

**Form 1 - Investor/Lender Disclosure Statement  
For Brokered Transactions***[Mortgage Brokerages, Lenders and Administrators Act, 2006 \(MBLAA\)](#)*

Transaction Number

**Section 1 – Steps to Protect Yourself**

Before you invest in any mortgage, consider how the mortgage fits with your other investments, your investment objective, and your tolerance for risk. This mortgage investment **cannot be guaranteed by the mortgage brokerage, and it is not a real estate investment**. If you are not prepared to risk a loss, you should not consider mortgage investments. **Your entire investment may be at risk.**

**Quick Facts**Property (security): Face value of total mortgage: Type of loan: Mortgage term: Appraised (as-is)<sup>1</sup> value: Rank of mortgage: Effective date of appraisal: Loan to (as-is) value (LTV): Estimated total fees paid by  
investor: Estimated total fees paid by  
borrower: 

Note: Definitions of terms used can be found in the endnotes on the last page.

**Important Disclosure for Investors**

This Investor/Lender Disclosure Statement For Brokered Transactions ("Disclosure Statement") provides the critical information you need to know to make an informed decision about investing in a mortgage. **It is your responsibility to carefully read through this entire document.**

It is your mortgage brokerage's responsibility to ensure this Disclosure Statement is complete and contains all the prescribed disclosures and information required as per the [MBLAA](#). Furthermore, your mortgage brokerage is responsible for ensuring the proposed mortgage investment is **suitable** having regard to your needs and circumstances.

**As an investor, you need to know:**

1. Any actual or potential conflicts of interest<sup>2</sup> (COI) that may arise from this transaction to ensure their best interests remain a priority for the brokerage. This will be for example, the brokerage's relationships<sup>3</sup> with each borrower and every other party to the transaction. (e.g., appraiser)
2. All material risks about the transaction that could impact the recovery of your funds. Investors, with little or no experience investing in mortgages need to understand all the risks. Make sure your brokerage provides you with all the required disclosure and ensure to ask questions if any terms of the transaction are unclear.
3. If the brokerage cannot verify the identity of another party to the transaction to verify the legal authority of all parties as this may increase risk of title fraud for example.
4. Why a mortgage brokerage thinks any mortgage investment they present to you is suitable having regard to your needs and circumstances.
5. If you are using a Mortgage Administrator, make sure they have a FSRA license by checking the [public registry](#). A list of the mortgage administrator's disclosures duties is available in appendix A

## A list of the mortgage brokerage's disclosure duties is available in the Appendix B

In accordance with MBLAA, the **full list of minimum prescribed disclosures** must be provided at least two (2) business days before you commit to lend/invest. This allows you to review information about the investment, with or without independent counsel, and make an informed decision on whether or not to proceed. The disclosure has to be provided **two business days before the earliest of the following events**:

- When the brokerage receives or enters into an agreement to receive money from you
- When you enter into a mortgage agreement or an agreement to trade in a mortgage
- The money is advanced to the borrower under the mortgage
- The trade completion date

You can reduce the 2 business days to 1 business day by consenting in writing by completing the approved Waiver ([Form 1.2](#)).

## Important Facts To Know Before You Agree To Invest

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### Difficulty in selling or transferring your investment

1. If you want to withdraw your money before the end of the mortgage term, a new investor/lender may be required and **there is no assurance that there will be a market for the resale or transfer of your investment.**
2. **If the contract provides for an extension, you may not be able to opt out of any extension of a mortgage term. For a comprehensive review and explanation of the mortgage terms you may want to obtain independent legal advice (see point 16).**

### No Guarantee

3. This Disclosure Statement **has not been filed** with the Financial Services Regulatory Authority of Ontario (FSRA). Neither FSRA nor any other authority of the Government of Ontario has reviewed or approved the completed Disclosure Statement.
4. This mortgage investment is **not insured** by the Government of Ontario or any other investor protection fund.
5. This mortgage investment **cannot be guaranteed** by the mortgage brokerage. If you are not prepared to risk a loss, you should **not consider mortgage investments.**

### What to expect from your broker/agent

6. Only a broker or an agent level 2 are proficient and have the right license in Ontario to arrange a private mortgage investment for you. You and confirm their status and credentials on the [public registry](#).
7. You should expect the following from your broker/agent:
  - a. Understand your needs and circumstances, specifically investment objective, horizon and risk tolerance
  - b. Understand and be able to explain the features and risks of the mortgage investment for you
  - c. Assess the suitability of mortgage investment option and only present what is suitable to you
8. If this investment is for a mortgage to fund a development, construction or commercial project, the **repayment of this investment may depend** on the successful completion of the project, and its successful leasing or sale.

