

# [Impact of EMD Registration on MICs and Syndicators]

[MBABC]

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## **Additional Comments:**

It seems difficult to me to imagine that our MIC who has been in business for 30 years would be without integrity. Our personal money is invested within the MIC. We think that when our own money is at stake, people can trust us and rely upon us to do the best for them as well. It would be pretty difficult to tell friends and family that you lost their money. If BC MIC's were forced to utilize an external EMD, I believe there would be less of an association to those investors and could lead to less focus on all items of managing a MIC. I would personally invest in 3-4 friends and family MIC's only in BC. I would have more difficulty trusting a MIC raising funds through an EMD.

We believe the BCSC should make a specific exemption for MIC's because MIC's are overseen by FICOM and also produce audited financial statements every year. We believe that the BCSC has not had complaints about MIC's in the past, although it is not surprising that MIC's may be guilty of not properly reporting distributions to the BCSC. The reporting system is very convoluted and not user-friendly at all. The BCSC should examine how it can make reporting easier for MIC's. Also, in other jurisdictions where EMD requirements exist, the incidence of fraud is reported to be higher than one would expect and investors have not been protected by the very EMD requirements which are supposed to protect them. Furthermore, if EMD requirements are implemented for MIC's the cost will be a significant burden which will in one way or another be borne by the investors themselves. Ultimately, investors from the general public will bear the burden of these costs and will arguably not receive any benefit in return. The positive investment returns enjoyed by MIC investors in the past have in part been due to the fact that we have managed to operate without "middlemen" who obviously want a percentage of the returns. However, our returns to investors are stable, but yet not high enough to absorb these unnecessary costs, thus diminishing the attractiveness of our business model in the first place. We all know that significant funds have recently been raised for some big player MICs through prospectus offerings. However, our bet is these large vehicles will not produce superior returns for their investors.

We lend on income producing commercial real estate only. We have been lending for 15 years in this and a previous entity with no loss of principal and only 1 loss of some of the interest on a small \$400k loan. We put our own money in and then bring in outside investor capital, all accredited investors and generally >\$150,000 per investment. The cost of being an EMD will materially affect our business and certainly the return to the investors. And the EMD's that we know now do not provide protection to their investors as they charge far too much fee on generally too risky investments.

My business is completely different from being a MIC or Financial Institution, as I work with private individuals, who want to make their own calls and do not want someone else making decisions for them. I present a full mortgage package, and they make the decisions as to whether this is an opportunity they wish to participate in. So why would I need a Securities license, when number one there are no fees to the Investor, I never see the monies the individuals all use their own lawyers, and they make the decision to take the mortgage opportunity or not. I am not advising them or acting as an investment adviser. I act as the middle person, in that someone needs private money they refer the application to me, and I ascertain if one of my investor's is interested. I do the due diligence for the investor to make sure they know all the pros and cons to the file but they are the final say.

MIC's have been around for decades before EMD's and should be left to operate as they have been.

We are unsure of the impact of removing this exemption but believe it will seriously impact the returns we generate for our shareholders.

Every other province already adheres to these rules.

We strongly need exemption to continue our business.

Increased costs may put small MIC's out of business!

4% is a high price to pay on fund on top of legal and brokerage/lender fees.

If MICs are required to be registered throughout the Securities Commission, the costs would eliminate a number of Mortgage Investments companies. I believe, this is not much red-tape that would financially not make running a smaller MIC feasible. Indirectly all the costs will be at the expense to the public either by way of available capital or the cost of borrowing. I feel FICOM regulating MICs is sufficient. And being Exempt is perfectly fine.

Please lobby government to get some sense back to businesses.

Investment capital is very mobile. We currently place most of our mortgage loans outside the province of British Columbia. If the cost of operating in British Columbia increases or the rules for operation become more onerous, we will have to adjust our business operations and move to a friendlier jurisdiction.

