



Notice of Meeting and Meeting Agenda Hospitals and Housing Committee

Wednesday, October 1, 2025

1:30 PM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

K. Murdoch (Chair), J. Caradonna (Vice Chair), M. Alto, P. Brent, S. Brice, Z. de Vries,
S. Goodmanson, G. Holman, P. Jones, C. McNeil-Smith (Board Chair, ex officio)

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. Territorial Acknowledgement

2. Approval of Agenda

3. Adoption of Minutes

3.1. [25-0989](#) Minutes of the Hospitals and Housing Committee Meeting of September 3, 2025

Recommendation: That the minutes of the Hospitals and Housing Committee meeting of September 3, 2025 be adopted as circulated.

Attachments: [Minutes - September 3, 2025](#)

4. Chair's Remarks

5. Presentations/Delegations

The public are welcome to attend CRD meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

5.1. Presentations

5.2. Delegations

- 5.2.1. [25-1026](#) Delegation - Janis Gauthier; Representing Gulf Islands Seniors Residence Association: Re: Agenda Item 7.2. Motion with Notice: 2026 CRD Capital Plan and Gulf Islands Seniors Residents Association Kings Lane Housing Project (Director Holman)
- 5.2.2. [25-1035](#) Delegation - Eric Jacobsen; Representing Lady Minto Hospital Foundation: Re: Agenda Item 7.1. Motion with Notice: Funding Partnership for Seniors Care Facility at Lady Minto Hospital (Director Holman)

6. Committee Business

- 6.1. [25-0993](#) Village on the Green Redevelopment - Mortgage Registration and Final Project Approval

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. That the Resolution of Directors for the Repayable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Village on the Green Redevelopment project (PID 032-599-307), substantially in the form as attached hereto as Appendix A, be approved;
2. That the Resolution of Directors for the Forgivable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Village on the Green Redevelopment project (PID 032-599-307), substantially in the form as attached hereto as Appendix B, be approved; and
3. That Edward Robbins, Chief Administrative Office, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or any two directors or officers of the Corporation be authorized to do all things necessary to affect the project and take such steps as are required to conclude the financing, construction, and operation of the Village on the Green Redevelopment project.

Attachments: [Staff Report: VoG Redvlp't - Mtge Reg'n & Final Project Approval](#)
[Appendix A: Draft Cert'd Resolution of Dirs-Repayable Mtge](#)
[Appendix B: Draft Cert'd Resolution of Dirs-Forgivable Mtge](#)
[Appendix C: Provisional Rent Levels](#)
[Appendix D: Loan Commitment Letter - Repayable Mortgage](#)
[Appendix E: Loan Commitment Letter - Forgivable Mortgage](#)
[Appendix F: Draft BC Builds Contribution Agreement](#)
[Appendix G: Draft Cost Overrun Agreement](#)

6.2. [25-0994](#) Regional Housing 2026 Operating and Capital Budget

Recommendation: The Hospitals and Housing Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:
That Appendix A, Operating and Capital Budget - Regional Housing Service be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Attachments: [Staff Report: Reg'l Housing 2026 Operating & Capital Budget](#)
 [Appendix A: 2026 Budget Request](#)
 [Appendix B: 5-Year Capital Expenditure Summary 2026-2030](#)
 [Appendix C: Operating Reserve Summary](#)

7. Notice(s) of Motion**7.1. [25-0944](#) Motion with Notice: Funding Partnership for Seniors Care Facility at Lady Minto Hospital (Director Holman)**

Recommendation: [Whereas the Greenwoods Eldercare Society owns and operates a 46-year-old, 51-unit, seniors long term care facility, and on an adjacent property Island Health operates a 67-year-old, 29-unit, extended care facility within Lady Minto Hospital (LMH);

And whereas the Greenwoods facility requires substantial upgrades or replacement and the LMH extended care wing is also a substandard facility by housing four seniors to a room;

And whereas approximately one third of SSI residents are seniors, one of the highest senior demographics in BC, which will result in a growing need for seniors care facilities;

And whereas on the same site, Greenwoods Eldercare Society also owns and operates an assisted living facility (Braehaven), a new emergency room has been added to the Lady Minto Hospital, and CRD also owns land, offering the opportunity to build upon the continuum of care already present on the site and achieve economies of scale;

And whereas co-location of upgraded or new facilities on the site requires due diligence and inter-organizational collaboration with respect to needs assessments, site planning, conceptual designs, feasibility analysis, and ultimate funding partnerships;

Therefore be it resolved that:]

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That CRD staff meet with Island Health and report on the possibility of a funding partnership between Island Health and Capital Regional Hospital District to provide \$100,000 in year 2026 to help fund the initial needs assessment, site and facility planning, and potential funding partnerships, and a further \$400,000 in year 2027 for conceptual design and Class D cost estimates for a co-located seniors care facility at Lady Minto Hospital, 135 Crofton Road, Salt Spring Island.

7.2. [25-0945](#) Motion with Notice: 2026 CRD Capital Plan and Gulf Islands Seniors Residents Association Kings Lane Housing Project (Director Holman)

Recommendation: [Whereas the Gulf Islands Seniors Residents Association (GISRA) has submitted a \$9 million grant application to the Community Housing Fund (CHF) to help finance a \$24 million, 50-unit affordable housing project on GISRA's Kings Lane property;

And whereas GISRA, an experienced owner and operator of a multi-family seniors facility, is also collaborating on the project with the Lookout Society, one of the largest social agencies in BC;

And whereas the Local Trust Committee is fast tracking a zoning change for the property (now zoned for 50 units of seniors housing) to meet CHF guidelines, and to allow a subdivision to facilitate expansion of an existing health clinic on the property;

And whereas GISRA has indicated its willingness to transfer the property (which has proven potable water supply and is included in the Ganges sewer area) to CRD to facilitate use of MFA funds;

And whereas the SSI Electoral Area Director is committed to \$600,000 in Community Works (federal gas tax) funding to extend a sewer line to the property, and the Salt Spring Foundation has also committed \$340,000 in funding to the project;

Therefore be it resolved that:]

The Hospitals and Housing Committee recommends to the Capital Regional District Board:

That CRD staff provide a report to the Hospital and Housing Committee on the inclusion of up to \$4 million in the 2026 Capital Regional District Housing 5 year capital plan, under the Land Assembly, Housing and Land Banking Service, to help address any equity gap that may remain for the Gulf Islands Seniors Residents Association Kings Lane project, depending on the outcome of their Community Housing Fund application.

7.3. [25-0940](#) Motion with Notice: 2026 CRHD Capital Plan and Pender Health Care Clinic (Director Brent)

Recommendation: [Whereas the Capital Regional Hospital District partners with Island Health and community stakeholder agencies to develop and improve healthcare facilities in the region and provide capital funding for infrastructure such as acute care, residential care, and medical equipment; and

Whereas the Pender Health Care Society is an Island Health Designated Health Facility and CRD Contribution service, and operates the only primary care health care clinic for the residents of North and South Pender Island; and

Whereas under the terms of the contribution agreement between the Pender Health Care Society and the Capital Regional District, tax requisition operational funding cannot be used for capital projects; and

Whereas the Pender Health Clinic requires capital funding to support urgently needed facility upgrades;

Therefore be it resolved that:]

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

Request Island Health include \$100,000 for the Pender Health Care Clinic's capital funding needs as part of the minor capital projects funding contributed through the partnership with the Capital Regional District.

8. New Business

9. Adjournment

The next meeting is November 5, 2025.

To ensure quorum, please advise Tamara Pillipow (tpillipow@crd.bc.ca) if you or your alternate cannot attend.

Meeting Minutes

Hospitals and Housing Committee

Wednesday, September 3, 2025

1:30 PM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

PRESENT

Directors: K. Murdoch (Chair), J. Caradonna (Vice Chair), P. Brent (EP), S. Brice, Z. de Vries,
G. Holman, P. Jones, S. Kim (for M. Alto) (EP), M. Wagner (for S. Goodmanson) (EP)

Staff: N. Chan, Chief Financial Officer/General Manager, Finance and Technology; D. Elliott, Acting
General Manager, Housing, Planning and Protective Services; S. Henderson, General Manager,
Electoral Area Services; M. Barnes, Senior Manager, Health and Capital Planning Strategies;
R. Fowles, Manager, Planning & Capital Projects, Regional Housing; M. Lagoa, Deputy Corporate
Officer; T. Pillipow, Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Directors M. Alto, S. Goodmanson, C. McNeil-Smith

The meeting was called to order at 1:30 pm.

1. Territorial Acknowledgement

Director de Vries provided a Territorial Acknowledgement.

2. Approval of Agenda

MOVED by Director Brice, **SECONDED** by Director de Vries,
That the agenda for the Hospitals and Housing Committee meeting of September
3, 2025 be approved.
CARRIED

3. Adoption of Minutes

3.1. [25-0890](#) Minutes of the Hospitals and Housing Committee Meeting of July 2, 2025

MOVED by Director Brice, **SECONDED** by Director de Vries,
That the minutes of the Hospitals and Housing Committee meeting of July 2, 2025
be adopted as circulated.
CARRIED

4. Chair's Remarks

Chair Murdoch welcomed members back from the summer break and informed the committee that community groups in Oak Bay have advocated to the Province to advance options for Oak Bay Lodge.

5. Presentations/Delegations

There were no presentations or delegations.

6. Committee Business

6.1. [25-0886](#) Campus View Redevelopment – Mortgage Registration and Final Project Approval

D. Elliott spoke to Item 6.1.

**MOVED by Director Holman, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Region
Housing Corporation Board:**

- 1. That the Resolution of Directors for the Repayable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Campus View Redevelopment project (PID 000-025-348), substantially in the form as attached hereto as Appendix A, be approved;**
 - 2. That the Resolution of Directors for the Forgivable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Campus View Redevelopment project (PID 000-025-348), substantially in the form as attached hereto as Appendix B, be approved; and**
 - 3. That Ted Robbins, Chief Administrative Office, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or any two directors or officers of the Corporation be authorized to do all things necessary to affect the project and take such steps as are required to conclude the financing, construction, and operation of the Campus View Redevelopment project.**
- CARRIED**

**6.2. [25-0887](#) Capital Region Housing Corporation Major Capital Plan (2025-2029)
Budget Amendment**

D. Elliott spoke to Item 6.2.

Discussion ensued regarding:

- pre-development funding sources
- the estimated timeline for budgetary approvals

**MOVED by Director Brice, SECONDED by Director Caradonna,
The Hospitals and Housing Committee recommends to the Capital Region
Housing Corporation Board:**

**That the Capital Region Housing Corporation Major Capital Plan (2025-2029) be
approved as amended in Appendix A.**
CARRIED

6.3. [25-0888](#) Capital Region Housing Corporation Quarter 2 Update, 2025

D. Elliott presented Item 6.3. for information.

Discussion ensued regarding:

- clarification of the rent correction process and lessons learned
- options to address the shortfall in the maintenance budget
- cost management of the income verification process
- the status of the Forest Homes project application

7. Notice(s) of Motion**7.1.** [25-0938](#) Notice of Motion: Funding Partnership for Seniors Care Facility at Lady Minto (Director Holman)

Director Holman proposed the following Notice of Motion for consideration at the next Hospitals and Housing Committee meeting:

"The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That CRD staff meet with Island Health and report on the possibility of a funding partnership between Island Health and Capital Regional Hospital District to provide \$100,000 in year 2026 to help fund the initial needs assessment, site and facility planning, and potential funding partnerships, and a further \$400,000 in year 2027 for conceptual design and Class D cost estimates for a co-located seniors care facility at Lady Minto."

7.2. [25-0939](#) Notice of Motion: 2026 CRD Capital Plan and Gulf Islands Seniors Residents Association Kings Lane Housing Project (Director Holman)

Director Holman proposed the following Notice of Motion for consideration at the next Hospitals and Housing Committee meeting:

"The Hospitals and Housing Committee recommends to the Capital Regional District Board:

That CRD staff provide a report to the Hospitals and Housing and Electoral Areas Committees on inclusion of up to \$4 million in the 2026 Capital Regional District Housing Capital Plan to help address any equity gap that may remain for the Gulf Islands Seniors Residents Association Kings Lane Housing Project, depending on the outcome of their Community Housing Fund application."

7.3. [25-0925](#) Notice of Motion: Pender Island Health Clinic Capital Funding (Director Brent)

Director Brent proposed the following Notice of Motion for consideration at the next Hospitals and Housing Committee meeting:

"The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

Request Island Health include \$100,000 for the Pender Health Care Clinic's capital funding needs as part of the minor capital projects funding contributed through the partnership with the Capital Regional Hospital District."

8. New Business

There was no new business.

9. Adjournment

MOVED by Director Brice, **SECONDED** by Director de Vries,
That the Hospitals and Housing Committee meeting of September 3, 2025 be adjourned at 2:04 pm.
CARRIED

CHAIR

RECORDER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 1, 2025**

SUBJECT **Village on the Green Redevelopment – Mortgage Registration and Final Project Approval**

ISSUE SUMMARY

BC Housing Management Commission (BCHMC) requires a Resolution of Directors from the Capital Region Housing Corporation (CRHC) Board to authorize the execution of the mortgage documents relating to the Village of the Green (VOG) Redevelopment project, located at 1132 Johnson Street in the City of Victoria.

The Policy to Determine Delegation of Authority for the CRHC requires that any acquisition, retention, management or divestment of lands or improvements or any interest or right in or with respect to property of the CRHC that exceeds \$500,000 be considered by the Board.

BACKGROUND

VOG is a 38-unit townhouse complex that has been owned and operated by the CRHC since 1984. Building on the initial properties identified through the 2016 *CRHC Portfolio Renewal, Redevelopment and Development Strategy*, VOG was identified as a high priority site based on the existing condition and potential for significant densification. In June 2021, the CRHC Board authorized staff to apply for, negotiate and accept the terms to receive funds for the project which proposed 132 new rental homes through redevelopment.

In March 2022, the Capital Regional District (CRD) Board awarded VOG an \$11.1 million (M) grant through the Regional Housing First Program (RHFP) to provide 27 homes within the overall redevelopment that would be rented at the Provincial Income Assistance Shelter Rate Maximum (Shelter Rate). The total RHFP contribution increased to \$12.3M in October 2022 to support an expanded redevelopment scheme that would increase the total number of proposed units, including 32 homes that would be offered at Shelter Rate.

In July 2024, staff were authorized to allocated \$1.4M from the \$12.3M RHFP contribution to purchase the adjacent property located at 1138 Johnson Street. The strategic acquisition will see the number of homes on site increase from 140 to 160, including 32 homes that would be offered at Shelter Rate. In July 2025, the acquisition was finalized, and the two properties were consolidated into a single parcel. The Delegated Development Permit, through the City of Victoria's Rapid Deployment of Affordable Housing approval stream was secured and the Building Permit is ready to be issued, pending final payment.

In addition to the RHFP contribution, staff have secured supplementary funding through BC Builds (BCB), Regional Housing Trust Fund (RHTF), Victoria Housing Reserve Fund (VHRF), Growing Communities Fund (GCF), Canadian Mortgage and Housing Corporation (CMHC) Seed Funding and Federation of Canadian Municipalities (FCM) Study Grant. Further details are provided below.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. That the Resolution of Directors for the Repayable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Village on the Green Redevelopment project (PID 032-599-307), substantially in the form as attached hereto as Appendix A, be approved;
2. That the Resolution of Directors for the Forgivable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Village on the Green Redevelopment project (PID 032-599-307), substantially in the form as attached hereto as Appendix B, be approved; and
3. That Edward Robbins, Chief Administrative Office, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or any two directors or officers of the Corporation be authorized to do all things necessary to affect the project and take such steps as are required to conclude the financing, construction, and operation of the Village on the Green Redevelopment project.

Alternative 2

That this report be referred to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

Service Delivery Implications

This project leverages several substantial funding sources, including RHFP and BCB, to assemble the equity contributions required to maintain viable debt servicing levels. Projects under the RHFP typically use a mixed-income approach to develop new affordable rental housing for low-to-moderate income households, as well as housing to support people experiencing homelessness in the capital region. In this project, 32 homes will be rented at Shelter Rate levels in alignment with RHFP requirements.

BCB is not a traditional government housing program focused on providing homes for low-to-moderate income households. Instead, it aims to increase the supply of rental housing for middle-income households by leveraging public land, low-cost financing, and expedited approvals. Like the RHFP, BCB does not offer ongoing operating subsidies, meaning the CRHC will be responsible for covering any operating shortfalls.

By combining multiple funding sources, this project can deliver a range of housing options - including Shelter Rate homes, as well as homes for low-to-moderate and middle-income households. Projected rent levels are detailed in Appendix C. These rent levels may be adjusted at the Interest Adjustment Date (IAD), depending on the final take-out mortgage value and the interest rate that is secured in 2028.

Social Implications

In alignment with the CRHC's Tenant Relocation Policy, staff met with each household to develop individualized Tenant Relocation Plans. As of July 2025, all existing tenants have been successfully rehomed to suitable alternative accommodations. On project completion in 2028, eligible tenants will have the right of first refusal to return to the new VOG.

Financial Implications

In November 2024, the CRHC Board approved the Major Capital Plan (2025-2029), which included an \$81.1M budget allocation for VOG, based on a Class B estimate. As the CRHC owns the property outright, the land value was excluded. However, leading up to Final Project Approval (FPA), BCB instructed the CRHC to include the land value of \$5.4M to strengthen the project's overall equity contributions.

In August 2025, the competitive tender process concluded for all subcontracted work under the construction management delivery model. This procurement confirmed the final budget at \$81.0M, inclusive of land value. FPA was granted by BC Housing Management Commission (BCHMC) on September 24, 2025, and reflects a repayable first mortgage of \$36.3M and equity contributions of \$44.7M, including an \$18.3M forgivable mortgage through BCB.

Because the project does not qualify for an ongoing operating subsidy, the VOG budget struggled to close the equity gap throughout the development approval process. That gap is now fully addressed, and debt servicing requirements have been met, allowing the project to proceed. As shown in Table 1, the total equity required to ensure financial viability is 55.2% of the overall budget. This is significantly higher than the average 36.3% equity contribution for CRHC projects that benefit from an operating subsidy to offset below-market and affordable rent levels.

Table 1: Project Equity Breakdown

Land Equity	\$5,424,000	6.7%
Regional Housing First Program Grant	\$12,300,000	15.2%
Regional Housing Trust Fund Grant	\$1,815,000	2.2%
Victoria Housing Reserve Fund Grant	\$2,400,000	3.0%
Growing Communities Fund Grant	\$4,200,000	5.2%
CMHC Seed Funding Grant	\$71,000	0.1%
FCM Green Municipal Fund Study Grant	\$175,000	0.2%
BC Builds Grant (Forgivable Mortgage)	\$18,307,416	22.6%
Total Equity Deductions	\$44,692,416	55.2%
Mortgage Debt	\$36,307,584	44.8%
Total Project Costs	\$81,000,000	100%

Initially, the project will secure short-term construction financing at BCHMC's preferred rates, with interest accruing on the cumulative value of monthly construction draws. To minimize interest costs during the construction phase, grant funding will be fully expended before accessing short-term financing. On project completion, the construction financing and accrued interest will convert to take-out financing in the form of a repayable mortgage.