### Recommended Steps You Should Take About Your Mortgage Investment

9. You should consider visiting and inspecting the property or project as identified in Section 3, Part A of this Disclosure Statement.
10. You should ensure you have sufficient documentation to support the property valuation quoted in this Disclosure Statement. The property value may decrease over time and may affect the return and/or value on your investment in the event of a default in payments under this mortgage.

11. You are **strongly** advised to obtain independent legal advice before committing to invest. This is not a replacement to any of the mortgage brokerage's due diligence responsibilities.
12. You should satisfy yourself as to the borrower's ability to meet the payments required under the terms of this mortgage investment considering the information shared by the brokerage.
13. **You need to review terms relating to the extension of mortgages carefully.**
14. **You should satisfy yourself regarding all factors relevant to this investment before you commit to invest.** This Disclosure Statement, the Addendum ([Form 1.2](#)) if applicable, and the attached documents provide key details regarding this investment but it may not be a comprehensive list of factors to consider. By law, the mortgage brokerage must disclose in writing the material risks<sup>4</sup> of the mortgage investment. There may be additional risks to the investment.

**A list of facts to know before you agree to invest is available in Appendix C**

Name of Mortgage Broker	Licence # of Mortgage Broker
Signature of Mortgage Broker	Date (yyyy-mm-dd)

**Acknowledgement**

I acknowledge receipt of this "*Steps To Protect Yourself*," signed by the above-named mortgage broker.

Name of Investor/Lender

**Address of Investor/Lender**

Unit Number	Street Number	Street Name	
City/Town		Province	Postal Code
Signature of Investor/Lender		Dated by Investor/Lender (yyyy-mm-dd)	

**Section 2 – Declaration by the Mortgage Brokerage**

1. *The Mortgage Brokerages, Lenders and Administrators Act, 2006* requires **disclosure of the nature of the relationship between the mortgage brokerage and other persons and entities involved in the mortgage transaction**. For the purposes of this Disclosure Statement and Addendum, two persons are "related" if they share any relationship other than an arm's length business relationship. For example, a shareholder, director, officer, partner, or employee of a mortgage brokerage is related to the mortgage brokerage and to any broker or agent authorized to deal or trade in mortgages on behalf of the mortgage brokerage (referred to below as "its" [the brokerage's] brokers and agents).

This declaration is made by

Name of Mortgage Brokerage	Licence # of Mortgage Brokerage		
<b>Address of Mortgage Brokerage</b>			
Unit Number	Street Number	Street Name	
City/Town		Province	Postal Code

2. Does the mortgage brokerage or any of its brokers or agents have or expect to have a **direct or indirect** interest in this property identified in Section 3, Part A.?

☐ Yes ☐ No

If yes, explain (e.g., *names of parties, nature of conflicts, how is the investor's interest protected despite the conflict?*)

3. Does any individual or entity (for example, but not limited to, mortgage administrator or lawyer) related to the mortgage brokerage or any of its brokers or agents have or expect to have a **direct or indirect interest** in this property?

☐ Yes ☐ No

If yes, explain (e.g., *names of parties, nature of conflicts how is the investor's interest protected despite the conflict?*)

4. Is the borrower related to the mortgage brokerage or to any of the officers, directors, partners, employees, or shareholders of the brokerage or any of its brokers or agents?

☐ Yes ☐ No

If yes, explain (e.g., *names of parties, nature of conflicts how is the investor's interest protected despite the conflict?*)

5. Is the individual or company that appraised the property related to the mortgage brokerage or to any of its brokers or agents?

☐ Yes ☐ No

If yes, explain (e.g., *names of parties, nature of conflicts how is the investor's interest protected despite the conflict?*)

6. Describe any **conflicts or potential conflicts of interest** in connection with this mortgage investment, other than those described above.

7. Describe what steps the mortgage brokerage has taken to reduce the risk of an unsuitable mortgage being presented or risk of principal investment loss resulting from any **conflicts or potential conflicts of interest**.

8. The mortgage brokerage is acting for:

- ☐ The investor/lender and not the borrower
- ☐ The borrower and not the investor/lender
- ☐ Both the borrower and the investor/lender

9. If this investment is a purchase of an existing mortgage or a portion of an existing mortgage, is the mortgage now in default?

