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OFFERING MEMORANDUM

DATED: January 8, 2018

**CareVest Mortgages Inc.**

Suite 710, 1055 West Georgia Street  
Vancouver, British Columbia  
("CareVest")

**1,115 MORTGAGE UNITS @ \$1,000 PER UNIT  
(MINIMUM SUBSCRIPTION OF \$50,000 (50 UNITS) PER INVESTOR)**

**4506, 4508 and Remainder Lot A, Southridge Crescent  
Langley, BRITISH COLUMBIA**

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CareVest is offering (the "Offering") to investors in British Columbia the opportunity to acquire an interest in a mortgage loan (the "Loan") made to Silverbro Investments Ltd. (the "Borrower") and secured by a First mortgage (the "Mortgage") charging 4506, 4508 and Remainder Lot A, Southridge Crescent (the "Lands") located in Langley, BC.

Each investor will acquire mortgage units (the "Mortgage Units") which will consist of an undivided proportionate interest in the Mortgage and related collateral security securing the Loan pursuant to which each investor will be entitled to the repayment of the principal amount invested under the Loan and to receive interest on their investment at a rate equal to the Investors' Interest Rate (as hereinafter defined) (refer to "Summary of Offering – Overview" and "Description of Mortgage"). The Mortgage Units are each priced at \$1,000 and are non-transferable, except in certain circumstances as outlined in the Loan Participation Agreement as described in this Offering Memorandum and attached as Schedule "B" hereto.

This Offering is subject to each investor acquiring a minimum investment of 50 Mortgage Units (\$50,000). Investors, at the discretion of CareVest, may purchase up to a maximum of 1,115 Mortgage Units (the "Offering Mortgage Units"), for a maximum offering of \$1,115,000 (the "Offering Amount"). The full loan amount (the "Loan Amount") advanced or to be advanced by CareVest to the Borrower under the Loan and secured by the Mortgage and related collateral security is \$4,615,000, representing 4,615 mortgage units (the "Total Mortgage Units"). The amount of \$3,500,000 is being advanced by a single investor Fiore Mortgage Partners Limited Partnership ("Fiore") outside of this Offering but secured by the Mortgage and subject to the Loan Participation Agreement as described in this Offering Memorandum

Each investor who participates in this Offering will acquire a proportionate interest in the Mortgage equal to the number of Offering Mortgage Units they acquire divided by the Total Mortgage Units. The Mortgage will be registered in the name of CareVest for the value of this Offering and in the name of Fiore in the amount of \$3,500,000. CareVest will hold the Mortgage in trust on behalf of the investors in accordance with the terms of the Loan Participation Agreement between CareVest and each investor hereunder (the "Participation Agreement").

The Offering Mortgage Units will be sold pursuant to exemptions from the registration and prospectus requirements under the applicable laws of British Columbia and will be subject to restrictions on resale discussed under the heading "Description of the Offering - Restrictions on resale of the Mortgage Units". **The Offering Mortgage Units are non-transferable, except in certain circumstances set out in the Loan Participation Agreement. In addition, there are restrictions under securities law that would or could prevent you from selling your investment at a later date. There is not, or may not be, a market for you to sell your investment and there is no assurance that you will be able to find a buyer for this investment at a later date. Refer to "Description of Offering".**

This Offering is subject to a minimum subscription level equal to the Offering Amount (the "Minimum Offering") and therefore any funds received from an investor may be refunded to the investor in the event that the Minimum Offering is not subscribed or if Fiore does not advance its share of the Loan.

**Investments in syndicated mortgages are speculative and involve a high degree of risk, as discussed under the heading “Description of the Offering - Risk Factors”. Investors should be aware that this investment has not only the usual risks associated with the financial ability of the Borrower to make repayments but also risks associated with financing real estate and risks associated with syndication. Investors should consult with their professional advisors to assess the income tax, legal and other aspects of this investment.**

Subscriptions will be received subject to prior sale and subject to rejection, in whole or in part, by CareVest, prior to closing. CareVest reserves the right to accept or reject subscriptions from any investor. CareVest reserves the right to close the subscription books at any time, without notice. CareVest is also not obligated to accept any subscription or to accept subscriptions in the order they are received. Interest will not be payable to an investor for monies received prior to acceptance of the subscription by CareVest. If a subscription is rejected, monies received by CareVest will be immediately returned to the investor without interest or deduction.

## **SUMMARY OF OFFERING**

The following is a summary of the principal features of this Offering of interests in the Mortgage to be granted by the Borrower for the Loan.

**More detailed information is contained in the body of this Offering Memorandum. Prospective investors are encouraged to carefully review all of the information contained in this Offering Memorandum before making an investment decision.**

