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TITLE: NEW BORROWER DISCLOSURE REQUIREMENTS
UNDER THE *BUSINESS PRACTICES AND
CONSUMER PROTECTION ACT*

LEGISLATION: MORTGAGE BROKERS ACT
BUSINESS PRACTICES AND CONSUMER
PROTECTION ACT

DATE: June 30, 2006

**NEW BORROWER DISCLOSURE REQUIREMENTS UNDER THE *BUSINESS
PRACTICES AND CONSUMER PROTECTION ACT***

As of July 1, 2006, the provisions in the *Mortgage Brokers Act* which require mortgage brokers to provide a Form 6 Disclosure Statement to borrowers shall be repealed.

The Form 6 will be replaced by new disclosure requirements contained in Part 5 of the *Business Practices and Consumer Protection Act* (the "Act"), which will come into force on the same date. The new provisions require that disclosure be given by mortgage brokers and lenders to individuals who borrow for primarily personal, family, or household purposes, **regardless of whether the broker or lender is charging additional fees or expenses.**

A Disclosure Statement, Notice or Statement of Account must be given to the borrower:

- Two days prior to the borrower incurring an obligation under a credit agreement, unless the two-day period is waived;
- Once every 12 months if the interest rate is floating;
- Within 30 days of any one percent or greater increase in the interest rate for credit agreements with fixed interest rates subject to change;

- Within 30 days of the borrower missing a payment or a default charge being imposed by the lender if the outstanding principal changes as a result of the default and the total amount of the payments which the borrower is scheduled to make over a payment period does not cover the interest that will accrue in the payment period;
- Within 30 days after an amendment to the credit agreement;
- Within 21 days prior to the end of a mortgage term, if the mortgage is being renewed; and
- Every month if the loan is for open credit.

The Act does not contain prescribed disclosure forms, notices or statements of account. It does however, prescribe required content in sections 84 to 92 of the Act. The Act and other information is available on the FICOM website at <http://www.fic.gov.bc.ca>

All mortgage brokers must ensure that their submortgage brokers are aware of the new requirements.

At the Financial Institutions Commission, we issue information bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Mortgage Brokers Act*, *Business Practices and Consumer Protection Act* and Regulations. While the comments in a particular part of an information bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an information bulletin generally applies as of the date on which it was published, unless otherwise specified.