

INCOME BEFORE TAXES:

| Net Annual Income (before taxes) | Current calendar year ³ | Last calendar year | Calendar year before last |
|--|------------------------------------|--------------------|---------------------------|
| A. Your annual income before taxes | \$ _____ | \$ _____ | \$ _____ |
| B. Your spouse's annual income before taxes, if applicable | \$ _____ | \$ _____ | \$ _____ |
| = Total Net Annual Income (A + B) | \$ _____ | \$ _____ | \$ _____ |

³ Expectation only.**SOURCE OF FUND:**

What is the source of fund for the investment?

 Income
 Sale of asset
 Savings
 Other _____
INVESTMENT PORTFOLIO COMPOSITION:

| | |
|-------------------------------------|--------------|
| Stocks listed on exchange | _____ % |
| Mutual Funds | _____ % |
| Fixed Income | _____ % |
| Exempt Securities | _____ % |
| Other (please specify) _____ | _____ % |
| = Total Investment Portfolio | 100 % |

4. BANKING INFORMATION FOR DIRECT DEPOSITDo you wish to receive distribution payments by direct deposit to your bank account (non-registered investments only)? Yes NoIf yes, please provide a void cheque or direct deposit form for your personal bank account. Banking information can be changed at any time by contacting Canada Penfund Mortgage Corporation at (250) 727-3500 or info@canadapenfund.ca. Please note that the cheque provided must include the name of the beneficial owner of the account, and must match the name of the registered account holder.

Bank Name: _____ Branch Address: _____ Account #: _____

5. ABOUT JOINT APPLICANT

Sections 5 and 6 are only applicable if you selected Joint Tenants with Right of Survivorship or Tenants in Common. If this application is for an individual account please proceed to section 7.

 Mr. Mrs. Ms. Miss. Dr.Marital Status: Single Married Widowed Divorced Common-law

Last Name _____ Initial _____ First Name _____

Home Address _____

City _____ Province _____ Postal Code _____

Home Phone Number _____ Business Phone Number _____

Cellular Phone Number _____ Email Address _____

Date of Birth _____ Social Insurance Number _____

Mailing Address (if different from above) _____

Employer Name _____ Type of Business _____

Occupation _____

Number of Dependents _____ Citizenship _____

6. JOINT APPLICANT FINANCIAL PROFILE – Only applicable if you selected Joint with Right of Survivorship or Tenants in Common

ESTIMATED NET WORTH:

| | | | | | |
|---|-----------------|--------------------|----------------------------------|-----------------|--------------------|
| A. Net Financial Assets¹: | | % Ownership | B. Net Assets: | | % Ownership |
| Cash | \$ _____ | _____ % | Primary Residence | \$ _____ | _____ % |
| + Investments / Financial Assets | \$ _____ | _____ % | + Net Financial Assets (From: A) | \$ _____ | _____ % |
| - Personal Loans | \$ _____ | _____ % | + Other Assets ² | \$ _____ | _____ % |
| = Net Financial Assets | \$ _____ | _____ % | - Mortgages / Secured Loans | \$ _____ | _____ % |
| | | | = Net Assets | \$ _____ | _____ % |

¹ Financial Assets include cash and securities as well as insurance contracts and other deposits, but exclude your principal residence and other real estate.

² Includes other real estate, corporate investments.

INCOME BEFORE TAXES:

| Net Annual Income (before taxes) | Current calendar year³ | Last calendar year | Calendar year before last |
|--|--|---------------------------|----------------------------------|
| A. Your annual income before taxes | \$ _____ | \$ _____ | \$ _____ |
| B. Your spouse's annual income before taxes, if applicable | \$ _____ | \$ _____ | \$ _____ |
| = Total Net Annual Income (A + B) | \$ _____ | \$ _____ | \$ _____ |

³ Expectation only.

