

General Operating Bylaw



MORTGAGE
PROFESSIONALS
CANADA

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A Bylaw relating generally to the conduct of the affairs of

Mortgage Professionals Canada/Professionnels Hypothécaires du Canada

(the "**Corporation**")

BE IT ENACTED that the following Bylaw be enacted as the General Operating Bylaw of the Corporation as follows:

1. INTERPRETATION

1.01 **Definitions.** In this Bylaw unless the context otherwise specifies or requires:

- (a) "**Act**" means the *Canada Not for profit Corporations Act* S.C. 2009, c.23, including the Regulations, and any statute that may be substituted therefor, as amended from time to time;
- (b) "**Articles**" means the original or restated articles of incorporation or articles of amendment, amalgamation, continuance, reorganization, arrangement or revival of the Corporation;
- (c) "**Board**" means the Board of Directors of the Corporation;
- (d) "**Business**" means a Mortgage Brokerage, Lender and Insurer, and/or an Other Business;
- (e) "**Business Day**" means a Day other than a Saturday, Sunday or other day on which commercial banks in the city of Toronto, Ontario are closed for business;
- (f) "**Business Group**" shall mean a collection of Businesses that are grouped together in accordance with Schedule "A", as may be applicable;
- (g) "**Bylaw**" means this Bylaw and all other Bylaws of the Corporation in force and effect from time to time;
- (h) "**Chair**" means the chair of the Board of the Corporation who is appointed pursuant to section 11.01 of this Bylaw;
- (i) "**Code of Conduct**" means a code of conduct established pursuant to section 10.10 of this Bylaw;
- (j) "**Code of Ethics**" means the Code of Ethics of the Corporation established pursuant to section 16 of this Bylaw as amended by the Board from time to time;
- (k) "**Committee**" means any committee of the Corporation which is established pursuant to this Bylaw;
- (l) "**Complaints Process**" means the process relating to complaints made under the Code of Ethics established pursuant to section 16 of this Bylaw as amended by the Board from time to time;
- (m) "**Conduct Unbecoming Policy**" means the Policy prescribed by the Board from time to time relating to inappropriate behaviour and conduct;
- (n) "**Corporation**" means **Mortgage Professionals Canada/Professionnels Hypothécaires du Canada**, a federal non-share corporation continued under the Act;
- (o) "**Days**" means all days of the year including weekends and statutory holidays;

- (p) **“Designation”** means the Accredited Mortgage Professional designation or any other designation granted by the Corporation to individuals upon (i) completion of mandatory minimum vocational and educational requirements as set by the Board from time to time in a separate Policy and (ii) the payment of any related fees;
- (q) **“Director”** means a director of the Corporation elected or appointed pursuant to this Bylaw;
- (r) **“Director at Large”** means a Director who is not a Regional Director and who is appointed by the Board pursuant to section 10.03 of this Bylaw;
- (s) **“Ethics Investigator”** means Mortgage Professionals Canada Ethics Investigator;
- (t) **“Executive Committee”** means the executive committee of the Corporation which is established pursuant to section 13.01 of this Bylaw;
- (u) **“Former Member”** means a person who or which was a Member in good standing at the time of the events giving rise to a complaint or proceeding but whose membership or privileges with the Corporation has lapsed, been terminated, been suspended or otherwise limited, for any reason whatsoever, including any action, inaction, error, omission, deliberate, neglectful or other conduct of the said individual, at the time a complaint is received or an investigation is commenced;
- (v) **“Head Office”** means the registered office and head office of the Corporation;
- (w) **“Immediate Past Chair”** means the person who most recently served as Chair;
- (x) **“Lender or Insurer”** means a business which deals in mortgage lending and/or is involved in a mortgage insurance business or a title insurance business;
- (y) **“Meeting of Members”** includes an annual meeting of Members and a special meeting of Members;
- (z) **“Member”** means a member as set out in section 3 of this Bylaw;
- (aa) **“Members”** or **“Membership”** means the collective membership of the Corporation;
- (bb) **“Membership Fees”** means the membership fees, both initial and for renewal, for Members set by the Board from time to time;
- (cc) **“Membership Renewal Date”** is the date assigned by the Corporation to each Member for renewal of his, her or its Membership in the Corporation;
- (dd) **“Membership Start Date”** is the date upon which all of the qualification requirements set out in section 3.04(a) are fulfilled;
- (ee) **“Mortgage Brokerage”** is a business which:
 - (i) originates mortgages and is registered or licensed to do so in accordance with applicable provincial legislation; or
 - (ii) originates mortgages but which is not required under provincial system to be registered or licensed to do so;
- (ff) **“Mortgage Brokerage Staff”** means all licensed individuals within a Mortgage Brokerage who are Mortgage Brokers, Mortgage Agents, Independent Mortgage Contractors, Mortgage Associates, Mortgage Sub-brokers or hold any other similar positions as determined by the Board from time to time;
- (gg) **“Mortgage Professionals Canada Ethics Investigator”** means the investigator(s) appointed by the Board to carry out the duties and responsibilities prescribed in the Code of Ethics;

- (hh) **"NEC"** means the National Ethics Committee established by the Board pursuant to the Code of Ethics;
- (ii) **"NEC Appeals Committee"** means the NEC appeals committee established by the Board pursuant to the Code of Ethics;
- (jj) **"Nominating Committee"** means the nominating committee established by the Board pursuant to section 8.03 of this Bylaw;
- (kk) **"Officer"** means an officer of the Corporation appointed pursuant to section 11.01 of this Bylaw;
- (ll) **"Ordinary Resolution"** means a resolution passed by a majority of the votes cast on that resolution;
- (mm) **"Other Business"** means a business which is involved in the mortgage industry but which is not a Mortgage Brokerage;
- (nn) **"Other Party"** has the meaning set out in section 17.02;
- (oo) **"Policy"** or **"Policies"** means the policy or policies prescribed by the Board from time to time pursuant to section 15 of this Bylaw;
- (pp) **"President"** means the president of the Corporation who is appointed pursuant to section 11.01 of this Bylaw;
- (qq) **"Region"** means each of the following: British Columbia/Yukon, Alberta/Northwest Territories, Saskatchewan/Nunavut, Manitoba, Ontario, Quebec, and Atlantic Canada;
- (rr) **"Regional Director"** means a Director who is nominated in accordance with section 9 and elected as a regional director in accordance with section 10.02(a) of this Bylaw;
- (ss) **"Regulations"** means the regulations prescribed under the Act as from time to time amended or substituted;
- (tt) **"Rules of Procedure"** means the rule or rules prescribed by the Board from time to time pursuant to section 15 of this Bylaw;
- (uu) **"Secretary"** means the secretary of the Corporation who is appointed pursuant to section 11.01 of this Bylaw;
- (vv) **"Special business"** means any business transacted at a meeting of Members other than considering the financial statements and reports of the Corporation required by the Act to be presented at an annual meeting, electing directors and reappointing incumbent auditors;
- (ww) **"Special meeting of Members"** means a special meeting of all Members entitled to vote at an annual meeting of Members;
- (xx) **"Special Resolution"** means a resolution passed by not less than two thirds (2/3) of the votes cast on that resolution;
- (yy) **"Treasurer"** means the treasurer of the Corporation who is appointed pursuant to section 11.01 of this Bylaw; and
- (zz) **"Vice Chair"** means the vice chair of the Corporation who is appointed pursuant to section 11.01 of this Bylaw.

