

Form 51-102F6
December 31, 2023
Compensation Discussion and Analysis

Builders Capital Mortgage Corp. (The Corporation) is managed by Builders Capital Management Corp. (The Manager) under a Management Services Agreement the text of which is available on SEDAR. The Manager provides a variety of services, including all day-to-day management and administrative services required by the Corporation. The Manager is responsible for all costs of this management including salaries, rent, etc.

The Corporation's senior management team consists of individuals employed by the Manager. Pursuant to the Management Services Agreement, the Manager directs the affairs and manages the Corporation's business and administers or arranges for the administration of the Corporation's day-to-day operations. The Corporation has no employment agreements with members of senior management and the Corporation does not pay any cash compensation to any individuals serving as the Corporation's officers, directly or indirectly. Rather, those individuals are compensated by the Manager.

In consideration for the services provided to the Corporation by the Manager, the Manager is paid a Management Fee equal to 1% per annum of the book value of share capital of the Corporation, calculated daily, aggregated, and paid monthly in arrears, plus applicable taxes and the Manager is entitled to charge, collect and retain Lender Fees from borrowers. Lender Fees are charged as compensation for services rendered by the Manager in the origination, undertaking and oversight of Mortgages. In circumstances where Lender Fees are payable, the Corporation receives an amount equal to 28.6% of the Lender Fee and the remaining portion, being 71.4%, is retained by the Manager.

During 2023, the fee based on the book value of share capital totalled \$315,137.

During 2023, the portion of the fees charged directly to borrowers which were shared between BCMC and the Corporation that were paid to BCMC was \$1,128,610.

Although certain individuals hold the titles as the Corporation's officers, these officers are employees of the Manager and the board of directors of the Manager has sole responsibility for determining their compensation.

As a result of the Corporation's arrangements with the Manager, the Corporation does not employ any individuals and accordingly, does not require a compensation committee. Instead, the Board, as a whole, is responsible for compensation matters, to the extent applicable.

Compensation of Named Executive Officers of the Corporation

During 2023, the Corporation had three Named Executive Officers, Sandy Loutitt, the President, CEO and director, John Strangway, the CFO and director up to his resignation date of September 6, and Michael Matishak, the CFO from September 6 to December 31. None of the Corporation's executive officers received any compensation directly from the Corporation at any time for their roles as President and CEO and CFO.

The compensation of the Named Executive Officers is paid by the Manager from the Manager's revenues. As a private company, the Manager's process for determining executive compensation is relatively

straightforward, involving input from senior management of the company. There is no specific formula for determining the amount of each element of compensation, nor is there a formal approach applied by the Manager for determining how one element of compensation fits into the overall compensation objectives in respect of the activities of the Corporation. Objectives and performance measures may vary from year to year as determined to be appropriate by the Manager.

For 2023, the Manager has determined that the portion of the compensation paid by the Manager to Sandy Loutitt for functioning as President and CEO for the Corporation is \$60,000. For 2023, the Manager has determined that the portion of the compensation paid by the Manager to John Strangway for functioning as CFO for the Corporation is \$50,000. For 2023, the Manager has determined that the portion of the compensation paid by the Manager to Michael Matishak for functioning as CFO for the Corporation is \$10,000. Sandy Loutitt and John Strangway receive(d) additional compensation from the Manager for services provided to the Manager in connection with the Manager's other business activities.

The Board has not specifically considered the implications of the risks associated with the Corporation's compensation policies and practices given that the role of the Board in this regard is limited. Nevertheless, the Board has determined that, generally, processes and controls are in place to mitigate any risks and, overall, such risks are not significant and not reasonably likely to have a material adverse effect on the Corporation. Although the Board has not adopted any policies in this regard, in the event that a Named Executive Officer or director of the Corporation purchases financial instruments that are designed to hedge or offset a decrease in market value of the Corporation's equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director, such purchases must be disclosed in the insider reporting filings of a Named Executive Officer or director.

