



## Financial Information Submission Guide

As we have received questions about financial and compliance reporting, we have prepared this guide to complement the requirements stated in your mortgage documents.

### 1. What Financial Reporting documents are required?

#### Required Documents Checklist:

|                                  |  |
|----------------------------------|--|
| Borrower/Coborrower <sup>1</sup> | Most Recent Fiscal Year-End Financial Statement (if borrower is a company)<br><b>AND/OR</b><br>Most Recent Signed and Dated Personal Net Worth Statement (if borrower is an individual)        |
| Guarantor <sup>1</sup>           | Most Recent Fiscal Year-End Financial Statement (if guarantor is a company)<br><b>AND/OR</b><br>Most Recent Signed and Dated Personal Net Worth Statement (if guarantor is an individual)      |
| Property <sup>2</sup>            | Most Recent Trailing 12-month Operating statement for the building(s)<br><b>AND</b><br>Most current Property-Specific Rent Rolls for the building(s)<br><b>AND</b><br>Property Manager Details |

<sup>1</sup> For any borrower/coborrower and guarantor, the financial statement package is to include the listing of any properties owned indicating the market value, the percentage of ownership, the balance of the mortgages, the NOI and the debt payments for each

<sup>2</sup> Property: If construction loan, no property documents are required.

#### Special Conditions Documents Checklist (as applicable):

If your loan has special conditions clauses listed in your commitment letter and/or CMHC Certificate of Insurance, please ensure that you have met the required conditions, as well as provided any documents mandated by the special clauses:

| Clause   | Required Document(s)  |
|--|---|
| Affordability                                    | Affordable Housing Covenant Compliance Certificate (Signed and Dated)*<br>Ensure affordability conditions in CMHC COI have been met   |
| Health Care Facility                             | Health Care Certificate (Signed and Dated)*<br>If applicable:<br>- Current license issued by the government to allow the operation of the facility                                |
| Equity Retention                                 | Equity Retention of The Borrower Covenant Compliance Certificate (Signed and Dated)*  |
| Capital Repair and Maintenance/Replacement/CAPEX | Capital Repair and Replacement Covenant Compliance Certificate (Signed and Dated)*  |
| Replacement Reserve Fund                         | If applicable:<br>- Replacement Reserve Fund Adjustment Notification Letter (Signed and Dated)*<br>- Replacement Reserve Fund Covenant Compliance Certificate (Signed and Dated)* |



|                             |   |
|-----------------------------|---|
| Ring Fencing Clause         | Ring Fencing Covenant Compliance Certificate (Signed and Dated)*                  |
| Condo Clause                | Condominium Covenant Compliance Certificate (Signed and Dated)*                   |
| Ground (Land) Lease         | Attestation lease agreement and conditions have been met                          |
| Rent Control (Manitoba)     | Attestation the rent increase meet the requirements of the provincial legislation |
| Rental Achievement          | Attestation annual effective gross income requirement has been met                |
| Minimum Guarantee Net Worth | Attestation minimum net worth conditions have been met                            |

\*If you require templates of the certificates, please reach out to us via email: [financialstatements@cmls.ca](mailto:financialstatements@cmls.ca)

## 2. How many types of financial statements are there?

There are four types of financial statements:

- Audited
- Review Engagement
- Notice to Reader (Compilation Report)
- Management Prepared (Certified)

## 3. Where can I find which type of financial statements is required for my loan?

The required financial statement type can be found in the **General Conditions – Financial Reporting** section of the loan's commitment letter. If the loan is also CMHC Insured, additional details can be found in the Special Conditions – Financial Statement section in the CMHC Certificate of Insurance (COI).

**Commitment Letter Example:**

|                                  |   |
|----------------------------------|---|
| <b><u>GENERAL CONDITIONS</u></b> |   |
| <b>FINANCIAL REPORTING</b>       | The Borrower(s) and corporate Guarantor(s) shall provide the Lender with <b>Notice to Reader</b> financial statements for the Borrower(s) and Beneficial Owner(s) respectively all satisfactory to the Lender in form and content, prepared in accordance with Canadian accounting standards for private enterprises, <b>within 120 days of each fiscal year-end</b> for the Borrower(s), and Guarantor(s). The financial statements shall be accompanied by management-prepared: current rent roll, balance sheet and a detailed income and expenditure statement with supporting notes and schedules for each Property mortgaged in favour of the Lender. If the Borrower(s) or Guarantors(s) are individuals, personal net worth statements shall be provided within 120 days of each calendar year, or more often if requested by the Lender. |

In this case, the commitment letter requires a Notice to Reader financial statement for the borrower(s) and guarantor(s).

## 4. When is my Financial Reporting due?

In most cases, CMLS Financial Ltd. requires updated financial documents **within 120 days of each fiscal year-end**. However, this might differ for some loans. The exact number of days when documents are due can also be found under the **General Conditions – Financial Reporting** section of the loan's commitment letter.

In the above extract, updated financial documents are required within 120 days of each fiscal year end. For example, if a company's fiscal year-end is December 31<sup>st</sup>, 2023 then its Financial Statements will be due April 29, 2024.