

# Firm Capital Corporation

Mortgage Investment Bankers  
1244 Caledonia Road  
Toronto, Ontario  
M6A 2X5  
Tel: (416) 635-0221  
Fax: (416) 635-1713

Via Email to: [blaine.young@seccom.ab.ca](mailto:blaine.young@seccom.ab.ca)  
[consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)  
[jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

March 30, 2005

## VIA EMAIL TO:

Alberta Securities Commission  
British Columbia Securities Commission  
Manitoba Securities Commission  
New Brunswick Securities Commission  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Department of Justice,  
Government of the Northwest Territories  
Nova Scotia Securities Commission  
Registrar of Securities, Legal Registries Division,  
Department of Justice, Government of Nunavut  
Ontario Securities Commission  
Prince Edward Island Securities Office  
Autorité des marchés financiers  
Saskatchewan Financial Services Commission  
Registrar of Securities, Government of Yukon

Dear Sirs,

### **Re: Proposed National Instrument 45-106 and Proposed Amendments to OSC Rule 45-501**

Although we realize that the comment period in respect of the above noted matters expired on March 17, 2005, we are seeking the opportunity to provide comments on these proposals to the extent they relate to mortgage syndications. Our delay in commenting to date arises from the

fact that the Ministry of Finance (Ontario) issued a consultation draft of a new *Mortgage Brokerages, Mortgage Lenders and Mortgage Administrators Act* on March 21, 2005, which we received only on March 22, 2005, after the March 17, 2005 comment period expired. We thank you for accommodating our request to comment at this time.

Firm Capital Corporation is a company that is registered under the *Mortgage Brokers Act* (Ontario) and has been so registered since 1988. We are the mortgage banker to the publicly traded Firm Capital Mortgage Investment Trust (the "Trust"), and in that capacity have an exposure to and an understanding of securities laws, policies and practices. Firm Capital Corporation is in the business of originating, funding, purchasing, selling and servicing mortgage investments. Certain of these mortgage investments are syndicated by Firm Capital Corporation to sophisticated parties, including the Trust. In 2004, Firm Capital Corporation originated approximately \$255 million of mortgage investments. We have originated well in excess of \$1 billion of mortgage investments over the last five years.

It is the application of proposed NI 45-106 to syndicated mortgages that we wish to comment on at this time. Section 2.37 proposes to exempt trades in mortgages on real property by a licensed mortgage broker from the dealer and prospectus requirements of securities laws. However, Section 2.37(2) removes the application of this exemption to a syndicated mortgage. It is our submission that syndicated mortgages should NOT be excluded from this exemption. In other words, it is our view that trading in all mortgages on real property (including syndicated mortgages) should continue to be governed by mortgage broker or mortgage dealer legislation of a jurisdiction of Canada and not by proposed NI 45-106.

The Consultation Draft issued by Ontario's Ministry of Finance states as follows in Part IV – Other Matters:

#### *Syndicated Mortgages*

As a general rule, trades in mortgages are not subject to the registration and prospectus requirements of the *Securities Act* if the mortgages are sold by a person who is registered, or exempt from registration, under the *Mortgage Brokers Act*. Currently syndicated mortgages, (i.e. those in which there are two or more lenders) are treated in the same manner as other mortgages.

Concerns have arisen that the current syndicated mortgage exemption does not provide adequate protection to investors given the potential complexity of these investments. To respond to these concerns, the Ontario Securities Commission, together with the other members of the Canadian Securities Administrators, recently published for comment a proposal to eliminate the registration and prospectus exemption for syndicated mortgages. The change is contained in proposed National Instrument 45-106 Prospectus and Registration Exemptions and proposed OSC Rule 45-501 Ontario Prospectus and Registration Exemptions.

The Ontario Securities Commission, together with the other members of the Canadian Securities Administrators, published these proposals on December 17, 2004 for a 90-day comment period expiring on March 17, 2005.

