

Jason J. Brooks
T 604.640.4102
F 604.622.5902
jbrooks@blg.com

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard St, P.O. Box 48600
Vancouver, BC, Canada V7X 1T2
T 604.687.5744
F 604.687.1415
blg.com



June 6, 2018

VIA EMAIL (comments@osc.gov.on.ca & consultation-en-cours@lautorite.qc.ca)

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

c/o The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, rue du Square-Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3

Dear Sirs/Mesdames:

**Re: CSA Notice and Request for Comment dated March 8, 2018 (the Notice)
Proposed Amendments to National Instrument 45-106 *Prospectus Exemptions* and
National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing
Registrant Obligations* relating to Syndicated Mortgages and Proposed Changes to
Companion Policy 45-106CP *Prospectus Exemptions***

We are writing on behalf of the firms described below in response to the request for comments by the Canadian Securities Administrators (the **CSA**) set out in the Notice regarding the proposed amendments to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* relating to syndicated mortgages and the proposed changes to Companion Policy 45-106CP *Prospectus Exemptions* (**45-106CP**), in relation to syndicated mortgages (such proposed amendments and changes collectively, the **Proposed Amendments**).

Background

We have been engaged to provide these comments on behalf of a group of ten British Columbia-based firms that have been actively engaged in mortgage syndication activities in British Columbia and other jurisdictions from as early as 1976 and collectively over a period of more than 190 years. Over the past five years alone, these firms have collectively facilitated financing in excess of approximately \$2.112 billion through syndicated mortgage transactions. We are advised that despite the significant value of the funding provided through these firms and the extended period during which these firms have been operating, these firms have received virtually no complaints and never been subject to any litigation or similar proceedings in relation to these activities. The comments below reflect the collective comments of this group.

A. General

While not necessarily the case in all provinces, syndicated mortgage activities are already thoroughly and appropriately regulated in British Columbia through a combination of existing securities legislation and British Columbia Securities Commission oversight, and mortgage broker legislation and oversight of the BC Registrar of Mortgage Brokers including the specific disclosure requirements mandated by that legislation (see for example, see Form 9 and Form 10 (copies of which are attached as **Appendix A** to this letter) which must be delivered in accordance with the *BC Mortgage Brokers Act*). In our view, these British Columbia specific disclosure requirements, which among other things provide all investors with detailed disclosure regarding each syndicated mortgage, fees charged, risks and conflicts of interest that may be present and are certified by the mortgage broker involved, represent the “gold standard” for this type of investor disclosure in Canada. Accordingly, while we acknowledge and generally support the goal of regulatory harmonization, we do not believe that material changes to the existing rules in British Columbia are required or warranted given the efficacy of the current regime in British Columbia and that any efforts towards harmonization should be based on and modelled after the British Columbia rules.

B. General Comments on Proposed Amendments

Changes to the Mortgage Exemptions

1. We acknowledge the rationale behind the differential treatment of syndicated mortgages and other (single lender) mortgages from a securities regulatory perspective and for this reason are generally not opposed to the proposed amendments that would remove the current prospectus and dealer registration exemptions for securities that are mortgages (the **Mortgage Exemptions**) for syndicated mortgages in Ontario, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and each of the territories, *provided that* in conjunction with the removal of the Mortgage Exemptions one or more acceptable alternative prospectus and registration exemptions specific to syndicated mortgages are introduced and made available in the context of mortgage broker legislation and a system regulatory oversight similar to that currently in place in British Columbia. We have provided comments below under “Response to Specific Questions – Alternative prospectus exemptions” regarding the approach we would support for potential acceptable alternative exemptions specific to syndicated mortgage transactions.

