

The **Mortgage Broker Regulators' Council of Canada (MBRCC)** is an association of mortgage broker regulators from across Canada. Together, they work to improve consumer protection, develop national solutions to common concerns and promote harmonized regulatory practices. The MBRCC members also regulate the standards and practices for mortgage brokers in their own provinces.



For more information on mortgage risks and responsibilities, links to your provincial regulators and for other information on the MBRCC visit:
www.mbrcc.ca



KNOW YOUR MORTGAGE RISKS & RESPONSIBILITIES

While mortgages offer many benefits, they also come with risks. Mortgage brokers can help you understand both the benefits and the risks.

Visit the MBRCC website at www.mbrcc.ca for further information on all of the risks and issues identified in this document.



WORKING WITH A MORTGAGE BROKER

There are many benefits to using a mortgage broker.¹ Mortgage brokers are licensed professionals who can identify a large number of lenders and assess options for you. Mortgage brokers gather whatever information and documents are needed and make sure all the paperwork is complete and submitted for the lender to approve. They can also explain the process and answer any questions you may have.

Before agreeing to work with a mortgage broker, there are a number of questions you should ask, including:

- Are you a licensed mortgage broker?
- What services do you provide and how will you help me?
- Do you represent the borrower, the lender, or both?
- How will you be compensated?
- How many lenders do you work with?

BEING A RESPONSIBLE BORROWER

Getting a mortgage is your decision. It is important to know how a mortgage will affect your finances and possibly your lifestyle. Consider these factors when making your decision:

BUY ONLY WHAT YOU CAN AFFORD.

- How much will it cost?
- How will it affect you?
- Can you continue to make the payments for the entire length of the mortgage?
- How stable is your income and employment?
- Will you still have enough money left for the other things in life you need or want?
- What other expenses are involved in the purchase (e.g.– legal fees, appraisals, taxes, moving expenses...) and how much will they cost?

THINK ABOUT THE RISKS IF YOU CAN'T PAY.

Not paying your mortgage on time and in full can lead to penalty fees, default and even foreclosure.

UNDERSTANDING YOUR MORTGAGE CONTRACT

Like most legal contracts, a mortgage can be very complicated. It is important to understand what you are committing to. Here are key elements of any mortgage contract that you should understand:

- Total cost of a mortgage
- Interest rates
- Preparing for the renewal process
- Finding the right payment option
- Fees and penalties

BEING AWARE OF OTHER MORTGAGE RISKS

BE ACCURATE AND HONEST.

Errors can lead to an unsuitable mortgage; providing false information is illegal and can lead to serious consequences.

DON'T BECOME A STRAW BORROWER.

Never pose as the purchaser of a home or apply for a mortgage for someone else. It's illegal.

SAY "NO" TO CASH PAYMENTS.

Never make payments, especially cash payments, without receiving a receipt. All payments for mortgage broker services are to be made to the brokerage.

THINK BEFORE USING A MORTGAGE TO INVEST IN SOMETHING ELSE.

If you are taking out a mortgage to invest into something else, be sure that you understand all of the risks of the investment.

BEWARE OF OFFERS THAT ARE TOO GOOD TO BE TRUE.

Be careful before you agree to any offers to help you save on your mortgage. Some plans that promise savings end up costing you more. When in doubt, ask for a second opinion.

¹ Depending on the type of licence and the province in which it was issued, the licensed professional you deal with may be a mortgage broker, submortgage broker, associate mortgage broker or mortgage agent. In this document, "mortgage broker" is used broadly to refer to all of these individuals.



For more information on what you should consider before getting a mortgage, visit our website at www.mbrcc.ca

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