☐ Yes ☐ No

Has it been in default in the last twelve months?

☐ Yes ☐ No

If yes to either, please provide further information regarding the extent and reason for the default, whether the reason for default has been corrected (e.g. job loss, business improvement, personal circumstance) and the steps taken to bring the mortgage up-to-date:

10. Will the mortgage proceeds be used to refinance, pay out, redeem, or reduce an existing mortgage on this property?

☐ Yes ☐ No

If yes, explain

11. Does the mortgage brokerage or any of its brokers or agents expect to gain any interest or benefit from this transaction other than the fees disclosed in Part D of this Disclosure Statement?

☐ Yes ☐ No

If yes, describe any expected gain or interest, and provide the value of such gain or interest as available

12. The mortgage brokerage is required to disclose in writing the material risks of this investment. Choose all the material risks of this investment that apply, and **add any additional ones impacting the investment not listed below**:

- ☐ Borrower's failure to make scheduled mortgage payments
- ☐ Borrower is in arrears with prior mortgage(s), or municipal property taxes, or income taxes, or a combination of them all
- ☐ Availability and cost of financing / refinancing (e.g., rising interest rates in the marketplace and your exit strategy was to get out in one year)
- ☐ Material delay in development of a project being funded by the mortgage
- ☐ Substantial reduction in sales / forecasted sales for the project funded by the mortgage
- ☐ The subject mortgage will be registered behind one or more other mortgages on the property
- ☐ If the syndicated mortgage includes a subordination clause, there is risk that the priority of the syndicated mortgage may be lowered ('subordinated') behind other debt without the investors' consent, potentially leaving investors with insufficient security to cover their syndicated mortgage (e.g., a loan-to-value ratio greater than 100%)
- ☐ Change in value of the underlying property and mortgage-based investment, such as a NQSMI (e.g., property values used in offering documents may no longer reflect rapidly changing market conditions)
- ☐ Loan-to-value ratio (e.g., changing property valuations could result in higher-than-expected loan-to-value ratios)
- ☐ Other

The mortgage brokerage has fully complied with all requirements of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and its regulations.

I have fully completed the above Declaration of Brokerage Relationships and Potential Conflicts of Interest in accordance with the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and its regulations and declare it to be accurate in every aspect to the best of my knowledge.

Name of Mortgage Broker	Licence # of Mortgage Broker
Signature of Mortgage Broker	Date (yyyy-mm-dd)

## Acknowledgement

I acknowledge receipt of this “*Declaration by the Mortgage Brokerage*,” signed by the above-named mortgage broker.

Name of Investor/Lender

### Address of Investor/Lender

Unit Number

Street Number

Street Name

City/Town

Province

Postal Code

Signature of Investor/Lender

Dated by Investor/Lender (yyyy-mm-dd)

## Section 3 – Information Disclosure and Suitability Assessment

### Part A. Property/Security to be Mortgaged

#### 1. Legal and municipal address of the property

#### 2. Type of property

☐ Property with existing buildings

☐ Single family residential

☐ Owner occupied

☐ Rental

☐ Condominium

☐ One-to-four unit residential

☐ Five or more unit residential

☐ Commercial

☐ Industrial

☐ Agricultural

☐ Other, explain

☐ Vacant land, development, or construction project. Detail of project/proposed use, including projected starting and completion dates:

☐ Other

### 3. Purchase price

Purchase price of property:  Date of purchase (yyyy/mm/dd)

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### 4. Property taxes

Annual property taxes:

Are taxes in arrears?

☐ Yes

☐ No

☐ Investor/Lender's Solicitor to verify taxes prior to closing or ensure coverage under title insurance.

Amount of arrears:

### 5. Condominium fees (if applicable)

Monthly condominium fees:

Are fees in arrears?

☐ Yes

Amount of arrears:

☐ No

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### 6. Zoning

Is the zoning on the property appropriate for the proposed use?

☐ Yes

**Note: Investor/Lender's Solicitor to verify zoning prior to closing or ensure coverage under title insurance.**

☐ No

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

### 7. Appraisal

☐ 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

**Note: During periods of real estate market volatility, it is recommended that the appraisal not be older than 3-6 months.**

If an appraisal was **not** done in the past 12 months, please explain how the appraised value was determined by the brokerage:

For all properties, appraised as-is value:  Date of appraisal (yyyy/mm/dd)

If the appraisal was addressed to someone other than the investor/lender or record, provide a transmittal letter from the appraiser.