INVESTMENT PORTFOLIO COMPOSITION:

| | |
|-------------------------------------|--------------|
| Stocks listed on exchange | _____ % |
| Mutual Funds | _____ % |
| Fixed Income | _____ % |
| Exempt Securities | _____ % |
| Other (please specify) _____ | _____ % |
| = Total Investment Portfolio | 100 % |

7. INVESTOR AND RISK PROFILE

CHOOSING YOUR MORTGAGE INVESTMENT FUND - When choosing a mortgage investment fund, two important considerations are your risk tolerance and return requirements. These considerations result in a trade off since most people want a high return with low risk. Unfortunately, a higher return usually means higher risk. Because of this conflict, choosing a mortgage investment fund is often a struggle between the risk you are willing to assume and the return you need to achieve for your financial goals. As such, the following questionnaire will help us assess your risk tolerance and return requirements so that we can work with you to help assess your suitability for this investment. Please refer to the Offering Memorandum which outlines the typical risks associated with this type of investment.

RISK ASSESSMENT - The following questions will be used to gauge your risk tolerance and possibly, provide a counterbalance to the return you will need to achieve in your mortgage investment fund. There are no right or wrong answers in this questionnaire – please check each answer which best indicates how you feel.

1) Which of the following statements would you feel most correctly describes your investment philosophy?

| | | |
|----|---|--------------------------|
| a. | I cannot accept any loss in the money I invest. (zero risk tolerance) | <input type="checkbox"/> |
| b. | I prefer to invest in safer, lower return investments. (low risk tolerance) | <input type="checkbox"/> |
| c. | I am willing to tolerate some ups and downs and associated risks with respect to the value of my mortgage investment portfolio to achieve overall higher returns in the long run. (medium risk tolerance) | <input type="checkbox"/> |
| d. | My main interest is high, long-term returns and I am not concerned about short-term decreases in my mortgage portfolio, nor any associated risk. (high risk tolerance) | <input type="checkbox"/> |

2) How would you describe your flexibility in meeting your financial goals?

| | | |
|----|---|--------------------------|
| a. | I must meet my financial goals within my specific time frame. | <input type="checkbox"/> |
| b. | I hope to meet my financial goals by my target date, but I do have some flexibility to wait 1 to 2 years longer than my original target dates to meet the specific dollar requirements. | <input type="checkbox"/> |
| c. | I understand that I may not achieve my financial goals. If I have not met my specific targets by the original target dates, I will not be overly concerned. I will re-evaluate my goals and either postpone the realization of them to some future time or eliminate them altogether. | <input type="checkbox"/> |

3) What is your anticipated investment time frame?

| | | |
|----|---------------|--------------------------|
| a. | 0 – 12 months | <input type="checkbox"/> |
| b. | 1 – 3 years | <input type="checkbox"/> |
| c. | 3 – 5 years | <input type="checkbox"/> |
| d. | Over 5 years | <input type="checkbox"/> |

4) Which statement best describes your investment knowledge?

| | | |
|----|--|--------------------------|
| a. | I have no knowledge and rely exclusively on my own financial advisor. (no investment knowledge) | <input type="checkbox"/> |
| b. | I understand basic investment principles and I do not actively follow the financial markets. (limited investment knowledge) | <input type="checkbox"/> |
| c. | I have general understanding of financial markets and follow their progress occasionally. (moderate investment knowledge) | <input type="checkbox"/> |
| d. | I have a good working knowledge of financial markets and follow the markets actively. (good investment knowledge) | <input type="checkbox"/> |
| e. | I have considerable knowledge, manage my own portfolio, and follow the financial markets daily. (extensive investment knowledge) | <input type="checkbox"/> |

5) What are your main investment objectives?

| | | |
|----|-----------------------|--------------------------|
| a. | Capital Preservation. | <input type="checkbox"/> |
| b. | Income. | <input type="checkbox"/> |
| c. | Capital Gains. | <input type="checkbox"/> |
| d. | Other. | <input type="checkbox"/> |

If "other" please explain further:

6) What is your intended use of the account?

| | | |
|----|-------------------------------------|--------------------------|
| a. | Funding Retirement. | <input type="checkbox"/> |
| b. | Diversification of portfolio. | <input type="checkbox"/> |
| c. | Funding day to day living expenses. | <input type="checkbox"/> |
| d. | Other. | <input type="checkbox"/> |

If "other" please explain further:

7) Do you plan to borrow money in order to make this investment?

| | | |
|----|--|--------------------------|
| a. | Yes. | <input type="checkbox"/> |
| b. | No. | <input type="checkbox"/> |
| c. | Repay your loan in full plus any interest. | <input type="checkbox"/> |

If "yes" please be advised that you will be required to repay your loan in full despite the fact that the security may fall in value.

