

**LENDER/PURCHASER DISCLOSURE STATEMENT**  
**(LOAN ORIGINATION)**

RE 851A (Rev. 7/18)

MORTGAGE LENDING

**DISCLOSURE STATEMENT SUMMARY**

Note: If this is a multi-lender transaction and more than one property secures the loan, you should also refer to the attached Lender/Purchaser Disclosure Statement Multi-Property (Cross Collateralization) Addendum (RE 851D).

AMOUNT OF THIS LOAN (SEE PART 3)  \$	MARKET VALUE OF PROPERTY (SEE PART 9)  \$	TOTAL AMOUNT OF ENCUMBRANCES SENIOR TO THIS LOAN (SEE PART 10)  \$
TOTAL AMOUNT OF ENCUMBRANCES ANTICIPATED OR EXPECTED TO BE JUNIOR TO THIS LOAN (SEE PART 10)  \$	PROTECTIVE EQUITY (MARKET VALUE MINUS THIS LOAN AND TOTAL SENIOR ENCUMBRANCES)  \$	TOTAL LOAN TO VALUE (SEE PART 11G)  %

**PART 1 BROKER INFORMATION**

NAME OF BROKER	REAL ESTATE LICENSE ID#
BUSINESS ADDRESS	TELEPHONE NUMBER
NAME OF BROKERS REPRESENTATIVE	

**PART 2 BROKER CAPACITY IN TRANSACTION**

THE BROKER IDENTIFIED IN PART 1 OF THIS STATEMENT IS ACTING IN THE FOLLOWING CAPACITY IN THIS TRANSACTION: (CHECK AS APPLIES)

- A. Agent in arranging a loan on behalf of another
- B. Principal as a borrower on funds from which broker will directly or indirectly benefit other than through the receipt of commissions, fees and costs and expenses as provided by law for services as an agent.
- C. Funding a portion of this loan. (*Multi-lender transactions are subject to Business and Professions Code §10238.*)

IF MORE THAN ONE CAPACITY HAS BEEN CHECKED, PROVIDE AN EXPLANATION HERE.

IF "B" HAS BEEN CHECKED, THE BROKER INTENDS TO USE FUNDS FROM THE LENDER/PURCHASER IN THIS TRANSACTION FOR:

**PART 3 TRANSACTION INFORMATION**

(CHECK IF APPLICABLE)

THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF MULTI-LENDER LOAN, YOU SHOULD ALSO REFER TO ATTACHED RE 851D.

TERM OF LOAN	PRIORITY OF THIS LOAN (1ST, 2ND, ETC.)	PRINCIPAL AMOUNT \$	YOUR SHARE IF MULTI-LENDER TRANS. \$
INTEREST RATE  % <input type="checkbox"/> VARIABLE <input type="checkbox"/> FIXED	(CHECK ONE) <input type="checkbox"/> AMORTIZED <input type="checkbox"/> PARTIALLY AMORTIZED	<input type="checkbox"/> INTEREST ONLY	<b>THE TRUST DEED WILL BE RECORDED.</b>
PAYMENT FREQUENCY <input type="checkbox"/> MONTHLY <input type="checkbox"/> WEEKLY	APPROXIMATE PAYMENT DUE DATE	AMOUNT OF PAYMENT \$	YOUR SHARE IF MULTI-LENDER TRANS. \$
BALLOON PAYMENT <input type="checkbox"/> YES <input type="checkbox"/> NO	APPROX. BALLOON PAYMENT DUE DATE	AMOUNT OF BALLOON PAYMENT \$	YOUR SHARE IF MULTI-LENDER TRANS. \$

**Balloon Payment** — A balloon payment is any installment payment (usually the payment due at maturity) which is greater than twice the amount of the smallest installment payment under the terms of the promissory note or sales contract.

The borrower/vendee may have to obtain a new loan or sell the property to make the balloon payment. If the effort is not successful it may be necessary for the holder of the note/contract to foreclose on the property as a means of collecting the amount owed.