- 1.02 **Interpretation.** This Bylaw shall, unless the context otherwise requires, be construed and interpreted in accordance with the following:
- (a) “**may**” is construed as permissive;
 - (b) “**shall**” is construed as imperative;
 - (c) all terms contained herein and which are defined in the Act shall have the meaning given to such terms in the Act;
 - (d) the word “**person**” shall include an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative;
 - (e) words importing the singular number or the masculine gender shall include the plural number or the feminine gender and vice versa;
 - (f) if any of the provisions contained in the Bylaws are inconsistent with those contained in the Articles or the Act, the provisions contained in the Articles or the Act, as the case may be, shall prevail; and
 - (g) except where specifically stated otherwise, or as otherwise required by the Act, references to actions being taken “in writing” or similar terms shall include electronic communication and references to “address” or similar terms shall include e-mail address. It is the intent of the Corporation to use electronic communication whenever possible.
- 1.03 **Headings.** The headings used in the Bylaws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.
- 1.04 **Method of Giving Notice.** Any notice, communication or other document required by the Act, the Articles or the Bylaws to be given by the Corporation to a Member, Director or the auditor shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person’s recorded address or if mailed to the person’s recorded address by prepaid ordinary mail or if sent to him to the person’s recorded address by any means of any prepaid transmitted or recorded communication, or if sent by electronic means such as e mail or facsimile. A notice so delivered shall be deemed to have been given when it is delivered personally or delivered to the recorded address as aforesaid or sent by electronic means such as e mail or facsimile; a notice so mailed shall be deemed to have been received on the fifth day after mailing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or his, her or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any Member, Director or the auditor of the Corporation in accordance with any information believed to be reliable. The recorded address of a Member or a Director shall be the Member’s or Director’s latest address as shown in the records of the Corporation. Notice of annual or special meetings shall be sufficiently given if published in any of the Corporation’s regular publications sent to all Members individually as set out above.
- 1.05 **Invalidity of any Provision of this Bylaw.** The invalidity or unenforceability of any provision of this Bylaw shall not affect the validity or enforceability of the remaining provisions of this Bylaw.

2. BUSINESS OF THE CORPORATION

- 2.01 **Registered Office.** The registered and head office of the Corporation shall be in the City of Toronto, in the Province of Ontario or as otherwise set by the Board.
- 2.02 **Corporate Seal.** If adopted, the seal of the Corporation shall be such as the Board may by resolution approve.
- 2.03 **Fiscal Year.** The fiscal year of the Corporation shall terminate on the 30th day of April in each year or on such other date as the Board may by resolution determine.
- 2.04 **Execution of Instruments.** Deeds, transfers, assignments, contracts, instruments in writing and obligations of the Corporation may be signed by the President together with any one member of the Executive Committee, or by any one member of the Executive Committee together with any one other Director, and any such documents so signed shall be binding upon the Corporation without any further authorization or formality. Notwithstanding this, the Board may at any time and from time to time by resolution direct the manner in which and the person or persons by whom any particular deed, transfer, contract or obligation or any class of deeds, transfers, contract or obligations may be signed.
- 2.05 **Auditors.** The Members shall at each annual meeting appoint an auditor by Ordinary Resolution to audit the accounts of the Corporation and report to the Members. The auditor so appointed shall hold office until the next following annual meeting, provided, however, that the Directors may fill any vacancy in the office of the auditor. The remuneration of the auditor shall be fixed by the Board.

3. MEMBERSHIP

- 3.01 **Definition of Membership.** Membership in the Corporation shall consist of those persons who apply for Membership in accordance with section 3.02, who meet the qualification requirements set out in sections 3.04 and 3.05, and who are accepted into Membership in the Corporation by the Board or in such other manner as may be determined by the Board from time to time.
- 3.02 **Applications for Membership.** Any applicant for Membership in the Corporation shall apply in writing on a form which has been approved by the Board. The Board shall have full discretion in deciding whether or not to admit the applicant as a Member in accordance with the applicable Policy of the Corporation in place at the relevant time. In this regard, the Board shall consider, among other factors, whether the prospective Member, in the opinion of the Board, is of good character in accordance with the applicable Policy and also whether the prospective Member is likely to conduct him, her, or itself with integrity, honesty and in accordance with the Code of Ethics. Applicants for Membership shall be notified by the Corporation of the Board's decision regarding their application for Membership.
- 3.03 **Class of Members.** There shall be one (1) class of members in the Corporation. Members shall have the rights and entitlements specifically provided to them under this Bylaw, or as may otherwise be provided pursuant to the Act.
- 3.04 **Members.**
- (a) **Qualification Requirements.** Subject to the mandatory Membership rules in section 3.05 as applicable, Membership shall be available to those persons who meet all of the following qualification requirements:

- (i) if an individual, is employed by or provides services on behalf of a Business or, if not an individual, is a Business;
 - (ii) have submitted an application for Membership in the form applicable at the time to evidence agreement with the Bylaws, the Code of Ethics, and the Policies of the Corporation;
 - (iii) have had their Membership application approved by the Board in accordance with section 3.02;
 - (iv) have paid the appropriate Membership Fees in accordance with section 5.01, together with any other applicable fees; and
 - (v) pay the renewal Membership Fees for their Membership within ninety (90) days of the applicable Membership Renewal Date.
- (b) **Duties and Rights.** Each Member shall have the following duties and rights:
- (i) the duty to abide by the Bylaws, the Code of Ethics, and the Policies of the Corporation; and
 - (ii) the right to receive notice of, obtain information about, attend, speak and participate at all meetings of Members and the right to one (1) vote at all meetings of Members.
- (c) **Members with Designation – Additional Duties and Rights.** Each Member who holds a Designation shall have the following duties and rights in addition to those set out in section 3.04(b):
- (i) the right to be eligible to hold office as a Director, an Officer and/or a Committee member of the Corporation; and
 - (ii) the right to use the Corporation’s trade marks in accordance with the terms of the Designation.

