**Mortgagor’s Annual Form Certificate of Compliance**

**Ring Fencing Covenant**

For the Year Ended December 31, 20XX

TO: CMLS Financial Ltd. (the “**Approved Lender**”)

AND TO: CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

RE: Mortgage loan from **CMLS Financial Ltd.** to **[INSERT MORTGAGOR]** secured by a mortgage (the “**Mortgage**”) insured pursuant to the National Housing Act in respect of the Property known as **[INSERT PROJECT NAME]** located at **[INSERT FULL ADDRESS]** (the "**Project**")

CMHC Reference Number: **[INSERT CMHC COI #]**

Capitalized terms and expressions used in this Certificate have the meanings set out in the Ring-Fencing covenant in the above referenced Mortgage and CMHC Certificate of Insurance.

I, the undersigned **[name]**, Chief Financial Officer of **[insert mortgagor]** ("**Mortgagor**"), certify to the Approved Lender and CMHC, that:

1. I am the duly appointed **[title]** of the Mortgagor and, as such, I am providing this certificate for and on behalf of the Mortgagor. I have read the terms of the Mortgage and have made such examinations or investigations as are necessary or appropriate to make the statements in this certificate.
2. The Mortgagor has fulfilled all requirements pursuant to the Ring-Fencing covenant and the Project was during the calendar year and continues to be in compliance with each of the terms and conditions of the Mortgage.
3. The **Net Worth/Total Assets Ratio** as at **[insert date of financial statements]** is **[insert calculated ratio]**.

 Attached hereto are:

(1) the most recently prepared audited consolidated financial statements for the **Parent** prepared in accordance with **Generally Accepted Accounting Principles**

(2) a worksheet including a calculation of the **Net Worth/Total Assets Ratio** based on those financial statements and making adjustments, if any, for any Fair Value Adjustments, Preferred Share Equity and Excluded Assets determined (A) as at the preparation date of those financial statements and (B) as at the Distribution Date, including a detailed description of the changes that have occurred to the Net Worth/Total Assets Ratio from the preparation date of those financial statements to the Distribution Date, and

(3) if any Fair Value Adjustments are made in such computation, (A) a copy of an appraisal (completed in accordance with the professional standards recommended by the Appraisal Institute of Canada) for each Investment Property not more than three (3) years old that estimates the market value of that Investment Property employing the income, cost or direct sales comparison approaches (as applicable) and that is prepared by a fully accredited member of the Accredited Appraiser Canadian Institute (AACI), a person licenced or certified by the Canadian National Association of Real Estate Appraisers (CNAREA) or a person having a Canadian Residential Appraiser (CRA) or Québec equivalent designation, in each case experienced in appraising real estate similar to that Investment Property and independent of the Group Members, and (B) a validation that each such appraisal remains accurate with regard to current market conditions at the Distribution Date

1. No default or event of default under the Mortgage exists or is projected to exist in the ensuing 12 months, and for greater certainty, except as otherwise expressly permitted by the Mortgage, no **Group Member** has paid or transferred any monies to, transferred any assets to, or entered into any other transaction with or for the benefit of any **Related Party** that is not a Group Member.

**DATED** the [X] day of [MONTH], 20[X].

Name:

Title: