

Arm's-Length Mortgage Package Companion Guide

This document is a companion guide to the B2B Bank Dealer Services Arm's-Length Mortgage Package. The numbered topics correspond to the various sections of the Arm's-Length Mortgage Package. **Please read the entire package before you begin the process.**

Section	Tips
1. PROFESSIONAL INVESTMENT ADVICE RECOMMENDED	B2B Bank Dealer Services does not provide investment advice and will not make any recommendations on investments or investment strategies. This section of the Arm's-Length Mortgage Package identifies the type of information that you should seek so that you can make an informed decision.
2. MORTGAGE TERMS	The terms and conditions of the mortgage – including the rate, term duration, and payment frequency – are negotiated between you and the mortgagor.
3. MORTGAGE RRSP/RRIF QUALIFICATIONS	<p>To be a qualified investment in a registered plan, certain criteria must be met in accordance with the Income Tax Act (Canada) and with the policies of B2B Trustco and B2B Bank Dealer Services policies. Highlights are listed below. Refer to the Arm's-Length Mortgage Package for all additional criteria.</p> <p>In General</p> <ul style="list-style-type: none"> ■ You must be at arm's length from the mortgagor, which means: <ul style="list-style-type: none"> • You must not be related to the mortgagor by blood, marriage/common law or adoption, and • The mortgagor cannot be a company owned or controlled by you or a person related to you. ■ The mortgagor must be in good standing – no arrears with municipal, provincial/territorial or federal governments. <p>Property Types Mortgages of residential and commercial real estate situated in Canada (except Quebec) are acceptable.</p>

Section	Tips
3. MORTGAGE RRSP/RRIF QUALIFICATIONS CONTINUED	<p>Mortgage Positions Only 1st and 2nd mortgages will be accepted by us, regardless of what is deemed to be qualified under the Income Tax Act (Canada).</p> <p>Loan-to Value (LTV) The LTV must not exceed 100%. This means, your mortgage loan cannot be larger than the appraised value of the property in question at the time of the acquisition.</p> <p style="padding-left: 40px;">Example: Appraised Value of Property is \$250,000.00 Existing 1st mortgage of \$175,000.00 2nd mortgage cannot exceed \$75,000.00</p> <p>Liquidity Requirements You must have the following amount of liquid assets¹ in your RRSP/RRIF² account:</p> <ul style="list-style-type: none"> • 50% of the value of the mortgage for mortgage loan(s) held in an RRSP Example: Self-Directed Mortgage = \$150,000.00 At least \$75,000.00 in other liquid assets must be in your RRSP account • 75% of the value of the mortgage for mortgage loan(s) held in an existing RRIF Example: Self-Directed Mortgage = \$150,000.00 At least \$112,500.00 in other liquid assets must in your RRIF account.
4. ADMINISTRATION	<p>The roles and responsibilities that you – as the mortgagee – have, as well as those of B2B Trustco and B2B Bank Dealer Services are listed in this section of the Arm’s-Length Mortgage Package.</p> <p>TIP: All written or verbal communications with the mortgagor and their lawyer/advisor are your responsibility.</p>
5. DOCUMENTATION AND FUNDING REQUIREMENTS	<p>Step 1: Ensure funds are available Before you begin the process, you must ensure that you have sufficient cash in your RRSP to advance the proceeds of the mortgage.</p> <p>TIP: If you need to sell your assets to fund the mortgage, allow a minimum of ten (10) days for processing of your trades.</p> <p>Step 2: Documentation checklist The following documentation is required:</p> <ul style="list-style-type: none"> ■ The entire B2B Bank Dealer Services Arm’s-Length Mortgage Package that includes: <ul style="list-style-type: none"> • The Mortgage Direction and Undertaking form completed and signed by you and a witness. • The Mortgagor’s Release and Indemnity signed by the mortgagor and a witness. • The Solicitor’s Certificate of Disclosure and Undertaking form completed and signed by you and your solicitor. • The Pre-Authorized Debit (PAD) agreement signed by the mortgagor(s) and any joint bank account holders, if applicable. <p>TIP: All pages of the Package must be initialed by you.</p> <ul style="list-style-type: none"> ■ An appraisal of the property <ul style="list-style-type: none"> • The appraisal must not be more than 12 months old. Alternatively, you may provide an original copy of the tax assessment of the property for the current calendar year. ■ For mortgagors that are corporations If the mortgagor is a numbered company/corporation, please supply: <ul style="list-style-type: none"> • A notarized list of principal holders • Certificate of incumbency • Certificate of status (or equivalent). • Statutory declaration that you do not hold a controlling interest in the company/corporation.