Remuneration paid by the Manager is intended to provide an appropriate level of compensation that will assist in employee retention and recruitment. Remuneration is determined on an individual basis, taking into consideration the past, current and potential contribution to the success of the Corporation, the position and responsibilities of the Named Executive Officers and competitive industry pay practices for other mortgage investment corporations and corporations of comparable size. Remuneration will also be based on qualitative and quantitative performance standards and will reward performance of the Corporation as a whole or the Named Executive Officer individually. The Manager does not engage compensation consultants or advisors for the purposes of performing benchmarking or apply specific criteria for the selection of comparable Mortgage lending businesses.

The Corporation, or the Manager, do not have a long term incentive plan pursuant to which cash or non-cash compensation has been or will be paid or distributed to any Named Executive Officer. The Corporation or the Manager does not have any stock appreciation rights or incentive plans. The Corporation or the Manager has not issued any stock options to any Named Executive Officer.

The Corporation, or the Manager, do not have a pension plan or provide any benefits following or in connection with retirement.

Summary of Compensation

The following table sets forth a summary of the annual and long-term compensation for services paid for the three most recently completed financial years to the Corporation's Named Executive Officers.

Name	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation \$	Total (\$)
Sandy Loutitt ¹ President & CEO	2023	\$60,000	Nil	Nil	Nil	Nil	Nil	\$60,000
	2022	\$60,000	Nil	Nil	Nil	Nil	Nil	\$60,000
	2021	\$60,000	Nil	Nil	Nil	Nil	Nil	\$60,000
John Strangway ² CFO	2023	\$50,000	Nil	Nil	Nil	Nil	Nil	\$50,000
	2022	\$50,000	Nil	Nil	Nil	Nil	Nil	\$50,000
	2021	\$50,000	Nil	Nil	Nil	Nil	Nil	\$50,000
Michael Matishak ³ CFO	2023	\$10,000	Nil	Nil	Nil	Nil	Nil	\$10,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Sandy Loutitt is not an employee of the Corporation. For services to the Corporation, the Corporation pays the Manager fees as described above. A portion of these fees are designated as for providing executive management services to the Corporation. For 2023, 2022 and 2021, this portion was set as \$60,000 for Mr. Loutitt's services as President and CEO.
2. John Strangway is not an employee of the Corporation. For services to the Corporation, the Corporation pays the Manager fees as described above. A portion of these fees are designated as for providing executive management services to the Corporation. For 2023, 2022 and 2021, this portion was set as \$50,000 for Mr. Strangway's services as CFO.
3. Michael Matishak is not an employee of the Corporation. For services to the Corporation, the Corporation pays the Manager fees as described above. A portion of these fees are designated as for providing executive management services to the Corporation. For 2023, 2022 and 2021, this portion was set as \$10,000, Nil and Nil respectively for Mr. Matishak's services as CFO.

Director Compensation

Summary Table

The following table sets forth a summary of the annual and long-term compensation for services paid for most recently completed financial year to the Corporation's directors.

Name	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation \$	Total (\$)
Sandy Loutitt	2023	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
John Strangway	2023	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
Brent J. Walter	2023	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
John A. Drummond	2023	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
Victor P. Harwardt	2023	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
David E.T. Pinkman	2023	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000

The Corporation has set compensation for directors at \$1,000 annually together with \$500 for each meeting attended in person, by telephone or teleconference. There has been no other arrangement pursuant to which directors are compensated by the Corporation in their capacity as directors, except as disclosed herein and in the consolidated financial statements.

The Corporation does not have a long-term incentive plan pursuant to which cash or non-cash compensation has been or will be paid or distributed to any director of the Corporation. The Corporation does not have any stock appreciation rights or incentive plans. The Corporation has not issued any stock options to any director of the Corporation.

The Corporation does not have any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of employment of the Named Executive Officers' responsibilities following a change in control.