If the Canadian Securities Administrators' proposals are implemented, it is proposed that no duplicative regulation of syndicated mortgages be contained in the new *Mortgage Brokerages, Mortgage Lender and Mortgage Administrators Act*.

With respect, it is our submission that the mortgage broker legislation should not defer to securities legislation the regulation of this important element of the mortgage business. Rather, it is our view that the reverse should be the case. That is, the mortgage broker legislation should deal with the regulation of all aspects of the mortgage industry, including those dealing with mortgage syndication. This is especially so in the Province of Ontario where new mortgage broker legislation is being considered, providing a ready made opportunity for the appropriate regulatory regime applicable to mortgage syndications to be established.

Our view is informed by our experience in the mortgage business, with an exposure to securities legislation. An interest in a syndicated mortgage, although it has certain attributes of a security, is above all a mortgage on real property. Whether a mortgage is syndicated or not, mortgage broker legislation imposes specific obligations on a mortgage broker including with respect to the documentation that must be provided to investors, the record keeping function and obligations to borrowers. Certain information that is required by the current *Mortgage Brokers Act* (Ontario) to be provided to investors is obtained from borrowers who provide it to the mortgage broker pursuant to the provisions of the Act. The method and policies of accounting and record keeping for syndicated mortgages is governed under the *Mortgage Brokers Act* (Ontario) and will continue to be so governed under the successor legislation. The specialized nature of mortgage broker legislation can better tailor all related requirements (including licensing and disclosure) to the specialized nature of syndicated mortgages than can securities legislation which, of necessity, has broader application.

If mortgage syndications were governed by securities legislation, a dual registration regime would be created resulting in increased compliance costs and administrative burden as well as duplication and overlap of regulations. For instance, a mortgage broker who is registered under mortgage broker legislation who is involved in mortgage syndication would also be required to register under securities legislation (at least in Ontario where registration as a limited market dealer would be required if the mortgage syndications were privately placed, for instance to accredited investors). A disclosure document (likely an offering memorandum, but also possibly a prospectus) would be required under securities legislation which would be duplicative of the disclosure document required under mortgage broker legislation (in Ontario this is a Form 1 which we submit provides adequate and sufficient disclosure for a mortgage investor and is discussed more fully below). There would be ongoing compliance requirements and costs under two regulatory regimes which seems inconsistent with the general trend towards lessening paperwork and "red tape" in the business environment. Most importantly, it is not clear why the administrators of mortgage broker legislation from a public policy perspective do not have the expertise to regulate this sector of the mortgage brokerage sector, given that they will continue to regulate the mortgage brokerage industry as well as investments made by single private individuals.

Both securities legislation and mortgage broker legislation are interested in investor protection. The mortgage broker legislation includes investor protection provisions for mortgages placed to more than one person (i.e. syndicated mortgages) as well as to a single investor. These

protections include disclosure requirements and provisions relating to the administration and servicing of the mortgage investments. We would not expect that these requirements would be carved out of the mortgage broker legislation for syndicated mortgages and, consequently, unless syndicated mortgages are excluded from the purview of securities legislation both regimes would apply.

In addition, it is not always clear at the outset whether a mortgage will be syndicated or held by a single investor. This depends on the mortgage size and the interest and capacity of the first investor at the time the investor is approached in respect of the possible mortgage investment. By governing syndicated mortgages under securities legislation, unsyndicated mortgages would also be affected as the mortgage broker would need to anticipate at the outset the possibility of there being more than one investor even if the intention was for a single investor. This imposes an additional and unnecessary burden on all mortgages, not just syndicated ones.