Dealer registration exemptions

2. In British Columbia, BC Instrument 32-517 Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities (BCI 32-517) provides a dealer registration exemption for trades in securities of “mortgage investment entities” (as defined) subject to compliance with the conditions set out in that Instrument (the **BC MIE Exemption**). BCI 32-517 is currently set to expire on December 31, 2018. Our understanding is that the BC MIE Exemption is regularly relied upon in British Columbia in relation to syndicated mortgage transactions on the basis that the issuers of syndicated mortgages are “mortgage investment entities” within the meaning of BCI 32-517. We believe that, in conjunction with the *BC Mortgage Brokers Act*, the BC MIE Exemption provides an appropriate and necessary exemption from dealer registration for parties engaged in syndicated mortgage activities and that it is imperative that this exemption be made permanent. In addition, we encourage the CSA to consider adopting a similar exemption across all Canadian jurisdictions in conjunction with comprehensive investor disclosure requirements and a regime for the oversight of mortgage brokers similar to requirements and regime currently in place in British Columbia. Again, we reference Form 9 and Form 10 (copies attached at **Appendix A**) which must be delivered in accordance with the *BC Mortgage Brokers Act* and provide investors with detailed disclosure regarding each syndicated mortgage, fees charged, risks and conflicts of interest that may be present and are certified by the mortgage broker involved, as well as the form of Risk Acknowledgement required by BCI 32-517 (a copy of which is attached at **Appendix B**).

Further to address concerns associated with financings involving “retail investors”, we would support amendments to the BC MIE Exemption that restrict its availability to trades made pursuant to the accredited investor exemption and the family, friends and business associates prospectus exemptions in NI 45-106. This would prohibit reliance on this exemption in relation to investors that may require additional protection but maintain its availability for sophisticated, high net worth parties and others that do not require the same protections afforded to typical retail investors.

3. If the proposed amendments to the Mortgage Exemptions are implemented and not replaced with a separate dealer registration exemption specific to syndicated mortgages and/or the BC MIE Exemption expires without being renewed or made permanent, parties regularly engaged in syndicated mortgage activities would be required to obtain dealer registration or involve another registered dealer in such activities unless a discretionary exemption is obtained. We do not believe that the involvement of a registered dealer is necessary or appropriate for a syndicated mortgage transaction; participants in a syndicated mortgage transaction are “co-lenders” using conventional mortgage loan documentation and should not be treated in the same way as an investor purchasing a typical security such as a stock or a bond. In our view, the involvement of a registered dealer is unnecessary given the fundamental nature of these transactions, and adds additional costs, complexities and inefficiencies that are simply not warranted. In particular, we submit that the proficiency of a typical registered dealing representative does not equip them to analyze and consider a mortgage financing transaction, transactions that require an understanding of mortgage

lending. Instead, the skill set of a licensed mortgage brokerage professional or a qualified real estate lawyer is much better suited to assessing the risks and rewards of a syndicated mortgage transaction.

4. Further, the economic and commercial realities of syndicated mortgage business are such that there is no room for the introduction of an additional third-party intermediary (i.e., a registered dealer) that would charge its own fees. As an illustration, syndicators typically charge fees of 1-3% of the mortgage amount whereas the fee of a registered dealer to participate in a mortgage syndication transaction is estimated to be in the 4-10% range. Accordingly, adding the involvement of a registered dealer would significantly add to a borrower's costs and could lead to the demise of the syndicated mortgage business.

Changes to the Private Issuer Exemption

5. We do not support the proposed amendment to the private issuer prospectus exemption under section 2.4 of NI 45-106 (the **Private Issuer Exemption**) that would make the exemption unavailable for the distribution of syndicated mortgages. In our view, the Private Issuer Exemption should continue to be available in relation to distribution of syndicated mortgages in the same way it is for other types of securities. In particular, we submit that there is nothing inherent to a syndicated mortgage transaction that warrants its specific exclusion from the private issuer exemption. In the alternative, in conjunction with the removal of the Private Issuer Exemption one or more alternative exemptions specific to syndicated mortgages should be introduced. See our comments below under "Response to Specific Questions – Alternative prospectus exemptions".
6. Although we understand the desire of the regulators to better understand the nature and extent of current syndicated mortgage activities through the information provided in a report of exemption distribution, additional information can be obtained through means other than the removal of the availability of the Private Issuer Exemption and the requirement for such transactions to be made in reliance on exemptions that require the filing of a report of exempt distribution. For example, the desired information could be provided in a form of "Information Report" designed specifically for syndicated mortgage transactions that collects the information specifically desired and relevant for these types of transactions rather than the information required in Form 45-106F1 Report of Exempt Distribution. In addition, to the extent that a reporting requirement is imposed we would suggest that it be implemented on a time limited basis to allow the CSA to review and assess the information and determine whether continued collection of such information is warranted. Requiring a streamlined form of report focused only on the information considered relevant in the context of syndicated mortgage transactions could provide the regulators with the desired information without imposing a significant and unnecessary administrative burden and costs on syndicators, borrowers and co-lenders and potentially requiring disclosure of confidential and/or commercially sensitive information.

