

Form 1.1 - Investor/Lender Disclosure Statement For Brokered Transactions – Addendum for Construction and Development Loans

Mortgage Brokerages, Lenders and Administrators Act, 2006

Transaction Number

Important: This Investor/Lender Disclosure Statement For Brokered Transactions - Addendum for Construction and Development Loans (“Disclosure Statement Addendum”) and Investor/Lender Disclosure Statement For Brokered Transactions Form 1 are required by law, and will provide the prospective investor/lender with important information to assist you in making a decision about whether to invest/lend. This form needs to be completed in conjunction with Form1 - Investor/Lender Disclosure Statement For Brokered Transactions.

To enable potential investors and lenders to thoroughly review the document and obtain independent legal advice, this disclosure of information must be made at the earliest opportunity and, in any case, **no later than two business days** before the **earliest** of the following events:

- When the brokerage receives or enters an agreement to receive money from you.
- When you enter into a mortgage agreement or an agreement to trade in a mortgage.
- The money is advanced to the borrower under the mortgage.
- The trade completion date.

You may agree to reduce the two business day waiting period to one business day by consenting in writing by completing the approved Waiver (Form 1.2).

Section 1 - Caution

This Disclosure Statement Addendum has not been filed with the Financial Services Regulatory Authority of Ontario (FSRA). Neither FSRA nor any other authority of the Government of Ontario has reviewed or approved the completed Disclosure Statement Addendum.

Investor/Lender Initials: _____ Date: _____

Section 2 - Additional Declarations by the Mortgage Brokerage

1. *The Mortgage Brokerages, Lenders and Administrators Act, 2006* requires disclosure of the nature of the relationship between the mortgage brokerage and other persons and entities involved in the mortgage transaction. For the purposes of this Disclosure Statement and Addendum, 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 brokerage is related to the mortgage brokerage and to any broker or agent authorized to deal or trade in mortgages on behalf of the mortgage brokerage (referred to below as "its" [the brokerage's] brokers and agents).

This additional declaration is made by

Name, address and licence number of mortgage brokerage

2. Is/are the developer(s) related to the mortgage brokerage or to any of the officers, directors, partners, employees or shareholders of the brokerage or any of its brokers or agents?

No Yes Not applicable

If Yes, explain:

3. Is the brokerage or any of its brokers or agents related to any of the other investors/lenders in the mortgage?

No Yes

If Yes, explain:

Investor/Lender Initials: _____ Date: _____

Section 3 - Additional Information Disclosure Summary

Part A. Project Details

1. Construction/Development Loans

What will the funds be used for (check all that apply)?

- Soft costs (e.g. applying for zoning charges, advertising, interior design and architect's fees)
- Construction costs
- Other If other, explain:
-

2. Identify any person(s) who will monitor the disbursements of funds to the borrower and the use of those funds by the borrower:

3. Name, address and Tarion warranty number(s) of the developer(s)

4. Have the developer(s) ever been a party to a project that has had a mortgage default and power of sale proceeding commenced?

No Yes

If yes, explain:

5. Have/Are any of the principal(s) of the developer(s) such as the directors, officers, owners or partners:

(a) ever been convicted, found guilty of or currently charged with any criminal or regulatory offence under any law of any province, territory, state or country?

No Yes Unknown

If Yes, explain:

(b) currently the subject of any civil proceedings or any unsatisfied judgments imposed by a civil court, in Canada or elsewhere, against them personally or against a business in which they have an interest of at least ten percent in the equity shares or ownership interests of the business?

No Yes Unknown

If Yes, explain:

Investor/Lender Initials: _____ Date: _____

Part A. Project Details (continued)

6. What due diligence has the mortgage brokerage done regarding the background and experience of the developer(s)?

Part B. Appraisal and Valuation of Project

- An appraisal/valuation has not been done on the property within the past 12 months OR
 An appraisal/valuation has been done on the property within the past 12 months

Note: During periods of real estate market volatility, it is recommended that the appraisal not be older than 3-6 months.

If an appraisal was **not** done in the past 12 months, please explain how the appraised value was determined by the brokerage:

For all properties, appraised as-is value (required): _____ Date of appraisal: (yyyy/mm/dd) _____

If the appraisal/valuation was addressed to someone other than the investor/lender of record, provide a transmittal letter.

Projected value when project is complete as proposed: _____

Briefly describe any assumptions made and the methodology to determine the projected value of the project when it is completed as proposed:

Investor/Lender Initials: _____ Date: _____

Part C. Additional 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 should be attached or if not available, comments must be included on each in the box below:

- 1. a detailed description of the project and the developer(s)
- 2. an acceptable construction schedule with draw amounts stated at various stages of completion
- 3. if this investment is in a syndicated mortgage; any loan agreement, syndication agreement or mortgage commitment relevant to the borrower in this transaction must be provided to you, and
- 4. an occupancy permit, if applicable, and when available.

List other documents being provided here.

If other relevant documents are not being provided or any of the documents listed above are not attached, explain:

Investor/Lender Initials: _____ Date: _____

Part D. Certification

This Disclosure Statement Addendum has been completed by:

Name, address and licence number of mortgage brokerage

I have fully completed the above Information in accordance with the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and its regulations and declare it to be accurate in every respect to the best of my knowledge.

Print name of Mortgage Broker

Licence number of Mortgage Broker

Signature

Date (yyyy-mm-dd)

Acknowledgement

I, _____,
Print name of Investor/Lender

acknowledge receipt of this Disclosure Statement Addendum, signed by the above named mortgage broker.

Signature of Investor/Lender

Dated by Investor/Lender (yyyy-mm-dd)

One copy of this form must be provided to the prospective lender/investor, and one copy must be retained by the mortgage brokerage.

Important: The information in this Disclosure Statement must be provided to you at the earliest opportunity and, in any case, no later than two business days before the earliest of the following events :

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