I'm not a MIC myself however private mortgages are a big part of what we do and likely the most important mortgages we do, anything that would limit the availability of these loans would be bad for consumers. We have seen a major decrease in mortgage options over the past 5 years, the industry really cannot afford to lose anymore.

If there is a concern with the practice of using syndicators and MIC's, than FICOM and MBABC can look into creating a designation for Mortgage professionals that taken additional accreditations to be able to entertain and facilitate these transactions.

The number of deals I do through MICs in smaller communities is large, and I'm just one guy. At least \$5,000,000 per year. These new regulations will dramatically reduce the pool of funds available and could hurt the real estate market province wide.

I believe it ludicrous for one to think for one moment that multiple layers of forced bureaucracy can provide any form of protection to anyone other than those imposing and monitoring compliance with the bureaucratic red tape. Registration makes sense for intermediaries, those who profess to give "advice" on products they have no vested interest in other than claiming a commission for giving the "advice" and are therefore tempted into "advising" products and investments from which the intermediary most benefits, not the person they are to "advise". A realtor is required to be licensed (registered) as they are an intermediary between a seller and a buyer however, the homeowner selling their own home or a developer with employees selling their own product does not have to be licensed because they have a vested interest in the home/produce they are selling. There is always the potential to come across a crook in anything, life is a gamble and requiring someone selling their own product, not that of someone else's, provides no protection whatsoever, it only serves to increase the cost of doing business which the general public ultimately picks up the tab for in the form of higher costs. It is absolutely impossible to legislate against criminal activity and all the registration requirements in the world will NOT force a crook to register his/her product, they will continue to use the phone, the internet and any other means they can contrive to dupe the greedy or the vulnerable. Nor can you legislate against the greed or vulnerability of the individual who gets conned by the lure of a sustained yield of 20%, 30%, 60% or even ludicrously more. To punish the likes of hard working, honest contributors to society by treating them as if they are criminals or to take away the right of individuals to make their own decisions is totalitarian and just fundamentally wrong.

The new tax legislation limited the percentage of RRSP money that can be used plus this proposal would basically destroy the industry as there is no upside on investments the return in only interest income. These costs would make the investment in a mix unattractive. How does this protect the investor? I think FICOM does an excellent job in protecting the public in both the mortgage and real estate industries. They are the experts here not the securities commission nor an EMD who may know nothing or very little about the industry. If anything it makes more sense to me to remove this responsibility from the securities commission all together. If necessary FICOM can run a supplementary course on raising funds from the public to ensure good compliance procedures. The Federal Government has come out with a policy to try and reduce the duplication of red tape. This proposal is going in the opposite direction. Our job is to generate a good return for our investors; the BCSC proposal would wipe this out.

I am a Mortgage Broker specializing in residential mortgages and rely on funds being available through MIC's. At least once a year I am asked for residential construction financing that has so far been best obtained through Mortgage Investment Corporations in the Vancouver area. These range from \$500,000 to \$800,000. I more often rely on MIC's for unique financing options that traditional lenders will not consider for their portfolio. These have included: purchase of a mobile home park in the Kootenays, first mortgage on leased land in the Cariboo, interim financing on a home purchase in the Shuswap, second mortgage to consolidate renovation costs for 1 year until the present first mortgage reached end-of-term (thereby saving the clients: large penalty, or high interest alternatives). These average approximately \$250,000 each year.

The mortgage brokerage business is already well regulated by FICOM. In the case of the "syndicated" mortgages I have been involved in, all investors are named on the mortgage as to their proportionate share, they are provided the required form 9 and 11 disclosure statements as well as the documentation supporting the business case for the loan. The fundamentals of making a good mortgage investment do not change. Just because 2 or 3 investors agree to share in a mortgage investment should not require another layer of oversight and bureaucracy, inevitably increasing cost.