Section	Tips
5. DOCUMENTATION AND FUNDING REQUIREMENTS CONTINUED	<ul style="list-style-type: none"> ■ A draft copy of the mortgage agreement/charge from your solicitor. <ul style="list-style-type: none"> • The mortgage should be registered as follows: B2B Trustco In trust for RRSP/RRIF # (your account number with us) <p>Step 3: Sending the Package for Review</p> <ul style="list-style-type: none"> • Fax a copy of the package to 416.413.0593. We will review the contents and advise if there are any deficiencies or whether the package is in good order. <p>TIP: Allow 48 hours for us to review the contents of your faxed package and respond.</p> <ul style="list-style-type: none"> • If the package is in good order, we will ask to have the originals sent to: B2B Bank Dealer Services 199 Bay Street, Suite 610, PO Box 35 STN Commerce Court, Toronto ON M5L 0A3 <p>TIP: Allow an additional 48 hours for us to fund the mortgage once the original package is received in good order. During peak volume periods, we may require additional time to review a package.</p>
6. TRANSFER-IN OF AN EXISTING MORTGAGE	<p>To transfer a mortgage into your RRSP, you must provide to us the following documentation at least 60 days prior to it maturing or coming up for renewal.</p> <ul style="list-style-type: none"> • The entire B2B Bank Dealer Services Arm's Length Mortgage Package • A Transfer Authorization for Registered Investments (TARI) Direct Transfer form, where applicable, or a T2033 • An Information Statement showing that the mortgage is in good standing (no arrears) and the current balance • A copy of the original duplicate registered mortgage/charge • If the mortgage has been renewed, we require a copy of the latest renewal agreement • The mortgage should be registered as follows: B2B Trustco In trust for RRSP/RRIF # (your account number with us) <p>Please note that you are solely responsible for the preparation and registration of the Assignment.</p>

Section	Tips
7. MATURITY, RENEWALS, TRANSFERS-OUT AND DISCHARGES	<p>Maturity Notification A notice will be sent to you approximately 60 days prior to the mortgage maturity date. Your immediate attention will be needed to avoid disruption with payments.</p> <p>Renewal Notification Your solicitor may draw up a renewal agreement for the mortgagor(s) and/or guarantor(s) to sign. We will sign this agreement only upon receipt of a signed direction from you to do so.</p> <p>Transfers-Out Upon receipt of a letter of direction and/or Transfer Authorization for Registered Investments (TARI) Direct Transfer form we will provide a discharge statement to you or you may direct us to send it to the receiving institution.</p> <p>Prior to transferring a mortgage we will deduct any applicable fees from your account. If there is not enough cash in your account, we will redeem liquid assets. If there are insufficient liquid assets to cover our fees, we will request a cheque from you to cover any outstanding and related fees for the transfer out.</p> <p>When we receive confirmation from your lawyer and/or receiving institution that our name has been removed from the mortgage/charge, we will execute the transfer out.</p> <p>Discharges If you wish to discharge the mortgage, you must provide to us – in writing – a request to issue a discharge statement. The discharge statement will be prepared and sent only to you, unless you advise otherwise.</p>

In addition to annual account administration fees, mortgages held in registered plans are subject to other fees. Visit b2bbank.com/dealerservices to review our fee schedule.

The new Arm's-Length mortgage package is available at b2bbank.com/dealerservices in the section dedicated to Forms.

¹Liquid assets include (but are not limited to): cash, mutual funds, GICs (redeemable or maturing within one year), term deposits, Treasury Bills, government bonds (redeemable or maturing within one year) or blue-chip stock. ²Arm's-length mortgages are not permitted to be added to RRIF/LIF/PRIF/LRIFs or LIRA/LRSPs as of April 1, 2013. RRIF/LIF/PRIF/LRIF accounts holding an arm's-length mortgage prior to April 1, 2013 may be exempt from the liquidity requirements, however, if you add a mortgage to this plan on or after April 1, 2013, the liquidity requirements will be applicable and enforced.

B2B Trustco is the trustee of the registered plans, and B2B Bank Dealer Services acts as registered plan administrators on behalf of B2B Trustco. While we have no responsibility to determine whether a mortgage is a qualified investment for an RRSP/RRIF, we reserve the right to question, and subsequently refuse at our sole discretion, any mortgage we consider unacceptable for placement in an account. The account holder agrees to provide us with any and all information that we may reasonably request in this regard.

B2B Bank Dealer Services includes B2B Bank Financial Services Inc. (an MFDA member), B2B Bank Securities Services Inc. (an IIROC member, Member — Canadian Investor Protection Fund) and B2B Bank Intermediary Services (an AMF-regulated dealer operating in Quebec). B2B Bank is a trade-mark used under license.