Changes to the Offering Memorandum Exemption

7. In general, we do not object to the proposed additional requirements in relation to the offering memorandum exemption under section 2.9 of NI 45-106 (the **OM Exemption**) in relation to distributions of syndicated mortgages; however, we do have the following comments in relation to these proposed changes:
- (a) The Notice indicates the regulators' expectation that the issuer of a syndicated mortgage and the borrower will generally be the same entity; however, in our experience, this is not correct. In a typical syndicated mortgage transaction, the issuer of the syndicated mortgage and the borrower are not the same entity. Accordingly, the revised rules and guidance in 45-106CP should be prepared based on this understanding rather than the expectation set out in the Notice. See our comments below under "Other issues – Issuer of a syndicated mortgage".
 - (b) In circumstances where the syndicator and the borrower are not the same entity (which as noted is by far the most common situation), we have significant concerns with the proposal for syndicators to certify the content of the offering memorandum in relation to the borrower, unless such certificate is appropriately qualified with respect to the actual knowledge of the syndicator.
 - (c) It is common for multiple mortgage brokers to be involved in syndicated mortgage transactions with some having no involvement in the syndication itself. For example, the role of certain mortgage brokers may be limited exclusively to representation of the borrower without any involvement in relation to the syndication. It is crucial that the requirement for mortgage brokers involved in the distribution of a syndicated mortgage under the OM Exemption to provide a certificate regarding the content of the offering memorandum be limited to the mortgage broker(s) primarily responsible for the syndication and that such requirement not extend to mortgage brokers solely representing the borrower or involved.

Other issues

8. **Issuer of a syndicated mortgage** – The proposed changes to 45-106CP indicate that the regulators will generally consider the borrower to be the issuer of a syndicated mortgage and therefore, the party responsibility for compliance with the terms of available exemptions and reporting requirements. Although we agree that a borrower may technically be viewed as the issuer of a mortgage, in our view for a syndicated mortgage the party responsible for "syndicating" the mortgage with multiple lenders would generally be the appropriate party to treat as the "issuer" of the syndicated mortgage and in our experience, this will typically not be the borrower. Instead, in our experience, the borrower typically has no involvement at all in the syndication of the mortgage financing and in any event, has no knowledge of or dealings with the co-lenders. Rather, in most syndicated mortgage transactions the syndicator is exclusively responsible for the syndication of the mortgage amongst its co-lenders without any involvement from the borrower, and is solely responsible for establishing the terms of the syndication and preparing and settling all

related documentation and matters. Accordingly, in our view, it will generally be appropriate to treat the party primarily responsible for the syndication of the mortgage, as the issuer. This is a fundamentally significant issue that should underpin the way syndicated mortgages are regulated and we strongly recommend that the guidance in 45-106CP (and the final rules) reflect these commercial realities.

C. Response to Specific Questions

Appraisals

1. *As proposed, an appraisal would be required in all cases where a syndicated mortgage is distributed under the OM Exemption. Should there be exceptions to this requirement? For example, should an appraisal be required if the property was acquired recently in an open market transaction with all parties acting at arm's length?*

No comments.

Mortgage broker requirements

2. *Are there circumstances where requiring additional disclosure by and a certificate from a mortgage broker would not be appropriate in connection with the use of the OM Exemption? If so, please explain why and whether there are other participants in the distribution that should be subject to these requirements.*

As noted above, it is common for multiple mortgage brokers to be involved in syndicated mortgage transactions with some having no involvement in the syndication itself. For example, the role of certain mortgage brokers may be limited to representation of the borrower without any involvement in the syndication. It is crucial that the requirement for “any” mortgage broker involved in the distribution of a syndicated mortgage under the OM Exemption to provide a certificate regarding the content of the offering memorandum be limited to the mortgage broker primarily responsible for the syndication amongst the co-lenders and that such requirement not extend to mortgage brokers involved solely in representing the borrower.