### **OVERVIEW**

<b><i>Borrower</i></b>	Silverbro Investments Ltd.
<b><i>Lender</i></b>	CareVest Mortgages Inc. on behalf of a group of investors, and Fiore Mortgage Partners Limited Partnership for a portion of the Loan not covered by this Offering.
<b><i>Land</i></b>	Three properties civically described as 4506, 4508 and Remainder Lot A, Southridge Crescent, Langley, BC (the "Lands").
<b><i>Loan Amount</i></b>	\$4,615,000, of which \$1,115,000 is covered by this Offering.
<b><i>Offering Mortgage Units</i></b>	\$1,000 each and consisting of an undivided interest in the Mortgage securing the investor's entitlement to repayment of its investment and interest thereon.
<b><i>Loan Purpose</i></b>	To provide financing to the Borrower which, combined with the Borrower's equity, will assist the Borrower with the acquisition of the Lands.
<b><i>Mortgage</i></b>	First mortgage registered against the Lands
<b><i>Mortgage Term</i></b>	Up to 13 months, unless repaid earlier pursuant to the terms of the commitment letter (see Schedule "A") or extended by mutual agreement as outlined in the Participation Agreement (see Schedule "B").
<b><i>Priority of Mortgage</i></b>	First mortgage registered against the Lands.
<b><i>Guarantor(s) for the Mortgage</i></b>	Silverman Mortgage Group Limited Mr. Zachary Silverman Mrs. Gillian Silverman
<b><i>Mortgage Interest Rate</i></b>	Nine (9%) percent per annum of the outstanding Loan Amount, accrued daily and compounded and payable monthly. After the 13 <sup>th</sup> month of the term, if the Loan has not been repaid or extended by the Lender, the interest rate will increase to fifteen (15%) percent per annum of the outstanding Loan Amount, accrued daily and payable monthly.
<b><i>Mortgage Interest</i></b>	The total interest received by the Lender under the Mortgage, which is paid at the Mortgage Interest Rate.
<b><i>Investors' Interest Rate</i></b>	The investors will receive nine (9%) percent per annum of the outstanding Loan Amount, accrued daily and compounded and payable monthly. After the first 13 months of the term, if the Loan has not been repaid or extended by the Lender and the Mortgage Interest Rate escalates, the Investor's Interest Rate will increase to fifteen (15%) percent per annum of the outstanding Loan Amount, accrued daily and payable monthly.
<b><i>CareVest Brokerage Fee</i></b>	CareVest will be paid a mortgage brokerage fee of \$47,000. There is no

	other fee payable to CareVest for administering or servicing the loan, other than reimbursement of actual fees and expenses incurred by CareVest.
<b>Appraised Value</b>	\$7,325,000 (Saran Appraisals & Consulting Ltd., as at August 27, 2017)
<b>Loan to Value Ratio</b>	63% (refer to “Summary of Offering – Financial Analysis”)
<b>Advance Date</b>	There will be one advance of funds on or before January 15, 2018.
<b>Repayment Date</b>	Within 13 months of the Advance Date, unless extended by mutual agreement as outlined in the Participation Agreement. The Loan may be repaid at any time provided the Lender has received a minimum of 6 months interest at the Mortgage Interest Rate.
<b>Repayment Terms</b>	The Borrower has advised that it intends to repay the Loan from refinancing via a site servicing loan.
<b>Commitment Fee</b>	The Borrower has agreed to pay the investors and Fiore a commitment fee of \$47,000 which will be shared pro rata amongst the investors and Fiore.
<b>Closing Date of this Offering</b>	The closing of this Offering will take place as and when the directors of CareVest may determine, with the closing date of this Offering anticipated to be on or before January 11, 2018.
<b>Participation by CareVest Directors</b>	CareVest, its affiliated companies, its directors and/or its employees may invest in this Mortgage on the same terms and conditions as the other investors.
<b>Co-Lender(s)</b>	Fiore will be participating in this Loan for the amount of \$3,500,000 through the Participation Agreement entered into with CareVest and the investors under this Offering, though its participation will not be through this Offering. Fiore has a buy-out right that gives it the option to purchase the interests of the investors to this Offering in certain circumstances, the details of which are contained in Paragraph 21(b) of the Participation Agreement.

#### OFFERING OF MORTGAGE UNITS

CareVest is offering to investors in British Columbia the opportunity to acquire an interest in the Mortgage granted by the Borrower to CareVest. The interests being offered are known as “Offering Mortgage Units” and are priced at **\$1,000** each. Under this Offering, each investor must purchase a minimum of **50** Offering Mortgage Units (refer to “Summary of Offering - Overview”).

The proceeds of this Offering will be advanced by CareVest to the Borrower as a portion of the Loan for the Loan Purpose.

Each investor who participates in this Offering will acquire a proportionate interest in the Mortgage equal to the number of Offering Mortgage Units they acquire divided by the Total Mortgage Units. The Mortgage will be registered in the name of CareVest on behalf of the investors and in the name of Fiore in respect of its interest. CareVest will hold the Mortgage in trust on behalf of the investors pursuant to the Participation Agreement (refer to “Description of CareVest – Overview of the Participation Agreement Terms”).

Each investor is entitled to the repayment of the principal amount invested and to the payment of interest on their investment at a rate equal to the Investors’ Interest Rate (refer to “Summary of Offering –

Overview”).

**This Offering is subject to a minimum subscription level equal to the Offering Amount, and therefore, any funds received from an investor may be refunded to the investor in the event that the Minimum Offering is not subscribed or if Fiore does not advance its share of the Loan.**

**The closing of this Offering shall take place as and when the directors of CareVest may determine, with the closing date of this Offering anticipated to be on or about January 11, 2018.**

#### **BORROWER**

The Borrower comprises the following companies established to acquire and hold or develop the respective properties that make up the Lands.

Silverbro Investments Ltd. was incorporated in British Columbia on October 10, 2006 under Incorporation Number BC0771268.

The shares of the Borrower are owned approximately 67% by Mr. Zachary Silverman and 33% by Mrs. Gillian Silverman, both of whom are Guarantors for this Loan. Silverman Mortgage Group Limited, also a Guarantor for the Loan, is owned 100% by Mr. Zachary Silverman.

Refer to “Description of the Borrower” for a more detailed description of the Borrower and the Guarantors.

#### **LANDS**

The Lands are comprised of three properties that are identified as follows:

Civic Address: 4506 Southridge Crescent, Langley, BC

Legal Description: Lot 55, Plan NWP38645, Section 36, Township 7, Land District 36 (PID #008-504-695)

Civic Address: 4508 Southridge Crescent, Langley, BC

Legal Description: Lot 63, Plan NWP47272 Part 1 NE, Section 36, Township 7, Land District 36 (PID #006-152-821)

Civic Address: Remainder A, Southridge Crescent, Langley, BC

Legal Description: Lot A, Plan NWP19455, Section 36, Township 7, Land District 36 Except Plan 38645 (PID #015-955-346)

The Lands are located within the Murrayville neighbourhood of the Township of Langley.

The Lands are currently zoned SR-1 (Suburban Residential Zone).

The Borrower has made an application to the Township of Langley to rezone the property to R-E (Residential Zone).

#### **SECURITY**

The security provided to the Lender includes the following (for a complete list, reference should be made to the Commitment letter attached hereto as Schedule “A” (the “Commitment Letter”)):

- (a) First mortgage charge over the Lands;**
- (b) First mortgage to include a principal amount of \$4,615,000, 13 month term to end no later than February 28, 2019, interest only payments at an interest rate of 9% that will increase to 15% at the beginning of the 13<sup>th</sup> month, fully open with minimum 6 months interest paid;**
- (c) The loan to value ratio based on the first mortgage debt as a percentage of the current appraised market value shall be 63%;**
- (d) The aggregate dollar amount of funds being raised under the Mortgage to be \$4,615,000 of which \$1,115,000 is being raised by this Offering and \$3,500,000 is being raised from Fiore;**
- (e) Repayments made by the Borrower under the Mortgage will be distributed to each investor and Fiore based on each investor's and Fiore's proportionate principal investment in the Mortgage;**
- (f) Guarantees, postponement of claim and General Security Agreement from the Guarantors;**
- (g) General Security Agreement from the Borrower;**
- (h) Assignment of rents and leases, insurance policies, servicing contracts, and all purchase and sales contracts including deposits;**
- (i) General assignment of all project plans, specifications, permits, feasibility reports, architectural and engineering contracts, if any;**
- (j) Such other security as deemed necessary or desirable by the Lender or its solicitors.**

<b>PRE-FUNDING CONDITIONS</b>
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1. Delivery of such documents and documentation as deemed necessary by CareVest's solicitors, including those listed in paragraph 2 below (for a complete list, please review the Commitment Letter attached hereto as Schedule "A");
2. The Borrower shall have delivered copies of the following documents to CareVest and/or its solicitors and CareVest shall have approved the same:
  - (a) Satisfactory evidence of zoning, development permits, building permits, subdivision agreements and all other necessary approvals for the Lands;
  - (b) Management agreements, construction budget, development plans and specifications, financing commitments, environmental audits, soil report, architectural and engineering contracts and copies of all other reports prepared for the subject development, copies of which will be provided by the Borrower to the Lender upon request by the Lender;
  - (c) Site visits prior to funding and during the term of the Loan as determined by the Lender;
  - (d) Up to date credit reports and financial statements for the Borrower(s) and Guarantor(s) on the Lender's form (including most recent year-end financial statements);
  - (e) Detailed project appraisal report confirming market value of the Lands of not less than \$7,325,000 supported by a letter of transmittal from the appraiser indicating that the appraisal can be relied on by the Lender for mortgage purposes;
  - (f) Title searches for the Lands satisfactory to the Lender;

- (g) Title insurance;
- (h) Satisfactory review by the Lenders of purchase and sale agreements and assignment agreements and confirmation of deposit paid;
- (i) Satisfaction of the Lenders with an Environmental Phase I ESA on the subject property including Letter of Transmittal;
- (j) Review of the insurance policies. The Lender reserves the right to engage the services of an insurance consultant, at the Borrower's expense, to verify the adequacy of the insurance;
- (k) Advances require 10 days notice and may be made in trust through the Lender's solicitor. The Lender, at its sole discretion, may advance any or all of the funds into trust prior to the Borrower(s) requesting funds to facilitate the advances. Interest is payable from the date funds are advanced in this manner;
- (l) If required by the Lender, a certificate of the Borrower(s) or a director or officer of the Borrower(s) certifying that no adverse change, financial or otherwise, has occurred in the Property, the project, the Borrower(s), the Guarantor(s) or the Security since the date of the last advance and confirming the continuing accuracy of the representations and warranties set out in the Commitment Letter.

#### FINANCIAL ANALYSIS

##### Financing:

First Mortgage	\$4,615,000
Borrower Equity	\$2,825,000
<b>Total Sources</b>	<b>\$7,440,000</b>
Purchase Lands	\$6,744,000
Transfer Taxes	\$180,000
Legal Fees	\$7,000
Interest Reserve	\$415,000
CareVest Brokerage Fee	\$47,000
Lender/Commitment Fee	\$47,000
<b>Total Costs</b>	<b>\$7,440,000</b>

Appraised Value: \$7,325,000  
 Loan to Value Ratio: 63% (62% Loan to Overall Costs)

#### HOW TO SUBSCRIBE

A person wishing to subscribe for Offering Mortgage Units must deliver the following documents to CareVest **on or before January 9, 2018** at Suite 710, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5:

- (a) an executed Subscription Agreement (including the Risk Acknowledgement Forms attached as a Schedule), in the form provided with this Offering Memorandum;
- (b) a completed and executed copy of the Loan Participation Agreement attached to this Offering Memorandum as Schedule 'B'; and
- (c) a **certified cheque or bank draft from a chartered Canadian financial institution** in the

amount of the investment proceeds being subscribed for made payable to “CareVest Mortgages Inc., In Trust”.

