

# BROKERAGE OPERATING EXPENSES

## Form A

### ESTIMATE OF EXPENDITURES DURING FIRST 3 MONTHS OF OPERATION

#### Operating:

Rent, property taxes, etc.	3 months X \$_____ per month =	\$_____
Hydro & utilities	3 months X \$_____ per month =	\$_____
Telephone & Fax	3 months X \$_____ per month =	\$_____
Salaries (Admin. & Sales)	3 months X \$_____ per month =	\$_____
Employee benefits (Employer portion of CPP, MSP, EI, etc.)	3 months X \$_____ per month =	\$_____
Advertising	3 months X \$_____ per month =	\$_____
Promotion & Entertaining	3 months X \$_____ per month =	\$_____
Automobile Expenses	3 months X \$_____ per month =	\$_____
Office expenses (stationery, supplies, etc.)	3 months X \$_____ per month =	\$_____
Accounting & Legal expenses	3 months X \$_____ per month =	\$_____
Interest & bank charges	3 months X \$_____ per month =	\$_____
Dues & fees relating to memberships, etc.	3 months X \$_____ per month =	\$_____
Recurring franchise fees	3 months X \$_____ per month =	\$_____
Insurance & Licence fees		\$_____
Other (Specify:_____)		\$_____
Other (Specify:_____)		\$_____

#### Capital:

Purchase of capital assets, etc. in the first 3 months		\$_____
Other (Specify:_____)		\$_____

**Total:** \$\_\_\_\_\_

\_\_\_\_\_  
*(name of proposed brokerage)*

**SOLEMN DECLARATION**

I, \_\_\_\_\_, proposed managing broker, of \_\_\_\_\_  
*(name of proposed managing broker)* *(residential address)*

in the Province of \_\_\_\_\_ SOLEMNLY DECLARE that the Balance Sheet of \_\_\_\_\_  
*(name of proposed brokerage)*

as at \_\_\_\_\_, attached as Schedule 1 along with all other relevant schedules, is true and  
*(date of balance sheet)*

correct to the best of my knowledge and belief.

AND I make this solemn declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

DECLARED BEFORE ME at \_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
in the Province of \_\_\_\_\_, )  
\_\_\_\_\_ )  
this \_\_\_\_\_ day of \_\_\_\_\_ )  
\_\_\_\_\_ )  
A.D. 20 \_\_\_\_\_ )

\_\_\_\_\_  
*(signature of proposed managing broker)*

.....  
A Notary Public in and for the Province of \_\_\_\_\_  
A Commissioner for taking Affidavits for \_\_\_\_\_.

Schedule 1 Showing the  
**BALANCE SHEET**  
of

\_\_\_\_\_  
(Name of brokerage)

as at \_\_\_\_\_  
(Date)

**Current Assets:**

Cash \$ \_\_\_\_\_  
Accounts receivable (See Schedule 2) \_\_\_\_\_  
Other (Specify \_\_\_\_\_) \_\_\_\_\_  
**Total current assets** \$ \_\_\_\_\_

Investments (See Schedule 3) \_\_\_\_\_  
Capital assets (See Schedules 4 and 5) \_\_\_\_\_  
Other assets:  
    Incorporation costs \_\_\_\_\_  
    Franchise cost \_\_\_\_\_  
    Other (Specify \_\_\_\_\_) \_\_\_\_\_  
**Total assets** \$ \_\_\_\_\_

**Current Liabilities:**

Accounts payable & accrued liabilities (See Schedule 6) \$ \_\_\_\_\_  
Other (Specify \_\_\_\_\_) \_\_\_\_\_  
Other (Specify \_\_\_\_\_) \_\_\_\_\_  
**Total current liabilities** \$ \_\_\_\_\_

Directors/Shareholders loan (Covered by Subordination Agreement) \_\_\_\_\_  
Long term liabilities (including mortgages, agreements for sale, etc.) \_\_\_\_\_

**Equity**

Share Capital:  
    Issued Common/Ordinary shares \_\_\_\_\_  
    Issued Preference & Other shares \_\_\_\_\_  
Retained Earnings (Deficit) \_\_\_\_\_  
**Total liabilities & equity** \$ \_\_\_\_\_

Statement of Assets and Liabilities referred to in the attached declaration of: \_\_\_\_\_  
(Name of managing broker)

\_\_\_\_\_  
(Signed)

\_\_\_\_\_  
(Date)

A Notary Public in and for the Province of B.C.  
A Commissioner for taking affidavits within B.C.

Schedule 2  
**ACCOUNTS RECEIVABLE**

**Supporting Schedule to Balance Sheet**

of \_\_\_\_\_  
*(Name of brokerage)*

as at \_\_\_\_\_  
*(Date)*

Trade Accounts Receivable are defined as amounts due from clients or customers dealing with you at arms-length and arising from products or services sold within the normal operating activities of the business. List these under Section A.

Please classify the receivables individually according to the period outstanding. Include only the receivables that are current and that are collectable. **Do not include projected receivables.**

Non arms-length, non-current and receivables other than trade receivables (ie. from related parties) should be identified in Section B. Please note the terms and conditions of repayment.

<b>(A) Trade Accounts Receivables:</b>					
Name of account	Details	Age			Total
		Over 90 days amount	31-90 days amount	1-30 days amount	
<b>(B) Non arms-length, non-current and other receivables: (ie. Due from related parties)</b>					





Schedule 5  
**CAPITAL ASSETS AND AMOUNTS OWING**  
**AGAINST PROPERTY AND EQUIPMENT**

Supporting Schedule to Balance Sheet

of \_\_\_\_\_  
*(Name of brokerage)*

as at \_\_\_\_\_  
*(Date)*

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Description	Cost	Current market value	Net amount <i>(ie. Cost – accumulated amortization)</i>	Details – Monthly debt payments, etc. on capital asset loans
<i>Automobile</i>				
<i>Office furniture and equipment</i>				
<i>Computer equipment</i>				
<i>Other property</i>				

Schedule 6  
**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Supporting Schedule to Balance Sheet

of \_\_\_\_\_  
*(Name of brokerage)*

as at \_\_\_\_\_  
*(Date)*

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Include any amounts owing to any person which has not been listed elsewhere

**Accounts payable**

Name of creditor	Date of purchase	Amount owing

**Accrued liabilities**

Name of creditor	Type of expense	Amount accrued



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 (ie. 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.

THIS Subordination Agreement has been made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**BETWEEN**

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

(herein called the "Lender")

AND

Name of Brokerage: \_\_\_\_\_

Address: \_\_\_\_\_

(herein called the "Borrower")

AND

**BC FINANCIAL SERVICES AUTHORITY**

600 – 750 West Pender Street

Vancouver B.C. V6C 2T8

(herein called "BCFSA")

**WHEREAS:**

- (1) The Borrower desires to obtain, renew or maintain licensing pursuant to the *Real Estate Services Act* (herein called "the Act").
- (2) The Borrower acknowledges having borrowed from the Lender the following:

<b>Debt Instrument</b>	<b>Date of Loan</b>	<b>Amount</b>
(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 authorization 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 General Creditors ("General Creditors" means the persons, other than the Lender, now from time to time having claims against the Borrower).

**IN WITNESS WHEREOF** the parties hereto have executed the Subordination Agreement on the day and year first above written.

**TO BE COMPLETED BY THE LENDER**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Lender (*Print*)

\_\_\_\_\_  
Signature of Lender

**TO BE COMPLETED BY THE BORROWER**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Borrower (*Print*)

\_\_\_\_\_  
Authorized Signatory of Borrower