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Name and address of appraiser:

## Part B. Mortgage Particulars

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### 1. Mortgage investment details

Your investment represents:

☐ The entire mortgage, OR

☐ A portion of the mortgage. Of the total mortgage amount, your portion represents (%)

Number of other parties that have an interest in this mortgage:

In what name(s) will the mortgage be registered?

If the mortgage is not registered in the investor's name(s), explain (i.e. who is responsible for ensuring registration is done correctly and what measures are in effect to ensure correct registration?) :

### 2. Existing or new mortgage

☐ An existing registered mortgage or portion of an existing registered mortgage is being purchased.

☐ Your investment will fund a new mortgage or portion of a new mortgage that has not yet been registered.

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### 3. Administered mortgage

Will the mortgage be administered for you?

☐ Yes

**Important: A Mortgage Administrator must be licenced under the Mortgage Brokerages, Lenders and Administrators Act, 2006.** (Visit the [FSRA Mortgage Licencing page](#) to verify the Mortgage Administrator's licence)

☐ No

If Yes, name, address and licence number of administrator:

#### 4. Terms of the mortgage

Amount of your investment:

Face value of the mortgage:

Interest rate per annum is:

☐ fixed at (%)

☐ variable

Explain the base/reference rate and any additional adjustment

Compounding period:

What is the borrower's cost of borrowing as disclosed to the borrower:

Choose a payment frequency

Payments to be made by borrower:

Payments to be made you:  
(See Part D for fees charged to you)

Term (months):

Amortization (months):

Maturity date (yyyy/mm/dd):

Borrower's first payment due (yyyy/mm/dd):

Balance on maturity:

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

Borrower's rate of interest (%):

Investor(s) rate of interest (%):

Terms and conditions of repayment

#### 5. Rank of mortgage (according to information from borrower)

The mortgage to be purchased/advanced is/will be a:

☐ First ☐ Second ☐ Third ☐ Other mortgage (specify)

Can the rank of the mortgage change?

☐ Yes ☐ No

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):

(a) Priority:

Face amount:

Amount owing:

In default?

☐ Yes ☐ No ☐ Unknown

If Yes, explain:

Name of mortgagee:

(b) Priority:

Face amount:

Amount owing:

In default?

☐ Yes ☐ No ☐ Unknown

If Yes, explain:

Name of mortgagee:

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

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## 6. Loan to value ratio (according to information from borrower)

(a) Total of prior encumbrances:

(b) Amount of this mortgage:

(c) Total amount of mortgages (a + b):

(d) Appraised "as is" value (from Part A) (Required):

(e) Loan to "as is" value (c/d x 100) (Required):

(f) Projected value (where appropriate):

(g) Loan to "projected value" ratio (c/f x 100):

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## 7. Amount of mortgage advance

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

8. Partial advance

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

Part C. The Borrower

Name and address of borrower:

Name

Address

Unit Number

Street Number

Street Name

City/Town

Province

Postal Code

☐ The brokerage has identified the borrower(s)

evidence of identity is attached/will be provided on (yyyy/mm/dd)

Explain what steps the brokerage will take to verify the identity before closing:

**Important: Financial information about the borrower’s ability to meet the mortgage payments must be attached to this Disclosure Statement.**

Part D. Fees

Fees and charges payable by the investor

Purpose	Estimate	Paid to
Mortgage brokerage fee/commission/other costs:		
Approximate legal fees and disbursements:		
Administration fees (where applicable):		
Any other charges (specify):		
Total		

**Fees and charges payable by the borrower**

Purpose	Estimate	Paid to
Mortgage brokerage fee/commission/other costs:		
Approximate legal fees and disbursements:		
Administration fees (where applicable):		
Appraisal fee:		
Any other charges (specify):		
<b>Total</b>		

Are any of the above fees or charges refundable?

☐ Yes ☐ No

Explain

**Part E. Attached Documents**

**Important:** You should review the following documents carefully and assess the risks of this investment before committing to invest. You should check that all documents are consistent with this disclosure summary. The following documents should be attached. If not available or applicable, provide comments in the box below.