**CareVest will hold your subscription funds in trust until midnight on the second business day after the day on which your signed subscription agreement is received. After this, the subscription funds will be held in trust pending closing. See “Purchaser’s Rights”.**



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## **DESCRIPTION OF THE OFFERING**

### **Mortgage Units**

CareVest is offering to eligible investors the opportunity to acquire an interest in the Mortgage granted by or to be granted by the Borrower to CareVest in connection with the Lands. The interests being offered are the Offering Mortgage Units. Refer to “Summary of Offering - Overview”.

The Offering will include up to **1,115** Offering Mortgage Units, which are priced at **\$1,000** each. Each investor must purchase a minimum up 50 Offering Mortgage Units and may purchase, at the discretion of CareVest, up to a maximum of **1,115** Offering Mortgage Units. Each participating investor in this Offering will acquire a proportional interest in the Mortgage equal to the number of Offering Mortgage Units they acquire divided by the Total Mortgage Units. Each investor will be entitled to payment on their investment at a rate equal to the Investor’s Interest Rate (refer to “Summary of Offering – Overview”) in addition to the repayment of their principal amount invested. CareVest will hold the Mortgage in trust on behalf of the investors holding Offering Mortgage Units in accordance with the terms of the Participation Agreement described below.

The proceeds of this Offering have been or will be advanced by CareVest to the Borrower as a portion of the Loan secured by the Lands.

The rights of the investors in this Offering in respect of a default by the Borrower are outlined in the Participation Agreement, which include CareVest being at liberty to commence such proceedings as it deems appropriate by way of exercise of power of sale, foreclosure, appointment of a receiver or receiver-manager or otherwise as it may deem in the best interests of the Participants to the Participation Agreement and the expenses reasonably incurred to do so will be borne by the Participants. Fiore shall have the option to buy-out the investors under this Offering in the event it disagrees with CareVest as to how to address a default of the Borrower. Details of the rights on default of the Borrower are contained in Paragraph 21 of the Participation Agreement.

### **Plan of Distribution**

This Offering is made to residents of British Columbia. Subscriptions may be accepted by CareVest, subject to the terms and conditions of the Subscription Agreement accompanying this Offering Memorandum.

There are no payments in cash, securities or other consideration being made or to be made to a promoter, finder or any other person in connection with the sale of the Offering Mortgage Units, other than as set out herein. CareVest will receive a brokerage fee from the Borrower with respect to placing the Mortgage (refer to “Description of CareVest – Overview of the Participation Agreement Terms”).

Subscriptions will be received subject to prior sale and subject to rejection, in whole or in part, by CareVest prior to closing. CareVest reserves the right to accept or reject subscriptions from any investor. CareVest also reserves the right to close the subscription books at any time, without notice. CareVest is also not obligated to accept any subscriptions or to accept subscriptions in the order they are received.

Interest will not be payable to an investor for monies received prior to acceptance of the subscription by CareVest. If a subscription is rejected, monies received by CareVest will be immediately returned to the investor without interest or deduction.

**This Offering is subject to a minimum investment level and therefore any funds received from an investor may be refunded to the investor in the event that the Minimum Offering is not subscribed. Refer to “Summary of Offering – Offering of Mortgage Units”.**

**The closing of this Offering will take place as and when the directors of CareVest may determine. Refer to “Summary of Offering – Offering of Mortgage Units” for the anticipated closing date.**

**A purchase of Mortgage Units offered under this Offering Memorandum has certain risks associated with it. Refer to “Description of the Offering - Risk Factors” for a discussion of the risk factors.**

### **Loan Participation Agreement**

Investors wishing to subscribe for Offering Mortgage Units will be required to enter into the Participation Agreement with CareVest, the form of which is attached hereto as Schedule “B”. The Participation Agreement sets out the rights and obligations of CareVest and the investor in connection with the advancement of funds to CareVest.

Under the Participation Agreement, the investor will appoint CareVest as trustee with respect to the administration of the funds advanced to CareVest. CareVest will hold funds in trust for the investor in its trust account at Scotiabank, 510 Burrard Street Branch, Vancouver, BC.

The Participation Agreement will confirm that CareVest is holding the investment in the Mortgage and interest thereon in trust for the investor who will be the beneficial owner of the Offering Mortgage Units while CareVest will be the registered holder of the Mortgage on behalf of the investors and Fiore will be the registered holder of the Mortgage in respect of its interest in the Mortgage (refer to “Summary of Offering – Security”).

A more detailed discussion of the terms and conditions of the Participation Agreement is provided under the heading “Description of CareVest – Overview of the Trust Agreement Terms”.

### **Statutory Exemptions**

This Offering is being made in accordance with certain exemptions pursuant to NI 45-106 and BCI 32-517. Such exemptions relieve CareVest from the provisions in applicable securities legislation requiring CareVest to be registered under NI 31-103 to sell the Offering Mortgage Units and to file a prospectus with the British Columbia Securities Commission. As such, an investor will not receive the benefits associated with the involvement of such a registrant or the benefits associated with purchasing Offering Mortgage Units pursuant to a filed prospectus, including the review of the material by the securities commission or similar regulatory authority in British Columbia.

Specifically, CareVest is offering the investment in Offering Mortgage Units under the “Offering Memorandum” Exemption (the “OM Exemption”) found in section 2.9 of NI 45-106.

In order for CareVest to rely on the OM Exemption, an investor must purchase Offering Mortgage Units as principal and, before purchasing the Offering Mortgage Units, must be given a copy of this Offering Memorandum and sign 2 copies of the Subscription Agreement together with the “Risk Acknowledgement Forms” attached to the Subscription Agreement. The Subscription Agreement, including attachments, has been provided with this Offering Memorandum.