CMC Automated mostly arranges bank type mortgages and occasionally mortgages through MIC's as a lender, usually to help borrowers fix a temporary problem. I would imagine any new legislation may affect these private MIC's that are occasionally used and perhaps the cost of funds available to borrowers. Anything that affects the cost of borrowing to our clients is a concern. This biggest impact we have felt is the Federal Government's introduction in the middle of last year, through CMHC, the reduction in amortization period from 30 years to 25 years, shutting out many young first time buyers, and the consequence ripple effect throughout the housing markets through most of Canada, and the economy. The news is overwhelming. I think the Federal Government should admit their mistake in this experiment and reverse this restriction.

We occasionally syndicate loans but would cease this activity (and do only brokerage) if additional regulations were imposed.

Although I don't operate a MIC at the moment, I would like to arrange something in the near future. It is a logical direction of growth for our company. I strongly oppose these changes and support any action to protect our professional privileges. Please keep us informed about these changes. I believe that the dilution of our profession by untrained bank reps can be directly linked to the false concept that we are incompetent or ill prepared to form and operate MICs. These unlicensed individuals need to be put back in their branches where they belong.

We have been dealing this way for over twenty years under the Mortgage Brokers Act. Two of our Directors alone have over 80 years cumulative in the finance and appraisal industries. We see no need for an EMD except at the initial subscription time (MIC's are not without risk and our shareholders (we are a Friends/Family MIC) are knowledgeable about this fact) as there is always a loss potential as the borrowers are normally Bank turn downs but remember that EMD must be knowledgeable about Mortgages and most EMD's are not.

BC Securities is totally out of touch with the realities of private mortgage investments. Their attempt to over-regulate by imposing new, onerous regulations will drive many MICs out of business. There is no need for extra regulations. The current regulatory regime (northwest exemption) is totally satisfactory to all participants.

If there is a problem with compliance then BCSC should deal with that problem. They have the power to shut those companies down and should do so. The industry doesn't want non-compliance either. However, unnecessary education, becoming EMD's does not solve that issue. Anyone can become an EMD or sell through one, it does not control scams. There is no restriction on what an EMD can charge for a commission to the investor... isn't this just a new scam waiting to happen?

As a fund with fewer than 50 shareholders we would rely on the private investment club exemptions.

Most of our investor clients deal with us directly. To go further, they actively avoid an intermediary such as an EMD because of the cost/benefit relationship. People are trying to avoid paying for advice they don't want / need and the proposed legislation removes that choice. We have a number of offerings and an excellent track record. We've tried for some time to get "picked up" by dealers - be it EMD, IIROC, etc. Regardless of how good the offering is, it's almost impossible to get picked up if you're not prepared to also pay the investment banking / corporate finance side of the dealer an additional 3 - 4%. The total cost of raising money through registered dealers often approaches 10% because of their "double dipping" on fees (brokerage + corp finance), which creates a massive incentive for the fund managers to chase higher returns from riskier deals to overcome the drag caused by the cost of the intermediary. If you haven't already, do a search through the BCSC filings for reports of exempt distribution and you'll see it's common for intermediaries to be paid upwards of 9%...EXCLUDING any additional payments to related corporate finance groups, which don't appear in these filings. Most concerning is the difficulty we're having today getting "picked up" by a dealer will only get worse as the competition for their shelf space will increase significantly if the proposed changes occur. It will squeeze out the smaller players offering boutique scale. An elephant in the room is also the opaqueness of compensation to financial planners / advisors. Canada ranked dead last in a recent survey about the transparency of what clients actually pay their advisors in the financial industry. The proposed changes will only concentrate more deal flow through an industry criticized for its opaqueness and conflicts of interest. The proposed changes actually penalize groups like ours that are sensitive to ensuring best value for their investors. We haven't paid the big freight because of philosophical objections and because we don't believe it to be in the best interests of our investors. A few rants and random thoughts: (1) It would be interesting to compare the resulting costs to those that don't want or need the involvement of a dealer with the losses resulting from those "bad apples" that abuse the current system. (2) The BCSC is completely missing the boat on the real problem - they focus on transparency of the packaging and not on the quality of the product. There's a near complete lack of any bonafide due diligence on the underlying business plan for most offerings. I've yet to meet a dealer that really has a good ability to assess the business plan underlying an offering. Most (all?) compliance reviews focus on the mechanics of the offering, such as redemption features, but completely miss whether or not the proposed venture will actually be profitable and generate returns to the investor.