I hereby understand the risk involved.

8. REGULATORY INFORMATION / DOCUMENTATION**Politically Exposed Foreign Person**

Are you or the joint applicant a politically exposed foreign person? Yes No; If yes, office or position _____

Definition: Politically exposed foreign person means a person who holds or has held one of the following offices or positions in or on behalf of a foreign state:

- | | |
|---|--|
| <ul style="list-style-type: none"> a. head of state or head of government; b. member of the executive council of government or member of a legislative; c. deputy minister or equivalent rank; d. ambassador or attaché or counsellor of an ambassador; e. military officer with a rank of general or above; | <ul style="list-style-type: none"> f. president of a state-owned company or a state-owned bank; g. head of a government agency; h. judge; i. leader or president of a political party represented in a legislature; or, j. holder of any prescribed office or position. |
|---|--|

It includes any prescribed family member of such person

A family member means one of the following:

- mother or father
- child
- spouse or common-law partner
- spouse or common-law partner's mother/father
- brother, sister, half-brother, half-sister

Third Party Determination Statement

THIRD PARTY Determination – Are you opening this account on behalf of another person? Yes No

Definition of third party:

"Third party" includes an individual/entity other than Pendfund Income Fund Inc. or the client(s) on the account:

1. who provides directions regarding investment in the accounts;
2. who has a financial interest in the account or who exert control over the assets in the account;
3. who makes deposits to the account or to whom the proceeds of duly authorized trade are disbursed.

Will any person other than the account holder/joint account holder direct the activity in this account? Yes No

If you answered "Yes" to either of these questions, please provide the following information about that third party:

| | |
|---|---|
| Name of Third Party | Address of Third Party |
| Date of Birth of the third party (if an individual) | Incorporation number and jurisdiction of incorporation (if a corporation) |
| Principal business or occupation of the third party | The relationship that exists between the account holder and the third party |

Insider Information

Are you or a direct family member, with whom you reside, an officer or director of an issuer whose securities are publicly traded ("Issuer") or a subsidiary of an issuer?

Yes If yes, please provide name of issuer: _____ No

Do you or a direct family member, with whom you reside, have direct or indirect ownership or control, individually or as part of a group, of more than 10% of the voting rights of an issuer?

Yes If yes, please provide name of issuer: _____ No

9. FOREIGN ACCOUNT TAX COMPLIANCE

What is your residency for tax purposes? (Check all boxes that apply and provide the information requested.)

Canada US _____ (US TIN) Other _____ (Country Name) _____ (TIN, if any).

If you do not reside in the US, are you a US citizen? No Yes

If "Yes" provide your US TIN _____, and complete the form W-9 (request per taxpayer identification number and certification).

10. TERMS OF ENGAGEMENT

The following terms set out the relationship between Pendfund Income Fund Inc. ("PIFI") and the applicant(s) named above (the "Client") and are intended to disclose any information that would be important to the Client with respect to its investment account.

CONFIDENTIALITY

Any information provided to PIFI by the Client will be kept strictly confidential. PIFI will only disclose information to comply with any regulatory or legal requirements.

Before we accept any investment from you we are obligated under securities legislation to take reasonable steps to gather relevant information about assets, liabilities and other details about your income tax and estate tax situation. This will help establish benchmarks used to determine whether an investment is suitable for you.

Your information is confidential and we confirm that it will be used solely in connection with your proposed investment in one of the PIFI funds or in a direct mortgage investment. No information will be disclosed to any third-party without your prior written consent.

PRODUCTS – INVESTMENT ALLOCATION POLICY

Penfund Income Fund I (PIFI) may from time to time operate different mortgage funds and it will receive fees from each of the funds, as set out in the relevant Offering Memorandum or for direct mortgage investments, in the relevant mortgage participation and servicing agreement. You are free to invest in any financial products you choose and you should choose the fund with the appropriate risk/return profile.

If a trade is allocated to different funds, it should be allocated fairly to each fund managed by PIFI or its affiliates applying the following policy:

1. Each fund which could participate in a mortgage investment shall be identified.
2. Mortgage investments shall be allocated fairly.
3. Fees and expenses shall be allocated fairly.

If a mortgage investment is appropriate for the investment objective of more than one fund, it may be allocated to several funds under administration.