There are subordination provisions.....  Yes  No

If YES, explain here or on an attachment.

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**PART 4 MULTI-LENDER TRANSACTIONS**

NAME OF ESCROW HOLDER	ANTICIPATED CLOSING DATE
ADDRESS OF ESCROW HOLDER	
ESTIMATED LENDER COSTS	ESTIMATED BORROWER COSTS — <i>Broker will provide you a copy of the "mortgage loan disclosure statement" given to the borrower or a separate itemization of borrower's costs.</i>
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	
TOTAL \$ _____	TOTAL \$ _____

**Servicing**

You will be a joint beneficiary with others on this note and you should request a list of names and addresses of the beneficiaries as of the close of escrow from the broker or servicing agent. The beneficiary(ies) holding more than 50% interest in the note may govern the actions to be taken on behalf of all holders in the event of default or other matters. See Civil Code §2941.9.

**PART 5 LOAN TO VALUE**

GENERALLY the aggregate principal amount of the notes or interests sold, together with the unpaid principal amount of any encumbrances upon the real property senior thereto, shall not exceed the following percentages of the current market value of the real property as determined in writing by the broker or qualified appraiser.

- Single-family residence, owner-occupied.....80%
- Single-family residence, not owner-occupied .....75%
- Commercial and income-producing properties ..... 65%
- Single-family residentially zoned lot or parcel which has installed off-site improvements including drainage, curbs, gutters, sidewalks, paved roads, and utilities as mandated by the political subdivision having jurisdiction over the lot or parcel .....65%
- Land that produces income from crops, timber, or minerals .....60%
- Land that is not income producing but has been zoned for (and if required, approved for subdivision as) commercial or residential development .....50%
- Other real property.....35%

The percentage amounts specified above may be exceeded when and to the extent that the broker determines that the encumbrance of the property in excess of these percentages is reasonable and prudent considering all relevant factors pertaining to the real property. However, in no event shall the aggregate principal amount of the notes or interests sold, together with the unpaid principal amount of any encumbrances upon the property senior thereto, exceed 80 percent of the current fair market value of improved real property or 50 percent of the current fair market value of unimproved real property, except in the case of a single-family residentially zoned lot or parcel as defined above, which shall not exceed 65% of current fair market value of that lot or parcel. A written statement shall be prepared by the broker that sets forth the material considerations and facts that the broker relies upon for his or her determination which shall be disclosed to the lender or note purchaser(s) and retained as a part of the broker's record of the transaction.

**NOTE: If more than one property secures this loan, you should also refer to attached RE 851D.**

**PART 6 SERVICING ARRANGEMENTS**

If the loan is to be serviced by a real estate broker you must be notified within ten (10) days if the broker makes any advances on senior encumbrances to protect the security of your note. Depending on the terms and conditions of the servicing contract, you may be obligated to repay any such advances made by the broker. (Note: There must be a servicing agent on multi-lender transactions.) The broker may not guarantee, or imply to guarantee, or advance any payments to you unless a securities permit is obtained from the Department of Business Oversight.

CHECK APPROPRIATE STATEMENTS

- THERE ARE NO SERVICING ARRANGEMENTS *(Does not apply to multi-lender transactions.)*       BROKER IS THE SERVICING AGENT  
 ANOTHER QUALIFIED PARTY WILL SERVICE THE LOAN       COPY OF THE SERVICING CONTRACT IS ATTACHED

IF BROKER IS NOT THE SERVICING AGENT, WHAT IS THE RELATIONSHIP BETWEEN THE BROKER AND SERVICER?