### **Subscription Procedure**

A person wishing to subscribe for Offering Mortgage Units must follow the instructions set out above in the

Summary of Offering under the heading “How to Subscribe”.

CareVest will hold your subscription funds in trust until midnight on the second business day after the day on which your signed subscription agreement is received. After this, the subscription funds will be held in trust pending closing. See “Purchaser’s Rights”.

### **Subscription Agreement**

Each investor should carefully review the terms of the Subscription Agreement provided herewith for more detailed information concerning the rights and obligations of both the investor and CareVest. Execution and delivery of the Subscription Agreement will bind an investor to the terms thereof, whether executed by the investor or by an agent on his or her behalf.

**Each investor is strongly advised to consult with his or her own professional advisors respecting this investment.**

### **Restrictions on Resale of the Offering Mortgage Units**

The Offering Mortgage Units are non-transferable (except in accordance with the provisions of the Participation Agreement or upon death).

### **Risk Factors**

**Investments in syndicated mortgages and the Offering Mortgage Units are speculative and involve a high degree of risk. Investors should be aware that this investment has not only the usual risks associated with the financial ability of the Borrower to make repayments but also risks associated with financing real estate and risks associated with syndication.**

Prospective investors should carefully consider the following risk factors:

- (a) Real property mortgage investments tend to be relatively illiquid, with the degree of illiquidity generally fluctuating in relation to demand for the perceived desirability of the investment.
- (b) As no market for these Offering Mortgage Units exists or will exist after this Offering and the Offering Mortgage Units are non-transferrable, except as set out in the Participation Agreement or upon death, it is not possible for the investor to sell them, other than in respect of the buy out rights paragraphs or the right of first refusal in the Participation Agreement.
- (c) There are potential conflicts of interest to which the directors and officers of CareVest may be subject in connection with the operations of CareVest. Please refer to “Description of CareVest - Conflicts of Interest” for additional information.
- (d) Investments in mortgages are secured by real estate. All real property investments are subject to elements of risk. The value of investments in real property is affected by general economic conditions, local real estate markets, abnormal and significant fluctuations in interest rates, the attractiveness of the property to tenants and purchasers, competition from other available properties and other factors. While independent appraisals may be required before CareVest may make any mortgage investments, the appraised values provided therein, even where reported on an “as is” basis are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions,

including the completion, rehabilitation or lease-up improvements on the real property providing security for the investment. There can be no guarantee that these conditions will be satisfied and if, and to the extent, they are not satisfied, that the appraised value of the real property will be achieved. Should the appraised value of the Lands not be realised, the Borrower may not be able to make all payments under the Mortgage and CareVest may have to rely on the enforcement of the covenants to effect repayment (refer to “Description of the Mortgage – Guarantees and other Financial Commitments”).

- (e) The ability of the Guarantors to perform under the covenants and guarantees provided will depend on their financial strength. There is no assurance that the Guarantors will have the financial ability to be able to satisfy their obligation under the personal and corporate covenants and guarantees and therefore you may not receive any return from your investment, including any initial amount invested.
- (f) The return of principal and interest on funds invested is conditional upon the ultimate selling or refinancing value of the Lands after certain approvals have been obtained and/or certain improvements have been implemented or, if necessary, upon the ultimate selling price of the Lands and, in part, to the credit worthiness and financial stability of the Borrower and Guarantors. There is no assurance that the Lands will be sold or refinanced at a sufficient level to repay the Mortgage. On default by the Borrower, CareVest may experience delays in enforcing its rights as Lender and may incur substantial costs in protecting the investment.
- (g) Under certain circumstances (refer to “Overview of the Participation Agreement Terms”), the Investors may be required to incur expenditures such as reimbursing CareVest for legal fees and other foreclosure costs to realize on the security and protect the investment. Any such cost will be charged to the Borrower and the Guarantor, however, may not be recoverable. There is also a remote risk that an Investor could be held personally liable by third parties for obligations in connection with the Mortgage, for example, claims for taxes.
- (h) Under the Participation Agreement, CareVest is permitted, and in some circumstances, is required to seek the written direction of Fiore and of the investors in the Offering Mortgage Units to take various actions with respect to the administration of the Mortgage, including granting priority to a new mortgage or to a larger prior mortgage, which may materially impact the nature and risk associated with the investment in the Mortgage. If the investor is not in favor of such action, which, nonetheless, has been approved as provided for in the Participation Agreement, the investor will be bound by the decision made and may be subject to the buy out rights of Fiore if Fiore does not agree to the decision.
- (i) Certain significant expenditures, including property taxes, repair and replacement costs, maintenance costs, mortgage payments, insurance costs, construction and development costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing sufficient income to cover such costs. These costs may impact the ability of the Borrower to make debt service payments required under the Mortgage. There may be insufficient cash flow to cover all of the monthly payment required by the Lender and the Borrower may not be able to cover such shortfall from its other resources.
- (j) There are risks associated with the planned development of the Lands, which include the following:
  - Adverse weather conditions and natural disasters can cause delays and increased costs in the development of new lands.

- Environmental laws have become increasingly important in recent years. Under various laws, the Borrower could become liable for the cost of removal or remediation of certain hazardous or toxic substances released on or in the Lands. The failure to remove or remediate such substances, if any, may adversely affect the Borrower's ability to develop and sell the Lands.
  - The Borrower must comply with extensive and complex regulations affecting the land development process. The proposed project will require approvals necessary for the planned development. Failure to obtain the required approvals in a timely manner or on acceptable terms will adversely affect the viability of the project, which may result in abandonment of the project. There is no assurance that the development of the Lands will receive the requisite approvals in a timely basis, or at all.
- (k) The Participation Agreement includes an additional co-lender Fiore as a Participant (as defined in the Participation Agreement) that is not subject to this Offering, which co-lender has certain buy-out rights as set out in Paragraph 21(b) of the Participation Agreement, which may result in the investor's rights being purchased by Fiore in certain circumstances, whether the investor wishes to be bought out or not.

