

THE SECURITIES ACT

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Order No. 4525

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Section 20(1)

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July 19, 2004

Winkler Community Development Corporation Ltd.

WHEREAS:

(A) Winkler Community Development Corporation Ltd. ("WCDC") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of The Securities Act (Manitoba), R.S.M. 1988, c. S50 (the "Act") that the registration and the prospectus requirements of the Act shall not apply to trades in Mortgage Units (as defined below) made pursuant to offerings ("Offerings") of Mortgage Units made under WCDC's Invest Winkler Program (the "Program"), subject to certain conditions.

(B) It has been represented to the Commission that:

1. WCDC was established in 1958 and is a corporation continued under The Corporations Act (Manitoba) as a community development corporation. The registered and head offices of WCDC are located in Winkler, Manitoba;
2. WCDC is registered as a mortgage dealer under The Mortgage Dealers Act, 1988, cM210.
3. The business of WCDC is to foster the social and economic development of the City of Winkler;
4. The shareholders of WCDC are a cross-section of the business and civic community in the City of Winkler, including the City itself;
5. Over the years, WCDC has advanced the economic development of the City of Winkler through the facilitation and administration of various grant and loan programs offered to assist the development and/or expansion of businesses located in, or relocating to, the Winkler area;
6. Under the Program, WCDC may facilitate community investments in local projects secured by real property mortgages in two manners:
 - (a) WCDC (or a wholly owned subsidiary) will offer interests in a specific mortgage (sometimes referred to as a "Mortgage Unit") secured by land and buildings owned by WCDC (or a subsidiary) whereby WCDC (or the subsidiary) is mortgagor and investors are collectively the mortgagees ("Structure 1"); or
 - (b) WCDC (or a wholly owned subsidiary) will offer interests in a specific mortgage (also referred to as a "Mortgage Unit") secured by land and buildings owned by a local business

whereby the local business is the mortgagor and WCDC (or a subsidiary) holds the mortgage in its name on behalf of investors ("Structure 2").

Under Structure 1, WCDC (or a subsidiary) will grant a mortgage to all investors secured by specific land and building(s) owned by it. The investors are the registered mortgagee and will enter into an agreement with WCDC (or a subsidiary) (a "Unitholders' Agreement") and each other which governs rights of investors vis-à-vis WCDC (or a subsidiary) and each other. Each investor will be issued a certificate certifying that the investor holds the Mortgage Unit. WCDC will make interest and principal payments directly to investors.

Under Structure 2, an entity that owns land and building(s) will grant a mortgage to WCDC (or a subsidiary) that is secured by the land and building(s). WCDC (or a subsidiary) is the registered mortgagee and will enter into an agreement (an "Administration Agreement") with investors which governs the terms of mortgage administration and the rights of investors vis-à-vis WCDC (or a subsidiary) and each other. Each investor will be issued a certificate certifying that the investor holds the Mortgage Unit. All administration of the mortgage is done by WCDC (or a subsidiary).

7. Each Offering will be made pursuant to a separate offering memorandum (each, a "Mortgage Unit Offering Memorandum") substantially in the form of BC Form 45- 901F1 Offering Memorandum for Syndicated Mortgages (the "BC Offering Memorandum") prescribed by the British Columbia Securities Commission for certain offerings of interests in syndicated mortgages, with the following modifications:

(i) Unitholders' Agreement or Administration Agreement. A Mortgage Unit Offering Memorandum will attach, or disclose the material terms and conditions of, the relevant Unitholders Agreement or Administration Agreement, as the case may be;

(ii) WCDC and its directors, officers and principal holders. With respect to disclosure regarding WCDC and the principal holders of securities of WCDC referred to in Item 15 of the BC Offering Memorandum, each Mortgage Unit Offering Memorandum need only disclose that WCDC is the borrower or mortgage administrator, as the case may be, and that the City of Winkler is the principal holder of securities of WCDC;

(iii) WCDC's (or the Subsidiary's) and Borrower's Financial Information. With respect to the disclosure of financial information of WCDC (or a subsidiary), as the case may be, and the borrower/mortgagor each Mortgage Unit Offering Memorandum shall state that, upon request, copies of the most recent audited annual financial statements of WCDC (or the subsidiary), as the case may be, and the borrower/mortgagor and, if prepared and approved by the board of directors, interim financial statements, are available for inspection at the offices of WCDC during normal business hours upon reasonable notice;

(iv) Registration Documentation. With respect to registration documentation referred to in Item 24 of the BC Offering Memorandum, each Mortgage Unit Offering Memorandum need only disclose that, upon request, copies of such documentation are available for inspection at the offices of WCDC during normal business hours upon reasonable notice;

(v) Certificate. With respect to the certificate requirements referred to in Item 25 of the BC Offering Memorandum, each Mortgage Unit Offering Memorandum shall only be required to include a certificate executed by the WCDC or a subsidiary (and not any director or officer of WCDC or a subsidiary in his or her personal capacity or on behalf of the board of directors of WCDC or a subsidiary) which certifies that, to the best of the knowledge of WCDC or the subsidiary, as the case may be, the Offering Memorandum does not contain a misrepresentation; and

(vi) Purchasers' Rights. With respect to contractual rights of action, Unitholders will be granted a contractual right of action only against only WCDC or a subsidiary, as the case may be, for a misrepresentation in the Mortgage Unit Offering Memorandum and not against any individual executing the certificate attaching thereto; and

(d) The use of proceeds of the offering of Mortgage Units will be disclosed in the Mortgage Unit Offering Memorandum.

IT IS ORDERED:

1. THAT, pursuant to Section 20 of the Act, the registration and prospectus requirements shall not apply to trades in Mortgage Units, provided that:

(a) each Mortgage Unit Offering Memorandum shall contain a statement to the effect that the Offering is being conducted pursuant to this Order and as such the protections usually available under the Act are not available in this instance;

(b) each Mortgage Unit Offering Memorandum shall contain the contractual rights of action described in this Order;

(c) the purchaser (which for greater certainty includes an annuitant under a Registered Plan where the context requires) purchases the security as principal and, at the same time or before the purchaser signs the agreement to purchase the security:

(i) WCDC or a subsidiary, as the case may be, delivers to the purchaser the Mortgage Unit Offering Memorandum and a copy of this Order;

(ii) WCDC or a subsidiary, as the case may be, obtains a signed risk acknowledgement from the purchaser in compliance with section 4.5(i) of MI 45-103; and

(iii) either:

(A) the purchaser is an "eligible investor" as defined in MI 45-103, or

(B) the purchaser's aggregate acquisition cost does not exceed \$10,000;

(d) WCDC or a subsidiary, as the case may be, retains the signed risk acknowledgment referred to in clause 1(c)(ii) for eight (8) years after completion of an Offering;

(e) WCDC or a subsidiary, as the case may be, holds in trust all consideration received from the purchaser in connection with a trade in Mortgage Units until midnight on the second business day after the purchaser signs the agreement to purchase the security;

(f) WCDC or a subsidiary, as the case may be, returns all consideration to a purchaser promptly if that purchaser exercises the right to cancel the agreement to purchase the security by delivering a notice to WCDC or the subsidiary, as the case may be, not later than midnight on the second business day after the purchaser signs the agreement to purchase the security;

(g) WCDC or a subsidiary, as the case may be, files with the Commission a report of trades under the Offering in Form 45-103F4 on or before the tenth (10th) day after the final distribution of Mortgage Units made pursuant to an Offering;

(h) The Mortgagor files a copy of the Mortgage Unit Offering Memorandum and any update of a previously filed Mortgage Unit Offering Memorandum with the Commission on or before the tenth (10th) day after the final distribution of Mortgage Units made pursuant to an Offering; and

(i) Mortgage Units may not be resold without the prior written consent of the Director of the Commission unless:

(i) a prospectus is filed with the Commission with respect to the Mortgage Units and has obtained a receipt therefore;

(ii) the Mortgage Units have been held for at least 12 months; or

(iii) the trade is made under an exemption from the dealer registration requirements and, in the case of a trade that would be subject to the prospectus requirement, the trade is made under an exemption from the prospectus requirement.

2. THAT the fee for this order shall be \$1000.00.

BY ORDER OF THE COMMISSION.

DIRECTOR – LEGAL