

LENDER/PURCHASER DISCLOSURE STATEMENT
(Collateral Loan)

RE 851C (Rev. 7/18)

DISCLOSURE STATEMENT SUMMARY		
AMOUNT OF COLLATERAL LOAN (SEE PART 3)	UNPAID PRINCIPAL BALANCE OF THE PLEDGED NOTE (SEE PART 4)	TOTAL AMOUNT OF ENCUMBRANCES SENIOR TO THE PLEDGED NOTE (SEE PART 10)
\$	\$	\$

PART 1		BROKER INFORMATION	
NAME OF BROKER		REAL ESTATE LICENSE ID#	
BUSINESS ADDRESS		TELEPHONE NUMBER	
NAME OF BROKER'S 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):			
<input type="checkbox"/> A. Agent in arranging a loan on behalf of another.			
<input type="checkbox"/> B. Principal as a borrower on funds from which the 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.			
<input type="checkbox"/> C. Funding a portion of this loan. <i>(Multi-lender transactions are subject to Business and Professions Code §10238.)</i>			
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				INFORMATION ABOUT THIS COLLATERAL LOAN			
TERM OF NOTE		PRINCIPAL AMOUNT		INTEREST RATE		THE ASSIGNMENT OF THE PLEDGED DEED OF TRUST WILL BE RECORDED.	
		\$		<input type="checkbox"/> VARIABLE <input type="checkbox"/> FIXED			
(CHECK ONE)		INTEREST ONLY		PAYMENT FREQUENCY		AMOUNT OF PERIODIC PAYMENT	
<input type="checkbox"/> AMORTIZED <input type="checkbox"/> PARTIALLY AMORTIZED		<input type="checkbox"/> INTEREST ONLY <input type="checkbox"/> OTHER:		<input type="checkbox"/> MONTHLY <input type="checkbox"/> OTHER: <input type="checkbox"/> WEEKLY		\$	
PERIODIC PAYMENT DUE DATE		BALLOON PAYMENT		AMOUNT OF BALLOON PAYMENT		DUE DATE OF BALLOON PAYMENT	
		<input type="checkbox"/> YES <input type="checkbox"/> NO		\$			

PART 4				INFORMATION ABOUT THE PLEDGED NOTE AND TRUST DEED			
SOURCE OF INFORMATION				NAME OF EXISTING NOTE OWNER			
				UNPAID PRINCIPAL BALANCE			
				\$			
PRIORITY OF THIS NOTE (1 ST , 2 ND , ETC.)		MATURITY DATE		(CHECK ONE)		INTEREST ONLY	
				<input type="checkbox"/> AMORTIZED <input type="checkbox"/> PARTIALLY AMORTIZED		<input type="checkbox"/> INTEREST ONLY <input type="checkbox"/> OTHER:	
ORIGINAL PRINCIPAL		DATE OF NOTE		INTEREST RATE		INTEREST PAID TO DATE	
				<input type="checkbox"/> VARIABLE <input type="checkbox"/> FIXED			
AMOUNT OF PAYMENT		PAYMENT DUE DATE		PAYMENT FREQUENCY			
				<input type="checkbox"/> MONTHLY <input type="checkbox"/> WEEKLY <input type="checkbox"/> OTHER:			
BALLOON PAYMENT		AMOUNT OF BALLOON PAYMENT		THE PLEDGED TRUST DEED WAS RECORDED.			
<input type="checkbox"/> YES <input type="checkbox"/> NO		\$		<input type="checkbox"/> YES <input type="checkbox"/> NO			

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 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 to foreclose on the property as a means of collecting the amount owed.

Over the last 12 months, were any payments more than 60 days late? YES NO

If YES, how many? _____

Have the delinquencies been cured?..... YES NO

If NO, what is the amount required to bring current? \$ _____

PART 5 **SERVICING ARRANGEMENTS – PLEDGED NOTE AND TRUST DEED**

If the pledged note and trust deed is being 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 advances made by the broker. 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 and you have received a copy.

CHECK APPROPRIATE STATEMENTS

- THERE ARE NO SERVICING ARRANGEMENTS BROKER IS THE SERVICING AGENT
- ANOTHER QUALIFIED PARTY WILL SERVICE THE LOAN COPY OF THE SERVICING CONTRACT IS ATTACHED

IF THE 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) <table style="width: 100%; margin-top: 5px;"> <tr> <td style="text-align: center;"><input type="checkbox"/> MONTH</td> <td style="text-align: center;"><input type="checkbox"/> MONTHLY</td> </tr> <tr> <td style="text-align: center;">PER <input type="checkbox"/> YEAR</td> <td style="text-align: center;">PAYABLE <input type="checkbox"/> ANNUALLY</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/> MONTH	<input type="checkbox"/> MONTHLY	PER <input type="checkbox"/> YEAR	PAYABLE <input type="checkbox"/> ANNUALLY	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> MONTH	<input type="checkbox"/> MONTHLY						
PER <input type="checkbox"/> YEAR	PAYABLE <input type="checkbox"/> ANNUALLY						
<input type="checkbox"/>	<input type="checkbox"/>						