It is also our experience that investors in syndicated mortgages are making a mortgage related decision and not an investment in securities decision, further supporting our submission that syndicated mortgages should be treated only under mortgage broker legislation. Notwithstanding the comment noted above in Part IV of the Consultation Draft, it is our experience that a syndicated mortgage is no more complex than a mortgage held by a single private individual as the underlying investment is the same. From an investor's perspective, whether a mortgage is syndicated or not is of no import to the investor other than with respect to the administration of the syndicated mortgage, which under the proposed Consultation Draft will be addressed in the new legislation in any event. The new legislation specifies that the disclosure required to be made to investors will be set out in regulations. These regulations could address any additional disclosure requirements considered to be appropriate respecting syndicated mortgages.

It is our view that the current *Mortgage Brokers Act* (together with the proposed successor legislation) deals appropriately with investor and borrower relationships and the obligations of a mortgage broker including the ongoing servicing of investor funds. It is our submission that the regulation of all mortgages, including syndicated mortgages, should continue to be governed under the mortgage broker legislation as is currently the case.

If the Canadian Securities Administrators determine that, notwithstanding the above noted submissions, mortgage syndications should continue to be excluded from the exemption in Section 2.37, it is our submission in the alternative that the following refinements to proposed NI 45-106 be made to accommodate the application of the proposed instrument to mortgage syndications:

- (i) that the disclosure document typically required by mortgage broker or mortgage dealer legislation (augmented as required to describe any syndication related information) be permitted to be provided to potential investors without that document constituting an offering memorandum (and, for greater certainty, without the necessity of a statutory right of action for damages or rescission). It is assumed that the disclosure obligation under the mortgage broker or mortgage dealer legislation would remain in effect for syndicated mortgages even if the prospectus and registration requirements of securities legislation would also apply (this disclosure obligation will certainly apply for single private individual

investors in mortgages). The specialized disclosure requirements of mortgage broker or mortgage dealer legislation should satisfy any disclosure concerns without the necessity to create a disclosure document under dual disclosure regimes. Under Ontario's current *Mortgage Brokers Act*, this document is on Form 1: Investor/Lender Disclosure Statement for Brokered Transaction. A sample of Form 1 is attached. Furthermore, given the expectations of the mortgage investor, a standardized form (such as Form 1) facilitates the investment decision as it provides the information required to understand the opportunity and the related risks, and it does so in a uniform and consistent manner. Due to the requirement for a statutory right of action in an offering memorandum, additional disclosure may be required to be made which is not relevant to the investment decision but is required to provide the statutory right. In lieu of the statutory right, Part F of the Form 1 requires a certification that the Information Disclosure Summary has been completed in accordance with the *Mortgage Brokers Act* and is declared "to be accurate in every respect". It is submitted that this form of certification is a suitable substitute for the statutory right of action for damages or rescission;

- (ii) that the report of exempt distribution contemplated by Section 6.1 of proposed NI 45-106 not be required in respect of a mortgage syndication. Disclosure of information as to the holders of an interest in a syndicated mortgage has no public benefit and the cost of preparing the filing and any related filing fee is a burden that would just be passed on to the borrower. In our view, there would be a cost to the requirement with no apparent benefit;
- (iii) that in jurisdictions (such as Ontario) where registration as a limited market dealer would be required to syndicate mortgages on a private placement basis there would be a grace period of, say, four months after the proposed instrument is enacted for mortgage brokers to seek and obtain limited market dealer registration status. This would mean that the dealer registration exemption would not be eliminated for syndicated mortgages during this phase in period. The reason for this is that mortgage brokers such as ourselves do not know whether we should be registering as a limited market dealer and will not know for certain until the national instrument is proclaimed. It is an unfair burden imposed on a mortgage broker to ask it to commence this registration process before knowing whether the expense is warranted; and
- (iv) that certain of the exemptions from the prospectus and registration requirements that are tied to the relationship with an issuer be extended to the equivalent relationship with a mortgage broker. For instance, Section 2.4(1) of proposed NI 45-106 contemplates various relationships with an issuer that is a private issuer. The term "issuer" does not work with a syndicated mortgage as technically the issuer of a syndicated mortgage is the borrower and the mortgage broker may be considered a selling securityholder. Consequently, we submit that an equivalent to Section 2.4 should be introduced for the syndication of mortgages to up to 50 individuals, substituting the term "mortgage broker" for "issuer" in that section (for example, "a director, officer, employee, founder or control person of the issuer" would be changed to "a director, officer, employee,

