Disclosure to Unrepresented Lenders

IMPORTANT INFORMATION ABOUT DISCLOSURE

As the mortgage broker involved in this mortgage transaction, I must give you this disclosure to explain important information so you can make an informed decision **before agreeing to provide mortgage funds as an unrepresented lender(s).**

As a prospective lender, you need to know all the important information that a reasonable person would need to decide whether to lend money, including explaining:

- **Suitability and material risks:** why any mortgage transaction presented to you is suitable having regard to your needs and circumstances and considering any material risks.
- **Remuneration:** how much the mortgage brokerage gets paid, including money or other benefits, for providing mortgage services.
- **Interests:** any actual or potential conflicts of interest that may exist or arise from this transaction.

It is your responsibility to carefully read through this entire document and ask me 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: $ ____________________

PART A: IMPORTANT DISCLOSURE FOR PROSPECTIVE LENDERS

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.

PART B: DISCLOSURE OF SUITABILITY AND MATERIAL RISKS

I must take reasonable steps to make sure that any mortgage option I show you is suitable for your needs and circumstances as a prospective lender. I must also clearly explain any material risks in writing.

Disclosure of material risks:

Explanation of the overall rationale for suitability of the mortgage based on your needs and circumstances and any other relevant factors:

PART C: DISCLOSURE OF REMUNERATION

The following disclosure shows you how much the brokerage expects to get paid, directly or indirectly, from providing mortgage services to you or on your behalf.

This includes remuneration from referrals or recommendations to people like notaries, lawyers, banks, real estate agents, insurance agents, or any other person providing products or services related to mortgages, including other mortgage brokers or brokerages.

This information helps you understand:

- Who gets paid
- How much they get paid
- Where the money comes from or goes to

Remuneration can include:

- Money or other benefits (such as event tickets or loyalty points)
- Commissions, fees, bonuses, or other rewards (such as volume bonuses paid out in the future)

Disclosure of Remuneration

All payments for my services must be made to the mortgage brokerage, not to me directly. If I do not know the exact amount of remuneration I might receive, I will give you an estimate or explain how it will be calculated.

The mortgage brokerage expects to receive the following remuneration:

- Form and amount of remuneration: ______________________________
- Source of remuneration: ______________________________

The mortgage brokerage will keep the following remuneration:

____

The mortgage brokerage will pay the following remuneration to another mortgage brokerage that helped arrange your mortgage, if applicable:

- Form and amount of remuneration: ______________________________
- Name of mortgage brokerage: ______________________________

As your mortgage broker, I expect to receive the following for helping to arrange your mortgage:

- Form and amount of remuneration: ______________________________
- Source of remuneration: ______________________________

Other important details about how the mortgage brokerage and broker are paid for helping to arrange your mortgage:

____

Other important details about how the mortgage brokerage and broker are paid for any referrals/recommendations:

____

PART D: DISCLOSURE OF INTERESTS

Mortgage brokers and brokerages (if applicable) must disclose whether we, or any of our associates or related parties, have any interest in your mortgage transaction. Since relationships between parties involved in a mortgage transaction can sometimes lead to actual or perceived conflicts of interest, this information helps you understand any potential conflict of interest we might have in the mortgage transaction.

I must disclose direct and indirect interests. A direct interest is any benefit that goes directly to the mortgage broker and/or brokerage. An indirect interest is any benefit that goes to an associate or related party of the mortgage broker and/or brokerage.

Associates and Related Parties are:

- Co-workers or business partners
- Family members (immediate and extended family)
- Companies or business entities they own or control
- Brokerage leadership, such as partners, officers, and directors
- Trusts or estates they are involved in
- Major shareholders of the brokerage or lender
- People who influence or are influenced by them

If the interest has no dollar value, we will clearly describe it so you understand what it is. If the interest has a dollar value, we will give an exact amount or an estimate.

NOTE: Disclosure of interests does not include any remuneration we receive directly from you, other parties to the mortgage transaction, or from other people we refer/recommend to you. That information was disclosed in Part C, above.

Description of any direct or indirect interest the mortgage broker or mortgage brokerage (if applicable) has or may acquire in this mortgage transaction:

Description of any direct or indirect interest that a related party or associate has or may acquire in this mortgage transaction as a result of their relationship with the mortgage broker or mortgage brokerage (if applicable):

PART E: 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 an addendum for inter alia mortgages.

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

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: $ 0.00 ______ (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: $ 0.00 ______

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: $ 0.00 ______

PART F: 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):

PART G: ACKNOWLEDGEMENT AND SIGNATURES

This disclosure to lender is required under sections 70 (Disclosure of Suitability and Material Risks to Lender), 73 (Disclosure of Information Statement to Lender), and 75 (Disclosure of Interests to Lender) 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(s) Signature: ____________________

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.