We are currently regulated by FICOM as a governing/regulatory body. To be governed by BCSC also seems a bit of a redundancy. I appreciate the spirit with which BCSC is considering these changes, however, I worry about conflicting priorities between the two bodies (BCSC and FICOM) and fear the mortgage broker acting in good faith and in good practice will be caught in the middle of any territorial dispute between the two bodies.

The EMD registration requirement seems unnecessary for us because we only issue shares to (A) family & friends, (B) over \$ 150 k purchases or (C) accredited investors (mostly to friends and family of our directors). We do not see any need to have to be registered as an EMD in these circumstances as we are not advertising for new investors and quite frankly are not really looking to grow the MIC as we are more concerned about trying to provide ourselves and our family and friends with a good return on their investment. I just do not see the need for an EMD – it will do more harm than good.

The proposed changes have put us in limbo as far as growth and if it happens we will not be renewing any existing mortgages which potentially puts all or the vast majority of clients in foreclosure if they have any issues in their life.

As a former real estate lawyer of 37 years, a leader in the delivery of title insurance to the mortgage industry and a long time mortgage broker and private lender, I just can't fathom the need for double regulation...we are already licensed mortgage brokers. EMD requirements are simply a second layer of regulation and will simply add prohibitive cost to the borrower. All the regulation in the world will not stop a determined fraudster. Vigilance by the community of mortgage brokers, real estate lawyers and notaries and appraisers is the best protection. I gave expert evidence at the fraud trials of the principals of Eron Mortgage on the ethics and duties of mortgage brokers and would do so again if called upon.

We certainly do appreciate all the efforts you have been making to help make sense of this! We want to support any kind of legislation that makes sense, and that keeps the industry clean. We don't see how the proposed legislation really addresses that. We wish we had something to suggest.

I have been a Mortgage Broker for 39 years and managing a MIC for the last 18. In addition I have over 20 years experience as a realtor. Our investors have enjoyed a 7-9% return over the last 18 years without ever experiencing a capital loss. The current FICOM requirements over mortgage brokers fully protects the public investors in MIC's and we certainly do not require any further oversights or cost to ourselves and to our investors. I oppose any changes vehemently as we have enough bureaucratic oversight as is.

As a Mortgage broker seeking financing options for my clients I would be very disturbed by any measures that would reduce the number of active sources available to me, my firm and my clients. We specialize in commercial real estate financings where there are a limited number of sources active in the market for financings already. Banks and credit unions do not provide financing for all worthwhile applicants. Any move that restricts capital markets will impact construction, jobs and economic activity generally. The MIC industry is very professional and responsible in lending activities. The security industry generally is not any better or smarter in policing its own affairs. I believe FICOM can protect investors in MICs and syndicates sufficiently. This proposal will cause some MIC and syndicate lenders to decide to leave the business. Any suggestion that such reduction would be minimal is ignorant and/or malevolent.

MICS and Syndicated investments are very closely monitored and regulated already by FICOM and BC securities. It makes absolutely no sense to have to be licensed by an EMD who in my opinion are a fund who can invest people's money in any type of high risk investment. MICS are currently conservative and secured offering a stable rate of return.

It is my opinion that to ensure market efficiency is maintained that syndicated mortgages continue to be granted a extended exemption or consideration could be given that syndicated mortgages be governed FICOM.

