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Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Office of the Superintendent of Securities, Service NL
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Yukon Superintendent of Securities
Northwest Territories Office of the Superintendent of Securities
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Delivered via email to:

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Re: CSA Notice and Request for Comment Proposed Amendments to National Instrument 45-106 Prospectus Exemptions and Proposed Changes to Companion Policy 45-106CP Prospectus Exemptions Relating to the Offering Memorandum Prospectus Exemption

I am pleased to provide comments on the provisions of the above CSA Proposal. My comments will address ways to improve information provided to investors in real estate activities and help protect them from harm.

Independent Appraisal to be performed by Qualified Appraiser

The CSA proposal states that issuers engaged in real estate activities would be subject to new requirements, including providing an independent appraisal of an interest in real property to the purchaser under certain circumstances.

I am in favour of the requirement for an independent appraisal, and would like the CSA to go further.

The appraisal must not just be independent, it must also be performed by an appropriately qualified individual or firm who investors may reasonably rely upon. An appraisal may be independent without being reliable. For example, many residential realtors provide free appraisals on request, such an appraisal is unlikely to be sufficiently reliable to protect

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investors. The new instrument needs to specify the experience and qualifications needed to be a qualified appraiser.

Appraisal to Reflect Value of Real Property Under Current Status

Real estate projects typically feature developmental hurdles which significantly impact their value. For instance, a project may require a change in zoning, an exemption to density requirements, or a waiver of required parking spaces. Failure to surmount these hurdles can significantly impact investors' returns.

The current disclosure requirements for Offering Memoranda relating to real estate projects requires:

the issuer disclose each significant event that must occur to accomplish the development project, the specific time period in which each event is expected to occur and the costs related to each event.

Where an appraisal is required, the appraisal must be based on the current status of the project and not contemplate any change in value for significant events that have not yet occurred.

For example, if the success of a project is contingent on rezoning, the issuer must be required to disclose the appraised value of the real property without the rezoning. A prospective investor cannot make an informed investment decision without this knowledge.

Thank you for the opportunity to provide comments. I welcome the public posting of this submission and would be pleased to discuss this letter with you.

Sincerely,

Wanda Morris

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