Certain mortgage investments may not be appropriate for every fund. Funds may be designed to have different risk tolerances with different investment policies. Allocation of a mortgage investment amongst funds may be determined by an evaluation risk and liquidity factors of the fund, the cash position of a fund or the general composition of the fund(s).

As a result, allocation of mortgage investments to funds administered by PIFI is a managed process. Funds which do not meet the investment parameters of a certain loans will be excluded from sharing it, for example if the loan is too large or complicated for the fund.

Other policies are as follows:

1. All funds qualified for certain loans may be allocated a portion of the investment based on available cash at that time.
2. Allocations of loans shall take place with the following priority:
 - i. Unit investor funds;
 - ii. Private placement loans;
 - iii. Loan syndications.
3. If more than one fund is suited for a loan, PIFI shall attempt to ensure that mortgage investments are appropriately disbursed amongst eligible funds.
4. To ensure fairness of allocation between the funds:
 - a. Small loans will only be shared by a small number of funds to ensure administrative efficiencies.
 - b. All loans shall be shared with regard to size and geographic diversification of mortgage assets;
 - c. Consideration shall be given to funds which were unable to participate in past investments.

With respect to principal pay-downs PIFI will attempt to pay down the investment of each account proportionately. However, the choice may be made to repay syndicated investors or internal companies first and leave investment funds properly invested. Other considerations may apply depending on the determination of risk.

In order to assist PIFI to determine the suitability of an Investment for you, we ask that each Client answer the questions provided above in the section titled “Investor & Risk Profile.”

RISK FACTORS

There are determinations in risk management an investor should make when making an investment in commercial loan funds as there are risks inherent in the industry. A few of these risks are liquidity and lack of secondary market. Investment in a mortgage fund investment is generally best suited to investors who have the capacity and desire to accept the risk of capital loss and who have no immediate need for liquidity.

In the mortgage industry there is no absolute assurance of return on investment. Prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before making an Investment in order to determine the appropriateness of the Investment in relation to their financial, investment objectives and tax consequences of any such Investment.

Prospective investors should consider the following risks before making an Investment. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on return to investors and include the following:

Retraction Liquidity – Investments may be retractable, meaning that investors have the right to require redemption upon appropriate advance notice from the investor. However, different investments have different restrictions on retraction, and the right of retraction may be suspended under certain circumstances.

Absence of Management Rights – Investments do not carry voting rights. Consequently an investor’s Investment does not carry with it any right to take part in the control or management of a fund’s business.

Borrowed Money – Using borrowed money to finance the purchase of securities is not recommended as this involves greater risk than using cash resources. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest remains the same whether or not the value of the securities purchased declines.

No Market – There is no market through which an Investment may be sold and it is not expected that any market will develop in the future. Accordingly, an Investment should only be considered by investors who do not require liquidity. Investments are subject to onerous resale restrictions under applicable securities legislation.

STATEMENTS

Quarterly statements are sent to all clients via mail unless arrangements have been made to provide the statement electronically. It includes the number of units held, value per unit (\$/unit), total dollar value of units held and confirmation of any transactions executed and other information relevant to an investor. Should a client require an additional statement or updated statement the investor may contact PIFI to have one sent to it.

DISPUTE RESOLUTION

Continuing good relationships with clients are the foundation of our business. Despite the best efforts of all we accept that sometimes difficulties and misunderstandings occur. If you are dissatisfied with the service you receive from us, you should take the matter up in the first instance with your dealing representative. If the matter is not resolved to your satisfaction, your comments should then be referred to our Chief Compliance Officer. If you remain unsatisfied with our response, you can forward a copy of our response and your original complaint to the Ombudsman for Banking Services and Investments (OBSI). OBSI is an independent dispute-resolution service that investigates unresolved disputes at no charge to you. An alternative to the legal system, it may recommend compensation up to \$350,000. OBSI can be reached at 1-888-451-4519 or www.obsi.ca, and must be contacted within 180 days of receiving a final response from our Chief Compliance Officer.

CONNECTED ISSUER

PIFI, when acting as an exempt market dealer in selling securities of an investment entity formed by PIFI, may also be an affiliate of the Manager of that investment entity and consequently, the investment entity may be considered a “connected issuer” of PIFI within the meaning of applicable securities legislation.