**Attached**

- ☐ 1. If the statement concerns an existing mortgage, provide a copy of the mortgage.
- ☐ 2a. If an appraisal of the property has been done in the preceding twelve months and is available to the mortgage brokerage, a copy of the appraisal
- ☐ 2b. If a copy of an appraisal of the property is not delivered to you, documentary evidence of the property value, other than an agreement of purchase and sale.
- ☐ 3. If an agreement of purchase and sale in respect of the property has been entered into in the preceding twelve months and is available to the mortgage brokerage, a copy of the agreement of purchase and sale and all related schedules, amendments and waivers.
- ☐ 4a. Documentary evidence respecting the borrower's ability to meet the mortgage payments.
- ☐ 4b. If you request, a copy of the borrower's application for a mortgage including documents submitted in support of application.
- ☐ 5. If the mortgage is for the purchase of a property, documentary evidence of any down payment made by the borrower for the purchase of the property.
- ☐ 6. A copy of any agreement that you may be asked to enter into with the mortgage brokerage and/or mortgage administrator.
- ☐ 7. Completed Addendum for Construction and Development Loans ([Form 1.1](#))

8. List other documents being provided here.

9. If other relevant documents are not being provided or the documents are not attached explain:

**Important:** The mortgage brokerage is also required to provide you with all other information a lender or an investor of ordinary prudence would consider to be material to a decision whether to lend money on the security of the property or invest in the mortgage, so that you can make an informed decision before you commit to lend/ invest. This information might include the following:

1. If the property is a rental property, details of leasing arrangements, assignment of rent provisions and vacancy status.
2. Environmental considerations affecting the value of the property.
3. If applicable, attach any power of attorney authorizations.

## Part F. Suitability

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**Important:** The mortgage brokerage is required to take reasonable steps to ensure that any investment in a mortgage it presents for your consideration is suitable, having regard to your needs and circumstances. You should review the mortgage brokerages rationale and comments below carefully and confirm they accurately describe your financial profile(s).

Explain why the mortgage investment presented to investor/lender for consideration meet their needs and circumstances, in particular their investment objective, duration and risk tolerances. *What else was considered? What is the worst-case scenario for the investor/lender related to this recommendation? Etc.:*

If the mortgage investment requested by the investor/lender was determined to not be suitable, please describe why it is not suitable and what steps were taken by the brokerage to arrive at this determination:

## Part G. Certification

This Information Disclosure and Suitability Assessment has been completed by:

Name of Mortgage Brokerage	Licence # of Mortgage Brokerage
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### Address of Mortgage Brokerage

Unit Number	Street Number	Street Name
City/Town	Province	Postal Code

I have fully completed the above Information Disclosure Summary in accordance with the Mortgage Brokerages, Lenders and Administrators Act, 2006 and its regulations and declare it to be accurate in every respect to the best of my knowledge.

Name of Mortgage Broker	Licence # of Mortgage Broker
Signature of Mortgage Broker	Date (yyyy-mm-dd)
Name of Mortgage Brokerage	Licence # of Mortgage Brokerage

## Acknowledgement

I acknowledge receipt of this "*Information Disclosure and Suitability Assessment*," signed by the above-named mortgage broker.

Name of Investor/Lender			
<b>Address of Investor/Lender</b>			
Unit Number	Street Number	Street Name	
City/Town		Province	Postal Code
Signature of Investor/Lender		Dated by Investor/Lender (yyyy-mm-dd)	

### A) Mortgage Administrator's Disclosure Duties

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If your investment is being administered:

1. By a Mortgage Administrator, make sure they have a FSRA license by checking the [public registry](#).
2. Ensure the relationship between the administrator and each borrower is disclosed (if any).
3. If the administrator may receive, or may pay, any fees or other remuneration in connection with the administration of the mortgage, identify the basis for calculating them, and the payor's identity.
4. Question whether the administrator is receiving a fee or other remuneration for referring you to a person or entity, and identify the administrator's relationship with that person or entity.
5. Ensure the administrator has disclosed any actual or potential conflicts of interest that may arise from the transaction.

### B) Mortgage Brokerage's Disclosure Duties

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Investors need to know:

1. That the mortgage brokerage is licensed with FSRA by checking the [public registry](#).
2. The brokerage's relationship with each borrower and every other party to the transaction. (e.g., appraiser)
3. If the brokerage is acting for the lender, the borrower, or both the borrower and lender.
4. All material risks about the transaction that you should consider.
5. If the brokerage cannot verify the identity of another party to the transaction.
6. Is the brokerage receiving a fee or other remuneration for referring you to a person or entity, and the brokerage's relationship with that person or entity.
7. Any actual or potential conflicts of interest that may arise from this transaction.
8. What steps a mortgage brokerage took to ensure that any mortgage investment the brokerage presents to you is suitable having regard to your needs and circumstances.
9. To complete the Addendum ([Form 1.1](#)) if a construction and development loan is involved, including syndicated or non-syndicated mortgages (if applicable).

