BCFSA BC Financial Services Authority / Subordination / Instructions

If a brokerage borrows funds from an individual or corporation to meet the unimpaired working capital requirement for new brokerages, a separate Subordination Agreement must be completed by each party lending funds to the brokerage (i.e. one lender per agreement).

In accordance with section 76(2)(c) of the Real Estate Services Rules ("Rules"), BCFSA may require a brokerage to re-establish itself to a state of solvency. In order to achieve this, the brokerage may be required to borrow funds from an individual or corporation, and as a result, a Subordination Agreement will be required in order to ensure that specific levels of working capital are maintained by the brokerage.

Instructions

- (1) Complete the Name and Address sections for the Lender and Borrower.
- (2) Complete section (2) as to the debt instrument, date of loan and amount of loan.
- (3) Have both the Borrower and the Lender sign the agreement and have the signatures witnessed.
- (4) As indicated in the Subordination Agreement, the Lender will not demand or accept any payment of the debt from the brokerage and the brokerage will not pay any amount in whole or in part until:
 - a. The company has received written permission from BCFSA to repay a portion of or all of the debt;
 - b. Permission to withdraw funds from the brokerage is granted by BCFSA any time after the first three (3) months of licensed operations, if the brokerage has sufficient current assets to discharge all of the current liabilities plus the shareholder loan. Permission is usually granted within five (5) business days.
- (5) Failure to comply with the terms of the Subordination Agreement may affect your continued licensing under the *Real Estate Services Act.*
- (6) In keeping with section 75(5) of the Rules, a copy of this agreement must be provided to your accountant when he/she is engaged to prepare the Accountant's Report.

PRIVACY NOTICE

BCFSA collects, uses and discloses your personal information in accordance with the Freedom of Information and Protection of Privacy Act and other applicable legislation.

Subordination Agreement / Rev 06/2021

600-750 West Pender Street Vancouver, B.C. V6C 2T8 T 866 206 3030 F 866 660 3365

E info@bcfsa.ca

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BCFSA BC Financial Services Authority / Subordination

THIS S BETW		ation Agreement has	been made thisday of	, 20
	Name):		
	Addro	ess:		
				(herein called the "Lender")
AND				
	Name	e of Brokerage:		
	Addre	ess:		
				(herein called the "Borrower")
AND				
	BC FINANCIAL SERVICES AUTHORITY 600-750 West Pender Street			
	Vancouver B.C. V6C 2T8			(herein called the "BCFSA")
WHER	REAS:			
(1)	The E	Borrower desires to ob	tain, renew or maintain licensing pursua	nt to the Real Estate Services Act (herein called "the Act").
(2)	The Borrower acknowledges having borrowed from the Lender the following:			
()		Instrument	Date of Loan	Amount
	(ie. Shareholder Loan, Related Party Loan, Promissory Note, etc.)			
(3)	The Lender will not demand or accept payment of, and the Borrower will not pay, any amount in whole or partial satisfaction of the Borrower Debt until:			
	(a)	Written authorizat	ion is obtained from BCFSA.	
	(b) Permission to withdraw funds from the brokerage is granted by BCFSA any time after the first three (3) months of licensed operations, if the brokerage has sufficient current assets to discharge all of the current liabilities plus the shareholder loan. Permission is usually granted within five (5) business days.			
(4)	Failure to comply with the terms of the Subordination Agreement may affect your continued licensing under the Act.			
(5)	The Borrower's Debt is hereby subordinated and postponed to and will hereafter rank subsequent to any claims of Genera Creditors ("General Creditors" means the persons, other than the Lender, now from time to time having claims against the Borrower).			
	INESS V	WHEREOF the parties	s hereto have executed the Subordinatio	n Agreement on the day and year first above written.
TO BE	COMP	LETED BY THE LEN	DER	
Witnes	SS		Name of Lender	 Signature of Lender
ТО ВЕ		LETED BY THE BOR	ROWER	

Witness

Name of Borrower

Authorized Signatory of Borrower