COST TO LENDER FOR SERVICING ARRANGEMENTS *(EXPRESS AS DOLLAR AMOUNT OR PERCENTAGE)*

- PER  MONTH      PAYABLE  MONTHLY  
 YEAR       ANNUALLY

NAME OF AUTHORIZED SERVICER, IF ANY

BUSINESS ADDRESS

TELEPHONE NUMBER

**PART 7 BORROWER INFORMATION**

SOURCE OF INFORMATION

- BORROWER       BROKER INQUIRY       CREDIT REPORT       OTHER (DESCRIBE)

NAME		CO-BORROWER'S NAME	
RESIDENCE ADDRESS		CO-BORROWER'S RESIDENCE ADDRESS	
OCCUPATION OR PROFESSION		CO-BORROWER'S OCCUPATION OR PROFESSION	
CURRENT EMPLOYER		CO-BORROWER'S CURRENT EMPLOYER	
HOW LONG EMPLOYED?	AGE	HOW LONG EMPLOYED?	CO-BORROWER'S AGE

SOURCES OF GROSS INCOME <i>(LIST AND IDENTIFY EACH SOURCE SEPARATELY.)</i>	MONTHLY AMOUNT	CO-BORROWER SOURCES OF GROSS INCOME <i>(LIST AND IDENTIFY EACH SOURCE SEPARATELY.)</i>	MONTHLY AMOUNT
Gross Salary	\$	Gross Salary	\$
<i>OTHER INCOME INCLUDING:</i> Interest	\$	<i>OTHER INCOME INCLUDING:</i> Interest	\$
Dividends	\$	Dividends	\$
Gross Rental Income	\$	Gross Rental Income	\$
Miscellaneous Income	\$	Miscellaneous Income	\$

**TOTAL EXPENSES OF ALL BORROWERS *(DO NOT COMPLETE IF BORROWER IS A CORPORATION)***

Payment of Loan being obtained	\$	Spousal/Child Support	\$
Rent	\$	Insurance	\$
Charge Account/Credit Cards	\$	Vehicle Loan(s)	\$
Mortgage Payments <i>(include taxes and property insurance)</i>	\$	Other <i>(federal &amp; state income taxes, etc.)</i>	\$
TOTAL GROSS MONTHLY INCOME OF BORROWER(S)	\$	TOTAL MONTHLY EXPENSES OF BORROWER(S)	\$

The borrower has filed for bankruptcy in the past 12 months.....  Yes  No

If YES, the bankruptcy has been discharged or dismissed.....  Yes  No

❖ **THE FOLLOWING STATEMENTS ONLY APPLY IF THE BORROWER IS A CORPORATION, PARTNERSHIP OR SOME OTHER FORM OF OPERATING BUSINESS ENTITY.**

Copies of a balance sheet of the entity and income statement covering the indicated period have been supplied by the borrower/obligor and are attached. If no, explain on addendum. ....  Yes  No

If YES, Date of balance sheet..... \_\_\_\_\_

Income statement period (from-to)..... \_\_\_\_\_

Financial Statements have been audited by CPA or PA. ....  Yes  No

Additional information is included on an attached addendum .....  Yes  No

**PART 8 PROPERTY INFORMATION**

Identification of property that is the security for note. (If no street address, the assessor's parcel number or legal description and a means for locating the property is attached.)

(CHECK IF APPLICABLE)

THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF MULTI-LENDER LOAN, YOU SHOULD REFER TO ATTACHED RE 851D.

STREET ADDRESS		OWNER OCCUPIED <input type="checkbox"/> NO <input type="checkbox"/> YES	
ANNUAL PROPERTY TAXES \$ _____	<input type="checkbox"/> ACTUAL <input type="checkbox"/> ESTIMATED	ARE TAXES DELINQUENT? <input type="checkbox"/> NO <input type="checkbox"/> YES	IF YES, AMT. REQUIRED TO BRING CURRENT \$ _____
SOURCE OF TAX INFORMATION			

**PART 9 APPRAISAL INFORMATION**

Estimate of fair market value is to be determined by an independent appraisal, copy of which must be provided to you prior to your obligating funds to make the loan. Note: You may waive the requirement of an independent appraisal, in writing, on a case-by-case basis, in which case the broker must provide a written estimate of fair market value. The broker must provide you, the investor, with the objective data upon which the broker's estimate is based. **In the case of a construction or rehabilitation loan, an appraisal must be completed by an independent, qualified appraiser in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP).**

(CHECK IF APPLICABLE)

THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF A MULTI-LENDER LOAN REFER TO ATTACHED RE 851D.

