

Form 5 – Disclosure of Information Statement to Lender

As a mortgage broker, I must give you this disclosure to **explain important information about this mortgage transaction** so you can make an informed decision before you provide funds. As a prospective lender, you need to know all the important information that a reasonable person would need to decide whether to lend money.

It is your responsibility to carefully read through this entire document and ask us any questions you have about the information.

QUICK FACTS ABOUT THIS MORTGAGE

Property (security for the mortgage): _____

Face value of total mortgage: \$ _____

Mortgage term: _____

Rank of mortgage: _____

Loan to (as-is) value (LTV): _____

Appraisal/valuation (as-is): \$ _____

Effective date of appraisal/valuation: _____

Estimated total fees paid by prospective lender: \$ _____

Estimated total fees paid by borrower: \$ _____

GENERAL CAUTIONS

1. **Get independent professional advice** to help protect your interests and make sure the deal is set up properly.
2. **Only send your money “in trust”** to a registered mortgage brokerage, lawyer, or notary. Never send money directly to the borrower or a mortgage broker.
3. **If you are investing with others**, you might not be able to get your money back on your own if the borrower does not pay.
4. **Make sure the property value is accurate.** You should have enough documents to support the stated value.
5. **Check that the borrower can afford the payments** required by the mortgage.
6. A mortgage broker cannot **administer your mortgage** unless you have a written agreement that follows the requirements in the Mortgage Services Act.
7. This document **does not cover everything you need to know about the mortgage transaction.** Make sure you understand all the risks and all other important details before investing.

GENERAL RISK FACTORS

1. **All mortgage investments involve risk.** Higher returns usually mean higher risk. Make sure you understand how the risk profile of the mortgage fits with your other investments, your investment objective, and your tolerance for risk.
2. This mortgage investment **cannot be guaranteed** by anyone, including the mortgage broker or brokerage. If you are not prepared to risk a loss, you should reconsider investments involving mortgages.
3. **Syndicated mortgages** (where more than one person lends money) can have extra risks, including how the group's investment is set up and how the mortgage is financed.
4. **You might not get your money back.** It depends on whether the borrower (and anyone guaranteeing the loan) can make the mortgage payments.
5. **Property values can change.** The value might be different now than when it was last assessed or appraised.
6. **If the property loses value,** you might not recover your investment if the borrower defaults and the property is foreclosed.
7. **Insurance might not be enough.** If insurance is cancelled, expires, or does not cover everything, you could lose money.
8. **You might not be able to sell or transfer the mortgage.** There is no guarantee there will be a market for it or that you will find a new lender to take your place if you want to get your money out.

INFORMATION STATEMENT

Borrower / Guarantor / Covenantor Information

- Full Name of Borrower(s): _____
- Address [include postal code]: _____
- Full Name of Guarantor / Covenantor: _____
- Address [include postal code]: _____

Inter alia mortgages

Is this an inter alia mortgage? ☐ Yes ☐ No

If yes, the mortgage broker must complete the following sections for each mortgage.

Mortgage investment

Your investment represents:

- ☐ the entire mortgage **OR**
- ☐ a portion of the mortgage

If you have a portion, your percent of the mortgage is: _____ %

Details of other parties and their interests in your mortgage:

Registered interest

- ☐ Your interest as a lender will be directly registered in your name on the mortgage document filed at the Land Title Office or in another registry or entity; or
 - ☐ _____ will act as a trustee or nominee and will hold a registered interest in the mortgage in trust for you as beneficial owner; or
 - ☐ Your interest in the mortgage will be secured under the following arrangements:
-

Trust funds

Will any funds be held in trust pending execution of the mortgage? ☐ Yes ☐ No

If yes, specify the party that will hold the funds in trust:

Mortgage administration

Will the mortgage be administered for you? ☐ Yes ☐ No

If yes, provide the name and contact information for the licensed administrator:

PRE-EXISTING OR EXISTING MORTGAGE IN DEFAULT

Will the lender be taking over an interest in an existing mortgage that is already registered? ☐ Yes ☐ No

If yes, describe any default or other problems the borrower had, including the extent and reason for the default, whether the reason for default has been corrected, personal circumstance and the steps taken to bring the mortgage into compliance.