founder or control person of the mortgage broker”). Similarly, an equivalent exemption to Section 2.7 (Family, founder and control person) should be introduced again substituting “mortgage broker” for “issuer” in that section. Lastly, an equivalent exemption to Section 2.8 (Affiliates) should be introduced, again substituting “mortgage broker” for “issuer” in that section. There may be other exemptions which are available only outside Ontario which it may also be appropriate to treat in the same way. In the non-syndicated mortgage context, the Canadian Securities Administrators have already determined that the persons included in Sections 2.4, 2.7 and 2.8 have a sufficiently close relationship to an issuer that the protections afforded by the registration and prospectus requirements are not required. It is submitted that the equivalent relationships to a mortgage broker should be afforded the same treatment. It is only because the issuer of a mortgage is the borrower, and not the mortgage broker, that the exemptions technically do not apply already. This technical deficiency needs to be addressed if syndicated mortgages are required to become subject to the securities regulatory regime.

We would expect that changes corresponding to the above would be required in Sections 5.2 (Removal of registration exemptions – market intermediaries), Part 6 (Offering Memorandum) and Part 7 (Reporting Requirements) of the proposed amendments to OSC Rule 45-501.

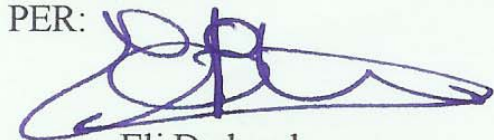
The decisions with respect to the regulation of mortgage syndications have widespread implications for our industry, our business and our company. Consequently, we thank you for the opportunity to comment on the proposed new rules and for accommodating our request to comment beyond the March 17, 2005 comment period.

Please feel free to contact me should you have any questions or require any further information.

Yours very truly,

**FIRM CAPITAL CORPORATION**

PER:



Eli Dadouch

President and Chief Executive Officer

cc: Mike Colle, Parliamentary Assistant to the Minister of Finance (Ontario)  
E-Mail: [mikecolle.mbconsultations@fin.gov.on.ca](mailto:mikecolle.mbconsultations@fin.gov.on.ca)

cc: Mark Webb, Senior Director Professional Affairs, CIMBL  
E-Mail: [mwebb@cimbl.ca](mailto:mwebb@cimbl.ca)

Attachment: Form 1 under the *Mortgage Brokers Act* (Ontario)

**INVESTOR/LENDER DISCLOSURE STATEMENT  
FOR BROKERED TRANSACTIONS**

IMPORTANT: THIS FORM IS REQUIRED BY LAW AND WILL PROVIDE THE PROSPECTIVE INVESTOR/LENDER WITH IMPORTANT INFORMATION.

THE MORTGAGE BROKER CANNOT RECEIVE ANY MONEY FROM YOU OR ENTER INTO AN AGREEMENT TO RECEIVE MONEY FROM YOU UNTIL AT LEAST 48 HOURS (EXCLUDING SUNDAYS AND HOLIDAYS) AFTER YOU HAVE RECEIVED THIS INFORMATION.

# CAUTION

ALL MORTGAGE INVESTMENTS CARRY A RISK. YOU SHOULD VERY CAREFULLY ASSESS THE RISK OF THIS MORTGAGE INVESTMENT BEFORE MAKING A COMMITMENT.

IN GENERAL, THE HIGHER THE RATE OF RETURN, THE HIGHER THE RISK OF THE INVESTMENT.

INEXPERIENCED INVESTORS ARE NOT ADVISED TO ENTER INTO MORTGAGE INVESTMENTS.

YOU ARE STRONGLY ADVISED TO OBTAIN INDEPENDENT LEGAL ADVICE BEFORE COMMITTING TO INVEST.

