

FORM 2
(Section 21)

TRUST COMPLIANCE REPORT

PROVINCE OF MANITOBA
The Mortgage Dealers Act

GENERAL INSTRUCTIONS:

1. The auditor must complete the Trust Compliance Report of Auditors and Appendix A.
2. Appendix B must be completed by the mortgage dealer.
3. Appendices A and B must be filed with the Trust Compliance Report of Auditors.
4. Should the space for "Comments" in Appendix A be insufficient, a statement initialled by auditor may be attached and marked as an exhibit, cross-referencing each statement to the item which it pertains.

TRUST COMPLIANCE REPORT OF AUDITORS

TO: The Registrar
The Mortgage Dealers Act

We have examined the trust records of _____ hereinafter called "the dealer", for the year ended _____, 19____ with the respect to compliance with the section 21 to 28 inclusive of *The Mortgage Dealers Act*. examination was made in accordance with generally accepted auditing standards, and accordingly incl. such tests and other procedures as we considered necessary in the circumstances, including compilation of The Trust Compliance, Appendix A attached hereto.

In our opinion the dealer was in compliance with the accounting and financial reporting requirement sections 21 to 28 inclusive of *The Mortgage Dealers Act*, except as noted hereunder:

Name of Auditor(s)

Date

Address

Telephone number

Name of person to whom inquiry should be directed

Signature of partner

APPENDIX A

AUDITOR'S TRUST COMPLIANCE
 (Under section 29(1) of *The Mortgage Dealers Act*)

TO: The Registrar
The Mortgage Dealers Act

YES	NO	COMMENTS
a) Is there a proper record of trust receipts which indicates <ol style="list-style-type: none"> 1. date 2. receipts in chronological order 3. from whom 4. for whom 5. amounts 		
b) Is there a proper record of trust bank account deposits which indicates <ol style="list-style-type: none"> 1. date 2. deposits in chronological order 3. from whom 4. for whom 5. amounts 		
c) Is there a proper record of trust cash disbursements which indicates <ol style="list-style-type: none"> 1. date 2. disbursements in chronological order 3. to whom disbursed 4. for whom 5. cheque number 6. amount 		

YES	NO	COMMENTS
d)	<p>Is there a trust ledger of trust money held which shows</p> <ol style="list-style-type: none"> 1. a separate account for each person and for each business matter 2. particulars (by description or folio reference) of all receipts and disbursements 3. balance of each account designated as dr. or cr. 	
e)	<p>Are there procedures in operation to ensure that clients' trust ledger balances and bank reconciliations are recorded each month (no later than the end of the following month) and agree with the respective control accounts in the general ledger.</p>	
f)	<p>Are there procedures in operation to ensure that reconciliations are prepared each month (no later than the end of the following month) showing reasons for any difference between the total of money on hand and money shown as on deposit according to the dealer's record for the mortgage dealer's trust account or trust accounts and the trust ledger trial balance.</p>	
g)	<p>Do the monthly trust ledger trial balances show the clients' names or account numbers.</p>	
h)	<p>Are transactions posted to the trust ledger in the order of their actual occurrence.</p>	
i)	<p>Are adequate records maintained showing particulars of those monies invested on behalf of client.</p>	
j)	<p>Is there a proper record of trust money transferred from one client's account to another client's account and is the appropriate client's authorization on file.</p>	

YES	NO	COMMENTS
k)	<p>Are trust receipts deposited</p> <ol style="list-style-type: none"> 1. within the time prescribed by section 8 of the regulation 2. with a bank as described in section 1 of the regulation 3. in a bank account in compliance with section 7 of the regulation 	
l)	<p>If any interest has been earned on trust funds, has it been properly credited to the individual or entity entitled to the money on which it was earned in accordance with section 14 of the regulations.</p>	
m)	<p>Are trust withdrawals</p> <ol style="list-style-type: none"> 1. made by consecutively numbered cheques 2. made payable to the order of the person or entity to whom the money is to be paid (i.e. not to a third party unless authorized in writing by the other person) 3. signed by authorized official(s) of the dealer 	
n)	<p>Are withdrawals and transfers from the dealer's trust account to the dealer's general account made in accordance with section 10(2) of the regulation.</p>	
o)	<p>Are transfers between the dealer's trust account and trustee investment accounts permitted by section 14 of the regulation being recorded in the dealer's trust accounts.</p>	