The current projection from BCHMC estimates a 4.5% interest rate for take-out financing at project completion in 2028. At that time, mortgage documents will be updated to reflect the final loan amount, interest rate, and term. The repayable mortgage will be amortized over 35 years, while the forgivable mortgage will be forgiven in equal installments over 25 years, beginning in the 11th year of compliant operations. Both mortgages will be governed by the terms set out in the Loan Commitment Letters (Appendix D and Appendix E) and Contribution Agreement (Appendix F).

As a condition of BCHMC financing, a Cost Overrun and Completion Agreement (Appendix G) must be in place prior to the first advance of funds. This agreement is intended to indemnify BCHMC if total project costs, including contingency allowances, exceed the approved budget. It also establishes a hard cap on the total mortgage that can be advanced, placing the onus on the CRHC to cover any additional costs arising during construction.

To mitigate this risk, the project budget includes a contingency allowance of approximately \$8.1M, or 10% of the total project budget. This exceeds the typical 7% to 9% range carried by CRHC at FPA but is in line with 5% to 10% range recommended by the Canadian Construction Association and the Royal Institute of Quantity Surveyors for Class A budgets. The higher contingency reflects a range of project-specific risks including, project location and increased security provisions, potential design coordination gaps, and heightened market volatility related to potential tariffs, material escalation, and global supply chain disruptions. These factors, combined with the exposure created by the Cost Overrun and Completion Agreement, support the need for an elevated contingency to ensure the CRHC can respond to cost pressures without jeopardizing project delivery or schedule.

If a cost overrun does occur, CRHC will evaluate mitigation options and return to the Board with a recommendation. In line with current practices, the Board will continue to receive project and financial updates through the CRHC Quarterly Update reports.

CONCLUSION

The VOG Redevelopment project is a significant step forward in advancing CRD and CRHC's shared commitment to increasing the supply of affordable, inclusive, and adequate housing across the region, delivering 160 new homes, including 32 deeply affordable units at Shelter Rate. With a total project value of \$81.0M, the development reflects an innovative funding approach that layers multiple grant sources to ensure the project's financial viability.

Notably, the project has secured \$12.3M through the RHFP, \$18.3M through BCB and \$4.2M through GCF, representing significant equity contributions that enhance the projects long-term financial sustainability. Combined with other equity contributions including the RHTF and VHRF, the CRHC has successfully assembled approximately \$44.7M in equity to support this redevelopment.

With FPA now in place through BCHMC and all financing requirements confirmed, execution of the mortgage and loan documents is one of the final steps required to secure financing and advance the project into the construction phase. Board approval of the Director's Resolution will ensure compliance with CRHC's Delegation of Authority Policy and enable the project to proceed on schedule. Staff will continue to manage project risk and financial performance and will keep the Board informed through ongoing quarterly reporting.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. That the Resolution of Directors for the Repayable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Village on the Green Redevelopment project (PID 032-599-307), substantially in the form as attached hereto as Appendix A, be approved;
2. That the Resolution of Directors for the Forgivable Mortgage in the form required by BC Housing Management Commission for the purposes of authorizing the execution of the Loan and Mortgage documents for the Village on the Green Redevelopment project (PID 032-599-307), substantially in the form as attached hereto as Appendix B, be approved; and
3. That Edward Robbins, Chief Administrative Office, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or any two directors or officers of the Corporation be authorized to do all things necessary to affect the project and take such steps as are required to conclude the financing, construction, and operation of the Village on the Green Redevelopment project.

Submitted by:	Don Elliott, BA, MUP, Senior Manager, Regional Housing
Concurrence:	Patrick Klassen, MCIP, RPP, Acting General Manager, Housing, Planning and Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS:

- Appendix A: Draft Certified Resolution of Directors - Repayable Mortgage
Appendix B: Draft Certified Resolution of Directors - Forgivable Mortgage
Appendix C: Provisional Rent Levels
Appendix D: Loan Commitment Letter - Repayable Mortgage
Appendix E: Loan Commitment Letter - Forgivable Mortgage
Appendix F: Draft BC Builds Contribution Agreement
Appendix G: Draft Cost Overrun Agreement

CAPITAL REGION HOUSING CORPORATION
(the "Borrower")

RESOLUTION OF DIRECTORS

"WHEREAS the Borrower owns the property at 1132 Johnson Street, Victoria, BC legally described as:

**PID: 032-599-307; LOT 1 LOTS 1029, 1030, 1031, 1032, 1039, 1040, 1041 AND 1042
VICTORIA CITY, PLAN EPP146820**
(the "Property")

and will be constructing and operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") BC Builds grant funding program; and

WHEREAS the Borrower needs to borrow money in order to facilitate the construction of the Project;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$36,307,584.00 by way of a repayable loan secured by a mortgage, including authorization for the long-term financing from a takeout Lender, to facilitate the construction of the Project and grant to BCHMC BC Builds a covenant restricting the use of the Property in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by PRHC, BCHMC, BC Builds or the lender of the monies, including any takeout lender, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, an HPA Covenant, a mortgage, assignment of project agreements (and any assignments, modifications and assumptions thereto as approved by BCHMC BC Builds), affordable housing agreement (if applicable) and operator/operating agreement; and
3. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer, or their respective duly authorized delegates, together or with any one officer or director of the Borrower, for and on behalf of the Borrower, be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of PRHC, BCHMC, BC Builds or the lender of the monies."

CAPITAL REGION HOUSING CORPORATION
(the "Borrower")

RESOLUTION OF DIRECTORS

"WHEREAS the Borrower owns the property at 1132 Johnson Street, Victoria, BC legally described as:

**PID 032-599-307; LOT 1 LOTS 1029, 1030, 1031, 1032, 1039, 1040, 1041 AND 1042
VICTORIA CITY, PLAN EPP146820**
(the "Property")

and will be constructing and operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") BC Builds grant funding program; and

WHEREAS the Borrower needs to borrow money in order to facilitate the construction of the Project;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$18,307,416.00 by way of a forgivable loan secured by a mortgage to facilitate the construction of the Project and grant to BCHMC BC Builds a covenant restricting the use of the Property in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by PRHC, BCHMC, BC Builds or the lender of the monies, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, an HPA Covenant, a mortgage, assignment of project agreements (and any assignments, modifications and assumptions thereto as approved by BCHMC BC Builds), affordable housing agreement (if applicable) and operator/operating agreement; and
3. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer, or their respective duly authorized delegates, together or with any one officer or director of the Borrower, for and on behalf of the Borrower, be and are hereby to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of PRHC, BCHMC, BC Builds or the lender of the monies."

APPENDIX C

Unit Type	# of Units	Estimated Rent
20.0% of Homes: Deep Subsidy		
Studio	32	\$445
80.0% of Homes: Near Market		
Studio	13	\$1,450
1 Bedroom	58	\$1,820
2 Bedrooms	28	\$2,350
3 Bedrooms	29	\$3,000
TOTAL	160	

«LCL_DATE»

File: «File»/«PR»/«BU»

«**Borrower_Name**»

«Borrower_Address»

«Borrower_City», «Borrower_Province» «Borrower_Postal_Code»

Dear Sir or Madam:

Re: Loan Commitment Letter

Repayable mortgage charging the «tenure» interest of «**Borrower_Name**» in
«**Property_Address**», «**Property_City**», BC

British Columbia Housing Management Commission (“**BCHMC**”) is pleased to confirm that it will make available to «**Borrower_Name**» a «**mortgage_ranking**» priority repayable mortgage loan for the of a «Unit» («Unit») unit project (the “**Project**”) on the following lands and premises, subject to the terms and conditions contained in this Loan Commitment Letter, and subject to all legal matters and documentation being to the complete satisfaction of BCHMC and its solicitors:

Civic Address:

«Property_Address»,
«Property_City»

Legal Description:

«PID_Legal_Description»

(the “**Property**”).1. Borrower«**Borrower_Name**» (the “**Borrower**”).2. Schedules

- 2.1. The capitalized terms used in this Loan Commitment Letter will have the meanings given to such terms either in the body of this Loan Commitment Letter or in the attached Schedule “D”, whichever is applicable.
- 2.2. Schedule “A” through “D” and any additional schedules and all provisions thereof are incorporated into and will form an integral part of this Loan Commitment Letter.

3. Loan and Take-Out Loan Amounts

- 3.1. Demand non-revolving of «**Loan_Amount**» (the “**Loan**”) is the maximum loan amount approved by BCHMC. The Borrower acknowledges and agrees that «**Loan_Amount**» is the maximum loan amount approved by BCHMC during the interim phase of the Project. The maximum CMHC insured mortgage approved by BCHMC is not to exceed «**Takeout_Amount**». Upon completion of the Project, the loan amount of this mortgage will be reduced from «Loan_Amount» to an amount not exceeding «Takeout_Amount» (the “Take-Out Loan”). Holdbacks for deficiencies, builders’ liens, or soft costs may be held by BCHMC until the appropriate time. The holdbacks will earn interest at the rate equivalent to the rate paid by the provincial offset interest program (presently the RBC Prime Rate minus 1.80%).
- 3.2. The Loan does not constitute a commitment by BCHMC for any additional capital, operating or support funding.
- 3.3. The final amount of the Take-Out Loan will be set on the Interest Adjustment Date and will be based on, among other things, the maximum amount that can be debt serviced from the available stabilized net operating income from the Project and the projected interest rate as of the Interest Adjustment Date.

4. Availability of Advances

- 4.1. So long as there are no Events of Default which are continuing and upon satisfaction of the conditions precedent to the availability of advances set out in Section 13 below, the Loan will be made available to the Borrower by way of direct advances from time to time but not more frequently than once per month and on a work in place and cost expended basis.

[NTD for refinance/purchase with renovation: remove 4.1 above in its entirety and replace with the following:

4.1 So long as there are no Events of Default which are continuing and upon satisfaction of the conditions precedent to the availability of advances set out in Section 13 below, the Loan will be made available to the Borrower on the following basis:

- (a) *the First Advance in one lump sum in an amount not to exceed \$ ♦ to assist [in financing the Borrower's acquisition of the Property] OR [the Borrower in refinancing and repaying the Borrower's existing indebtedness owed to ♦]; and*
- (b) *the balance of the Loan by way of direct advances from time to time but not more frequently than once per month and on a work in place and cost expended basis.]*

- 4.2. The First Advance must be made on or before «First_Advance_Date» and the Last Advance must be made on or before «Final_Advance_Date».
- 4.3. BCHMC previously authorized the advance of a PDF Loan in the amount of up to «PDF_Loan_Approved». The PDF Loan must be repaid from the First Advance.
- 4.4. Prior to the First Advance, the Borrower must complete and return to BCHMC the Order to Pay attached as Schedule “B” to this Loan Commitment Letter.

5. Repayment

- 5.1. All amounts outstanding under or in respect of the Loan will become due and be payable by the Borrower to BCHMC on demand.
- 5.2. Without limiting in any way BCHMC’s right to at any time make demand for payment of any or all of the Loan:
 - (a) prior to the Initial Take-Out Date, the Borrower shall pay interest on the portion of the Loan advanced, calculated monthly; and
 - (b) the Loan, and all amounts outstanding owed to BCHMC arising under or in connection with this Loan Commitment Letter and the Security Documents (as defined below), will in any event be repaid in full by the Initial Take-Out Date from the proceeds of the Take-Out Loan provided by the Take-Out Lender on the Initial Take-Out Date.
- 5.3. Subject to Section 8.3 hereof, from and after the Initial Take-Out Date, the Borrower shall make payments of principal and interest in such amounts and manner as directed by the Take-Out Lender.
- 5.4. The Borrower acknowledges that the Loan amount set forth in Section 4.1 above includes a budgeted amount for interest payments and agrees that BCHMC may, and authorizes BCHMC to, deduct any interest payable under the Loan, when due, from the unadvanced principal of the Loan (if any). Notwithstanding the foregoing, interest payments for the Loan remain the responsibility of the Borrower.
- 5.5. All payments to be made by the Borrower under this Loan Commitment Letter will be made by the Borrower at the address of BCHMC set out on the first page of this Loan Commitment Letter or at such other place as BCHMC may direct from time to time.
- 5.6. The obligation of the Borrower to make all payments under this Loan Commitment Letter and the Security Documents will be absolute and unconditional and will not be limited or affected by any circumstance, including without limitation any set off, compensation or counter-claim the Borrower may have or assert against BCHMC or a Take-Out Lender or any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower.

6. Prepayment

- 6.1. The Borrower is permitted to make full or partial repayment of the Loan at any time during the term of the Loan.
- 6.2. The Borrower is not permitted to make full or partial prepayment of the Take-Out Loan at any time during a term of the Take-Out Loan. For greater certainty, this prohibition will apply to all successive terms of the Take-Out Loan that may be entered into by the Borrower upon the renewal of the Take-Out Loan with a Take-Out Lender.

7. Interest Rate

- 7.1. Prior to the Initial Take-Out Date, interest is payable on the monthly balance of principal outstanding under the Loan from time to time at a rate equal to the Variable Rate until the Loan is repaid in full.
- 7.2. From and after the Initial Take-Out Date, interest is payable on the monthly balance of principal outstanding under the Take-Out Loan from time to time at a rate equal to the Fixed Rate until the Take-Out Loan is repaid in full.
- 7.3. Interest payable under the Loan at the Variable Rate will be calculated and compounded monthly, not in advance, from the date of advance, both before and after demand, default and judgment, until actual payment is made.
- 7.4. Interest payable under the Take-Out Loan at the Fixed Rate will be compounded semi-annually, not in advance, from the date of advance, both before and after demand, default and judgment, until actual payment is made.
- 7.5. The Variable Rate and the Fixed Rate are the highest rates that will be charged to the Borrower. If BCHMC is able to secure lower interest rates, the savings will be passed on to the Borrower. During construction of the Project, the actual fluctuating rate being charged under the Loan will be specified when the Borrower receives confirmation of each construction draw.

8. Take-Out Date

- 8.1. After the Last Advance, BCHMC will make arrangements with a Take-Out Lender to provide financing in the amount of the Take-Out Loan, commencing on the Initial Take-Out Date. The Borrower agrees that the Initial Take-Out Date will be determined and the Take-Out Lender will be selected by BCHMC in its sole discretion.
- 8.2. After the Initial Take-Out Date and prior to the expiry of each successive term of the Take-Out Loan, BCHMC will make arrangements with a Take-Out Lender to provide financing in the amount of the Take-Out Loan, commencing on the Take-Out Date. The Borrower agrees that in respect of the applicable renewal term of

the Take-Out Loan, the Take-Out Date will be determined and the Take-Out Lender will be selected by BCHMC in its sole discretion.

- 8.3. The Borrower hereby irrevocably directs and authorizes BCHMC to arrange on its behalf long term financing with the Take-Out Lender on terms acceptable to BCHMC in its sole discretion for so long as the Loan or the Take-Out Loan, as applicable, remain outstanding. The Borrower agrees to abide by the terms and conditions for renewal of the Loan or the Take-Out Loan, as applicable, that may be contained in the Contribution Agreement or are otherwise prescribed by BCHMC from time to time.
- 8.4. BCHMC will select the Take-Out Date and the Take-Out Lender to obtain the best interest rate as determined by BCHMC's economic forecasts and predictions of future interest rate changes. This may result in a loan term greater than one year but in no event will the term of the Take-Out Loan be less than one year.
- 8.5. Once BCHMC has selected the Take-Out Date and the Take-Out Lender, the Borrower will then be advised of the Fixed Rate and the Borrower agrees to complete, sign and return all documents required by BCHMC and the Take-Out Lender to complete the take out process, including but not limited to:
 - (a) the Corporate/Entity Information Sheet, attached as Schedule "C", and the Solicitor's Certificate of Client Identification, attached as Schedule "C-1", or such other client identification documents as may be required by the Take-Out Lender, for the take-out process; and
 - (b) a modification of mortgage to reflect the Take-Out Lender, Fixed Rate, term and Take-Out Loan amount, as applicable.

9. Forgivable Mortgage

If in conjunction with the Loan BCHMC authorizes grant funds (the "**Forgivable Loan**") to be provided to the Borrower and to be secured by a forgivable mortgage (the "**Forgivable Mortgage**") from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower to the Property, the Borrower hereby acknowledges and agrees as follows:

- 9.1. prior to the Initial Take-Out Date, the final amount of the Loan may be increased to account for a required corresponding decrease in the amount of the Forgivable Loan secured by the Forgivable Mortgage, all in consultation with the Borrower;
- 9.2. the Borrower agrees to complete, sign and return all documents required by BCHMC to increase the amount of the Loan and decrease the amount of the Forgivable Loan, including but not limited to:
 - (a) amendments to the Loan Commitment Letters previously issued by BCHMC in respect of each of the Loan and the Forgivable Loan;

- (b) a modification of the mortgage securing the Loan, as granted by the Borrower pursuant to Section 12.8 below, to increase the principal amount secured thereunder; and
- (c) a modification of the Forgivable Mortgage to decrease the principal amount secured thereunder.

[NTD: Remove the above section “Forgivable Mortgage” in its entirety if there is no forgivable mortgage for this Project.]

10. Amortization

«Amortization» years.

11. Fees

- 11.1. The Borrower will pay to BCHMC a non-refundable commitment fee of «Loan_Commitment_Fee», being equal to 1.00% of the Take-Out Loan amount (the “**Commitment Fee**”), which fee will be deemed to be earned upon issuance of this Loan Commitment Letter and will be paid by the Borrower to BCHMC on or before the Initial Take-Out Date. In the event that the aggregate amount outstanding in respect of the Loan based on advances of the Loan made from time to time is less than the Loan amount set forth in Section 4.1 above, BCHMC may, in its sole and unfettered discretion, reduce the Commitment Fee accordingly. In the event that the aggregate amount outstanding in respect of the Loan based on advances of the Loan made from time to time and accrued interest remaining unpaid is more than the Loan amount set forth in Section 4.1 above, BCHMC may, in its sole and unfettered discretion, increase the Commitment Fee accordingly. The final amount of the Commitment Fee will be confirmed by BCHMC by e-mail to the Borrower upon request by the Borrower to BCHMC.
- 11.2. CMHC loan insurance fee in the amount of \$75.00 per residential unit to a maximum of \$5,000.00 will also be paid by the Borrower and included in the Approved Budget.
- 11.3. The Commitment Fee, or any portion thereof, collected by BCHMC in connection with the Loan will be retained by BCHMC as consideration for the time, effort and expense incurred by it in reviewing documents and setting up the Loan. The Borrower acknowledges and agrees the Commitment Fee, or any portion thereof, collected by BCHMC represents a fair and reasonable estimate of the costs incurred by BCHMC.