We are currently raising funds in BC only and have been in business for 7 years. The Directors, decision makers, and our relatives are also shareholders and this is reported in our offering memorandum. Our investment in the MIC is right alongside our arms length shareholders, thus any credit/mortgage decisions also have a significant impact to the decision makers/directors. This cannot be said for many investments in the market. Our Offering Memorandum is prepared by McMillan LLP (very notable and prestigious firm) and we rely on them for our legal guidance and direction. We also have KN&V Chartered Accountants preparing our audited financial statements for the last 3 years. In addition to this level of scrutiny, we also have Canadian Western Bank that looks over our financial statements and margin reports every month in addition to doing 25% random spot checks on our mortgage portfolio documentation. They actually come in to review each file extensively. Canadian Western Trust acts as our trustee for registered funds as well. We also do quarterly presentations for new and existing investors where we have our entire credit committee, our auditors and our banks attend. Our investors have access to our entire team to ask any questions or address concerns in an open forum. We have always made every attempt to show the highest level of integrity and transparency to our investors. Our goal is to grow this business responsibly and would never compromise our business values. I should also note that our Board of Directors has 4 Business/Finance Graduates and another Gentleman that is a CEO of a \$60M Manufacturing and Real Estate Company. One Director is an active Chartered Accountant and another has a CFA. Two of the main partners also have over 16 years combined commercial banking experience. Again, I hope this provides some evidence of the sophistication of our team. These EMD registration requirements will have a significant impact on the capital available to the general public essentially closing several smaller MICs or making the cost of capital so expensive borrowers will not be able to sustain the payments. If these proposed changes are initiated, BCSC will not have made it any safer for investors. I don't see how having a hired EMD that is being paid to sell shares is unbiased advice. This is simply ridiculous.

After all these years, it appears that BCSC does not have a good handle on the industry. We here, were very surprised at the apparent high rate of non-compliance considering that these entities are all licensed through FICOM, and their existence easily discernible. It also seems possible that investor protection is being over-emphasized, since there has been little or no enforcement action taken, at least that has been published. No record of investor complaints, and their nature, has been made available to the industry. Considering the depth of the financial crisis that we have been enduring for the past 3 1/2 years, survival itself has been an accomplishment for our Board and management. We fail to see what the EMD requirement will provide, that existing requirements, proper oversight, and transparent MIC management cannot provide. The cost burden of this re-regulation could not come at a worse time for the industry, and it's investors. It is, after all, the investor that will have to pay for all this at the end of the day.

We operate as friends pooling funds and lending them out to the tune of 20 million in own capital. If we were forced to meet BCSC regulations to safeguard our existing owners, and it cost 4%, then this would put us out of business.

Lots of questions: 1. Does the potential EMD requirements only apply to new capital? 2. We offer a reinvestment of dividend option to our shareholders. Would this require EMD? 3. We receive new subscriptions from existing shareholders. Would this require EMD? 4. If the exemption is removed July 1, 2013 would we be given time [say a year] to qualify as an EMD? 5. Why is this exemption removal necessary? We are not aware of any violations of the present rules by MICs. We are required to submit audited Statements, our trust accounts are audited, our brokers and directors are all registered mortgage brokers who now have to complete 3 education courses every 2 years to maintain their licenses, we have stringent reporting requirements for reporting to our bank in order to keep our line of credit in good standing, etc. etc. 6. If this is too expensive, we visualize a situation where we would maintain our present capital, cease to expand [\$15m a year or so] and mark time until costs come into line ie - no more new capital for the industry. Multiply that by 10 or 20 and it's a lot more than \$1.8m

In our industry, if one includes MIC's and other non EMD registered entities, we estimate that a minimum of \$750,000,000 is funded for real estate financing each year. This includes land acquisition financing, bridge loans, mezzanine construction loans, first & second mortgage loans on existing income producing properties. The effect of removing the exemption would be catastrophic for the real estate industry and to individuals who are sophisticated mortgage investors. It would deprive the real estate sector of an important source of capital and the investors of a valuable investment alternative. On a personal note, I have been investing RSP funds throughout the last 25 years and would not have been able to build a retirement plan that will sustain my family without access to an inexpensive and seamless investment conduit. The EMD's have no expertise in loan underwriting and add nothing to enhancing the security of mortgage loan investors. They will be a major impediment to funding real estate loans. What is wrong with me and friends and family continuing to provide capital to our clients who want and need our funding that regulated lenders can't or won't fund and in a timely manner? The BCSC is completely out of touch with the market reality.

