

Mortgage Referral Regulatory Disclosures

Mortgage Referral Agreements

The significant terms of Fernhill's Mortgage referral Agreements are as follows:

Our Representatives may refer You to a Banking Consultant or Mortgage Broker, who will explain Mortgage Products in detail and assist You in applying for your Mortgage. The decision to proceed lies entirely with You.

Nature of referral arrangement with Manulife Bank of Canada

Fernhill Financial Corporation (the "Distributor") has entered into, and filed with provincial regulators where required, a referral arrangement with Manulife Bank of Canada, (the "Agreement"). Under the Agreement, representatives of the Distributor can refer their clients to Manulife Bank for mortgage products (the "Mortgage Products") and receive referral fees for those clients who fund their mortgages with Manulife Bank. The two parties operate at arm's length.

Compensation to the Distributor

All compensation for the referral is payable to the Distributor in accordance with the requirements of the Mutual Fund Dealers Association and may be passed along to the Representative involved.

A referral fee of up to \$1,000 will be paid by Manulife Bank to the Distributor when You open a Manulife One or Manulife Bank Select Account. No upfront referral fee is payable when You open a Preferred Rate Mortgage.

A monthly fee may be payable to the Distributor on Manulife One, Manulife Bank Select and the Preferred Rate Mortgage. Trailer payments for Manulife One are capped at 90% of the client's credit limit while the Manulife Bank Select and Preferred Rate Mortgage trailers are not capped. Trailers will be payable at 0.00833333% on each month-end balance.

The significant terms of the Agreement are as follows:

- a) Representatives are not obligated to refer their clients to Manulife Bank, nor is the Bank obligated to provide Mortgage Products to all referrals.
- b) Representatives can explain the basic concept of mortgages and secured lines of credit and how they might benefit You. It is illegal for the Representative to assist in the completion of a mortgage application form, compare Mortgage Products of Manulife Bank with other industry mortgage products or in any other way conduct the business of a mortgage broker without licensing as a mortgage broker.
- c) Neither the Representative nor the Distributor can bind Manulife Bank in any way to accept any application made by You for a Mortgage Product.
- d) The Representative may refer You to a Banking Consultant, employed by Manulife Bank of Canada, who will explain the Mortgage Products in detail and assist You in applying for Manulife One, a Manulife Bank Select or a Preferred Rate Mortgage. The decision to proceed lies entirely with You.
- e) Once a mortgage has been applied for and placed through Manulife Bank of Canada, neither the referring Representative nor the Distributor receive any information on You or your mortgage account, other than the status of your account.