Has the borrower had any default or other problems on any mortgage over the past 12 months? If so, explain.

If the mortgage is new, was there a previous mortgage registered against title? ☐ Yes ☐ No

If yes, describe any default or other problems on the previous mortgage which the mortgage broker is aware of, including the extent and reason for the default, whether the reason for default has been corrected, and the steps taken to bring the other mortgage(s) into compliance.

PROPERTY TO BE MORTGAGED

Legal Description of Property:

Municipal Address of Property:

Description of Property:

- ☐ Single family residential
- ☐ Owner occupied
- ☐ Rental
- ☐ Condominium
- ☐ One-to-four unit residential
- ☐ Five or more unit residential
- ☐ Other: _____

Fees:

Strata fees: _____

Other Fees: _____

Are any of the above fees in arrears? ☐ Yes ☐ No

If yes, provide details:

Zoning:

Is the zoning on the property appropriate for the proposed use? ☐ Yes ☐ No

If no, specify how the existing zoning conflicts with the proposed use of the property and whether the zoning issue has been mitigated:

Purchase Price:

Purchase price of property: _____

Date of purchase: _____

Property Taxes:

Annual Property Taxes: \$ _____

Are taxes in arrears? ☐ Yes ☐ No

If yes, amount of arrears: \$ _____

Property Appraisal/Valuation:

Amount: \$ _____

- ☐ An appraisal has not been done on the property within the past 12 months **OR**
- ☐ An appraisal has been done on the property within the past 12 months

If no appraisal has been done within the past 12 months, amount and source of valuation:

Date of appraisal/valuation: _____

Name and address of appraisal company:

For all properties, appraised/valuation as-is value:

Confirmation the appraisal was obtained for the purposes of mortgage financing (not, for example, marital division):

Date of municipal assessment: _____

MORTGAGE TERMS

Amount of your investment: \$ _____

Face value of the mortgage: \$ _____

Maximum Indebtedness of Mortgage: \$ _____

Interest rate is fixed at ____% per annum OR Interest rate is variable, explain:

Compounding period: _____

Interest only payments: ☐ Yes ☐ No

Interest reserve (holding mortgage payments in advance):

☐ Yes ☐ No

If yes, how many months of mortgage payments are held? _____

If yes, is it held in trust? ☐ Yes ☐ No

Borrower's rate of interest if different from the rate of interest to be paid to the investor:

Amount of mortgage advance: If the amount of the mortgage advance is less than the face value of the mortgage, provide explanation

If the mortgage will be partially advanced, under what circumstances will further advance(s) be made and what approval is required?

Prepayment terms: _____

Payments to be made by Borrower: \$ _____

Payment Frequency: _____

Term: _____

Amortization: _____

Borrower's first payment due: _____

Total cost of borrowing, as disclosed to the borrower:

\$ _____

Maturity Date: _____

Balance on maturity: \$ _____

Mortgage secures a running account: ☐ Yes ☐ No

If yes, provide details

NSF, late, or other non-compliance fees: _____

Renewal permitted: ☐ Yes ☐ No

Will the mortgage proceeds be used to refinance, pay out, redeem, or reduce an existing mortgage on this property? ☐ Yes ☐ No

If yes, explain:

RANK OF MORTGAGE AND LOAN TO VALUE RATIO

Rank of mortgage

This mortgage will rank:

☐ First ☐ Second ☐ Third ☐ Other: _____

Can the rank of the mortgage change? If yes, explain how it might change (e.g., does investor need to provide approval) and is it expected to change?

Prior encumbrances (existing or anticipated)

☐ None **OR**

☐ (a) Lender/Charge Holder: _____

Priority: _____

Face value: \$ _____

Amount Owing: \$ _____

Maximum potential indebtedness allowable under Mortgage: \$ _____

In default? ☐ Yes ☐ No (if yes, explain)

☐ (b) Lender/Charge Holder: _____

Priority: _____

Face value: \$ _____

Amount Owing: \$ _____

Maximum potential indebtedness allowable under Mortgage: \$ _____

In default? ☐ Yes ☐ No (if yes, explain)

Add Lender/Charge Holder

Other encumbrances, including environmental, regulatory and/or liens:

Loan to value ratio

- a) Total amount owing or maximum indebtedness (whichever figure is higher) of all encumbrances which rank in priority:
\$ _____
- b) Maximum indebtedness of mortgage: \$ _____
- c) Total amount of mortgages: \$ _____ (a+b)
- d) Appraised "as is" value: \$ _____
- e) Loan to "as is" value: _____ % (c/d x 100)

Fees/Charges

Fees and charges payable by the prospective lender, except for remuneration to the mortgage brokerage disclosed under Part C: Disclosure of Remuneration, including:

- Approximate legal fees and disbursements: _____
- Administration fees (where applicable): _____
- Any other charges, specify: _____
- Total: \$ _____

Fees and charges payable by the borrower

- Mortgage brokerage fees: _____
- Lender fees: _____
- Approximate legal fees and disbursements: _____
- Administration fees (where applicable): _____
- Appraisal fee: _____
- Any other charges, specify: _____
- Total: \$ _____

ATTACHED DOCUMENTS

You should review the following attached documents carefully and assess the risks of this investment before you commit to the mortgage transaction (check all documents that are attached):

- ☐ A copy of any existing mortgage on the property
- ☐ A copy of any appraisal (or, if there is no appraisal, details about how the property was valued)
 - If the appraisal was addressed to someone other than the lender of record, ensure a transmittal letter is attached
- ☐ A copy of any purchase and sale contract entered into by the borrower for the purchase of the property
- ☐ A copy of the borrower's application for a mortgage
- ☐ Any documentary evidence respecting the borrower's ability to meet the mortgage payments
- ☐ If the mortgage is a new mortgage, documentary evidence of any down payment made by the borrower for the purchase of the property
- ☐ A copy of any agreement that you may be asked to enter into with the mortgage brokerage
- ☐ A copy of the administration service agreement, if a third party is administering the mortgage
- ☐ A copy of any power of attorney authorizations
- ☐ If it is a syndicated mortgage, any loan agreement, syndication agreement, or mortgage commitment
- ☐ If the mortgage is a consumer mortgage (primarily for personal, family, or household use), a copy of the required Business Practices and Consumer Protection Act disclosure provided to the borrower
- ☐ If the mortgage is not a consumer mortgage (not primarily for personal, family, or household use), the Disclosure of Information Statement to Lender – Addendum for Construction and Development Mortgages must be completed and disclosed

I am also required to provide you with **all other information a prospective lender of ordinary prudence would consider to be material to a decision whether to lend money** on the security of the property or the credit worthiness of the borrower, so that you can make an informed decision before you commit to invest. This information might include the following:

1. If the property is rental property, details of leasing arrangements and vacancy status.
2. The mortgage commitment.
3. Issues with insurability.
4. Environmental and other considerations affecting property value.

Disclosure of other material information (if applicable):

ACKNOWLEDGEMENT AND SIGNATURES

This disclosure of information statement to lender is required under section 73 of the Mortgage Services Rules.

I understand that this disclosure must be true, plain, and not misleading. I further understand that, under the Mortgage Services Act, it is misconduct to make (or allow to be made) a false or misleading statement in any record, which includes omitting authorized or required information. I further acknowledge that if there is any substantive change to the information provided, I will promptly disclose this change.

Mortgage Brokerage Name:

Date:

Mortgage Broker Name(s):

Mortgage Broker Signature(s):

Prospective Lender Name(s):

Date:

Prospective Lender Signature(s):

This disclosure was provided by:

(select option)

☐ Email

☐ In-person

☐ Other (describe): _____

The mortgage brokerage must keep a copy of this disclosure form and provide it to BC Financial Services Authority upon request.

BC Financial Services Authority (BCFSA) is the legislated regulatory agency that works to ensure mortgage services licensees have the skills and knowledge to provide you with a high standard of service. All mortgage services licensees must follow rules that help protect consumers, like you. We are here to help you understand your rights. For additional information on mortgage services, or to ask us a question or file a complaint, visit us online at www.bcfsa.ca, email us at servicecentre@bcfsa.ca, or call us at 604 660 3555 or 1 866 206 3030. You can submit an anonymous tip through [BCFSA's website](#).