

## **Frequently Asked Questions and Answers**

The questions set forth below include common frequently asked questions, including certain questions that have been received from lenders by FAAN Mortgage Administrators Inc. (“FAAN Mortgage” or “Trustee”) in its capacity as Trustee of BDMC.

### **A. Please explain the reason for the proceedings initiated by the Financial Services Commission of Ontario (“FSCO”)**

In February 2018, FAAN Mortgage was initially privately appointed to manage the administration business of BDMC pursuant to a settlement agreement between FSCO and BDMC related to regulatory matters. Since FAAN Mortgage started managing BDMC’s mortgage administration business, BDMC committed multiple breaches of the agreement between the two entities. This, among other things, impeded FAAN Mortgage’s ability to carry out its responsibilities, leading FSCO to seek a court-appointed trustee.

Further information and details concerning FSCO’s recent decision to initiate proceedings seeking FAAN Mortgage’s appointment as Trustee can be found in the affidavit of Brendan Forbes sworn April 19, 2018 and filed by FSCO with Court. Mr. Forbes’s affidavit is included in the “Application Record Returnable April 20, 2018” that is available on the Trustee’s website: [www.faanmortgageadmin.com](http://www.faanmortgageadmin.com).

### **B. How can I get an update on the status of the project to which I loaned funds?**

FAAN Mortgage, as Trustee, continues to review the status of all of the projects that have received advances from BDMC syndicated mortgage loans (“BDMC SMLs”). For clarity, the Trustee is not appointed over any of the projects that have received advances from BDMC SMLs and the applicable developers/borrowers remain in control of the projects. We continue to communicate with the developers/borrowers or their representatives to obtain information about the projects and to obtain updates regarding project timelines and potential outcomes for the BDMC SMLs. We will provide updates to the applicable lenders once more information on the projects has been received.

Since the commencement of our engagement, a number of projects have required our immediate attention to permit us to address time sensitive matters. In those cases, where appropriate, FAAN Mortgage has been providing written updates directly to lenders. We will continue to contact lenders if there is a time sensitive matter that requires your immediate attention, and in such cases a communication will be sent directly to you.

The Trustee is working diligently to complete its review of other projects and will provide lenders with updates once relevant information is available. In the meantime, unfortunately we will not be in a position to provide general project updates in response to individual lender requests.

**C. Am I able to redeem my loan today?**

No. Unfortunately, there appears to be no provision in your loan agreement to allow you to immediately seek repayment of your loan.

We are aware that some of the BDMC SMLs have matured and that the permitted extension period(s) contained in such BDMC SMLs have also expired; however, it appears that BDMC entered into certain postponement and subordination agreements with senior lenders, as contemplated by the majority of the BDMC SML loan agreements. These postponement and subordination agreements require BDMC to postpone its interests to the interests of senior lenders and to not take any steps to enforce its rights until the senior lenders are paid in full or commence certain enforcement actions. “Senior lenders” in this context means lenders providing construction financing and/or other priority financing. Therefore, in these instances you may be required to wait until such a time as the project is completed and the priority financing has been repaid or until the senior lenders commence enforcement action.

We are in the process of reviewing the BDMC SML loan agreements and related documents prepared in connection with each project, including those that have matured, as part of the project review discussed in “B” above.

**D. Will I get future interest payments?**

At this time, we do not know whether future interest payments will be made. We have been advised that certain borrowers who were paying interest have ceased to do so. We are investigating this matter, but understand that where interest is not being paid, it typically accrues and becomes payable when the BDMC SML is repaid (subject to in certain cases where a “Force Majeure” clause has been invoked by the borrower<sup>1</sup>). If you have ceased receiving interest payments, we understand that you should not expect that interest payments will resume.

**E. Will I recover my entire principal and my accrued interest?**

At this time, we cannot comment on potential recoveries to lenders. You may recover the principal amounts you advanced to the borrower and interest on those amounts, but you may not. As you know, there is a lot of information that is required to assess the potential outcome for your loan, including the status of the project, the developer’s ability to secure suitable construction financing, whether the project can be completed on time and within budget, the price obtained for units sales and general market conditions. In certain cases the Trustee will likely require updated appraisals or an assessment from third-parties to assess the current value of the project. As described in “B” above, the Trustee will be reviewing each project and will provide information to lenders when the assessment is complete.

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<sup>1</sup> Pursuant to the loan agreements, interest ceases to accrue while a project is in Force Majeure.

**F. I cannot find the project to which I have loaned my funds listed on Schedule “A”. What does this mean?**

Schedule “A” attached to this notice sets out the syndicated mortgage loans that are currently administered by BDMC.

If you have loaned funds on a project that is not included on Schedule “A” that means that your loan is not administered by BDMC and we are therefore unable to provide you with information on this project. If your loan is not included on Schedule “A” please contact your licensed mortgage broker who should be able to provide you with contact information for the relevant administrator.

**G. How do we reach you?**

We have been receiving an extremely high volume of calls and emails, accordingly, we kindly ask, that prior to calling or emailing you reference this list of frequently asked questions.

We understand that this is a very unsettling time for many lenders and we are working diligently to provide you with relevant information and clarity. Please note that as stated previously, if there are urgent matters that you as a lender need to be advised of or need to be consulted on, we will send a communication directly to you.

Should you have questions that are not addressed in this list of frequently asked questions, please do not hesitate to communicate with the Trustee at the same email address and telephone number as before:

Email: [info@faanmortgageadmin.com](mailto:info@faanmortgageadmin.com)  
Toll-Free Telephone Number: 1-833-495-3338

Information regarding these proceedings, including this list of frequently asked questions, is also available on the FAAN Mortgage website [www.faanmortgageadmin.com](http://www.faanmortgageadmin.com). As additional questions arise we will update this list of frequently asked questions so please check our website periodically.

**What to include when emailing or calling us?**

When calling or emailing us please be sure to include the information set out below so that we can most efficiently respond to your questions:

- a) Full name, including the spelling of your last name;
- b) Name(s) of the project that you are inquiring about; and
- c) Phone number (if you are looking for a return call).

Please note, that the voicemail is checked frequently throughout the day and all calls are logged and then returned in the order that they were received. Given the volume of calls it may take up a few days for you to receive a return call, but please know that a representative of FAAN Mortgage or BDMC will return your call as soon as possible. Email is the most efficient way to get in touch with us.