3.05 **Application of Membership Rules to Members.**

- (a) **Mortgage Brokerage.** Subject to section 3.05(c) below, for a Mortgage Brokerage to be eligible for admittance or renewal as a Member, all Mortgage Brokerage Staff of the Business are required to be members. Mortgage Brokerages with Member employees shall provide the Corporation with a complete list of all Mortgage Brokerage Staff as required by the Corporation.
- (b) **Non-Mortgage Brokerage.** Subject to section 3.05(c) below, for a Business that is not a Mortgage Brokerage to be eligible for admittance or renewal as a Member, the requisite membership fees, and/or the minimum number of employees of the Business that are required to be members, as set by the Board from time to time. Businesses that are not Mortgage Brokerages with Member employees shall provide the Corporation with a complete list of all employees who are Members on as required to ensure that any requisite minimum number of employees are at all times, Members.
- (c) **Exception for Expelled, Suspended or Declined Staff/Employees.** The requirements in section 3.05(b) and 3.05(b) above apply except to the extent that an individual:
- (i) has applied to be a Member and has not been accepted as such in accordance with this Bylaw; or
 - (ii) has been expelled or suspended as a Member in accordance with the Act or this Bylaw.

3.06 **Non-Transferability of Membership.** The interest of a Member in the Corporation may only be transferred to the Corporation.

4. TERM OF MEMBERSHIP

- 4.01 **Term.** Each Member's initial term of Membership shall commence on the Membership Start Date and continue until the first applicable Membership Renewal Date. Thereafter, the term of each Member's Membership shall run for approximately one (1) year from the first applicable Membership Renewal Date until the next Membership Renewal Date unless terminated earlier in accordance with the terms of this Bylaw.

5. PAYMENT OF MEMBERSHIP FEES

- 5.01 **Payment of Initial Membership Fees.** Membership Fees shall be paid by an applicant Member at the time of submission of the Membership application or within such payment period as may be determined by the Corporation from time to time. Where an applicant Member has paid the required Membership Fees prior to consideration of his or her or its application by the Board and where, after review, the Board determines that the said applicant Member shall not be admitted to Membership by the Board, in which case any Membership Fees paid by or on behalf of the said applicant Member shall be returned to the Member, or the person that paid the Membership Fee on behalf of the Member within a reasonable period thereafter.
- 5.02 **Payment of Renewal Membership Fees.** Renewal Membership Fees shall be paid by each Member that is a Business for his, her or its own Membership at the Membership Renewal Date. Where the said Member is a Mortgage Brokerage, then it shall also pay the renewal Membership Fees for the Membership of all of his, her or its applicable Mortgage Brokerage Staff at the Membership Renewal Date or within ninety (90) days thereafter in accordance with the mandatory Membership rules in section 3.05(a). Where, however, the said Member is an Other Business, then it shall also pay the renewal Membership Fees for all of his, her or its applicable employees at the Membership Renewal Date or within ninety (90) days thereafter in accordance with the limited mandatory Membership rules in section 3.05(b) as applicable.

6. DISCIPLINE AND TERMINATION OF MEMBERSHIP

- 6.01 **Discipline, Suspension, Expulsion.** The Board shall have the authority to discipline, suspend or expel any Member for any one or more of the following grounds:
- (a) violating any provision of the Articles, Bylaw, Rules of Procedure or Policies of the Corporation including the Code of Ethics;
 - (b) carrying out any conduct which may be detrimental to the Corporation as determined by the Board in its sole discretion;
 - (c) for any other reason that the Board in its sole discretion considers to be reasonable, having regard to the purpose of the Corporation.

In the event that the Board determines that a Member should be disciplined, suspended or expelled from membership in the Corporation, the President or such other Officer as may be designated by the Board shall provide notice of the discipline, suspension or expulsion to the Member and shall provide reasons for the proposed action, suspension or expulsion all in accordance with the Code of Ethics (and relevant Complaints Process) and the Conduct Unbecoming Policy, as applicable.

6.02 **Ability to Seek Recovery.**

The Corporation shall have the authority to seek recovery of any amounts owing by a Member pursuant to this section 6 in a civil proceeding.

6.03 **No Appeal or Review.**

No proceeding shall be taken in any court or other tribunal to question or review any decision, order, direction, declaration or ruling made pursuant to this section 6 or the Code of Ethics or otherwise or to prohibit or restrain any proceeding under this section 6 or the Code of Ethics or otherwise.

6.04 **No Action Against the Corporation.**

No Member or Former Member and no partner, director or officer of a Member or Former Member (including in all cases a Member whose rights and privileges have been suspended or terminated and a Member who has been expelled from membership in the Corporation or whose membership has been forfeited) and no person who, upon application for membership or participation in any proceeding provided for in this section, has submitted to the jurisdiction of the Corporation, shall be entitled to commence or carry on any action or other proceeding against the Corporation, the Board, the NEC, the NEC Appeals Committee, any Ethics Investigator or any staff member or Officer of the Corporation in respect of any penalty imposed or any act or omission done or omitted under the provisions of and in compliance or intended compliance with the provisions of this Bylaw or any Bylaw, any Policy, any Ethics Investigator, the NEC or the NEC Appeals Committee.

6.05 **Termination.** The Membership of any Member shall be terminated upon the happening of any of the following events:

- (a) the Member delivers to the Corporation a letter of resignation, with such resignation to be effective on the date of delivery;
- (b) the Member's term of Membership has expired and the Member has not paid his or her or its renewal Membership Fees in accordance with section 5.02;
- (c) subject to section 3.04(a), the Member no longer meets all of the qualification requirements for Membership with such termination of the said Member's Membership to be effective as of the date of the Board's (or its designate' s) determination;
- (d) the Member is found by the NEC to have violated the Bylaws, the Code of Ethics or the Conduct Unbecoming Policy of the Corporation and the NEC has imposed the penalty of expulsion from Membership and the time for appeal has expired without the Member filing a notice of appeal within the time period allowed; or
- (e) the Member is found by the NEC Appeals Committee to have violated the Bylaws, the Code of Ethics or the Conduct Unbecoming Policy of the Corporation and the NEC Appeals Committee has imposed the penalty of expulsion from Membership.

6.06 **Continuing Obligations.** Termination of Membership for whatever reason shall not relieve a Member from paying to the Corporation any obligations arising from his or her Membership before the effective date of termination.

6.07 **Automatic Resignation from Other Positions in Corporation.** Where a Member who held a Designation no longer holds such Designation, then, such person shall be deemed to have also automatically resigned as a Director, an Officer and/or a Committee member, as applicable.