YES	NO	COMMENTS
p)	<p>Is there a separate trust ledger of trust mortgages and trust assets held by the dealer which shows</p> <ol style="list-style-type: none"> 1. a separate account for each trust mortgage or trust asset 2. particulars (by description or folio reference) of receipts and disbursements 3. the name of each investor who has a fractional interest or percentage of ownership in each trust mortgage or trust asset, and the fractional or percentage of ownership of each such investor 4. the outstanding balance of each account designated as dr. or cr. 	
q)	<p>Are written agreements kept and maintained on file by the dealer for each person as required pursuant to section 21(3) of the Act and section 13 of the regulation.</p>	
r)	<p>Do the dealer's files and records provide evidence that the information and documents referred to in section 23 of the Act and section 23 of the regulation have been provided to each person by the dealer.</p>	
s)	<p>Is there a separate trust agreement on file in the dealer's records for each person who has an interest in a trust mortgage or trust asset held by the dealer.</p>	
t)	<p>Are there procedures in place to ensure that all mortgages which are included in the "trust assets" of the dealer have been registered and are currently registered in the appropriate land titles or other registry office.</p>	

- u) Have any trust mortgages or trust assets been pledged or hypothecated for the dealer's own benefit.
- v) Is the balance of deposits and money due to clients in trust as at the _____ day of _____, 19____ in agreement with the accounting records of the dealer.
- w) Is the money on deposit held in trust for clients held in the dealer's trust account of a bank(s) as defined by section 22(3) of the Act, and has the amount(s) in the account(s) been verified by personal inspection or by a certificate obtained from the bank(s) in which the account(s) is maintained.
- x) Is the money held for clients in the bank trust account(s) not less than the amount of trust money received in respect of which there is an undischarged trust obligation.
- y) Are the mortgages and assets held in trust kept separate and distinct from those of the dealer, in separate accounts and not mixed with or form part of the general assets of the dealer.
- z) Has any registered mortgage dealer or person associated or affiliated with a mortgage dealer been named as a mortgagee under a mortgage or as the transferee or assignee of a mortgage except as provided under the section 26 of the Act.

YES	NO	COMMENTS

- aa) Has the existence and amount of the mortgages and assets been verified on a test basis by personal inspection of the mortgage or title documents or by certificates of registration obtained from the appropriate land titles or registry office.
- bb) Is the amount of mortgages held by the dealer or administered by the dealer in trust collectively, and in respect to individual amounts, in accordance with trust agreements entered into under section 25 and 26 of the Act, and are the mortgages and assets held for clients not less than the undischarged trust obligations pursuant to such trust agreements

YES	NO	COMMENTS

APPENDIX B

MORTGAGE DEALER'S REPORT OF TRUST ASSETS

TO: The Registrar
The Mortgage Dealers Act

I, _____ (name) as authorized representative
of _____ (Name of Mortgage Dealer) hereby confirm that to
the best of knowledge and belief:

- a) the books, records and accounts maintained in connection with the business of the said dealer produced for the auditor(s) fully disclose the trust obligations of the dealer and the dealer complied with the Act and Regulations with respect to trust assets, records and accounts;
- b) the information as disclosed in Appendix A, under section 29(1) of *The Mortgage Dealers Act*, accurate; and
- c) the information hereunder is accurate.

Signed at _____ this _____ day of _____, 19__ .

Title

a) STATISTICS RELATIVE TO TRUST ASSETS

1. Total number (#) and amount (\$) of mortgages held in the dealer's name on behalf of other persons.	# _____	\$ _____
2. New mortgages arranged	_____	_____
3. Mortgages renewed	_____	_____
4. Mortgages foreclosed	(_____)	(_____)
5. Mortgages matured	(_____)	(_____)
6. Other (specify) _____	_____	_____
7. Total number and amount of mortgages held in the dealer's name at the end of the period.	_____	_____

(Note: The amounts shown in 7, must be the net amount of items 1, 2, 3, 4, 5, and 6, if applicable, and the total amount thereof (\$) must agree with the total mortgages portfolio reported in the dealer's financial statements for this period.)

- b) With regard to any mortgages referred to in (a) 7 above which are registered outside the Province of Manitoba, please indicate below the total number and amount by Province or Country :

Name of Province or Country (if outside Canada)	# _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTALS	=====	=====

- c) Indicate by Province or Country (if outside Canada) the number, total unpaid principal, and amount in arrears with the respect to mortgages outstanding, and in arrears, included in (a) 7 above.

Name of Province or Country	#	Principal Balance	Amount in Arrears
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

- d) Provide a detailed analysis of all trust funds held at the end of the financial year covered by this report (i.e. whether funds awaiting investment in mortgages, mortgage payments collected by the dealer and not remitted to the owners prior to year-end, realty tax payments collected, commission or placement fees, etc...)

Particulars	\$ _____
_____	_____
_____	_____
_____	_____

- e) Provide an analysis of the amount shown as TRUST ASSETS in the financial statements filed by the dealer pursuant to section 30(1) of the Act for the financial period covered by this report:

CASH	\$ _____
MORTGAGES (as per (a) 7 above)	_____
REAL ESTATE (as a result of foreclosure)	_____
OTHER (specify) _____	_____
TOTAL TRUST ASSETS	_____

The Queen's Printer
for the Province of Manitoba