THIS MORTGAGE INVESTMENT IS NOT INSURED BY THE GOVERNMENT OF ONTARIO.

THIS MORTGAGE INVESTMENT CANNOT BE GUARANTEED BY THE MORTGAGE BROKER. IF YOU ARE NOT PREPARED TO RISK A LOSS, YOU SHOULD NOT CONSIDER MORTGAGE INVESTMENTS.

THE MORTGAGE BROKER CANNOT MAKE PAYMENTS TO YOU EXCEPT FROM PAYMENTS OF PRINCIPAL AND INTEREST MADE BY THE BORROWER UNDER THE MORTGAGE. THEREFORE, THE MORTGAGE BROKER CANNOT CONTINUE MORTGAGE PAYMENTS TO YOU IF THE BORROWER DEFAULTS.

IF THIS INVESTMENT IS FOR A MORTGAGE TO FUND A DEVELOPMENT, CONSTRUCTION OR COMMERCIAL PROJECT, THE REPAYMENT OF THIS INVESTMENT MAY DEPEND ON THE SUCCESSFUL COMPLETION OF THE PROJECT, AND ITS SUCCESSFUL LEASING OR SALE.

IF YOU ARE ONE OF SEVERAL INVESTORS IN THIS MORTGAGE, YOU MAY NOT BE ABLE TO ENFORCE REPAYMENT OF YOUR INVESTMENT ON YOUR OWN IF THE BORROWER DEFAULTS.

YOU SHOULD INSPECT THE PROPERTY OR PROJECT AND THE SURROUNDING AREA BEFORE INVESTING.

THE ATTACHED DECLARATIONS AND DISCLOSURE SUMMARY ARE NOT INTENDED TO BE 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.

FIRM CAPITAL CORPORATION

Date: March 30, 2005

PER: \_\_\_\_\_  
Signature of Mortgage Broker, or of a person authorized to sign on behalf of the mortgage broker

\_\_\_\_\_  
PRINT NAME OF PERSON SIGNING

# ACKNOWLEDGEMENT

,of

I acknowledge receipt of this Caution, signed by the mortgage broker.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

# DECLARATION BY THE MORTGAGE BROKER

For the purpose of this declaration, two persons are "related" if they share any relationship other than an arm's length business relationship. For example, a shareholder, director, officer, partner or employee of a mortgage broker is related to the mortgage broker.

This declaration is made by FIRM CAPITAL CORPORATION  
Name of mortgage broker

The mortgage broker does/does not [choose one] have or expect to have a direct or indirect interest in the property that is the subject of this mortgage investment.  
EXPLAIN:

A person related to the mortgage broker does/does not [choose one] have or expect to have a direct or indirect interest in the property that is the subject of this mortgage investment.  
EXPLAIN:

The borrower is/is not [choose one] related to the mortgage broker.  
EXPLAIN:

The borrower is/is not [choose one] related to an officer, director, partner, employee or shareholder of the mortgage broker.  
EXPLAIN:

The individual or company that appraised the property is/is not [choose one] related to the mortgage broker.  
EXPLAIN:

The proceeds of this investment will/will not [choose one] be used to refinance, pay out, redeem or reduce an existing mortgage on this property.  
EXPLAIN:

If this investment is a purchase of an existing mortgage or a portion of an existing mortgage the mortgage is/is not [choose one] now in default and has/has not [choose one] been in default in the preceding twelve months.  
EXPLAIN:

The mortgage broker does/does not [choose one] expect to gain any interest or benefit from this transaction other than the fees disclosed in section D of the attached Information Disclosure Summary.  
EXPLAIN:

The mortgage broker has fully complied with all requirements of the Mortgage Brokers Act and its regulations.

I have fully completed the above Declaration by the Mortgage Broker in accordance with the Mortgage Brokers Act and regulations and declare it to be accurate in every aspect.