7. MEETINGS OF MEMBERS

- 7.01 **Annual Meeting.** The annual meeting of the Members shall be held on such day, at such time and at such place within Canada as the Board determines. The annual meeting shall be held not later than fifteen (15) months after the last preceding annual meeting and not later than six (6) months after the end of the Corporation's preceding year end, unless an exemption has been retained pursuant to the Act.
- 7.02 **Special General Meetings.** Other meetings of the Members may be convened by the Members in accordance with the Act, or by order of the Chair, the Vice Chair or the Board at any date and time and at any place within Canada.
- 7.03 **Notice of Meetings.** At least twenty one (21) Days' written notice shall be given in the manner specified in section 1.04 to each Member, each director and the auditor of any annual or special general meeting of Members. Notice of any meeting where special business will be transacted shall contain sufficient information to permit the Member to form a reasoned judgment on the business and the decisions to be taken and shall provide the text of any Special Resolution or bylaw to be submitted to the meeting.
- 7.04 **Omission of Notice.** The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting, including but not limited to the notice being received after the time prescribed in sections 7.03 and 1.04, or the non-receipt of any notice by any Member or Members or by the auditor of the Corporation shall not invalidate any resolution passed or any proceedings taken at any meeting of Members.
- 7.05 **Waiver of Notice.** A person entitled to notice of a meeting may in any manner and at any time waive notice of a meeting, and attendance of any such person at a meeting is a waiver of notice of the meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- 7.06 **Persons Entitled to be Present.** The only persons entitled to be present at a meeting of Members shall be those entitled to vote at the meeting, the Directors and the auditor of the Corporation. Any other person may be admitted only on the invitation of the Chair or with the consent of the meeting. Members must be present in person or by proxy at Meetings of Members and are not allowed to participate by telephonic, electronic or other means.
- 7.07 **Quorum.** A quorum at any meeting of the Members (unless a greater number of Members and/or proxies are required to be present by the Act or by the Articles) shall be fifty (50) Members present in person or represented by proxy. If a quorum is present at the opening of the meeting of Members, the Members present may proceed with the business of the meeting even if a quorum is not present throughout the meeting. If a quorum is not present at the opening of a meeting of Members, the persons present and entitled to vote may adjourn the meeting to a fixed time and place but may not transact any other business.
- 7.08 **Chair of Meetings.** The Chair shall preside at all meetings of Members. In the absence of the Chair, the Vice Chair shall perform the duties of the Chair. In the absence of the Chair and the Vice Chair, the persons who are present and entitled to vote shall choose another Director as chair of the meeting, and if no Director is present or if all the Directors present decline to take the chair, then the persons who are present and entitled to vote shall choose one of their number to be chair.
- 7.09 **Adjournment.** Any meetings of Members may be adjourned, with the consent of the meeting, at any time and from time to time and business may be continued at the adjourned meeting as might have been continued at the original meeting from which the adjournment took place.
- 7.10 **Notice of Adjourned Meeting.** No notice of an adjourned meeting need be given if the time and place of such meeting is announced at the original meeting and the meeting is held within thirty (30)

Days of the original meeting. Notice of adjourned meetings held more than thirty (30) Days after the original meeting shall be sufficiently given if information regarding such meeting is published in any of the Corporation's regular publications sent to all Members individually as set out above.

- 7.11 **Absentee Voting.** In addition to voting in person, every Member entitled to vote at a meeting of Members may vote by any of the following means:
- (a) by appointing in writing a proxyholder and one or more alternate proxyholders who need not be Members, as the Member's nominee to attend and act at the meeting in the manner and to the extent and with the authority conferred by the proxy, subject to the following requirements:
 - (i) a proxy is valid only at the meeting in respect of which it is given or at a continuation of that meeting after an adjournment;
 - (ii) a Member may revoke a proxy by depositing an instrument or act in writing executed by the Member in accordance with the process set by the Board from time to time;
 - (iii) the form of a proxy shall be provided by the Corporation and if a form of proxy is otherwise created it shall comply with the Act;
 - (iv) a proxyholder or an alternate proxyholder has the same rights as the Member by whom they were appointed, including the right to speak at a meeting of Members in respect of any matter, to vote by way of ballot at the meeting, to demand a ballot at the meeting and, except where a proxyholder or an alternate proxyholder has conflicting instructions from more than one Member, to vote at the meeting by way of a show of hands;
 - (b) by using a mailed in ballot in the form provided by the Corporation provided that the Corporation has a system that enables the votes to be gathered in a manner that permits their subsequent verification and permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each Member voted; or
 - (c) by means of a telephonic, electronic or other communication facility, if the facility enables the votes to be gathered in a manner that permits their subsequent verification and permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each Member voted.
- 7.12 **Deposit of Proxies.** Proxies shall be deposited with the President of the Corporation (or his designate) at least five (5) Days prior to any meeting or adjourned meeting of Meeting of Members. A proxy shall be considered deposited only when actually received by the Corporation, which deposit shall be done by the Member either in person, by ordinary mail, by facsimile transmission or by other electronic means, such as email.
- 7.13 **Voting at Meetings.** In relation to all matters to be determined at any meeting of Members:
- (a) every question shall be decided by a show of hands unless a ballot is required by the chair of the meeting or is demanded by a Member, and a declaration by the chair of the meeting that a motion has been carried or lost by a particular majority shall be conclusive evidence of the fact;
 - (b) upon a show of hands, every person present and entitled to vote shall have one (1) vote;
 - (c) a ballot may be taken in the manner directed by the chair of the meeting;
 - (d) the chair of the meeting shall not vote except in the case of a tie.
- 7.14 **Annual Financial Statements.** The Corporation may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the Members, publish a notice to its Members stating that the annual financial statements and documents provided in subsection 172(1) are available at the registered office of the Corporation and any Member may, on request, obtain a copy free of charge at the registered office or by prepaid mail or email.

8. NOMINATING COMMITTEE

8.01 Definitions. In this Bylaw, the following words have the following meanings:

- (a) **“Region”** means each of the following:
 - (i) British Columbia/Yukon;
 - (ii) Alberta/Northwest Territories;
 - (iii) Saskatchewan/Nunavut;
 - (iv) Manitoba;
 - (v) Ontario;
 - (vi) Quebec; and
 - (vii) Atlantic Canada.
- (b) **“Regional Director”** means a Director who is nominated in accordance with section 9 and subsequently elected at the annual meeting of Members in accordance with these procedures and whose primary place of residence is located within the applicable Region as defined in subsection (a) above.
- (c) **“Director at Large”** means a Director who is not a Regional Director and who is appointed pursuant to section 10.03.

8.02 **Nomination Process.** The nomination process for Regional Directors candidates shall be carried out in accordance with the applicable Policy of the Corporation in place from time to time.

8.03 **Nominating Committee.** A Nominating Committee shall be appointed by the Board for the purpose of ensuring that there are eligible candidates running for each of the available positions and the Nominating Committee shall oversee the entire process of nominating and electing Regional Directors. The Nominating Committee is not responsible for nominating or appointing Directors at Large, who shall be appointed in accordance with section 10.03.

8.04 **Composition of Committee.** The Nominating Committee shall consist of the following members:

- (a) the Immediate Past Chair or, if the Immediate Past Chair is unable or unwilling to act, then another former Chair appointed by the Board (who is not standing for election to the Board), with the said person so appointed to be chair of the Nominating Committee;
- (b) any other former Chair who is not standing for election to the Board;
- (c) a minimum of one other Director who is not standing for re-election to the Board; and
- (d) the President, who shall be a non-voting member of the Nominating Committee.

8.05 **Quorum.** A majority of the members of the Nominating Committee constitute a quorum for the transaction of business.

8.06 **Vacancies.** The chair of the Nominating Committee may appoint a Director to fill any vacancy on the Nominating Committee except a vacancy resulting from the chair ceasing to be a Nominating Committee member, which latter vacancy shall be filled by a Director appointed by resolution of the Board.

9. PROCEDURES FOR NOMINATING REGIONAL DIRECTORS

- 9.01 **Nominations for Regional Directors.** With the exception of the Chair, who does not vote unless there is a tie vote as described below, a Member shall only vote as part of the nomination process for Regional Director nominees in his or her respective Region, being the Region where the Member's primary place of residence is located. The Chair shall have a casting vote for the nomination of Regional Directors only in the event of a tie vote in a specific Region, and such casting vote is to be done in accordance with the applicable Policy of the Corporation in place from time to time.
- 9.02 **Voting Methods for the Nomination of Regional Directors.** Voting for the nomination of Regional Directors shall be done in the following way. Unless the Board determines otherwise, electronic voting shall be used for the nomination for Regional Directors and the electronic voting shall be carried out in accordance with the applicable Policy of the Corporation in place from time to time. Where the Board determines that electronic voting for the nomination of Regional Directors is not to be utilized in a particular year then the nomination of Regional Directors shall be carried out by Members by mail-in ballot or other method as determined by the Board in accordance with the applicable Policy of the Corporation in place from time to time.

10. DIRECTORS

- 10.01 **Power to Manage.** The Directors of the Corporation shall administer or supervise the administration of the affairs of the Corporation in all things and make or cause to be made for the Corporation, in its name, any kind of contract which the Corporation may lawfully enter into and, save as hereinafter provided, generally, may exercise all such other powers and do all such other acts and things as the Corporation is by the Act, its Articles or otherwise authorized to exercise and do.
- Without limiting the generality of the foregoing, the Board:
- (a) shall have the exclusive management of the finances of the Corporation;
 - (b) may pass, adopt, amend, repeal or otherwise deal with Policies; and
 - (c) may delegate any of its powers to any Committee, subject to restrictions imposed from time to time by the Directors or by the Act.
- 10.02 **Composition of the Board.** The number of Directors on the Board shall be a minimum of fourteen (14) and a maximum of twenty (20) and the precise number of Directors shall be determined annually by resolution of the Directors (as previously empowered by Ordinary Resolution of the Members). In determining the composition of the Board, the provisions of Schedule "A" shall apply.
- (a) The Board shall include fourteen (14) Directors from the Regions as set out below, each of whom shall be a Regional Director, and the names of whom shall be brought forward for election at the annual meeting of Members:
 - (i) British Columbia/Yukon 2
 - (ii) Alberta/Northwest Territories 2
 - (iii) Saskatchewan/Nunavut 1
 - (iv) Manitoba 1
 - (v) Ontario 5
 - (vi) Quebec 2
 - (vii) Atlantic Canada 1

- (b) In addition to the names of the Regional Directors, the name of the Immediate Past Chair, and the name of the Chair, in the event that the Chair does not hold the office of Regional Director at the time of his or her appointment in accordance with section 10.01, may be brought forward for election at the annual meeting of Members.
- (c) For the purposes of this section 10.2(c) the term “**MBS**” shall refer to Mortgage Brokerage Staff and/or employees, as applicable, of a Business, either on its own or, if applicable, collectively as part of a Business Group as determined in accordance with Schedule “A”.

No more than four (4) of the total number of Directors shall, at any one time, be MBS provided, however, that this restriction shall not apply to Directors appointed pursuant to section 10.3.

In the event that as part of the nomination process in any year individuals wish to put their names forward as Directors in such number as would result, if elected as Directors, in the potential for more than four (4) Directors who are MBS (including Directors already in office but excluding Directors appointed pursuant to section 10.3), then the affected nominees shall be required to determine which of the said nominees shall put their names forward as nominees in that year and which shall withdraw their nominations. If the said nominees fail to make the required decision within five (5) business days, then the Nominating Committee shall make the decision in accordance with the applicable Policy of the Corporation in place from time to time.

Where at any point in time the number of Directors who are MBS (excluding Directors who are appointed pursuant to section 10.3) exceeds four (4) then the affected Directors shall be required to determine which of the said Directors shall be required to resign immediately. If the said Directors fail to make the required decision within ten (10) business days, then the remaining Directors not affected shall make the decision within the following ten (10) business days or prior to the next meeting of the Board, whichever is earlier and the chosen Director shall be deemed to have resigned at the time of such decision.

- (d) In addition to the individuals elected pursuant to section 10.02(a) and (b), the Board shall include Director(s) at Large appointed pursuant to section 10.03.

10.03 **Directors at Large.** Subject to the Act, Directors at Large may be appointed to the Board as provided hereafter. The ability of the Board to appoint Directors is limited, in accordance with the Act and the Articles, to one third of the number of Directors elected at the most recent annual meeting of Members, and those Directors appointed by the Board shall serve until the next annual meeting of Members.

- (a) In the event that the Chair does not hold the office of Regional Director at the time of his or her appointment as Chair, and the Chair has not been added to the list being elected in accordance with section 10.02(b), the Board shall appoint such person as a Director at Large; and
- (b) Subject to the Articles, the Board in its sole discretion may appoint Directors at Large from among the Members of the Corporation as the Board may determine up to the maximum number of Directors.

10.04 **Qualifications for Director.** To be eligible to be nominated and to serve as a Director of the Corporation an individual shall:

- (a) be eighteen (18) years of age or older and have capacity under law to contract, have not been declared incapable by a court in Canada or in another country and not have the status of bankrupt;
- (b) be a Member and have a Designation;

- (c) in the case of a Regional Director, have a primary place of residence that is located within the Region that the Regional Director represents; and
- (d) in the case of a Regional Director and subject to the nominations process in place from time to time, have been designated as eligible to be a candidate for a Regional Director position in his or her respective Region in accordance with this Bylaw and the process put in place by the Nominating Committee from time to time; and
- (e) in the case of the Immediate Past Chair and/or any other former Chair, be qualified under a process determined by the Board from time to time.

Any Director elected or appointed must consent to his or her appointment in compliance with section 128(9) of the Act.

10.05 **Term.**

- (a) The term of each Director elected by the Members shall be up to three (3) years as determined by the Board prior to the election of Directors in each year.
- (b) The term of appointed Directors at Large shall commence on the date of appointment and shall be up to one (1) year, ending no later than the date of the next annual meeting of Members immediately following their appointment as Director at Large.
- (c) Directors holding the officer positions of Chair and Vice Chair may continue as Directors in order to complete their terms of office and/or, if relevant, to enable them to take the next applicable position (e.g., Vice Chair to Chair and Chair to Past Chair).
- (d) Directors may seek re-election at the end of the term, but only if such individual has served less than four (4) consecutive years, or less, as a Director.
- (e) Upon the completion of the maximum cumulative term on the Board, a minimum of a two (2) year absence is required before such individual becomes eligible again for election or appointment to the Board.

10.06 **Removal of Director.** The Members of the Corporation may, by Ordinary Resolution at a special meeting specifically called for such purpose, remove any Director before the expiration of that Director's term of office.

10.07 **Vacation of Office.** The office of a Director shall be deemed to have been vacated:

- (a) if the Director no longer meets the requirements set out in section 10.04;
- (b) if an assignment for the benefit of creditors is made by or a receiving order in bankruptcy is made against the Director;
- (c) if the Director is convicted of any criminal offence;
- (d) if the Director resigns by notice in writing to the Corporation, which resignation shall be effective at the time it is received by the Corporation or at the time specified in the notice, whichever is later;
- (e) if the Director dies;
- (f) if the Director is a Regional Director and the Director is no longer resident in the Region that the Director was elected to represent;
- (g) if the Director has been directed to resign in accordance with this Bylaw;
- (h) if the Director fails to attend two consecutive meetings, unless the Board passes a resolution permitting such individual to remain as a Director in light of extraordinary circumstances; or
- (i) if the Director is removed from office in accordance with section 10.2(c) or section 10.06.

- 10.08 **Filling Vacancies.** Any vacancy occurring in the Board may be filled by the Directors for a period which shall end on the date of the next annual meeting of Members, if they shall see fit to do so, so long as there is a quorum of Directors in office; provided, however, that if there is not a quorum of Directors, the remaining Directors shall immediately call a meeting of the Members to fill the vacancy, and in default or if there are no Directors then in office, the meeting may be called by any Member. If the maximum and minimum number of Directors as provided in the Articles is increased between annual meetings of Members, a vacancy or vacancies shall be deemed to have occurred, which may be filled by Members in accordance with this section.
- 10.09 **Remuneration of Directors.** The Directors and all Committee members shall serve without remuneration and they shall not, directly or indirectly, receive any profit from their positions as such provided that Directors and Committee members may be reimbursed for reasonable expenses incurred by them in the performance of their duties.
- 10.10 **Codes of Conduct.** Every Director shall fulfill his or her fiduciary duties to the Corporation and adhere to any codes of conduct for directors in place from time to time including any policies around conflict of interest and confidentiality.

11. OFFICERS

11.01 **Appointment.**

- (a) After the election of directors at the annual meeting, the individual who holds the office of Immediate Past Chair at the commencement of the annual meeting shall vacate such office, the individual who holds the office of Chair at the commencement of the annual meeting shall automatically fill the office of Immediate Past Chair, and the individual who holds the office of Vice Chair at the commencement of the annual meeting shall automatically fill the office of Chair. The individuals holding the offices of Chair and Vice Chair must be Directors.
- (b) The Board shall within thirty (30) Days of the annual meeting of Members and as often as may be required, elect a Vice Chair, Secretary and Treasurer from among themselves, as required from time to time.
- (c) The Board shall appoint a President as required from time to time.
- (d) No one may hold more than one Officer position at any time.
- (e) The Board may from time to time appoint such other Officers and agents as they deem necessary and the Officers and agents so appointed shall have such authority and shall perform such duties as may from time to time be prescribed by the Board and as permitted by the Act.

11.02 **Term of Office.** Officers (other than the President) shall hold their position for a period of one (1) year commencing as of the date of election or appointment until the next annual meeting of Members. The President shall hold office at the discretion of the Board. An individual may serve as Secretary or Treasurer for more than one term. The offices of Vice Chair, and Immediate Past Chair are intended to be for one (1) year only.

11.03 **Vacation of Office.** Officers (other than the President) shall continue in office until the earlier of:

- (a) the Officer's resignation, which resignation shall be effective at the time a written resignation is received by the Corporation or at the time specified in the resignation, whichever is later;
- (b) the appointment of a successor in their stead;

- (c) the Officer who is Chair or Vice Chair ceasing to be a Director for any reason, including removal as a Director in accordance with section 10.06 or 10.07; or
 - (d) the Officer's removal by a two thirds (2/3) majority resolution of the Board.
- 11.04 **Filling Vacancies.** If the office of any Officers of the Corporation shall be or become vacant for any reason whatsoever, the Board by resolution may appoint a person to fill such vacancy, provided that such person fulfills the qualification requirements for the applicable Officer position pursuant to section 11.01.
- 11.05 **Duties of Officers May Be Delegated.** In the case of the absence or inability to act of any Officer of the Corporation or for any other reason that the Board may deem sufficient, the Board may delegate all or any of the powers of any such Officer to any other Officer or to any Director for the time being.
- 11.06 **Powers and Duties.** The duties of the Officers shall include:
- (a) *Chair.* The Chair shall have the following powers and duties:
 - (i) when present, preside at all meetings of the Board and of the Members;
 - (ii) create special Committees from time to time and determine the membership of such Committees; and
 - (iii) be an *ex officio* member of all Committees.
 - (b) *Vice Chair.* If the Chair is absent or is unable or unwilling to act, the Vice Chair shall have all the powers conferred upon the Chair as set out in subsection (a) above.
 - (c) *President.* The President shall be the chief executive officer of the Corporation. The President shall have full charge of the offices and activities of the Corporation subject to the control of the Board and the Executive Committee. The remuneration of the President shall be determined by the Executive Committee from time to time.
 - (d) *Secretary.* The Secretary shall have such duties as are assigned by the Board from time to time.
 - (e) *Treasurer.* The Treasurer shall have such duties as are assigned by the Board from time to time.
- 11.07 **Remuneration of Officers.** The Officers, (other than the President, Secretary and Treasurer (if employees)), shall serve without remuneration and shall not receive, directly or indirectly, any profit from their positions; provided that the Officers may be reimbursed for reasonable expenses incurred by them in the performance of their duties.

12. MEETINGS OF DIRECTORS

- 12.01 **Place of Meetings.** Meetings of the Board shall be held at least quarterly within each calendar year at such time and such place as may be determined by the Chair, the Vice Chair or such other persons entitled to call a meeting of Directors.
- 12.02 **Notice.** A meeting of Directors may be convened by the Chair, the Vice Chair, or any two Directors together at any time and the Secretary, when directed or authorized by any of such Officers or any two Directors, shall convene a meeting of Directors. Forty eight (48) hours' notice of such meeting shall be given to each Director provided always that a Director may in any manner and at any time waive notice of a meeting of Directors and attendance of a Director at a meeting of Directors shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; provided further that meetings of Directors may be held at any time without notice if all the Directors are present (except where a Director attends a meeting for the express

purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all of the absent Directors waive notice for or after the date of such meeting.