NAME OF AUTHORIZED SERVICER, IF ANY

BUSINESS ADDRESS	TELEPHONE NUMBER
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PART 6 **SERVICING ARRANGEMENTS – COLLATERAL NOTE**

CHECK APPROPRIATE STATEMENTS

- THERE ARE NO SERVICING ARRANGEMENTS BROKER IS THE SERVICING AGENT
- ANOTHER QUALIFIED PARTY WILL SERVICE THE LOAN COPY OF THE SERVICING CONTRACT IS ATTACHED

IF THE 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) <table style="width: 100%; margin-top: 5px;"> <tr> <td style="text-align: center;"><input type="checkbox"/> MONTH</td> <td style="text-align: center;"><input type="checkbox"/> MONTHLY</td> </tr> <tr> <td style="text-align: center;">PER <input type="checkbox"/> YEAR</td> <td style="text-align: center;">PAYABLE <input type="checkbox"/> ANNUALLY</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/> MONTH	<input type="checkbox"/> MONTHLY	PER <input type="checkbox"/> YEAR	PAYABLE <input type="checkbox"/> ANNUALLY	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> MONTH	<input type="checkbox"/> MONTHLY						
PER <input type="checkbox"/> YEAR	PAYABLE <input type="checkbox"/> ANNUALLY						
<input type="checkbox"/>	<input type="checkbox"/>						

NAME OF AUTHORIZED SERVICER, IF ANY

BUSINESS ADDRESS	TELEPHONE NUMBER
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PART 7 COLLATERAL BORROWER INFORMATION

SOURCE OF INFORMATION

BORROWER BROKER INQUIRY 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	\$
Pledged Note Payment	\$	Pledged Note Payment	\$

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 and state income taxes, etc.):</i>	\$

TOTAL GROSS MONTHLY INCOME OF BORROWER(S) \$	TOTAL MONTHLY EXPENSES OF BORROWER(S) \$
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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 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 TRUSTOR/OBLIGOR INFORMATION ON PLEDGED NOTE (as known to the broker)

SOURCE OF INFORMATION

TRUSTOR BROKER INQUIRY COLLATERAL BORROWER OTHER (DESCRIBE):

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

SOURCES OF GROSS INCOME <i>(LIST AND IDENTIFY EACH SOURCE SEPARATELY.)</i>	MONTHLY AMOUNT	CO-TRUSTOR 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 TRUSTORS (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 and state income taxes, etc.):</i>	\$

TOTAL GROSS MONTHLY INCOME OF BORROWER(S) \$	TOTAL MONTHLY EXPENSES OF BORROWER(S) \$
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The trustor of the pledged note has filed for bankruptcy in the past 12 months..... YES NO
 UNKNOWN

If YES, the bankruptcy has been discharged or dismissed YES NO

❖ **THE FOLLOWING STATEMENTS ONLY APPLY IF THE TRUSTOR 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 trustor/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 9 APPRAISAL/PROPERTY INFORMATION (if known to the broker)

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

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.

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, AMOUNT REQUIRED TO BRING CURRENT \$	

SOURCE OF TAX INFORMATION

BROKER'S ESTIMATE OF FAIR MARKET VALUE \$		If the broker is basing his estimate of fair market value on an appraisal, the appraisal information is shown below.	
FAIR MARKET VALUE (ACCORDING TO APPRAISER) \$	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
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AGE	SQUARE FEET	TYPE OF CONSTRUCTION
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IF THE PROPERTY IS CURRENTLY GENERATING INCOME FOR THE TRUSTOR/OBLIGOR: ESTIMATED GROSS ANNUAL INCOME: \$	ESTIMATED NET ANNUAL INCOME \$
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OTHER INFORMATION KNOWN TO BROKER

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 4).

SOURCE OF INFORMATION
 TRUSTOR BROKER INQUIRY EXISTING BENEFICIARY OTHER (DESCRIBE): _____

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

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

Has the collateral borrower received a notice of default on any senior encumbrances in the last 12 months? YES NO
 If YES, has the default been cured? YES NO
 Are there additional remaining senior encumbrances? YES NO
 If YES, they are set forth in an attachment to this statement.
 Is the broker aware of any junior encumbrances? YES NO
 If YES, they are set forth in an attachment to this statement.

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
»		

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.

A guide to trust deed investments entitled "Trust Deed Investments – What You Should Know!!" (RE 35) is available on the Department's Web site at www.dre.ca.gov under the Publications menu.