PRIVACY POLICY ACKNOWLEDGMENT AND ELECTRONIC COMMUNICATION CONSENT

Canada Penfund Mortgage Corporation ("CPMC"), whose address and telephone number are 140-4392 West Saanich Road, Victoria, BC V8Z 3E9, Telephone: 250-727-3500, on its own behalf and on behalf of its existing and future affiliates (Pendfund Income Fund Inc., "PIFI"), seeks your consent to receiving commercial electronic messages from CPMC, including messages about products and services provided or distributed by CPMC, your account, and your investments. A mechanism will be provided to enable you to withdraw your consent to/unsubscribe from receiving certain messages. This consent applies to all electronic addresses provided or that are provided to CPMC from time to time at any time. It will remain valid and in effect until you cancel it.

I/we hereby consent to the collection, use and disclosure of my personal information in accordance with the privacy policy of Canada Penfund Mortgage Corporation ("**Privacy Policy**"). I/we hereby acknowledge having read the Privacy Policy which is available at:

<http://canadapenfund.ca/privacy-policy/>.

If I am/we are unable to access the Privacy Policy electronically, I/we acknowledge being offered a hard copy of the Privacy Policy.

11. SIGNATURE(S)

INVESTOR ACKNOWLEDGMENT – By signing below, you declare that all information provided in Sections 1 – 10 is, to the best of your knowledge and belief, correct and complete, and you confirm that you have read, understand, and agree to the terms of engagement described above. You further verify that you understand the questions asked in Section 7 – Investor & Risk Profile and have discussed the answers with Canada Penfund Mortgage Corporation.

 Your Name (please print)

 Signature

 Date

 Joint Applicant's Name (please print)

 Joint Applicant's Signature

 Date

INTERNAL USE ONLY – To be completed by Dealing Representative

DEALING REPRESENTATIVE ACKNOWLEDGMENT – By signing below, you verify that you have discussed the information provided in Sections 1 – 10 of the New Account Application with the Client(s), and verify that to the best of your knowledge the information provided is complete and accurate. You further verify that based on your assessment of the Client's responses, particularly with respect to Sections 3, 5, 6, and 7, that the investment fund selected by the Client is a suitable investment.

 Name of Dealing Representative (please print)

 Signature

 Date

INTERNAL USE ONLY – To be completed by Chief Compliance Officer. Only one of the following two sections (A/B) is required.

- A. I have reviewed the Account Application form and Certificate and confirm:
- all KYC information has been collected;
 - documents submitted to establish the client's identity have been reviewed;
 - individual qualifies to invest as either an Accredited Investor*, Eligible Investor*, or Permitted Client**;
 - signatures have been obtained on the Account Application and the Certificate;
 - information in the KYC form and Certificate has been cross-referenced and is consistent;
 - there is no undue overconcentration of investments; and
 - investment is suitable, as determined below:

HOW DID YOU DETERMINE SUITABILITY:

PENDFUND INCOME FUND INC.

Per: _____
Authorized Signatory

Date: _____

- B. Client is a Permitted Client** and has waived the KYC/Suitability review. I have reviewed the Account Application form and Certificate and confirm:
- the KYC information under the Sections 2, 3, 5, 6, 7, 8 and 9 are complete;
 - signatures have been obtained on both the Account Application form and Certificate;
 - individual qualifies as a Permitted Client** and has signed the waiver of suitability and collection of information pertaining to client's investment needs and objectives, financial circumstances, and risk tolerance.

PENDFUND INCOME FUND INC.

Per: _____
Authorized Signatory

Date: _____

* as defined in NI 45-106
** as defined in NI 31-103
*** KYC/suitability not required per NI 31-103

NOTES

Required Documentation (if applicable)

- Passport, Drivers Licence, Provincial Health Insurance Card (restriction: ON, MB, NS and PEI not allowed by law) Permanent Resident Card, or Record of Landing *
- Permitted Client Acknowledgement / Suitability Waiver
- Risk Acknowledgement Form (45-106F4)
- Eligible Investor Certification
- Accredited Investor Certification
- Risk Acknowledgement Form for Individual Accredited Investor (45-106F9)
- Form W-8BEN
- Form W-9 (for US citizen/resident only)

* document must be certified