If the first meeting of the Board following the election of Directors by the Members is held immediately thereafter, then for such meeting, or for a meeting of the Board at which a Director is appointed to fill a vacancy in the Board, no notice shall be necessary to the newly elected or appointed Directors or Director in order to legally constitute the meeting provided that a quorum of the Directors is present.

- 12.03 **Omission of Notice.** The accidental omission to give notice of any meeting of Directors to any person, or the non-receipt of any notice, or notice being received after the time prescribed in section 12.02, shall not invalidate any resolution passed or any proceeding taken at such meeting.
- 12.04 **Adjournment.** Any meeting of Directors may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. Notice of any adjourned meeting of Directors is not required to be given if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The Directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.
- 12.05 **Regular Meetings.** The Board may appoint a day or days in any month or months for regular meetings at a place and hour to be named by the Board and a copy of any resolution of the Board fixing the place and time of regular meetings of the Board shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meetings.
- 12.06 **Quorum.** A majority of Directors present at the beginning and throughout a meeting shall constitute a quorum for the transaction of business and, notwithstanding any vacancy among the Directors, a quorum of Directors may exercise all the powers of Directors. For the purposes of determining quorum, a Director may be present in person, or if authorized under section 12.08, by teleconference and/or by other electronic means.
- 12.07 **Voting.** Each Director is authorized to exercise one (1) vote. The chair of the meeting shall not vote, unless there is an equality of votes in which case the chair shall cast the deciding vote. Unless otherwise specified in these Bylaws, questions arising at a meeting of Directors shall be decided by a majority of votes.
- 12.08 **Meetings by Telephone / Electronic Participation.** If all the directors of the Corporation consent thereto generally or in respect of a particular meeting, a Director may participate in a meeting of the Board or of a Committee of the Board by means of such conference telephone or other electronic communications facilities to which all Directors have equal access and as permit all persons participating in the meeting to hear and communicate with each other, and a Director participating in such a meeting by such means is deemed to be present at the meeting. At the commencement of each such meeting the secretary of the meeting will record the names of those persons in attendance in person or by electronic communications facilities and the chair will determine whether a quorum is present. The chair of each such meeting shall determine the method of recording votes thereat, provided that any Director present may require all persons present to declare their votes individually. The Directors shall take such reasonable precautions as may be necessary to ensure that such communications facilities are secure from unauthorized interception or monitoring.

13. EXECUTIVE COMMITTEE

- 13.01 **Executive Committee.** There shall be an Executive Committee composed of the Chair, the Vice Chair, the Immediate Past Chair, the Secretary, the Treasurer, and the President. The Executive Committee shall exercise such powers as are authorized by the Board and shall be subject to the direction and supervision of the Board. The Chair shall serve as chair of the Executive Committee. Executive Committee members shall receive no remuneration from the Corporation for serving as such, but are entitled to reasonable expenses incurred in the exercise of their duty.
- 13.02 **Removal from Executive Committee.** Any Executive Committee member may be removed from the Executive Committee by a two thirds majority resolution of the Board.
- 13.03 **Meetings of the Executive Committee.** Meetings of the Executive Committee shall be held at least eight (8) times a year at any time and place to be determined by the Chair or the Vice Chair.
- 13.04 **Notice of Meetings of Executive Committee.** Not less than forty eight (48) hours written notice of meetings of the Executive Committee shall be given to each member of the Executive Committee. No error or omission in giving notice of any meeting of the Executive Committee or any adjournment meeting of the Executive Committee of the Corporation shall invalidate such meeting or make void any proceedings taken thereat and any member of such Executive Committee may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat.
- 13.05 **Quorum.** Four (4) members of the Executive Committee shall constitute a quorum for the transaction of business at all meetings of the Executive Committee.

14. OTHER COMMITTEES

- 14.01 **Committees.** The Board may from time to time appoint any committee or other advisory body, including the NEC, as it deems necessary or appropriate for such purposes and, subject to the Act, with such powers as the Board shall see fit. Any committee member may be removed by resolution of the Board.
- 14.02 **Terms of Reference.** The terms of reference for any standing Committee shall be determined from time to time by resolution of the Board.

15. POLICIES AND PROCESSES

- 15.01 The Board may establish and prescribe such policies and processes and rules (including rules of procedure relating to the ethics process described in section 16) not inconsistent with these Bylaws relating to the management and operation of the Corporation as they deem expedient.

16. ETHICS: CODE OF ETHICS, COMPLAINTS PROCESS AND RULES OF PROCEDURE

- 16.01 Pursuant to its obligation under this Bylaw, the Board shall prescribe a Code of Ethics. The Code of Ethics will include standards of behaviour appropriate for members and consequences of breaching the Code of Ethics.
- 16.02 The Board shall establish a Complaints Process to deal with complaints under the Code of Ethics. That Complaints Process shall set out the process for dealing with complaints regarding the conduct of Members and Former Members who have ceased to be Members within one year prior to the complaint being received by the Corporation and shall specify details of this process, including details of:
- a process for making a complaint,
 - an investigation process, including the appointment of a Mortgage Professionals Canada Ethics Investigator, the scope of investigatory powers, the conduct of investigations and the obligations of Members and Former Members in regard to the investigation process,
 - a hearing process including the establishment of the NEC and the policies and processes related thereto (in accordance with section 14 and section 15 hereof) and the powers of the NEC, including with respect to penalties, costs and enforcement,
 - any internal appeals process, including the creation of an NEC Appeals Committee and the powers of the NEC Appeals Committee.
- 16.03 The Board may authorize the NEC to create and from time to time amend Rules of Procedure with respect to the Complaints Process.

17. INDEMNIFICATION OF DIRECTORS AND OTHERS

- 17.01 **Standard of Care.** Every Director and Officer of the Corporation, in exercising such person's powers and discharging such person's duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Every Director and Officer of the Corporation shall comply with the Act, the Articles, and Bylaw and any Code of Conduct.
- 17.02 **Limitation of Liability of Directors, Officers and Others.** Except as otherwise provided in the Act, no Director, Officer, NEC member, NEC Appeals Committee member, the Mortgage Professionals Canada Ethics Investigator or any other party involved in the Corporation's ethics process ("**Other Party**" or "**Other Parties**") shall be liable for the acts, receipts, neglects or defaults of any other Director, Officer, NEC member, NEC Appeals Committee member, the Mortgage Professionals Canada Ethics Investigator, employee or Other Party or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person including any person with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of the Director's, Officer's, NEC member's, NEC Appeals Committee member's, Mortgage Professionals Canada Ethics Investigator's or Other Party's respective office or

trust or in relation thereto unless the same shall happen by or through the Director's, Officer's, NEC member's, NEC Appeals Committee member's, Mortgage Professionals Canada Ethics Investigator's or Other Party's own wilful neglect or default or otherwise result from a failure to act in accordance with the Act. The Directors, Officers, NEC members, NEC Appeals Committee members, Mortgage Professionals Canada Ethics Investigators and Other Parties for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the Board. If any Director or Officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a Director or Officer or shall have an interest in a person who is employed by or performs services for the Corporation, the fact of being a Director or Officer of the Corporation shall not disentitle such Director or Officer or such person, as the case may be, from receiving proper remuneration for such services. Notwithstanding the foregoing, the Directors and Officers shall comply at all times with the conflict of interest provisions of the Act.