FAIR MARKET VALUE (ACCORDING TO APPRAISER) \$ _____	(Place this figure or brokers estimate of fair market value on line "F" of Part 11.)	DATE OF APPRAISAL
NAME OF APPRAISER (IF KNOWN TO BROKER)		PAST AND/OR CURRENT RELATIONSHIP OF APPRAISER TO BROKER (EMPLOYEE, AGENT, INDEPENDENT CONTRACTOR, ETC.)
ADDRESS OF APPRAISER		

DESCRIPTION OF PROPERTY/IMPROVEMENT		IS THERE ADDITIONAL SECURING PROPERTY? <input type="checkbox"/> YES IF YES, SEE ADDENDUM. <input type="checkbox"/> NO
AGE	SQUARE FEET	TYPE OF CONSTRUCTION
IF THE PROPERTY IS CURRENTLY GENERATING INCOME FOR THE BORROWER/OBLIGOR: ESTIMATED GROSS ANNUAL INCOME \$ _____		ESTIMATED NET ANNUAL INCOME \$ _____

**PART 10**

**ENCUMBRANCE INFORMATION**

Information is being provided concerning senior encumbrances against the property, to the extent reasonably available from customary sources (excluding the note described on page 1, Part 3). **Note:** You have the option to purchase a policy of title insurance or an endorsement to an existing policy of title insurance to insure your interest. You are entitled to a copy of a written loan application and a credit report to obtain information concerning all encumbrances which constitute liens against the property. This information may help determine financial standing and creditworthiness of the borrower.

(CHECK IF APPLICABLE)

THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF MULTI-LENDER LOAN, YOU SHOULD REFER TO ATTACHED RE 851D.

SOURCE OF INFORMATION

BROKER INQUIRY       BORROWER       OTHER (EXPLAIN): \_\_\_\_\_

- Are there any encumbrances of record against the securing property at this time? .....  YES     NO
- A. Over the last 12 months were any payments more than 60 days late? .....  YES     NO
- B. If YES, how many?..... \_\_\_\_\_
- C. Do any of these payments remain unpaid? .....  YES     NO
- D. If YES, will the proceeds of subject loan be used to cure the delinquency? .....  YES     NO
- E. If NO, source of funds to bring the loan current..... \_\_\_\_\_

Encumbrances remaining and/or expected to be placed against the property by the borrower/obligor after the close of escrow (excluding the note described on page 1).

**ENCUMBRANCE(S) REMAINING (AS REPRESENTED BY THE BORROWER)**

PRIORITY (1ST, 2ND, ETC.)	INTEREST RATE	PRIORITY (1ST, 2ND, ETC.)	INTEREST RATE
	%		%
BENEFICIARY		BENEFICIARY	
ORIGINAL AMOUNT	APPROXIMATE PRINCIPAL BALANCE	ORIGINAL AMOUNT	APPROXIMATE PRINCIPAL BALANCE
\$	\$	\$	\$
MONTHLY PAYMENT	MATURITY DATE	MONTHLY PAYMENT	MATURITY DATE
\$		\$	
BALLOON PAYMENT	IF YES, AMOUNT	BALLOON PAYMENT	IF YES, AMOUNT
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN	\$	<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN	\$

