

BC Fixed Credit Disclosure – Quick Reference Guide



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Use this guide to understand how costs and values are categorized in a BC Fixed Credit Disclosure document. **Bolded items are most common - don't forget these.**



Fees, Charges & Payments Deducted from Mortgage Proceeds

(These amounts are **subtracted from the mortgage advance** before funds are disbursed to the borrower. They reduce the actual amount the borrower receives.)

- Lender administrative or processing fee
- **Appraisal/AVM fee** (if paid upfront by lender and deducted from proceeds)
- Interest adjustment amount (if applicable)
- **Property tax holdback** (if applicable)
- **Broker fee and/or Lender fee** (if deducted by lender on closing)
- **Mortgage default insurance premium** (insert the amount here so it's not doubled when you include in the 'Value Given' section - annoying work around, but it's the only thing that works)



Always review the lender's commitment for the exact deductions at funding.



Value Given by Lender

(Amounts or benefits provided to the borrower directly by the lender)

- Advances made by the lender (e.g. further draws)
- **Lender-paid appraisal fees - think AVM** (if applicable)
- **Any legal fees paid by the lender** (such as FCT - if applicable)
- **Mortgage default insurance premium**



Value Given by Borrower

(Amounts the borrower is responsible for repaying or incurring as part of the loan agreement)

- **Appraisal fee** (if paid by borrower)
- **Title insurance**
- **Legal fees** (if paid by borrower)
- Prepayment penalties (if applicable)
- Administrative or lender fees (if applicable)



Note: Whether an item falls under "Lender" or "Borrower" depends on who pays for it. If a cost is absorbed by the lender, it's considered "value given by lender." If passed to the client, it's "value given by borrower."

Payments NOT Included in the Loan Amount

(These are expenses the borrower may incur separately and are not included in the mortgage financing)

- **Legal fees (if not included in lender financing)**
- **Land transfer tax**
- Real estate agent commissions
- Optional services (e.g., mortgage protection insurance)

(there are other items such as Home insurance premiums, Property taxes, Strata/condo fees, Utility bills (electricity, water, gas, etc.), Maintenance and repairs, Moving costs, etc) you can add here if you want to

Annual Percentage Rate (APR) – What's Included?

The APR includes interest and certain **financed** costs. Here's what typically is and isn't included:

Included in APR *(Only if these items are financed/rolled into the mortgage)*

- Mortgage default insurance premium
- Appraisal fees
- Title insurance
- Legal fees
- Administrative fees

Not Included in APR *(If paid upfront or outside of the mortgage financing)*

- Appraisal fees
- Title insurance
- Legal fees
- Property taxes
- Home insurance premiums
- Strata fees
- Utility bills
- Maintenance and repairs
- Moving costs
- Land transfer tax
- Realtor commissions

 **APR reflects the total cost of borrowing—not the total cost of homeownership.**

BC Open Credit Disclosure – Quick Reference Guide



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For open credit products such as **HELOCs**, **open-term mortgages**, and **reverse mortgages**, the BC Open Credit Disclosure outlines key financial terms, obligations, and potential costs.



Fees, Charges & Payments Deducted from Initial Advance

(These amounts are subtracted from the initial draw or credit limit, reducing how much the borrower actually receives upfront.)

- Lender administrative/setup fees (these can be separate from a lender fee)
 - **Appraisal fee, such as an AVM** *(if not paid by the client)*
 - **Broker or Lender fee**
 - Interest adjustment amount *(if applicable)*
 - **Property tax holdback** *(if applicable)*
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Value Given by Lender

(Amounts advanced or provided directly by the lender)

- **Available credit limit** (e.g., \$200,000 HELOC)
 - **Initial advance** (first draw from credit facility)
 - **Lender-paid appraisal/title/legal fees** *(if applicable)*
 - **Credit re-advanceable privileges or payment deferral options** (e.g., reverse mortgages)
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Value Given by Borrower

(What the borrower is obligated to repay under the credit agreement)

- Repayment of amounts drawn
- Interest charges on borrowed amounts
- Prepayment penalties (if applicable)
- Any deferred interest or accrued fees (for reverse mortgages)
- **Title Insurance Fees**
- **Appraisal** *(if appraisal NOT SHARED WITH CLIENT)*

 *In open credit, the total obligation grows based on usage and accruals rather than a fixed amortization schedule.*



Payments Not Included in Credit Proceeds

(Ongoing or external costs that are not included in the credit facility itself)

- **Legal Fees**

(include other items here like: *Property taxes (unless deducted at funding), Home insurance premiums, Strata fees or condo maintenance, Utility bills, Maintenance and repairs, Moving costs, Real estate agent commissions, Land transfer tax (if applicable)*, if you want)



Annual Interest Rate vs APR – What's Relevant?

In open credit disclosures, **APR may not be applicable**, especially for:

- **HELOCs** with interest-only or fluctuating rates
- **Reverse mortgages** with deferred interest
- **Open mortgages** without set terms

Instead, the lender must disclose:

- **Annual interest rate on borrowed funds**
 - **Calculation method** (e.g., daily interest, compounded monthly)
 - **Whether interest accrues on interest** (*compounding rules for reverse mortgages*)
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Payment Structure (or Lack Thereof)

Depending on the product, here's what to look for:

HELOC or Open Mortgage

- **Interest-only payments** required monthly
- **No fixed repayment schedule**
- **Flexible prepayment with minimal penalty (if any)**

Reverse Mortgage

- **No monthly payments required**
 - **Interest accrues and compounds until repayment event (sale, move-out, death)**
 - **Final repayment includes:**
 - Principal + all accrued interest
 - Any fees capitalized at funding
 - Possible discharge or administrative fees
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Special Considerations

- **Independent legal advice (ILA)** may be **required** for reverse mortgages
- **Ongoing access to credit** (e.g., re-advance privileges) should be clearly documented
- **Prepayment privileges or penalties** are often more lenient but must be disclosed