAY HAVE INCREASED BY MORE THAN THE AMOUNTS SHOWN IN THE TABLE, OR IT MAY HAVE DECREASED. A DECREASE IN THE VALUE OF YOUR PROPERTY WOULD CAUSE YOUR EQUITY TO DECREASE TOO.

THE FIGURES ARE EXAMPLES TO SHOW YOU WHAT COULD HAPPEN AND TO HELP YOU UNDERSTAND HOW A REVERSE MORTGAGE WORKS.

TABLE II: INTEREST RATE THAT IS TWO PERCENTAGE POINTS HIGHER THAN INITIAL INTEREST RATE

Table II assumes that the interest rate is constant at _____% which is two percentage points higher than the initial rate (H.2. plus two percentage points). Like Table I, the information in Table II shows how the amount of equity you have in the property is affected by the length of the loan. As with Table I, the information also shows what can happen if the value of your property did not increase or increased by 1.0% per year.

(a)	Property Value (land and buildings) as per	
	(i) most recent property tax bill	\$ _____
or		
	(ii) most recent appraisal by an accredited appraiser	\$ _____
(b)	Amount of Loan	_____
(c)	Estimated Equity [(a) minus (b)]	_____
	Interest Rate (from H.2. plus 2 percentage points)	_____

		Assume Property Value Does Not Change		Assume Property Value Increases by 1.0% per Year	
End of Year	Amount Owed (A)	Property Value (B)	Equity Remaining (B) minus (A)	Property Value (C)	Equity Remaining (C) minus (A)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
15					
20					
25					

IT IS IMPORTANT THAT YOU UNDERSTAND THAT THE INFORMATION IN TABLE II IS BASED ON ASSUMPTIONS. BEFORE YOU HAVE REPAID THE LOAN, INTEREST RATES COULD HAVE INCREASED BY MORE THAN THE AMOUNT SHOWN IN THE TABLE OR THEY COULD HAVE DECREASED.

SIMILARLY, THE VALUE OF YOUR PROPERTY MAY HAVE INCREASED BY MORE THAN THE AMOUNTS SHOWN IN THE TABLE, OR IT MAY HAVE DECREASED. A DECREASE IN THE VALUE OF YOUR PROPERTY WOULD CAUSE YOUR EQUITY TO DECREASE TOO.

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