We have put a significant amount of effort registering ourselves as an EMD & Investment Fund Manager with the BCSC. Our compliance costs have increased, but frankly so has our corporate governance. We are a better company because of this. Given the amount of capital managed, the MIC industry has operated too long in the shadows of regulatory oversight. As a Company with compliance and governance procedures in place, we are concerned that one poorly governed MIC will adversely impact the industry as a whole. In order to enhance our industry's credibility in the eyes of the investing public, regulation such as this should be embraced; for in the end it will only make us stronger.

Keep me posted. Life is getting too complicated! We have supplied a return over the past 17 years to our investor shareholders of 9 - 10% steadily. We have an excellent track record. How will this proposed change affect our shareholders in a positive way?

Alberta has been operating without any exemptions for over two years now. It does not make any sense that BC would have exemptions and Alberta would not. I think it is critical for BC to remove the exemptions and operate in a similar manner to Alberta. I would expect there will be a number of small MIC's that will either need to wind down operations or merge with bigger companies. It is absolutely imperative that the level of professionalism be raised to that of the other provinces in Canada. It is always the poorly run MICs that give the rest of the industry a bad reputation so it is a positive step to filter out the poorly run MIC's.

This move will likely take out over a billion dollars currently available for high risk loans that the banks turn down. I see no benefit to making MICs use EMD and it will likely take the returns to a level where we can't raise cash from our investors. This legislation appears to me that BCSC is trying to regulate an industry they know little about. From the record BCSC has had keeping scoundrels out of the BC stock market, they should concentrate their efforts there until perfected. Our industry is closely watched and regulated by FICOM and we do not need another regulating body that only thinks they will affect a few million dollars. Between Paradigm MIC in Kelowna and Fisgard in Victoria they will affect at least 400 million dollars. They may be able to afford to meet the new regulations but in the end the extra costs to administer will land on the lap of the borrower. The smaller MICs which service small towns the larger MICs don't service will just shut down. This will make equity loans nonexistent in towns like Lumby and Revelstoke and Golden and Chase. You would be much better off just not allowing anyone with a criminal record at all to even be mortgage brokers. I am getting tired of spending a large percentage of my time satisfying regulators that in this case know little of our industry. WE have existed as mortgage brokers since 1979 and I have seen a vast increase in regulations but it has not changed the fact that criminals love money and will get in the business any way they can. The amount of fraud has increased not decreased with time. As I stated before if there is a criminal record don't let them in this industry.

The return to investors in the MIC's have been better than Banks and Stock Market which are usually placed through brokerage houses. The only people making money in this arrangement is the brokers or the big banks. I personally have funds invested in both and my portfolio invested through a world renown Brokerage Firm (Raymond James) has been lost money over last 10 years and my portfolio in a MIC has made average 9% return for past 10 years.

We view these requirements to be onerous and unnecessary "in our business". We deal with sophisticated business people, who don't need other people who have LESS experience telling them whether or not they can invest in an opportunity and whether or not it is a good investment. It is very easy to be cynical about the value of a third party EMD (who is being paid commissions to place investment) pontificating on deals about which they may have little knowledge. I am already aware of EMD's putting forward investment opportunities that I would not touch with a barge pole. Now we're proposed to be required to have one of these groups bless our projects so that we can allow investors who we've known for decades invest in our projects. Quite frankly it's a BAD JOKE!