FIRM CAPITAL CORPORATION

PER:

\_\_\_\_\_  
Signature of Mortgage Broker, or of a person authorized to sign on behalf of the mortgage broker

\_\_\_\_\_  
PRINT NAME OF PERSON SIGNING

Date: March 30, 2005

# ACKNOWLEDGEMENT

I, \_\_\_\_\_  
acknowledge receipt of this Declaration by the Mortgage Broker, signed by the mortgage broker.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature



## INFORMATION DISCLOSURE SUMMARY

PART E OF THIS SUMMARY LISTS DOCUMENTS THAT MUST ACCOMPANY THIS SUMMARY AND THAT MUST BE PROVIDED TO YOU AT LEAST 48 HOURS (EXCLUDING SUNDAYS AND HOLIDAYS) BEFORE YOU COMMIT TO INVEST. YOU SHOULD EXAMINE THE ATTACHED DOCUMENTS CAREFULLY BEFORE YOU MAKE AN INVESTMENT DECISION. YOU SHOULD NOT RELY SOLELY ON THIS DISCLOSURE SUMMARY.

### A. PROPERTY/SECURITY TO BE MORTGAGED

<p>1. Legal and Municipal address of the property:</p>	<p>3. Property Taxes: Annual property taxes:\$</p> <p>Are taxes in arrears?  <input checked="" type="checkbox"/> NO  <input type="checkbox"/> YES Amount in arrears:\$</p>
<p>2. Type of Property:</p> <p><input type="checkbox"/> Property with existing buildings</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Single family residential</li> <li><input type="checkbox"/> One-to-four unit residential</li> <li><input type="checkbox"/> Five or more unit residential</li> <li><input type="checkbox"/> Commercial</li> <li><input type="checkbox"/> Industrial</li> <li><input type="checkbox"/> Other</li> </ul> <p><input type="checkbox"/> Vacant land, development or construction project. Detail of project/proposed use:</p> <p><input type="checkbox"/> Other (Detail)</p>	<p>4. Zoning Is the zoning on the property appropriate for the proposed use?</p> <p><input type="checkbox"/> YES  <input checked="" type="checkbox"/> NO If "NO", details:</p>
	<p>5. Appraisal</p> <p><input type="checkbox"/> No appraisal has been done on the property. OR  <input type="checkbox"/> An appraisal has been done on the property For all properties, appraised "as is" value:  <div style="border: 1px solid black; width: 100px; height: 15px; margin: 5px auto;"></div> </p> <p>For <u>development and construction projects</u> projected market value when project is complete:  <div style="border: 1px solid black; width: 100px; height: 15px; margin: 5px auto;"></div> </p> <p>Date of appraisal: Name and address of appraiser:</p>

### B. MORTGAGE PARTICULARS

<p>1. Type of mortgage Your investment represents:</p> <p><input type="checkbox"/> the entire mortgage OR  <input type="checkbox"/> a portion of the mortgage Your portion represents _____ % of the total.          other parties have an interest in this mortgage.          In what name is/will the mortgage be registered:</p>	<p>4. Terms of the Mortgage</p> <p>Amount of your investment:\$ Face value of the mortgage:\$</p> <p>Interest rate is fixed at _____ % per annum OR          Interest rate is variable. Explain:</p>
<p>2. Existing or new mortgage</p> <p><input type="checkbox"/> An existing registered mortgage or portion of an existing registered mortgage is being purchased OR  <input type="checkbox"/> Your investment will fund a new mortgage or portion of a new mortgage that has not yet been registered.</p>	<p>Compound Period: <u>SEMI ANNUALLY</u></p> <p>Monthly payments by borrower:\$ Monthly payments to you :\$.          (See Part D for fees charged to you)          Term: _____ Amortization: yrs          Maturity Date : _____          Balance on maturity:          Borrowers first payment due:</p>
<p>3. Administered mortgage Will the mortgage be administered for you?</p> <p><input checked="" type="checkbox"/> NO  <input type="checkbox"/> YES If "YES", name and address of administrator:</p>	<p>Terms and conditions of repayment:</p>