### **Income Tax Considerations**

Each investor should obtain independent advice regarding the income tax consequences under federal and provincial tax legislation of investing in Mortgage Units, based on the investor's own particular circumstances.

**Income tax consequences may not apply uniformly to all investors. Prospective investors should consult with their professional advisors regarding tax consequences applicable to them.**

### **Registration Documentation**

CareVest will provide to each investor a copy of the Participation Agreement evidencing the investment after the completion of registration and disbursement of the Mortgage.

In addition to all other material and documentation reasonably requested and mutually agreed upon, the investor should request, either from the lawyer or notary public acting on the investor's behalf, or from CareVest, the following documentation after the completion of the registration and disbursement of the Mortgage:

- (a) a copy of the certificate of Mortgage or any other document evidencing the investment;
- (b) written confirmation of valid insurance on the property, reflecting the interest of CareVest in the insurance, on behalf of the investor;
- (c) State of Title Certificate in due course (within 120 days of the date of the Mortgage).

## **DESCRIPTION OF THE BORROWER**

### **Organization of the Borrower**

Silverbro Investments Ltd. was incorporated under the laws of British Columbia on October 10, 2006 under Incorporation Number BC0771268. Silverbro Investments Ltd. is owned 67% by Mr. Zachary Silverman and 33% by Mrs. Gillian Silverman, both of whom are Guarantors for this Loan.

### **Partners, Directors, Officers of the Borrower**

<b>Name, Position with the Borrower and Municipality of Residence</b>	<b>Director/Officer/Insider of Company Since</b>	<b>Principal Occupation for Last 5 Years</b>
<b>Zachary Aaron Silverman President, Secretary Langley, BC</b>	<b>October 10, 2006</b>	<b>Mortgage Broker</b>

To the best of CareVest's belief, based upon personal knowledge and information provided by third parties, except as disclosed below, neither the Borrower nor any director, officer or principal holder of the securities of the Borrower has:

- (a) within the last ten years, been subject to any penalties or sanctions imposed by a court, mortgage regulatory authority, real estate regulatory authority or securities regulatory authority relating to the sale, lease, promotion or management of mortgages, real estate or securities, or to theft or fraud, except as discussed below;
- (b) within the last five years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person; or
- (c) within the last five years, been a director, officer or principal holder of any other mortgage broker or manager that, while that person was acting in that capacity:
  - (i) was subject to any penalties or sanctions imposed by a court, mortgage regulatory authority, real estate regulatory authority or securities regulatory authority relating to the sale, lease, promotion, or management of mortgages, real estate or securities or to theft or fraud; or
  - (ii) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Zachary Aaron Silverman, a director of the Borrower, was named in a court action filed with the Nanaimo Registry of the Supreme Court of British Columbia, bearing court file number H75221 (the "Action") as a result of an indemnity agreement signed by Mr. Silverman with certain persons. Mr. Silverman was released and discharged from the Action and the mortgage, commercial loan agreement and the indemnity agreement that were the subject matter of the Action on May 10, 2017.

### **Business Background as provided by the Borrower**

The Borrower is a holding company for Mr. Zachary Silverman and Mrs. Gillian Silverman utilized from time to time for the purposes of holding lands subject to mortgages, which lands are to be developed into residential projects. The financial statements identify the assets, liabilities and equity of the Borrower.

### **Borrower's Financial Information**

The financial statements of the Borrower are available to be viewed upon request at the offices of CareVest.

### **Material Contracts**

The following are the material contracts entered into by the Borrower or its affiliates, as applicable to this offering, and CareVest over the course of the last two years:

- 1) The Commitment Letter attached hereto as Schedule "A";
- 2) CareVest will enter into the contracts set out under "Summary of the Offering - Security" with the Borrower and the Guarantors prior to the Advance Date.

The contracts to be entered into may be inspected by the investor during regular business hours at the offices of CareVest at any time after the Advance Date.

### **Borrower Disclosure Statement**

CareVest will not be providing a disclosure statement to the Borrower.

The Commitment Letter provides for a Brokerage Fee to be paid to CareVest by the Borrower for the origination of the Loan (refer to "Summary of Offering – Overview").

## **DESCRIPTION OF THE MORTGAGE**

### **Description of the Lands**

Refer to "Summary of the Offering – Lands".

### **Details of the Mortgage**

CareVest has or will loan the Loan Amount (refer to "Summary of Offering - Overview") to the Borrower. The principal terms of the Mortgage (including the principal amount, term, interest rate, maturity date, any prepayment privileges of the Mortgage and the ranking of the Mortgage) are set out in "Summary of Offering – Overview".

The Mortgage will be registered in the amount of the Loan Amount and comprises part of the security granted by the Borrower to secure the repayment of the Loan Amount plus interest being the Mortgage Interest Rate. The Mortgage has or will be registered against the Lands having the priority as described in "Summary of Offering - Overview" and "Summary of Offering - Security". The Borrower has also granted the additional security as described in "Summary of Offering - Security".

The loan to value ratio of the Lands is as described in "Summary of Offering – Overview" and "Summary of Offering – Financial Analysis".