3. *Is it appropriate to require a mortgage broker to certify that it has made best efforts to ensure that the offering memorandum does not contain a misrepresentation with respect to matters that are not within its personal knowledge?*

Provided that the certification requirement is limited to the mortgage broker(s) primarily responsible for the syndication (and not from mortgage brokers solely representing the borrower or in other incidental aspects), we would not be opposed to an appropriately worded certification in relation to such matters that is limited to “commercially reasonable efforts” or some other similar standard.

Exclusion of syndicated mortgages from the Private Issuer Exemption

4. *Are there circumstances where the distribution of syndicated mortgages under the Private Issuer Exemption would be appropriate and reporting to the securities regulatory authorities would not be necessary? If so, please provide examples and explain why there are limited investor protection concerns in those circumstances.*

As noted above, we do not support the proposed amendment to the Private Issuer Exemption that would make the exemption unavailable for the distribution of syndicated mortgages. In our view, the Private Issuer Exemption should continue to be available in relation to distribution of syndicated mortgages in the same way it is for other types of securities and the desire to obtain additional information regarding the nature and extent of syndicated mortgage activities be addressed through means other than the imposition of a requirement to file a report of exempt distribution. See our comments above under “Changes to the Private Issuer Exemption”.

Alternative prospectus exemptions

5. *Should alternative prospectus exemptions be provided to facilitate the distribution of specific classes of syndicated mortgages where the investor protection concerns may not be as pronounced?*

In addition to the permanent adoption of BCI 32-517 as discussed above, we believe that there should be an exemption from both prospectus and dealer registration requirements for certain syndicated mortgage transactions, including for distributions of any type of syndicated mortgage to certain sophisticated, high net worth investors and to certain others that do not require the involvement of a registered dealer, and potentially also for distributions of certain types of syndicated mortgages. In general, we are supportive of the approach taken in BC Rule 45-501 Mortgages; however, we would recommend that either:

- (a) the scope of investors permitted to purchase syndicated mortgages under the dealer registration and prospectus exemptions set out in sections 3 and 4 be expanded beyond the currently defined term “institutional investors” to permit the purchase by a much broader group, for example to any persons that qualify as “accredited investors” or are entitled to purchase in reliance on the family, friends and business associates prospectus exemption (i.e., who do not require the involvement of a registered dealer given their sophistication or connection to parties involved in the transaction); or
- (b) the definition of “qualified syndicated mortgage” for the purposes of the dealer registration and prospectus exemptions set out in section 5 be amended to delete the conditions in: (i) paragraph (c) which requires a syndicated mortgage to be on property used solely for residential properties with no more than four residential dwelling units, and (ii) paragraph (d) which prohibits a qualified syndicated mortgage from being for construction or development, as we feel that both such conditions are arbitrary and unnecessary. In addition, if deemed necessary we would not object to the addition of a requirement for the delivery of an “as is” appraisal prepared by a qualified appraiser who is independent of the issuer.

Further, we reference our comments under “Local Matters – British Columbia - Response to Proposed Amendments to BC Rule 45-501” regarding the proposed amendments to BC Rule 45-501 to require the filing of a Form 45-106F1 in connection with transactions made in reliance on the exemptions contained in the Rule.

6. *Should we consider adopting an exemption for the distribution of syndicated mortgages on existing residential properties similar to the exemption for “qualified syndicated mortgages” under BC Rule 45-501 Mortgages?*

Yes, but not solely in relation to residential properties. See our comments above in relation to question 5.

7. *Should an exemption be provided for the distribution of a syndicated mortgage to a small number of lenders on a property that is used for residential or business purposes by the mortgagor? If so, should the exemption be subject to conditions? For example, should the exemption be available only for a distribution: (i) by an individual; and/or (ii) relating to a residential property; and/or (iii) involving a specified maximum number of lenders?*

We do not believe there is a reasonable basis for an exemption based on the number of lenders or specific to residential properties.

D. Local Matters – British Columbia - Response to Proposed Amendments to BC Rule 45-501

In relation to the proposed amendments to BC Rule 45-501 Mortgages (found [here](#)) to require the filing of a Form 45-106F1 *Report of Exempt Distribution* in connection with all transactions made in reliance on the exemptions contained in the Rule, we reference our related comments set out above under “Changes to the Private Issuer Exemption” in relation to the proposal to require the filing of a Form 45-106F1 for information gathering purposes. As noted, although we understand the desire of the regulators to better understand the nature and extent of current syndicated mortgage activities, additional information can be obtained through means other than the filing of a report of exempt distribution and payment of the associated fees. Accordingly, we are opposed to the proposed amendments to Rule 45-501 to require the filing of a Form 45-106F1 in connection with transactions made in reliance on the exemptions contained in the Rule. See our comments above for further details.