**B. MORTGAGE PARTICULARS (continued)**

5. Rank of mortgage (according to information from borrower)

The mortgage to be purchase/advanced is/will be a:

First  Second  Third  Other:

Prior encumbrances (existing or anticipated):

None OR

a) Priority: Face amount :\$  
Amount owing:\$  
In default?  Yes  No

Name of Mortgagee:

b) Priority: Face amount :\$  
Amount owing:\$  
In default?  Yes  No

Name of Mortgagee:

Others:

6. Loan to value ratio (according to information from borrower)

a) Total of prior encumbrances: \$

b) Amount of this mortgage: \$

c) Total amount of mortgages: \$  
(a + b)

d) Appraised "as is" value: \$  
(from Part A)

e) Loan to "as is" value: %  
(c/d x 100)

f) Projected value: \$  
(where appropriate)

g) Loan to "projected value" ratio: %  
((c/f) x 100)

**C. THE BORROWER**

Name and Address of borrower:

IMPORTANT: FINANCIAL INFORMATION ABOUT THE BORROWER'S ABILITY TO MEET THE MORTGAGE PAYMENTS MUST BE ATTACHED TO THIS DISCLOSURE SUMMARY

**D. FEES**

1. Fees and charges payable by the investor:

Mortgage broker fee/commission/other costs: \$

Approximate legal fees and disbursements: \$

Administration fees (where applicable): \$

Any other charges: \$  
Specify

Total: \$

2. Fees and costs payable by the borrower:

Amount	Paid to	Purpose
\$		
\$		
\$		
\$		
\$		

**E. ATTACHED DOCUMENTS**

IMPORTANT: YOU SHOULD REVIEW THE FOLLOWING DOCUMENTS CAREFULLY AND ASSESS THE RISKS OF THIS INVESTMENT BEFORE COMMITTING TO INVEST. YOU SHOULD CHECK THAT ALL DOCUMENTS ARE CONSISTENT WITH THIS DISCLOSURE SUMMARY. THE FOLLOWING DOCUMENTS MUST BE ATTACHED:

1. If the statement concerns an existing mortgage, a copy of the mortgage
2. If an appraisal of the property has been done in the preceding twelve months and is available to the mortgage broker a copy of the appraisal.
3. If an agreement of purchase and sale in respect of the property has been entered into in the preceding twelve months and is available to the mortgage broker, a copy of purchase and sale.
4. If a copy of an appraisal of the property is not delivered to you, documentary evidence of the property's value, other than an agreement of purchase and sale.
5. 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 borrowers earnings.
6. If you request, a copy of the borrower's application for a mortgage.
7. If the mortgage is a new mortgage, documentary evidence of any down payment made by the borrower for the purchase of the property.
8. A copy of any agreement that you may be asked to enter into with the mortgage broker.

**E. ATTACHED DOCUMENTS (continued)**

IMPORTANT: 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, 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,
  - i. a detailed description of the project,
  - ii. a schedule of the funds that have been advanced or are to be advanced to the borrower, and
  - iii. 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.

**F. CERTIFICATION**

This Information Disclosure Summary has been completed by:

FIRM CAPITAL CORPORATION  
1244 Caledonia Road  
Toronto, Ont. M6A 2X5

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

FIRM CAPITAL CORPORATION

PER: \_\_\_\_\_

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

Date: March 30, 2005

\_\_\_\_\_  
Print name of person signing

**ACKNOWLEDGEMENT**

I, \_\_\_\_\_, of \_\_\_\_\_

acknowledge receipt of this Information Disclosure Summary, signed by the mortgage broker.

I understand that the mortgage broker cannot accept any money from me or require me to enter into an agreement to receive money from me until at least 48 hours (excluding Sundays and holidays) after receipt by me of this form.

Date:

\_\_\_\_\_  
Signature