- 17.03 **Indemnities to Directors and Others.** Except as otherwise required by the Act, every Director, Officer, NEC member, NEC Appeals Committee member, the Mortgage Professionals Canada Ethics Investigator, Other Party or any other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any corporation controlled by it, and their heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Corporation from and against:
- (a) all costs, charges and expenses whatsoever which such Director, Officer, NEC member, NEC Appeals Committee member, Mortgage Professionals Canada Ethics Investigator, Other Party or other person sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against the Director, Officer, NEC member, NEC Appeals Committee member, Mortgage Professionals Canada Ethics Investigator, Other Party or other person for or in respect of any act, deed matter or thing whatever, made, done or permitted by them in or about the execution of the duties of such office or in respect of any such liability, except such costs, charges or expenses as are occasioned by their own wilful neglect or default; and
 - (b) all other costs, charges and expenses which the Director, Officer, NEC member, NEC Appeals Committee member, Mortgage Professionals Canada Ethics Investigator, Other Party or other person sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by their own wilful neglect or default.

The Corporation shall also indemnify any such person in such other circumstances as the Act or law permits or requires. Nothing in this Bylaw shall limit the right of any person entitled to indemnity to claim indemnity apart from of this Bylaw to the extent permitted by the Act or law.

- 17.04 **Insurance.** Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person entitled to be indemnified by the Corporation pursuant to this Bylaw against any liability incurred by the individual in the individual's capacity as a director or an officer of the Corporation; or in the individual's capacity as a director or officer, or in a similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.
- 17.05 **Advances.** With respect to the defence by a director or officer or other individual of any claims, actions, suits or proceedings, whether civil or criminal, for which the Corporation is liable to indemnify a director or officer pursuant to the terms of the Act, the Board may authorize the Corporation to advance to the director or officer or other individual such funds as may be reasonably necessary for the defence of such claims, actions, suits or proceedings upon written notice by the director or officer to the Corporation disclosing the particulars of such claims, actions, suits or proceedings and requesting such advance. The director or officer shall repay the money advanced if the director or officer does not fulfill the conditions of Section 151(3) of the Act.

18. AMENDMENT OF BYLAWS

- 18.01 Subject to the Articles, the Board may, by resolution, make, amend or repeal any Bylaw that regulates the activities or affairs of the Corporation. Any such Bylaw, amendment or repeal shall be effective as of the date of the resolution of the Board until the next meeting of Members where it may be confirmed, rejected or amended by the Members by Ordinary Resolution. If the Bylaw, amendment or repeal is confirmed or confirmed as amended by the Members it remains effective in the form in which it was confirmed. The Bylaw, amendment or repeal ceases to have effect if it is not submitted to the Members at the next meeting of Members or if it is rejected by the Members at the meeting. This Section does not apply to a Bylaw amendment that requires a Special Resolution because such Bylaw amendments are only effective when confirmed by Special Resolution of the Members.

19. BOOKS AND RECORDS

- 19.01 The Directors shall ensure that all necessary books and records of the Corporation required by the Bylaws of the Corporation or by any applicable statute or law are regularly and properly kept.

20. EFFECTIVE DATE OF THIS BYLAW

- 20.01 **Bylaw and Effective Date.**

Upon the enactment of this Bylaw, all previous Bylaws of the Corporation shall be repealed. Such repeal shall not affect the previous operation of any Bylaw or affect the validity of any act done or right or privilege, obligation, or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any Articles of the Corporation obtained pursuant to, any such Bylaw prior to its repeal. All directors, officers, and person acting under any Bylaw so repealed shall continue to act as if appointed under the provisions of this Bylaw and all resolutions of the Members and of the Board with continuing effect passed under any repealed Bylaw shall continue as good and valid except to the extent inconsistent with this Bylaw and until amended or repealed.

General Operating Bylaw adopted on the 1 day of November, 2016.

SCHEDULE "A"

BUSINESS GROUPS

- 1.01 **Grouping of Business Members.** For the purpose of limiting the extent of corporate representation on the Board by Members who are Businesses, the Corporation shall group Businesses into one or more of the following categories, as may be applicable:
- (a) **Corporate Control Grouping.** The corporate control grouping shall apply where:
 - (i) Fifty percent (50%) or more of the common shares or the capital stock of a Business that is a Member are owned at any time by another Business that is a Member; or
 - (ii) the voting securities of a Business that is a Member are held by or for the benefit of another Business that is a Member and the votes carried by such securities are sufficient, if exercised by the Business that is a Member holding them, to elect a majority of the board of directors of a Business that is a Member; or
 - (iii) to the extent that a Business that is a Member is not incorporated, the Business is controlled by another Business that is a Member;in which case all such Businesses that are controlled, as described above, by a controlling Business, as well as the controlling Business itself, shall together be categorized by the Corporation as a single Business Group;
 - (b) **Franchise or Aggregate Grouping.** The franchise or aggregate grouping shall apply where a Business that is a Member, as a mortgage origination franchisee or as an aggregatee of mortgage originating businesses, has entered into a mortgage origination franchise or aggregate agreement with another Business that is a Member as the franchisor or the aggregator, the main purpose of which is to govern the relationship between two or more Businesses that are Members regarding the manner in which the business carried on by the Business that is a Member, as the franchisee or the aggregatee, as described above, is to be conducted, in which case all Business that is a Members that are franchisees or aggregatees, as described above, of another Business that is a Member, as well as the franchisor or the aggregator Business that is a Member itself, shall together be categorized by the Corporation as a single Business Group; or
 - (c) **Branding Grouping.** The branding grouping shall apply where a Member that is a Business, in carrying out its business activities, is using branding materials (including but not limited to name, term, sign, symbol or design, trade mark and/or copyrighted materials), which are owned by another Business Member, in which case all Members using the same branding materials, as described above, as well as the Member owner of the said branding materials, shall together be categorized by the Corporation as a single Business Group.



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2005 Sheppard Ave. E., Suite 401, Toronto, ON M2J 5B4