### C) Important Facts To Know Before You Agree To Invest

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1. This Disclosure Statement has not been filed with the Financial Services Regulatory Authority of Ontario (FSRA). Neither FSRA nor any other authority of the Government of Ontario has reviewed or approved the completed Disclosure Statement.
2. This mortgage investment is not insured by the Government of Ontario or any other investor protection fund.
3. This mortgage investment cannot be guaranteed by the mortgage brokerage. If you are not prepared to risk a loss, you should not consider mortgage investments.
4. **All mortgage investments carry a risk. There is a relationship between risk and return.** In general, the higher the rate of return, the higher the risk of the investment. You should very carefully assess the risk of the mortgage transaction described in this Disclosure Statement, the Addendum (Form 1.2) if applicable, and in the supporting documentation before making a commitment.



5. Syndicated mortgages investments (defined as more than one investor/lender) may carry additional risks pertaining not only to the risk of default but also to the risks associated with participating in a syndication and the financing of real estate transactions.
6. If you are one of several investors in a syndicated mortgage, you may not be able to enforce repayment of your investment on your own if the borrower defaults.
7. If this investment is for a mortgage to fund a development, construction or commercial project, the repayment of this investment may depend on the successful completion of the project, and its successful leasing or sale.
8. You should consider inspecting the property or project as identified in Section 3 Part A of this Disclosure Statement.
9. You should ensure you have sufficient documentation to support the property valuation quoted in this Disclosure Statement. The property value may decrease over time and may affect the return and/or value on your investment in the event of a default in payments under this mortgage.
10. If you are an investor with little or no experience in real estate investing, you are advised to not invest in mortgages.
11. You are strongly advised to obtain independent legal advice before committing to invest.
12. You should satisfy yourself as to the borrower's ability to meet the payments required under the terms of this mortgage investment.
13. The mortgage administrator, if applicable, cannot make payments to you except from payments of principal and interest made by the borrower under the mortgage. Therefore, the mortgage administrator cannot continue mortgage payments to you if the borrower defaults.
14. If you want to withdraw your money before the end of the term, a new investor/lender may be required and there is no assurance that there will be a market for the resale or transfer of the mortgage.
- 15. If the contract provides for an extension, you may not be able to opt out of any extension of a mortgage term. You need to review terms relating to the extension of mortgages carefully.**
16. You should satisfy yourself regarding all factors relevant to this investment before you commit to invest. This Disclosure Statement, the Addendum ([Forms 1.1](#) and [1.2](#)) if applicable, and the attached documents are not intended to provide a comprehensive list of factors to consider in deciding on this investment. By law, the mortgage brokerage must disclose in writing the material risks of the mortgage investment. There may be additional risks to the investment.

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<sup>1</sup>As-is Value: The as-is value is synonymous with current value. Current value is defined as the amount of money a property would realize if sold at arm's length by a willing seller to a willing buyer.

<sup>2</sup>Conflict of Interest: An example of a COI could be where the mortgage broker is related to the borrower and serving one interest could involve working against another.

<sup>3</sup>Brokerage's Relationships: Investors need to know whether the brokerage can adequately represent their interest. That is, does the brokerage's relationships (e.g., borrower, lawyer, appraiser), conflict with your interest.

<sup>4</sup>Material risks include the potential risks associated with a Market Disruption on a mortgage/mortgage investment and the underlying property, such as, but not limited to: borrower's failure to make scheduled mortgage payments; default; amendments to the mortgage (e.g., mortgage maturity is extended); availability and cost of financing / refinancing; forbearance granted (e.g., payments are allowed to be deferred or capitalized); material delay in development of a project being funded by the mortgage; substantial reduction in sales / forecasted sales for the project funded by the mortgage; other encumbrances being registered on a mortgaged property (e.g., a tax lien); change in value of the underlying property and mortgage-based investment, such as a NQSMI (e.g., property values used in offering documents may no longer reflect rapidly changing market conditions); loan-to-value ratio (e.g., changing property valuations could result in higher-than expected loan-to-value ratios); and change in the ability of an investor / lender to redeem prior to the maturity date of the mortgage investment.