The Mortgage Interest Rate payable under the Mortgage by the Borrower is as set out in the "Summary of Offering - Overview". The Investors will be paid the Investors' Interest Rate (refer to "Summary of Offering – Overview").



CareVest may also charge the Borrower additional fees such as extension fees, renewal fees, NSF fees, advance fees, and discharge fees. Any additional fees charged to the Borrower will remain the property of CareVest and the investor will have no right or entitlement to them. Refer to the form of Participation Agreement attached as Schedule "B" to this Offering Memorandum.

Repayments made by the Borrower will be distributed to the investor in proportion to his or her interest within 15 days of receipt.

### **Appraisal**

The appraisal report was completed and issued by Jass Saran of Saran Appraisals & Consulting Ltd. and determined the value of the Lands "as is" to be \$7,325,000 using the direct comparison and development approach and with an effective valuation date of August 27, 2017.

### **Guarantees or other Financial Commitments**

Pursuant to the Commitment Letter attached hereto as Schedule "A", the Guarantors have agreed to provide CareVest with covenants on behalf of the Borrower in respect of the funds being advanced by CareVest for the Lands. The covenants provide that the Guarantors will be responsible for the repayment of the Loan should the Borrower default on the Mortgage. These agreements will be entered into between the parties prior to the Advance Date.

It is believed that the financial position and business experience of the Guarantors are sufficient to provide comfort, however, they are not being relied upon for the repayment of the Loan other than in the event the Borrower defaults on the Mortgage.

The documentation entitles CareVest to request and receive annual financial disclosure of the Guarantors financial position, however, access to the financial information shall not be available to the investors except in the event of a material default under the Mortgage.

Copies of the Guarantors' security documents will be available, on request, at the offices of CareVest in British Columbia after the Advance Date.

**The ability of the Guarantors to perform under the personal and corporate covenants and guarantees provided will depend on their financial strength. There is no assurance that the Guarantors will have the financial ability to be able to satisfy their obligation under the personal and corporate covenants and guarantees and therefore you may not receive any return from your investment, including any initial amount.**

See "Description of the Borrower" for more information respecting the Guarantors.

### **Ongoing Disclosure**

CareVest relies upon, if applicable and including but not limited to, reports being provided by the Borrower and upon reports submitted by appraisers, architects, engineers, cost consultants, property managers and other technical personnel to evaluate and monitor the status of the Lands.

CareVest will provide semi-annual updates to the investors via e-mail.

## **DESCRIPTION OF CAREVEST**

### **Overview**

CareVest commenced operations in 2016. CareVest arranges investment opportunities in mortgages, which includes, but is not limited to, short-term land loans, construction loans, inventory loans, and primary or secondary financing on behalf of borrowers.

### **Organization of CareVest**

CareVest was incorporated under the laws of British Columbia on July 14, 2016.

### **Directors, Officers and Principal Shareholders of CareVest**

The names, municipalities of residence, principal occupations for the last five years of the directors, officers and principal shareholders of CareVest are as follows:

<b>Name, Position with CareVest and Municipality of Residence</b>	<b>Director/Officer/Insider of Company Since</b>	<b>Principal Occupation for Last 5 Years</b>
Jeevan Khunkhun President Vancouver, BC	2016	Commercial mortgage lending and origination
Clinton Wark Vice President Vancouver, BC	2016	Commercial mortgage lending and origination

Neither CareVest nor any director, officer or principal holder of the securities of CareVest has:

- (a) within the last ten years, been subject to any penalties or sanctions imposed by a court, mortgage regulatory authority, real estate regulatory authority or securities regulatory authority relating to the sale, lease, promotion or management of mortgages, real estate or securities, or to theft or fraud;
- (b) within the last five years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person; or
- (c) within the last five years, been a director, officer or principal holder of any other mortgage broker or manager that, while that person was acting in that capacity:
  - (i) was subject to any penalties or sanctions imposed by a court, mortgage regulatory authority, real estate regulatory authority or securities regulatory authority relating to the sale, lease, promotion, or management of mortgages, real estate or securities or to theft or fraud; or
  - (ii) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

## **Overview of the Participation Agreement Terms**

Investors who wish to participate in this Offering must, if they have not already done so, enter into the Participation Agreement with CareVest, the terms and conditions of which govern the various rights and obligations of CareVest and the investor as to the administration and management of the investors' funds. The form of the Participation Agreement is attached as Schedule "B" to this Offering Memorandum.

Among other things, the Participation Agreement provides that:

- The investor appoints and designates CareVest to be the investor's trustee, with full power to administer the Loan, pursuant to the terms of the Participation Agreement.
- Fiore Mortgage Partners Limited Partnership is a Participant (as defined in the Participation Agreement) in the Loan and in the Mortgage, outside of this offering and has certain rights as set forth in the Participation Agreement, including a buy out right in Paragraph 21(b).
- The Mortgage will be registered in CareVest's name in respect of the investor's participation under this Offering and in Fiore's name in respect of its interest in the Loan.
- CareVest will hold, in trust, funds advanced by the investor that have not been advanced to purchase an interest in the Mortgage. The trust account will be held at the account specified in this Offering Memorandum.
- CareVest will make reasonable efforts to collect all payments on account of principal and interest payable on the Loan and to cause the Borrower to perform its obligations under the Loan or other security documents.
- CareVest will deposit all repayments received from the Borrower into the trust account prior to distributing any payments to the investor.
- CareVest will, forthwith, remit to the investor all payments received by the Borrower, pursuant to the priorities less any expenses or disbursements properly payable to CareVest by the investor.
- CareVest will administer the Loan in good faith and:
  - may grant to the Borrower such extensions, accommodations (including reductions of principal or interest) or compromises as may be reasonable, necessary or prudent having regard to the Loan and in accordance with the written direction of the investors and Fiore if obtained by CareVest in accordance with the Participation Agreement;
  - take such actions as may be necessary or desirable in its discretion, including maintaining valid insurance on the Lands, retaining and instructing solicitors, receivers, or other professional advisers as it considers reasonable or necessary in order to preserve, protect, defend, or improve the security interests for the Loan or any real property.
- CareVest will endeavour to collect the amount of all costs incurred in the administration, collection or enforcement of the Loan from the Borrower and/or Guarantor(s) but, in all events, the investor will indemnify CareVest for any of these costs and will pay to CareVest, upon demand, any costs incurred by CareVest in an amount equal to the investor's proportionate interest in the Mortgage.