12. Security

The Loan and the obligations and liabilities of the Borrower under this Loan Commitment Letter will be evidenced and secured by the following documents (collectively, the “**Security Documents**”) completed and, where necessary, registered in a form and manner satisfactory to BCHMC and its solicitors in their sole discretion:

- 12.1. borrowing resolution from the directors of the Borrower, which shall include authorization for the long term financing from the Take-Out Lender;
- 12.2. special resolution of the members of the Borrower which shall include authorization for the long term financing from the Take-Out Lender; ***[NTD: only include if a society or a co-operative.]***
- 12.3. an executed sixty (60) year ***[NTD: amend lease term if applicable.]*** land lease of the Property with the «Landlord_Name» as landlord and the Borrower as tenant; ***[NTD: amend as necessary; remove if not leasehold.]***
- 12.4. a section 219 no build covenant in favour of BCHMC charging the «tenure» interest of the Borrower in the Property;
- 12.5. a section 219 covenant in favour of BCHMC (HPA) to restrict sales for ten (10) years;
- 12.6. a section 219 affordable rental covenant in favour of BCHMC charging the «tenure» interest of the Borrower in the Property and restricting the use of the Property to rentals for a minimum period of ten (10) years;
- 12.7. an option to purchase in favour of Provincial Rental Housing Corporation charging the «tenure» interest of the Borrower in the Property;
- 12.8. a «Loan_Amount» «mortgage_ranking» priority mortgage from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property;
- 12.9. a «mortgage_ranking» priority assignment of rents from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property;
- 12.10. a \$_____ [ranking] priority mortgage from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property; ***[NTD: insert if there is a forgivable mortgage for the Project.]***
- 12.11. a priority and standstill agreement with the holder of mortgage ♦ and assignment of rents ♦ (together, the “**Prior Charge**”); ***[NTD: Remove if not requesting existing lenders to grant BCH mortgage priority over the existing mortgage(s).]***
- 12.12. the discharge of Mortgage _____, modified by _____ and _____, and Assignment of Rents _____ and related Personal Property Security Act (“PPSA”) security agreement registration (together, the “**PDF Loan Security**”) following the repayment to BCHMC, from the first advance of the Loan, of all amounts secured by the PDF Loan Security; ***[NTD: Applicable if there is an existing PDF loan mortgage which will be paid from the first advance of this loan and discharged. Amend or remove as applicable.]***
- 12.13. a «mortgage_ranking» priority location specific security agreement from the Borrower creating a security interest by way of a fixed charge over the Borrower’s

right, title and interest in any and all present and after-acquired personal property situate at, arising from or used in connection with the Property or the Project;

- 12.14. an assignment agreement from the Borrower in favour of BCHMC, which agreement will, among other things and on terms and conditions acceptable to BCHMC, assign to BCHMC all of the Borrower's right, title and interest in, to and under:
 - (a) the Construction Contracts;
 - (b) all other service or material supply contracts, development agreements, plans, drawings, designs and specifications in respect of the Project; and
 - (c) all related benefits, warranties and guarantees with respect to the contracts, agreements and documents set out in Sections 12.14(a) and 12.14(b) above;
 - 12.15. equitable mortgage and estoppel agreement from «Registered_Owner» and «Beneficial_Owner»; *[NTD: to be included if there is a trust relationship between the registered owner and beneficial owner. Will need to amend security documents to clarify security from registered owner versus security from beneficial owner. Both should be borrowers]*
 - 12.16. assignment, postponement and subordination agreements from ♦, acknowledged by the Borrower ***[NTD: name of shareholders or limited partners applicable for corporate or partnership borrowers. On a project by project basis this can be required from all related corporate entities and principals to which the Borrower could have debt obligations. IF THIS SECURITY WAS NOT MENTIONED IN EXCOM, GET DM's WRITTEN CONSENT TO ADD THIS REQUIREMENT AS PART OF THE SECURITY SO THAT BCHMC SOLICITOR WILL PREPARE THESE AGREEMENTS.];***
 - 12.17. if the Borrower's interest in the Property is leasehold, estoppel certificate from the landlord of the Property;
 - 12.18. a lease approved by BCHMC and its solicitors based on a standard form of ground lease pre-approved by CMHC;
- OR
- CMHC policy exceptions approval for the non-compliant lease in favour of the Borrower; and
- 12.19. all such other certificates, documents, opinions and priority agreements as BCHMC or its solicitors reasonably require.

13. Conditions Precedent to the Availability of Advances

13.1. On or before the date of the First Advance, BCHMC will have received in form and substance satisfactory to BCHMC, its payment certifier, quantity surveyor or its solicitors:

- (a) this Loan Commitment Letter (including Schedule “B” Order to Pay and Schedule “C” Corporate Entity Sheet and Schedule “C-1” Solicitor’s Certificate of Client Identification), executed and delivered by the Borrower;
- (b) the Security Documents completed and, where necessary, registered at all appropriate registration offices;
- (c) the discharge of Mortgage _____ and Assignment of Rents _____ and related Personal Property Security Act (“PPSA”) security agreement registration and the discharge of Mortgage _____ and Assignment of Rents _____ and related PPSA security agreement registration, by way of solicitor’s undertakings satisfactory to BCHMC’s solicitors, acting reasonably; ***[NTD: Applicable if there are existing mortgage and AOR in favour of a third party. Remove if not applicable]***
- (d) the Contribution Agreement, executed and delivered by the Borrower;
- (e) confirmation of insurance arranged by the Borrower conforming to BCHMC’s requirements as specified in this Loan Commitment Letter under the heading “Insurance” below;
- (f) confirmation that CMHC mortgage insurance is in force;
- (g) a title review for the Property, including a satisfactory review of all legal notations, encumbrances, liens and charges noted on title and approval of all charges to be placed on title for the Property;
- (h) confirmation that the Borrower’s incorporation agreement and articles comply with the requirements of BCHMC; ***[NTD: only include if a company]***
- (i) confirmation that the Borrower’s _____ comply with the requirements of BCHMC or if BCHMC determines that amendments are required to the Borrower’s _____, the Borrower must:
 - i. amend its _____, as applicable, in accordance with BCHMC’s requirements and file the applicable amended _____ with the BC Registrar of Companies and provide confirmation to BCHMC to its satisfaction that the applicable amended _____ have been accepted for registration; and

- ii. if the Borrower's bylaws require that a special resolution approving the borrowing of the Loan and the Take-Out Loan by the members of the Borrower be passed and filed the Borrower must immediately:
 - A. file a transition application with the BC Registrar of Companies (if an application has not already been filed) and provide confirmation to BCHMC to its satisfaction that the transition application has been accepted for registration; and
 - B. amend its bylaws to remove the filing requirement, file the amended bylaws with the BC Registrar of Companies and provide confirmation to BCHMC to its satisfaction that the amended bylaws have been accepted for registration;

[NTD: Remove 13.1(i) in its entirety if the Borrower is a Company. Remove 13.1(ii)(A)& (B) if the Borrower is a Co-operative.]

- (j) if a trust relationship exists in respect of the Borrower's ownership of the Property, copies of all instruments and documents relating to the trust relationship between the Borrower and any other party, such instruments and documents to be in form and substance satisfactory to BCHMC and its solicitors, together with any additional security documents as BCHMC and its solicitors reasonably require;
- (k) if the Borrower's interest in the Property is leasehold, a copy of the fully executed lease;
- (l) an appraisal (the "**Appraisal**") prepared by an accredited appraiser in accordance with the Canadian Uniform Standards of Professional Appraisal Practice, and in the event that the Appraisal has not been prepared for BCHMC and CMHC and is not addressed to BCHMC and CMHC, a transmittal/reliance letter, in a form acceptable to BCHMC, from the appraiser, confirming that the Appraisal is valid and can be relied upon by BCHMC and CMHC for the purposes of the insured loan, and that the Appraisal is suitable for mortgaging purposes;
- (m) a geotechnical investigation and report (soil test) in respect of the Property;
- (n) for Property with more than six (6) units, an environmental site assessment audit (the "**ESA Report**") of the Property prepared by an environmental consultant and confirming results satisfactory to BCHMC and CMHC for the purposes of the insured loan, must be provided to BCHMC, which audit will include, among other things:
 - i. an ESA Report that conforms to the relevant Canadian Standards Association (CSA) standard. The report must be performed by an experienced assessor with qualifications established by the CSA and the relevant laws. For insured loan purposes, CMHC requires the assessor to carry errors and omissions insurance (or professional