Thank you for considering the above comments. If you have any questions or would like to discuss any related issues please contact the writer.

Yours truly,

Borden Ladner Gervais LLP



By:

Jason J. Brooks

Appendix A

Please see the attached.



Page 1 of 5

Registrar of Mortgage Brokers
2800 - 555 West Hastings
Vancouver, BC V6B 4N6
Ph. 604-660-3555 / Toll-free: 1-866-206-3030 (BC)
Facsimile: 604-660-3365
Mortgagebrokers@ficombc.ca
www.fic.gov.bc.ca

LENDER DISCLOSURE STATEMENT FORM 9- Section 17.1

Neither the Registrar of Mortgage Brokers nor any other authority of the government of the Province of British Columbia has in any way passed on the merits of the matters dealt with in this information statement. This information statement has not been filed with the Registrar of Mortgage Brokers and the registrar has not determined whether or not it complies with Part 2 of the *Mortgage Brokers Act*.

Please write or print clearly. If additional information is required, reference and attach a schedule to this form.

A – CAUTIONS

1. All mortgage investments carry risk. There is a relationship between risk and return. You should very carefully assess the risk of the transaction described in this Lender Disclosure Statement and in the supporting documentation before making a commitment.
2. You are advised to obtain independent legal advice regarding your decision to invest and to ensure that the transaction is structured appropriately to protect your interests.
3. You should only provide mortgage funds "in trust" to a registered mortgage broker or a licensed lawyer or notary. Never provide funds directly to the mortgage borrower or an individual submortgage broker.
4. If you are one of several investors in this mortgage, you may not be able to enforce repayments of your investment on your own if the borrower defaults.
5. You should ensure you have sufficient documentation to support the property valuation quoted in this Investor/Lender Disclosure Statement.
6. You should be satisfied with the borrower's ability to meet the payments required under the terms of this mortgage.
7. A mortgage broker must not administer, or arrange for another person to administer, a mortgage on your behalf unless the mortgage broker has a written agreement with you that covers matters set out in the *Mortgage Brokers Act*.
8. This Investor/Lender Disclosure Statement and the attached documents are not intended to provide a comprehensive list of factors to consider in making a decision concerning this investment. You should satisfy yourself regarding all factors relevant to this investment before you commit to invest.

B – BORROWER / GUARANTOR / COVENANTOR INFORMATION

FULL NAME OF BORROWER:

FULL NAME OF GUARANTOR/COVENANTOR (if applicable):

ADDRESS - include postal code

ADDRESS – include postal code

MB Form 9 2015

C – OTHER PARTIES TO THE TRANSACTION REPRESENTED BY THE MORTGAGE BROKER

The Mortgage Broker represents the following parties to the transaction:

- ☐ The lender: _____
Name
- ☐ The borrower(s): _____
- ☐ Syndicate mortgage lenders: _____
(attach list if more space required)
Name
Name
Name
- ☐ A person or entity which will acquire the mortgage from the investor/lender: _____
Name
- ☐ Other – please describe: _____

NOTE:

If the Mortgage Broker has NOT indicated that it represents you, the Mortgage Broker must still exercise a duty of care to you and deal with you fairly. It is recommended that you obtain independent advice with respect to the transaction.

D – PRE-EXISTING OR EXISTING MORTGAGE IN DEFAULT

Will the lender/investor be acquiring an interest in a currently registered mortgage ?

☐ Yes ☐ No

If yes, please explain any defaults by the borrower over the past 12 months which the mortgage broker is aware of:

If the mortgage is new, was there a previous mortgage registered against title with the same borrower?

☐ Yes ☐ No

If yes, please explain any defaults by the borrower on the previous mortgage over the past 12 months which the mortgage broker is aware of:

E – REGISTERED INTEREST

☐ Your interest as a lender will be directly registered in your name on the mortgage document filed at the Land Title Office ; or

☐ _____ will act as a trustee or nominee and will hold a registered interest in the mortgage in trust for you as beneficial owner; or

☐ Your interest in the mortgage will be secured under the following arrangements:

F- MORTGAGE INVESTMENT

Your investment represents: ☐ the entire mortgage OR ☐ a portion of the mortgage

Your portion represents _____ % of the total. _____ other parties have an interest in this mortgage.

