

# Reverse Mortgage

## Suitability & Discovery

This document is provided to support your discussions with your clients. It is designed to help you ask the right questions, guide client discovery, and ensure that a reverse mortgage is the appropriate solution for your client's unique circumstances.

### Product overview: The reverse mortgage

To ensure your clients have a clear and consistent understanding of the product, here is a baseline explanation:

#### WHAT IT IS



A specialized lending product that allows homeowners (who meet minimum age and property value requirements) to access a portion of their home equity without needing to sell their property.

#### THE COMMITMENT



The client is not required to make regular principal or interest payments\*; however, interest continues to accrue over time and is added to the outstanding balance. This increases the total cost of borrowing and therefore impacts the remaining equity in the property.

#### THE INTENT



It is designed to support long-term financial stability, allowing clients to stay in their home while meeting significant financial goals (i.e., debt consolidation, healthcare, enhancing retirement lifestyle, supporting family, or home care).

### Meeting your market conduct obligations



Adhering to Market Conduct Obligations ensures that every financial recommendation prioritizes your client's best interests and aligns with their needs and circumstances while meeting regulatory standards/expectations.

The Client Discovery Questionnaire supports an appropriateness assessment helping you explore the client's needs, objectives, circumstances, product understanding, and alternatives. Actively exploring these areas with your client, ensures the product accurately matches their unique financial circumstances and goals.

\*Your client is required to pay their property taxes, have valid and adequate home insurance and keep their property well maintained.

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### Client discovery questionnaire

Use the following guiding questions to ensure your client has considered all options and that this product best aligns with their actual needs and circumstances.

#### Confirming the Need (Use of Funds)

1

- ✓ Is the client's initial advance amount consistent with their needs?
- ✓ What is the primary goal or specific financial situation the client is trying to resolve with these funds?
- ✓ Does the client need less than \$25,000? (Note: Minimum advance requirements may apply)

#### Client Understanding and Product Knowledge

2

- ✓ Was the client provided with information on the different terms and rates available?
- ✓ Has the client been advised of the features, charges, risks and benefits of the product?
- ✓ Has the client been advised that the product may not be appropriate for their needs and circumstances (if applicable based on your financial assessment)?
- ✓ Does the client demonstrate an independent understanding of the product, including interest accrual and ongoing obligations, without undue reliance on a third party?

#### Assessing Financial Sustainability

3

- ✓ After receiving funds, does the client have the means to maintain property insurance and pay property taxes?

#### Exploring Alternatives

4

- ✓ Has the client explored alternatives to meet their financial needs?