- liability insurance) which covers liabilities associated with environmental site assessment activities;
- ii. a Phase I environmental assessment of the Property carried out in accordance with CSA standard or, if required by BCHMC, a Phase II environmental assessment of the Property;
 - iii. if a Phase II environmental assessment of the Property is required, the environmental consultant must conclude that there is no evidence of soil or water contamination in connection with the Property. The environmental consultant must provide a clear opinion that the soil and ground water samples do not contain contaminants in concentrations which exceed the applicable environmental quality criteria for residential use;
 - iv. details of any remediation required to permit the Property to be used for the purposes referred to under this Loan Commitment Letter;
 - v. estimates of the costs associated with and time to complete such remediation referred to above, including the obtaining of any necessary certificates of compliance from the Ministry of the Environment or other applicable government authority;
 - vi. for contaminated site that has been remediated, the ESA report must include a professional opinion confirming that the site has been remediated in compliance with the standards and policies of the applicable authorities having jurisdiction, and the soil and water no longer have contaminants, in levels or amounts which exceed the residential criteria of the applicable authorities having jurisdiction. If remediation is ordered by the provincial or territorial environmental authority, CMHC will require confirmation by that authority that their requirements have been complied with, and that there are no outstanding concerns;
 - vii. for remediated sites or sites which requires a risk management plan, a copy of the ESA Report is to be submitted to CMHC along with confirmation of compliance;
 - viii. Site Registry search to be performed by the environmental consultant; and
 - ix. environmental consultant to provide written confirmation that environmental issues noted in the Site Registry have been resolved, cleaned up or remediated to government requirements.
- (o) in the event that the ESA Report has not been prepared for BCHMC and CMHC and is not addressed to BCHMC and CMHC, a transmittal/reliance letter is required. The transmittal/reliance letter must be in a form acceptable to BCHMC and CMHC from the applicable environmental consultant, confirming that the ESA Report is valid and expressly state that

it can be relied upon by BCHMC and CMHC for the purposes of the insured loan and mortgage;

- (p) a sketch of survey and surveyor's certificate or a building location certificate prepared by a registered land surveyor approved by BCHMC in respect of the Property confirming the Property boundaries, location of any buildings and other improvements on the Property (including foundations and overhangs) located within five (5) metres of the Property boundaries, location of all easements, statutory rights of ways and covenant areas and that any adjacent buildings or other improvements do not encroach upon the Property;
- (q) copies of all final plans and specifications for the construction of the Project;
- (r) copies of all municipal building permits, development agreements and all other approvals by regulatory authorities required for the construction of the Project;
- (s) detailed cost and construction budget and timetable, which will, among other things, confirm the capital costs for the Project for the estimated «Construction_Period» («Construction_Period») month construction period is not greater than «Capital_Costs»;
- (t) waste management plan worksheet and waste diversion target;
- (u) written confirmation supported by such documentary evidence as required by BCHMC of cash equity having been or to be injected in the Project by the Borrower of a value equal to not less than «Society_Equity» (exclusive of the attributed value of the Property);
- (v) confirmation of all equity funding in writing, along with such supporting documentation to evidence same as BCHMC requires, in its sole discretion;
- (w) evidence that all property taxes with respect to the Property have been paid in full;
- (x) copies of the filed *Empty Homes Tax* (vacancy tax) property status declarations for the last and current reporting periods with respect to the Property and evidence that any vacancy taxes have been paid in full; **[NTD: only applicable in the City of Vancouver.]**
- (y) copies of all of the Construction Contracts and a review of all of the Contractors to determine their level of experience, reputation, financial capacity and ability to complete their applicable Construction Contract;
- (z) an original copy, or a notarized copy, of a performance bond in the amount of 50% of the value of the improvements to be constructed on the Property

and in the form “CCDC Document 221 (2002) Performance Bond”, as the form may be amended or replaced from time to time;

- (aa) an original copy, or a notarized copy, of a labour and material payment bond in the amount of 50% of the value of the improvements to be constructed on the Property and in the form “CCDC Document 222 (2002) Labour and Material Payment Bond”, as the form may be amended or replaced from time to time;
- (bb) confirmation that the prime Contractor for the Project is registered with the Licensing & Consumer Services Office as a licensed residential builder, such confirmation to include such contractor’s residential building license number and expiry date;
- (cc) evidence of construction and building warranty for the Project pursuant to the New Home Warranty Program, or if the Project is exempt from the requirement to provide home warranty, proof of exemption;
- (dd) confirmation of satisfaction of and compliance with requirements of the *Homeowner Protection Act* (British Columbia) and any regulations thereto;
- (ee) confirmation from CRA if the Borrower is registered as a charitable organization for the purposes of tax and other rebates;
- (ff) unless otherwise agreed to by BCHMC, audited financial statements for the Borrower for the three years preceding the date hereof, or for such other period as required by BCHMC;
- (gg) Purchase and Sale Agreement must be to the satisfaction of BCHMC and its solicitors. ***[NTD: if the Borrower will enter into a Purchase and Sale Agreement not related to Sec. 13.1(hh) below, insert this provision. Remove if not applicable.]***
- (hh) BCHMC being satisfied, in its sole discretion, with the terms of the Purchase and Sale Agreement, and the Borrower:
 - i) agrees that BCHMC will be afforded such time as BCHMC requires to review and approve the terms of the Purchase and Sale Agreement, and that the Borrower will make such changes to the terms of the Purchase and Sale Agreement as BCHMC requires; and
 - ii) acknowledges that the negotiations and execution of the Purchase and Sale Agreement, in a form satisfactory to BCHMC and its solicitors, is a condition precedent to the Loan; and

[NTD: if PRHC will enter into a Purchase and Sale Agreement with the Borrower to purchase an ASP upon Project Completion, insert Section 13.1(hh) above. Remove if PRHC will not purchase or if the PRHC purchase is not in the form of ASP.]

- (ii) BCHMC being satisfied, in its sole discretion, with the terms of any and all agreements to be registered in connection with the deposit of the AirSpace Plan, including but not limited to, any master easement agreements, and the Borrower:
 - i) agrees that BCHMC will be afforded such time as BCHMC requires to review and approve the terms of any such agreements, and that the Borrower will make such changes to the terms of same as BCHMC requires; and
 - ii) acknowledges that the negotiations and execution of the foregoing agreements, in a form satisfactory to BCHMC and its solicitors, is a condition precedent to the Loan;

[NTD: if PRHC will enter into a Purchase and Sale Agreement with the Borrower to purchase an ASP upon Project Completion, insert Section 13.1(ii) above. Remove if PRHC will not purchase or if the PRHC purchase is not in the form of ASP.]

- (jj) a report from a BCHMC representative that a satisfactory visual site inspection of the Project and the Property has been completed;
 - (kk) the Borrower entering into such instruments and documents as are required by BCHMC under the BC Builds Rental Supply Program; and
- 13.2. It will be a further condition precedent to the availability of advances under the Loan (being the First Advance and all subsequent advances) that in addition to the satisfaction of the conditions precedent set forth in Section 13.1 above, BCHMC will have received at least five (5) business days prior to the date on which the Borrower wishes funds to be advanced, in form and substance satisfactory to BCHMC, its payment certifier, quantity surveyor or solicitors, as applicable:
- (a) copies of invoices relating to each direct advance that is requested which correspond to the requested amount of the advance;
 - (b) evidence that work in place or costs have been expended upon or in respect of the Property equivalent in value to the advances requested;
 - (c) confirmation that the work to construct or repair, as applicable, the improvements comprising the Project is being done in a good and workmanlike manner and meets all acceptable standards and municipal requirements; and

- (d) such other information, material and/or documents as BCHMC, its payment certifier or quantity surveyor may require.

[NTD: For refinance/purchase with substantial renovation/construction, remove 13.2 above in its entirety and replace with the following:

- 13.2 *It will be a further condition precedent to the availability of advances under the Loan (being the First Advance and all subsequent advances) that in addition to the satisfaction of the conditions precedent set forth in Section 13.1 above, BCHMC will have received at least five (5) business days prior to the date on which the Borrower wishes funds to be advanced, in form and substance satisfactory to BCHMC, its payment certifier, quantity surveyor or solicitors, as applicable:*
- (a) *for the First Advance, [a copy of the purchaser's statement of adjustments executed by the Borrower and confirmation of appropriate undertakings for the First Advance agreed to by the Borrower's solicitors;] OR [a copy of the payout statement from ♦ confirming the amount of the Borrower's existing indebtedness owed to ♦;]*
 - (b) *for all subsequent advances:*
 - i. *copies of invoices relating to each direct advance that is requested which correspond to the requested amount of the advance;*
 - ii. *evidence that work in place or costs have been expended upon or in respect of the Property equivalent in value to the advances requested;*
 - iii. *confirmation that the work to repair the improvements comprising the Project is being done in a good and workmanlike manner and meets all acceptable standards and municipal requirements; and*
 - iv. *such other information, material and/or documents as BCHMC, its payment certifier or quantity surveyor may require.]*

14. Conditions of Loan

The Borrower agrees that so long as the Loan or the Take-Out Loan remains outstanding:

- 14.1. the Borrower will not without the prior written consent of BCHMC or the Take-Out Lender, as applicable:
- (a) take or refrain from taking any action that would cause any of the representations and warranties of the Borrower under this Loan Commitment Letter to be incorrect, false or misleading;
 - (b) permit any property or other taxes in respect of the Property to remain unpaid when due;