G - TRUST FUNDS

Will the funds be held in trust pending execution of the mortgage? ☐ Yes ☐ No

If yes, please indicate the party that will hold the funds in trust:

H – MORTGAGE ADMINISTRATION

Will the mortgage be administered for you? ☐ Yes ☐ No

If "yes", name and address of administrator:

Describe any fees or attach any fee agreement for the provision of administration services: _____

I – PROPERTY TO BE MORTGAGED

Is this an inter alia mortgage?

☒ Yes ☐ No

If yes, please skip Sections I and K of this Form and complete Sections I and K of the Form 9 Addendum for Inter Alia Mortgages

Legal Description of Property:

Municipal Address of Property:

Type of Property:

☐ Property with existing buildings

☐ Single family residential

☐ Five or more unit multifamily

☐ Industrial

☐ Two to four unit multifamily

☐ Commercial

☐ Other: _____

☐ Vacant land, development or construction project.

Details of project/proposed use:

☐ Other (please describe):

Property Taxes:

Are taxes in arrears?

☒ Yes ☐ No

If yes, amount arrears: \$ _____

Annual Property Taxes: \$ _____

Zoning

If mortgage proceeds are to be used for construction financing, is the zoning on the property to be developed appropriate for the proposed use?

☒ Yes ☐ No

If no, details:

Property Valuation:

Based on:

☐ Appraisal, dated _____

☐ Sale Price \$ _____

Amount: \$ _____

☐ Municipal Assessment, Year _____

☐ Other (please describe) _____

If appraisal obtained:
Name and address of appraiser:

Valuation is: ☐ Current, as at date: _____

☐ Projected Value: \$ _____

J – MORTGAGE PARTICULARS

Terms of the Mortgages

Amount of your investment: \$ _____

Maximum Indebtedness of Mortgage: \$ _____

Interest rate is fixed at _____ % per annum **OR**

Interest rate is variable, explain: _____

Compounding period: _____

Payment Frequency: _____

Interest only payments: ☐ Yes ☐ No

Payments to be made by Borrower: \$ _____

Term: _____ Amortization: _____

Borrower's first payment due: _____

Maturity Date: _____

Balance on maturity: \$ _____

Mortgage secures a running account: ☐ Yes ☐ No If running account, provide details _____

K – RANK OF MORTGAGE AND LOAN TO VALUE RATIO

Rank of mortgage

This mortgage will rank: ☐ First ☐ Second ☐ Third ☐ Other: _____

Prior encumbrances (existing or anticipated)

☐ None **OR**

(i) Lender/Charge Holder: _____ ☐ Priority: _____

Amount Owing: \$ _____ Maximum potential indebtedness allowable under Mortgage: \$ _____

In default? ☐ Yes ☐ No

(ii) Lender/Charge Holder: _____ ☐ Priority: _____

Amount Owing: \$ _____ Maximum potential indebtedness allowable under Mortgage: \$ _____

In default? ☐ Yes ☐ No

(iii) Lender/Charge Holder: _____ ☐ Priority: _____

Amount Owing: \$ _____ Maximum potential indebtedness allowable under Mortgage: \$ _____

In default? ☐ Yes ☐ No

(iv) Lender/Charge Holder: _____ ☐ Priority: _____

Amount Owing: \$ _____ Maximum potential indebtedness allowable under Mortgage: \$ _____

In default? ☐ Yes ☐ No

Loan to value ratio

a) Total amount owing or maximum indebtedness (whichever figure is higher) of all encumbrances which rank in priority: _____

\$ _____

b) Maximum Indebtedness of mortgage: _____

\$ _____

c) Total amount of mortgages: \$ _____

(a+b)

d) Value: \$ _____

(from Part I)

e) Loan to value: _____ %

(c/d x 100)

L – ATTACHED DOCUMENTS

You should review the following documents carefully and assess the risks of this investment before committing to invest. The following documents are attached:

- ☐ A copy of any existing mortgage on the property;
- ☐ A copy of any appraisal;
- ☐ A copy of any purchase and sale contract entered into by borrower for the purchase of the property;
- ☐ Any documentary evidence respecting the borrower's ability to meet the mortgage payments, such as a credit bureau report or a letter from an employer disclosing the borrower's earnings.
- ☐ A copy of the borrower's application for a mortgage.
- ☐ If the mortgage is a new mortgage, documentary evidence of any down payment made by the borrower for the purchase of the property.

☐
☐

A copy of any agreement that you may be asked to enter into with the mortgage broker or other administrator.
A copy of the Cost of Credit Disclosure provided to the borrower.

The Mortgage Broker is also required to provide you with all other information an investor of ordinary prudence would consider to be material to a decision whether to lend money on the security of the property or the credit worthiness of the borrower, so that you can make an informed decision before you commit to invest. This information might include the following:

1. If the mortgage is for a construction or development project:
 - a. A detailed description of the project;
 - b. A schedule of the funds that have been advanced or are to be advanced to the borrower; and
 - c. The identity of any person who will monitor the disbursements of funds to the borrower and the use of those funds by the borrower.
2. If the property is rental property, details of leasing arrangements and vacancy status.
3. Environmental considerations affecting the value of the property.

M – CERTIFICATION

This Lender Disclosure Statement has been completed by:

Name and address of Mortgage Broker

I have fully completed the above Lender Disclosure Statement in accordance with the *Mortgage Brokers Act* and regulations and declare it to be accurate in every respect.

Date: _____ Signature of Mortgage Broker, or of a person authorized
to sign on behalf of the mortgage broker

Print name of person signing

N – ACKNOWLEDGEMENT

I, _____, of _____
Print name Address
acknowledge receipt of this Lender Disclosure Statement, signed by the mortgage broker.

Date: _____ Signature: _____

Dated by Investor/Lender: _____

**One copy of this form must be provided to the prospective lender,
and one copy must be retained by the mortgage broker.**

CONFLICT OF INTEREST DISCLOSURE STATEMENT FORM 10

Neither the Registrar of Mortgage Brokers nor any other authority of the government of the Province of British Columbia has any way passed on the merits of the matters dealt with in this information statement. This information statement has not been filed with the Registrar of Mortgage Brokers and the registrar has not determined whether or not it complies with Part 2 of the *Mortgage Brokers Act*.

Please type or print clearly. If additional information is required, reference and attach a schedule to this form.

FULL NAME OF MORTGAGE BROKER	TELEPHONE NO.
ADDRESS	POSTAL CODE
ADDRESS OF PROPERTY TO BE MORTGAGED	POSTAL CODE
LEGAL DESCRIPTION OF PROPERTY TO BE MORTGAGED	
Describe any direct or indirect interest the mortgage broker has or, as currently contemplated, may acquire in the transaction for which this disclosure statement is provided.	
Describe any direct or indirect interest that a related party or associate of the mortgage broker, as defined in the <i>Mortgage Brokers Act</i> Regulations has or, as currently contemplated, may acquire in the transaction for which this disclosure statement is provided.	

CERTIFICATION

I certify that I am the mortgage broker or an authorized representative of the mortgage broker in this transaction and based on my knowledge, belief and information provided by third parties, this Disclosure Statement contains no untrue statement and does not omit to state a fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

FULL NAME OF MORTGAGE BROKER	ADDRESS	POSTAL CODE
SIGNATURE OF MORTGAGE BROKER OR AUTHORIZED REPRESENTATIVE X	NAME OF AUTHORIZED REPRESENTATIVE OF MORTGAGE BROKER (PLEASE PRINT)	DATE SIGNED YYYY MM DD
ACKNOWLEDGEMENT OF RECEIPT SIGNATURE X		DATE SIGNED YYYY MM DD
NAME (PLEASE PRINT)		

FIN 954 Rev. 2000/1/25

Appendix B

Risk Acknowledgement
under BCI 32-517 *Exemption from Dealer Registration Requirement for*
Trades in Securities of Mortgage Investment Entities

Name of Issuer: _____

Name of Seller: _____

I acknowledge that

- the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
- the person selling me these securities does not act for me;
- this is a risky investment and I could lose all of my money;
- I am investing entirely at my own risk.

Date

Signature of Purchaser

Print Name of Purchaser

Name of salesperson
acting on behalf of the seller

Sign two copies of this document. Keep one for your records.

National Instrument 45-106 *Prospectus Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.