

Voluntary Commitments and Codes of Conduct

Commitment to Provide Information on Mortgage Security



Purpose

The purpose of the Commitment is to set out the nature of the information about mortgage security that banks will provide to consumers shopping for a mortgage loan to obtain funds for the purchase of a residential property, and when they will provide that information, so that, before finalizing their choice of product, consumers have enough information to understand the implications of their choice.

Application and Implementation

The Commitment applies to residential mortgages, being mortgage loans entered into by natural persons to obtain funds for the purchase of a residential property, and does not apply to mortgage loans that are entered into for business purposes or to mortgage loans entered into by borrowers who are not natural persons.

Banks will implement the provisions of this Commitment by the following times:

- General Information on their websites by September 1, 2014,
- General Information available in branches/points of service and on request by November 30, 2014, and
- Specific Information at or before entering into the mortgage loan agreement by January 31, 2015.

General Information

Every bank that provides residential mortgages will provide consumers with general comparative information ('General Information') that will assist them to understand the differences between the types of security taken by a bank for collateral charge mortgages and conventional charge mortgages, including information about:

1. Transferring or assigning the mortgage security to a new lender,
2. Borrowing additional funds, and
3. Discharging the mortgage security.

The requirement above will be satisfied if a bank provides consumers with the General Information, or links to the General Information found on the websites of the Canadian Bankers Association or the Financial Consumer Agency of Canada.

Specific Information

Banks will provide the borrower with information (“Specific Information”) about the security for their mortgage loan, including information about:

1. Transferring or assigning the mortgage security to a new lender,
2. Borrowing additional funds, and
3. Discharging the mortgage security.

Presenting Mortgage Information

Banks will provide the General Information and Specific Information in language, and present it in a manner, that is clear, simple and not misleading.

Every bank that provides residential mortgages to borrowers will provide the General Information by:

1. Maintaining and making it available at each of the bank’s branches or offices and at each of its points of service where residential mortgages are offered in Canada;
2. Maintaining and making it available on each of the bank’s websites through which residential mortgages are offered in Canada; and
3. Providing it to consumers and to the public, on request.

Every bank will provide the borrower with the Specific Information at or before the time the bank enters into a mortgage loan agreement with the borrower.