- (c) use, store or permit to exist on the Property any Hazardous Substance;
 - (d) permit any changes to the Approved Budget or the Approved Plans;
 - (e) permit any changes to the Construction Contracts or Contractors or any other subtrade and/or supplier contracts;
 - (f) grant or allow any security interest, lien, charge or other encumbrance to be registered against or exist on any of the Borrower's assets, any part of the Property or the Project or any present or after-acquired personal property of the Borrower located on the Property or used for the Project;
 - (g) sell, assign, transfer or otherwise dispose of its interest or any part thereof in the Property or the Project nor enter into any trust deed in respect of the Property or the Project; and
 - (h) if a corporation or partnership, amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change of control of the Borrower;
- 14.2. the Borrower agrees that so long as the Loan or the Take-Out Loan remains outstanding, the Borrower will not sell, assign, transfer or otherwise dispose of its interest of any individual units of the Property or the Project. Without BCHMC's prior consent, any attempts to sell, assign, transfer or dispose of any individual units will constitute a breach of the terms or conditions of this Loan Commitment Letter or the Security Documents, and all amounts outstanding under or in respect of the Loan, including principal and interest, shall immediately become due and payable;
- 14.3. following the completion of the Project, the Borrower will provide a survey and surveyor's certificate prepared by a registered land surveyor approved by BCHMC in respect of the Property, confirming the location of any buildings and other improvements and the location of all registered easements, statutory rights of way or restrictive covenant areas, and confirming that the location of such buildings and other improvements, including foundation and overhangs, comply with all rules, regulations and by-laws of the appropriate municipal or other governmental authorities having jurisdiction in connection therewith including, without limitation, all set-back, easement, zoning, and height restrictions;
- 14.4. at milestones predetermined by BCHMC, the Borrower will provide BCHMC with a report confirming that a satisfactory visual site inspection of the Project has been completed and the current state of the construction of the Project;
- 14.5. the Borrower will perform and do all things necessary to ensure completion of the Project in its entirety in accordance with the Approved Budget and the Approved Plans;

- 14.6. the Borrower agrees and consents to any and all consultants retained by the Borrower fully disclosing all information and matters relating to the Property and the Project to BCHMC;
- 14.7. the Borrower will provide BCHMC, promptly upon receipt of the same, at pre-determined milestones, as required by BCHMC, copies of all plans, permits, design and working drawings, surveys, studies, specifications, budgets, reports, contracts, appraisals and other information and materials as applicable regarding the Project and the Property, including but not limited to:
 - (a) development cash flow noting the projected timing of capital project costs;
 - (b) completed waste management tracking spreadsheets or monthly update tracking sheets totaling all waste for the Project;
 - (c) revised Approved Budget and Approved Plans at milestones predetermined by BCHMC; and
 - (d) preliminary and, subject to the approval of BCHMC, in its sole discretion, revised and updated Project schedules, including a construction project management schedule on a monthly basis;
- 14.8. the Borrower acknowledges that all documents and deliverables pursuant to Section 14.7 must be satisfactory to BCHMC, in its sole discretion, and the Borrower agrees to make reasonable changes to any of the documents provided by the Borrower to BCHMC pursuant to Section 14.7 upon request by BCHMC;
- 14.9. the Loan is available exclusively to the Borrower for the of the Project at the Property;
- 14.10. the Borrower will comply with all applicable laws of local, provincial or federal authorities including all applicable WorkSafeBC provisions, and prior to commencement of work by any Contractor, the Borrower will obtain and provide BCHMC with WorkSafeBC clearance letters for such Contractor;
- 14.11. the Borrower will notify BCHMC immediately of any material delay or interruption in the construction of the Project, or if any builders liens are filed or registered against any part of the Property;
- 14.12. the Borrower will provide BCHMC with copies of the disclosure statement and all disclosure statement amendments for the Project, such documents to be in form and substance satisfactory to BCHMC and its solicitors;
- 14.13. the Borrower will provide BCHMC with a description of all present and after-acquired personal property situate at, arising from or used in connection with the Property or the Project, including the make, model and serial number, as applicable, and the Borrower will provide evidence to the satisfaction of BCHMC that all such personal property has been paid for in full;

- 14.14. the Borrower will provide BCHMC monthly written progress reports, with such supporting documentary evidence and correspondence as required by BCHMC, concerning municipal approvals for the Project, including, but not limited to, the negotiation of documents required by the «Municipality» to be registered on title to the Property, and the approval of all subdivision, strata title, airspace parcel or other title creation plans;
- 14.15. the Borrower will, prior to finalization and submission to the «Municipality», submit to BCHMC for approval any and all subdivision, strata title, airspace parcel or other title creation plans, which documents will be in form and substance satisfactory to BCHMC and its solicitors;
- 14.16. the Borrower will comply with all zoning, development permit and building permit requirements, and will submit to the «Municipality» all subdivision, strata title, airspace parcel or other title creation plans within such times as are required to adhere to the Project schedule;
- 14.17. the Borrower will provide to BCHMC, promptly upon receipt, copies of any and all documents that are proposed to be or are registered on title to the Property and any priority agreements proposed to be granted by BCHMC, which documents will be in form and substance satisfactory to BCHMC and its solicitors, and the Borrower will finalize the terms of such documents with the «Municipality» as required to adhere to the Project schedule;
- 14.18. the Borrower will use and will take all steps required to ensure that the Project is used only as residential rental housing for middle-income households, as required by BCHMC from time to time;
- 14.19. prior to the final advance under the Loan, the Borrower will provide BCHMC with a final claim form with the certificate of completion and deficiency list and the deficiency holdback amount to be retained;
- 14.20. written confirmation from BCHMC that a satisfactory visual site inspection and walk through by BCHMC of the Project have been completed following Project Completion;
- 14.21. the Borrower agrees to complete any and all deficiencies identified through the building inspection required pursuant to Section 14.20 within a reasonable amount of time after Project Completion to the satisfaction of BCHMC in its sole discretion;
- 14.22. the Borrower agrees to complete any and all deficiencies identified through a building inspection in a reasonable amount of time after completion;
- 14.23. upon Project Completion, the Borrower will provide BCHMC with an unconditional occupancy permit issued by the appropriate municipal authority and upon request by BCHMC, a letter from the appropriate municipal authority

confirming that the Project complies with all zoning and other bylaws, including set-back requirements;

14.24. the Borrower agrees to sign any additional documents reasonably requested by BCHMC that relate to the Project including any new charges that BCHMC may require be registered on title to the Property;

14.25. the Borrower will enter into the Operator Agreement; ***[NTD: Remove if PRHC is not purchasing any units by way of ASP.]*** and

14.26. the Borrower will make payment of the following to BCHMC:

- a) the Commitment Fee;
- b) interest (at cost);
- c) legal fees (on an indemnity basis); and
- d) all other expenses of BCHMC (at cost).

15. GST Rebates and Input Tax Credits

15.1. New construction or renovation of social housing is considered a taxable activity. The Borrower will be entitled to claim input tax credits for the GST paid on construction, allowing the Borrower to claim 100% of the GST paid. Accordingly, the Borrower agrees to diligently pursue any GST input tax credits or rebates to which it is entitled with respect to expenditures from the Approved Budget. In replacement of funds advanced by BCHMC during the construction of the Project, the Borrower will remit to BCHMC on demand the proceeds recovered from input tax credits and/or rebates from CRA on any portion of the Loan advanced for the purposes of GST.

15.2. The Borrower will apply to CRA for designation as a municipality, if not already designated, for the purpose of claiming the GST rebate that may be available to organizations that provide subsidized housing on a rent-geared-to-income (RGI) basis, such GST rebate being equal to 100% on operating expenditures.

15.3. The Borrower will file quarterly GST returns with CRA during the construction of the Project, and agrees to consider filing monthly GST returns to expedite the recovery of cash. Upon completion of the Project, the Borrower will self-assess under the “self-supply rules” and will remit any GST owing on the residential portion of the Project. A GST tax guide is available on BCHMC’s website.

16. Representations and Warranties

The Borrower represents and warrants to and will be deemed to continuously represent and warrant to BCHMC, that:

- 16.1. if a , it has been duly incorporated and organized and/or formed as the case may be, validly exists, is in good standing, is authorized to conduct its business in all jurisdictions in which it carries on business or has assets and has all requisite power and capacity to own its assets, carry on the business presently carried on by it, to execute and deliver this Loan Commitment Letter and the Security Documents, as may be applicable, and to observe and perform the provisions thereof;
- 16.2. if a , this Loan Commitment Letter and the Security Documents, as may be applicable, have been or will be duly authorized, executed and delivered by it;
- 16.3. this Loan Commitment Letter and the Security Documents, as may be applicable, constitute or will constitute, upon execution and delivery by the Borrower, valid and binding obligations and are or will be enforceable against them in accordance with their respective terms;
- 16.4. the execution of this Loan Commitment Letter and the Security Documents, as may be applicable, and the incurring of liability and indebtedness to BCHMC in accordance with this Loan Commitment Letter does not and will not contravene:
 - (a) any Legal Requirements of a government authority;
 - (b) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it is a party; or
 - (c) the constating documents or bylaw documents, as applicable, of the Borrower;
- 16.5. all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Loan and the execution and delivery of the Security Documents;
- 16.6. all financial and other information, budgets, timetables, certificates, plans, specifications and other material provided to BCHMC in connection with the Loan are true and accurate, and the Borrower acknowledges that the Loan is made by BCHMC in reliance on the truth and accuracy of such information and the representations and warranties contained therein;
- 16.7. at Project Completion, all utilities and services necessary for the development and construction of the Project and the operation and use thereof for its intended purpose (including, without limitation, water supply, storm and sanitary sewer, gas, electricity, and telephone facilities) will be installed, connected and available to the Property, and there will be no legal or physical impediments to pedestrian and vehicular access and egress to the Property; and
- 16.8. no Event of Default has occurred and is continuing.