**ENCUMBRANCES EXPECTED OR ANTICIPATED (AS REPRESENTED BY THE BORROWER)**

PRIORITY (1ST, 2ND, ETC.)	INTEREST RATE	PRIORITY (1ST, 2ND, ETC.)	INTEREST RATE
	%		%
BENEFICIARY		BENEFICIARY	
ORIGINAL AMOUNT	MATURITY DATE	ORIGINAL AMOUNT	MATURITY DATE
\$		\$	
MONTHLY PAYMENT		MONTHLY PAYMENT	
\$		\$	
BALLOON PAYMENT	IF YES, AMOUNT	BALLOON PAYMENT	IF YES, AMOUNT
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN	\$	<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN	\$

Additional remaining, expected or anticipated encumbrances are set forth in an attachment to this statement. ....  Yes     No

**PART 11**

**LOAN TO VALUE RATIO**

(CHECK IF APPLICABLE)

THERE IS MORE THAN ONE PROPERTY SECURING THE LOAN. IF A MULTI-LENDER LOAN, YOU SHOULD REFER TO ATTACHED RE 851D.

- A. Remaining encumbrances senior to this loan (from part 9) ..... \$ \_\_\_\_\_
- B. Encumbrances expected or anticipated senior to this loan (from part 10) ..... + \$ \_\_\_\_\_
- C. Total remaining and expected or anticipated encumbrances senior to this loan..... = \$ \_\_\_\_\_
- D. Principal amount of this loan from page 1 part 3 ..... + \$ \_\_\_\_\_
- E. Total all senior encumbrances and this loan ..... = \$ \_\_\_\_\_
- F. Fair market value from page 4 part 8..... ÷ \$ \_\_\_\_\_
- G. Loan to value ratio ..... = \_\_\_\_\_ %

Note: See Part 4 if multi-lender transaction.

**NOTICE**

The broker has a responsibility to make reasonable efforts to determine that the loan/investment is suitable and appropriate for the lender/purchaser based on information provided by the lender/purchaser regarding the lender/purchaser's financial situation and investment objectives.

**ADDITIONAL DISCLOSURES**

- Investments in notes secured by trust deeds and real property sales contracts are subject to risk of loss of principal and monthly income. If the borrower stops making payments on any investments you make, you will not receive income; therefore, you cannot rely on this income.
- If your investment is secured by a junior lien and the borrower defaults on a senior lien, it may be necessary for you to meet the obligations of the senior lien in order to protect your security interests, which may include making the senior loan current or paying the senior loan balance in full.
- If your investment is in a multi-lender note and the borrower defaults, foreclosure proceedings will require consensus of a majority of the beneficiaries on the note.
- The trust deed investments that you will make will either name you and your percentage interest in the investment or will be assigned to you. Your trust deed investments are not secured by the real estate collateral unless your interests in those investments are recorded.
- Since trust deed and real property sales contract investments have a maturity date, borrowers are under no obligation to pay off the loan prior to the maturity date. Further, in the case of a balloon payment, there is potential risk that the borrower may not be able to make the balloon payment.

**BROKER VERIFICATION**

*The information in this statement and in the attachments hereto is true and correct to the best of my knowledge and belief.*

SIGNATURE OF BROKER OR DESIGNATED REPRESENTATIVE ➤	BROKER/CORPORATION ID#	DATE
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**ACKNOWLEDGEMENT OF RECEIPT**

*I, The prospective lender/purchaser, acknowledge receipt of a copy of this statement signed by or on behalf of the broker.*

NAME OF PROSPECTIVE LENDER/PURCHASER	
SIGNATURE OF PROSPECTIVE LENDER/PURCHASER ➤	DATE

The California Department of Real Estate does not endorse or offer any opinions regarding the suitability of any proposed or existing real estate investments.

Department of Real Estate license information telephone number: 877-373-4542, or check license status at [www.dre.ca.gov](http://www.dre.ca.gov). A guide to trust deed investments entitled "Trust Deed Investments - What You Should Know!!" (RE35) is available on the Department's Web site at [www.dre.ca.gov](http://www.dre.ca.gov) under the Publications menu.