

## Chapter 6 - Disclosure

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<b>Cost of Credit Disclosure.....</b>	<b>10 minutes</b>
<b>Criminal Rate .....</b>	<b>5 minutes</b>
<b>Form 9.....</b>	<b>10 minutes</b>
<b>Form 10.....</b>	<b>10 minutes</b>
<b>Exercise 5.....</b>	<b>20 minutes</b>
<b>Trust Accounts.....</b>	<b>10 minutes</b>
<b>Filing Requirements .....</b>	<b>10 minutes</b>
<b>Final Exam.....</b>	<b>15 minutes</b>

### Objectives:

After completing this chapter, participants will:

- € understand when cost of credit, Form 9 and Form 10 disclosures are required
- € have a basic understanding of correct and incorrect ways to complete disclosure forms
- € know when trust accounts are required, how to set up a trust account, and costs involved
- € be familiar with the filing requirements as set out by FICOM

### Tools Required:

Large flip chart  
Masking tape  
Large coloured markers

There are a number of different types of disclosures that you as a broker are responsible for. These include:

- € Cost of Credit Disclosure (BPCPA Disclosure Form)
- € Form 9 – Investor/Lender Information Statement
- € Form 10 – Conflict of Interest Disclosure Statement

## **Cost of Credit Disclosure** (BPCPA Disclosure Form)

The Act requires that disclosure be given by **mortgage brokers and lenders** to individuals who borrow primarily for personal, family or household purposes, **regardless of whether the broker or lender is charging additional fees or expenses.**

The Act does not contain any standardized forms. However, it does prescribe the content of an initial disclosure statement for fixed credit under section 84 and an initial Disclosure Statement for Open Credit under section 91. This form is available as a downloadable Excel spreadsheet on the MBABC website.

If a mortgage broker arranges the mortgage loan and the lender does not carry on the business of lending money as a primary business, the broker is responsible for providing a disclosure statement to the borrower.

If a mortgage broker takes a mortgage application from a borrower and arranges a mortgage with a lender who is in the business of lending money, the broker must provide the disclosure statement to the borrower. The lender may adopt the disclosure statement provided by the mortgage broker as its own, or deliver its own disclosure statement to the borrower.

If there is no mortgage broker involved in the transaction, such as in the case when a borrower contacts a lender directly, the lender must provide a disclosure statement to the borrower.

An initial disclosure statement must be given to a borrower two days prior to the borrower incurring a credit obligation under a credit agreement, unless the two day period is waived by the borrower in accordance with section 15 of the regulation.

According to the BPCPA and Bulletin #06-001, a disclosure statement must also be given to the borrower: