

REGULATION RESPECTING THE DISTRIBUTION OF SYNDICATED MORTGAGES

Securities Act
(chapter V-1.1, s. 331.1, pars. (11) and (34))

CHAPTER I DEFINITIONS

1. In this Regulation:

“**permitted client**” has the same meaning as in section 1.1 of Regulation 31-103 respecting registration requirements, exemptions and ongoing registrant obligations (V-1.1, r. 10);

“**qualified syndicated mortgage**” means a syndicated mortgage that satisfies all of the following:

(a) the syndicated mortgage secures a debt obligation on an immovable that satisfies all of the following:

(i) it is used primarily for residential purposes;

(ii) it includes no more than four units;

(iii) it includes no more than one unit that is used for non-residential purposes;

(b) the syndicated mortgage does not secure a debt obligation incurred for the construction or development of an immovable;

(c) at the time the syndicated mortgage is arranged, the amount of the debt it secures, together with all other debt secured by mortgages on the immovable that have priority over, or the same priority as, the syndicated mortgage, assuming in all cases that the maximum amounts of any such mortgages are fully drawn, does not exceed 80 per cent of the fair market value of the immovable relating to the mortgage, excluding any value that may be attributed to proposed or pending development of the immovable;

(d) the syndicated mortgage cannot be subordinated to future financing without the consent of each lender;

(e) there is no existing agreement that requires the lenders of the syndicated mortgage to consent to future subordination of the syndicated mortgage;

(f) no person has the ability to consent to future subordination of the syndicated mortgage on behalf of the lenders of the syndicated mortgage without obtaining the consent of each lender.

“**syndicated mortgage**” means a mortgage in which two or more persons participate, directly or indirectly, as a lender in a debt obligation that is secured by the mortgage;

“**trade**” has the same meaning as in section 1.7 of Regulation 45-106 respecting prospectus exemptions (chapter V-1.1, r. 21).

CHAPTER II PROSPECTUS EXEMPTIONS

2. Despite subsection (3) of section 2.36 of Regulation 45-106 respecting prospectus exemptions (chapter V-1.1, r. 21), the prospectus requirement does not apply to a distribution of a qualified syndicated mortgage.
3. Despite subsection (3) of section 2.36 of Regulation 45-106 respecting prospectus exemptions (chapter V-1.1, r. 21), the prospectus requirement does not apply to a distribution of a syndicated mortgage on an immovable to a permitted client.
4. A prospectus or a prospectus exemption is required to carry out the first trade of a security acquired under section 3.

CHAPTER III COMING INTO FORCE

5. This Regulation comes into force on (*indicate here the date of coming into force of this Regulation*).