- The Participation Agreement includes an option for Fiore to buyout the investors under this Offering if Fiore disagrees with CareVest as to the actions to be taken on a default of the Mortgage, the details of which are set out in Paragraph 21(b) of the Participation Agreement.
- The consent of the investors and Fiore to a renewal, extension or modification of the Mortgage is required, failing which a buy-out right may be triggered by a Participant (as defined in the Participation Agreement), the details of which are set out in Paragraph 26 of the Participation Agreement.
- The investors are granted an option to offer to sell their participating interest in the Mortgage to the other Participants (as defined in the Participation Agreement) in certain circumstances, the details of which are set out in Paragraph 25 of the Participation Agreement.
- The appointment of CareVest as trustee shall automatically be terminated with respect to the Loan in the following circumstances:
  - Payment of all monies secured by the Mortgage Documents; or
  - The termination of the Participation Agreement by mutual consent in writing by all parties; or
  - Receipt by the investors of their pro rata share in any amount received as a final compromise or settlement with a borrower in default in respect of the Loan; or
  - A final court order being made regarding realization or enforcement of the loan and dealing with the disposition of any proceeds of realization, provided that CareVest distributes to the investors their pro rata interest in any net proceeds of realization received by CareVest; or
  - CareVest delivering to the investors such executed documents as are required to transfer to the investors their pro rata interest in the Loan and related security upon CareVest becoming insolvent or making a general assignment for the benefit of its creditors or a bankruptcy petition or receiving order being granted against CareVest or CareVest ceasing to carry on business as set out above; or
  - CareVest delivering to the investors such executed documents as are required to transfer to the investors payment for their pro rata interest in the Loan and related security upon the buy out rights being exercised in either paragraph 21 or 26 of the Participation Agreement or the right of first refusal being exercised in paragraph 25 of the Participation Agreement.

The foregoing summary is a basic overview of the Participation Agreement. Reference should be made to the Participation Agreement attached hereto as Schedule “B” for the specific terms and conditions.

### **Conflicts of Interest**

There may be existing and potential conflicts of interest to which the insiders of CareVest are or may be subject to in connection with the business and operations of CareVest. Some of the insiders may have conflicts of interest as to management time, resources, ownership, and interests between CareVest and their own or other professional or corporate businesses in which they may be involved.

Investors should be aware that CareVest will receive compensation for its services in connection with the

origination of the Loan by way of receipt of a brokerage fee of \$47,000 (refer to “Summary of Offering – Overview”).

CareVest and its officers and directors are required to exercise their powers and discharge their duties honestly, in good faith and in what they reasonably believe to be in the best interest of the investor. There is no assurance that conflicts of interest will not arise or that they will be resolved in a manner most favourable to the investor. Persons considering a purchase of Offering Mortgage Units pursuant to this Offering must rely on the judgement and good faith of the directors, officers and employees of CareVest in resolving such conflicts of interest as may arise.

### **PURCHASERS’ RIGHTS**

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

1. **Two Day Cancellation Right** – You can cancel this agreement to purchase the Offering Mortgage Units offered by the Offering Memorandum. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the Offering Mortgage Units.
2. **Statutory Rights of Action in the Event of a Misrepresentation** – If there is a misrepresentation in the Offering Memorandum and you purchase the Offering Mortgage Units offered thereunder, you are deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and you have a right of action for damages or rescission against CareVest. You also have a right of action for damages against every director who was a director of CareVest at the date of the Offering Memorandum and every person who signed the Offering Memorandum.

If you elect to exercise your right to cancel this agreement to purchase the Offering Mortgage Units (rescission) against CareVest, you will not have a right of action for damages against CareVest.

In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Mortgage Units as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Mortgage Units were offered to you under the Offering Memorandum.

This right of action for misrepresentation is available to you without regard to whether you relied on the misrepresentation. However, there are various defences available to the persons or companies against which you have a right of action. In particular, there is a defence if you had knowledge of the misrepresentation when you purchased the securities.

You also have a right of action for damages or rescission against CareVest if you did not receive the Offering Memorandum within two business days after you signed this subscription agreement to purchase the Offering Mortgage Units.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel this agreement (rescission) within 180 days after you signed the subscription agreement to purchase the Mortgage Units. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the subscription agreement to purchase the Offering Mortgage Units.

## **CERTIFICATE**

Dated: January 8, 2018

With respect to matters that are or should be within my personal knowledge, the foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

With respect to matters that are not and are not required to be within my personal knowledge, I have made best efforts to ensure that the foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

“Jeevan Khunkhun”

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**Jeevan Khunkhun**  
**President & Director**

“Clinton Wark”

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**Clinton Wark**  
**Vice President & Director**

**SCHEDULE "A"**

**COMMITMENT LETTER**

**SCHEDULE "B"**

**LOAN PARTICIPATION AGREEMENT**