Although we are a relatively new MIC, we (the management) have been involved in the MIC business for over 12 years. We have been raising funds slowly and steadily for this new MIC, but we took a bit of a hit with the change in rules from the CRA, and had to cash out quite a bit of capital as a result (related family money). If we are not able to continue to grow our capital we will have little choice but to close. We are quite diligent about our file documentation, and we ensure that every investor is given the proper risk disclosure (signed copies in every file). We employ a securities lawyer to keep us up to date with the changes, and update our OM annually. We complete our annual audit as required. In the 12 years we have been involved in MIC's, we have never lost a cent of investors money, and have paid dividends on a quarterly basis without interruption. I would like to hear of any mutual fund or stock broker that can make that claim. While I understand the concern shown by the BCSC for the general public, I tend to think that the MIC business as an industry has generally been a very sound investment for the majority of the investing public. Like every industry, there are going to be good and bad managers, and indeed, there may be folks intent on ripping off their clients, but regulation isn't going to stop them. I think the current regulations work just fine, and the commission should just deal directly with the folks that are not following the required reporting and documentation, rather than (effectively) shutting down a whole industry. Closing down the vast majority of smaller MIC's will have the effect of much reduced competition, not only for the borrowers of the funds the MIC's are lending, but for the investors as well. The current competition is healthy for everyone in the market.

None I know I was not able to add much to this survey but I suggested to Jared Dryer that I would like to see more surveys and this may be a quick way to gather information.

Investors are immediate family, no outside funds. We would simply lend funds individually rather than splitting risk by sharing each mortgage if required to become an EMD. Syndication is convenient but not required.

Shame to destroy small MICs. Just the threat caused us to wind down ours this year. Hence only 2 mortgages remaining. Why is it we are allowed to manage other people's money but not our own RRSP funds? You cannot create stability by continually threatening to move the goal posts. From what I've seen, financial advisors will not protect investors and large MICs have the potential for much higher risk to investors and higher rates to borrowers as they are pressured to create high returns to attract larger numbers of investors. AIG syndrome...

We as Mortgage Lenders have been burdened with a recessionary economy, historically low interest rates (yields), new securities rules, and some nearly impossible changes to RRSP shareholding structures. We are not the problem. Regulations are one thing but strangulation is another. We have had the majority of our shareholders for more than 25 years and do not actively solicit new investors. Why would the regulators want to punish our shareholders and jeopardize their retirement investments? Expensive fees to EMD registrants are liable to create more fraud for fees than long time MIC's administrators.

I am a sub-mortgage broker with a little over one years' experience. My answers could change in future, but I currently have no experience (and little knowledge) with MICs and syndicators.

I thought this survey was regarding MICs instead of syndicators. BC has one of the healthiest MIC environments in Canada that I know of, and I definitely believe that the difficulty raising funds would seriously impact how MICs operate. I know this happened in Alberta in 2011 and talking to people there they talked about how all the small MIC lenders were disappearing or merging to create large enough MIC's to make it worthwhile to do. I also understand that it is not easy to establish an EMDR which then makes it either difficult, expensive or both for many MICs to raise funds. In Alberta there was a consolidation of MICs and so it resulted in fewer MICs and less choice to borrowers and brokers seeking funds. I currently help raising funds for a MIC and they purchased an EMDR to ensure that they could effectively continue to raise funds under the new environment which they believe is a certainty to happen and that the public consultation is just a lip service before they do whatever they want as the rest of the country's jurisdictions have done this already. I will be getting the EMD licensing to continue raising funds for the MIC, but I think many companies will not have the same ability. I am not familiar with the benefits of this course of action but I feel I am familiar with the negative repercussions.

B.C. MIC's and Syndicators should stop complaining and do the work to register correctly like everyone else did. Their exemption is unfair for the rest of the jurisdictions that did the work. Also, the attitude of B.C. MIC associations is exclusionary to out of province lenders and restricts a competitive environment in B.C.

Doesn't apply to me but I get secondary market monies from MIC lenders.

This would be devastating to the investors that rely on better returns that they are receiving with other funds with higher risks. I believe that the numbers are skewed and there are millions and millions of dollars investing in this secondary market.

The new regulation will harm borrowers with increased costs.