17. Hazardous Substances

- 17.1. To the best of the knowledge of the Borrower, having made due and diligent inquiry, no Hazardous Substance is located on any part of the Property, nor, so far as the Borrower is aware, due and diligent inquiry having been made, have any such substances been stored or used on the Property prior to the Borrower's ownership, possession or control of the Property. The Borrower agrees to provide written notice to BCHMC immediately upon the Borrower becoming aware that the Property is being or has been contaminated with any Hazardous Substance. The Borrower will not permit any activities on the Property which directly or indirectly could result in the Property or any other property being contaminated with any Hazardous Substance.
- 17.2. The Borrower will promptly comply with all Legal Requirements relating to the use, collection, storage, treatment, control, removal or cleanup of any Hazardous Substance in, on, or under the Property as a result of construction, operations or other activities on the Property, or incorporated in any improvements thereon. BCHMC may, but will not be obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Borrower will reimburse BCHMC on demand for the full amount of all costs and expenses incurred by BCHMC in connection with such compliance activities. The assets of the Borrower which are now or in the future encumbered by the Security Documents are hereby further mortgaged and charged to BCHMC, and BCHMC will have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Loan.

18. Events of Default

Without in any way limiting the right of BCHMC to demand payment in full of the Loan, the Loan shall, at the option of BCHMC, immediately become due and payable upon the occurrence and during the continuance of any one or more of the following events (collectively, "**Events of Default**"):

- 18.1. the Borrower fails to pay the Loan or any portion thereof or other monies payable by the Borrower in accordance with this Loan Commitment Letter within two (2) business days of any such amount being due;
- 18.2. the Borrower is in breach of any of the provisions of this Loan Commitment Letter (other than the obligations to pay the Loan or other moneys payable when due) and has not cured such breach within fourteen (14) days from the date the Borrower obtains actual knowledge of the breach or is provided with notice of the breach from BCHMC, whichever is earlier, except that if the breach, by its nature, requires more than fourteen (14) days to cure, the Borrower may have such further time to rectify the default as BCHMC considers reasonable so long as the Borrower begins to rectify promptly and thereafter proceeds with all due diligence to cure the default;

- 18.3. the Borrower, any one of its subsidiaries, makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation, or appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, administrator or a receiver (or the equivalent in any jurisdiction) or any other officer or party with similar powers or if a judgement or order shall be entered by any court approving a petition for reorganization, arrangement or composition of the Borrower, any of its subsidiaries, or any of its assets, or it enters into a liquidation of its assets;
- 18.4. the Borrower is deemed to be insolvent or ceases to exist or is declared bankrupt;
- 18.5. without the prior written consent of BCHMC:
- (a) there occurs a change of ownership (beneficial or otherwise) or control of the Borrower;
 - (b) the Borrower sells, conveys, transfers or enters into an arrangement for sale or transfer of title of the Property or any part thereof; or
- 18.6. there is a breach or non-performance or non-observance of any term or condition of this Loan Commitment Letter, the Contribution Agreement, or the Security Documents.

19. Taxes

Unless the Borrower is advised otherwise by BCHMC, the Borrower will make payments directly to the local government of all taxes and rates when due and provide proof of payment to BCHMC within thirty days of the due date.

20. Insurance

The Borrower will maintain insurance in the form and content acceptable to BCHMC. Without limiting the generality of the foregoing the insurance must include the minimum requirements set out in the Insurance Memo attached as Schedule "A" where applicable - please ensure that your insurance agent receives a copy of Schedule "A". The policy of insurance is to be forwarded to BCHMC and will be reviewed by BCHMC's insurance advisor. The cost of the review will be borne by the Borrower.

21. Builders Liens

- 21.1. The Borrower will comply with all the provisions of the *Builders Lien Act* (including any provision requiring or enabling the retention of portions of any sums payable by way of holdbacks).
- 21.2. If any builders lien or other lien for work, labour, services, or materials supplied to the Project or for the cost of which the Borrower may be in any way liable are filed, the Borrower will within 15 days after receipt of notice thereof procure the

discharge thereof, including any certificate of pending litigation registered in respect of any lien, by payment or giving security into court or otherwise or in such other manner as may be required or permitted by law.

22. Assignment

22.1. The Borrower will not be entitled to assign any of the rights and benefits conferred by this Loan Commitment Letter.

22.2. This Loan Commitment Letter and the Security Documents may be freely assigned by BCHMC, in whole or in part, without the consent of the Borrower. The Borrower agrees that BCHMC may arrange, on behalf of the Borrower, long term financing with the Take-Out Lender on terms acceptable to BCHMC, such long term financing to commence on the Take-Out Date and will provide for a Fixed Rate of interest.

23. Authorization to Invest

The Borrower hereby irrevocably directs and authorizes BCHMC to invest (in accordance with BCHMC's investment policy) on behalf of the Borrower excess funds, if any, borrowed under the Loan which were not utilized for the purposes approved by BCHMC and to use the principal and interest earned from such investment to reduce the outstanding balance of the Loan on maturity.

24. Equity Contribution by BCHMC

Any equity contribution made by BCHMC toward the Project, whether in the form of units purchased or a cash contribution, may be re-evaluated if there is variation in the initial projected interest rate applicable to the long term financing from the Take-Out Lender included in the Approved Budget and the Fixed Rate as of the Initial Take-Out Date. Any re-evaluation of equity contribution by BCHMC will be undertaken in consultation with the Borrower. ***[NTD: this is only applicable if PRHC is buying units or if BCHMC is providing a grant to the project. Remove if not applicable]***

25. Communications and Event Protocols

BCHMC and the Borrower will work together on a number of communication activities that may take place over the course of the Project. The Borrower should contact Corporate Communications at BCHMC with questions regarding such communication activities. The Borrower agrees that the communication activities will be governed by the following terms:

25.1. **Coordination** – BCHMC will lead the coordination of official announcements, groundbreaking and opening events unless otherwise agreed upon by BCHMC corporate communications, and will ensure the Borrower is involved in the planning process and acknowledged in all materials and at all events. All public-facing materials (including, but not limited to, press releases, media pitches, media

responses, interviews, social media posts, and social media campaign materials) must be approved by BCHMC.

- 25.2. **Media Inquiries & Confidentiality** – As information regarding government-funded developments is generally only shared with the media during official announcements or events, BCHMC and the Borrower will work together to develop standard key messages that will be used to respond to media inquiries with respect to the Project.
- 25.3. **Event Date Selection** – BCHMC will work with government partners and the Borrower to schedule official event dates to coincide with the timeline of construction and/or completion of the Project. Event dates are impacted by the availability of provincial and/or federal and municipal representatives. The Borrower acknowledges that, where appropriate due to funding, BCHMC has a commitment to include and acknowledge the Government of Canada for its contribution to projects. BCHMC must follow Canada-British Columbia event protocols when scheduling events under this initiative. The Canada-British Columbia event protocols include proposing event dates twenty (20) business days in advance in order to confirm a government representative for the proposed announcement or event. In addition, federal quotes, logos, and boilerplates will be included in the news release. The Borrower agrees that it will not inform its staff or stakeholders regarding announcements or events without confirming the dates for such announcements or events with BCHMC, as dates may shift during the scheduling phase.
- 25.4. **Event Location** – The location of the event is negotiable; however, it is ideal to hold the event on the Property in order for attendees, including the media, to see the Project site firsthand.
- 25.5. **News Release/Backgrounder** – BCHMC will prepare and distribute media materials, including news releases/backgrounders and media advisories, for official announcements. The Borrower will be offered a quote in the news release, as well as an opportunity to include a brief background or boilerplate. BCHMC will work with the Borrower to invite media to official events and will provide copies of final media materials on the day of the announcement.
- 25.6. **Representation and Agenda** - BCHMC will prepare and confirm the final agenda for official events following government protocols. A representative of the Borrower will be offered a speaking role on the agenda.
- 25.7. **Invitations** – BCHMC will draft an electronic invitation to official events and will include the Borrower's logo on the invitation. The Borrower will be responsible for the email distribution of the invitation. The Borrower may provide the names, titles, organizations and email addresses of additional invitees.
- 25.8. **Logistics/Staging** – BCHMC works with outside agencies to provide event logistics (tents, audio-visual, and staging) and a photographer to document the

event. The Borrower may suggest local vendors to use for regional events. BCHMC staff will attend the event and provide events-related support. BCHMC will share event photographs with the Borrower following the event.

25.9. **Project Signs** – During the construction of the Project, the Borrower will permit BCHMC to display on the Property one or more signs of a size and content selected by BCHMC. BCHMC will provide the Borrower with such Project signs, to be installed in a prominent location on the Property, at the beginning of the construction. These signs may be removed at the time of landscaping.

25.10. **Opening Ceremony** – The Borrower and BCHMC will work together to coordinate an official opening ceremony for the Project which should take place within a few months of the occupancy date. Event dates are impacted by the availability of provincial and/or federal and municipal representatives. The final approval of event dates is at the discretion of BCHMC. In order to allow enough time to confirm the attendance of provincial representatives, please contact BCHMC Corporate Communications regarding the proposed ceremony date at least eight weeks in advance.

26. General Provisions

The following terms and conditions apply to this Loan Commitment Letter:

26.1. **Site Visits** – Representatives of BCHMC and its payment certifier or quantity surveyor will be entitled to attend at and view the Project and all personal property thereon and all financial records of the Borrower at any time, on reasonable notice.

26.2. **Confidentiality** – This Loan Commitment Letter is delivered to the Borrower on the understanding that neither this Loan Commitment Letter nor its substance is to be disclosed without BCHMC's prior written consent except to counsel, accountants, employees and agents of the Borrower who are specifically involved in the transaction contemplated in this Loan Commitment Letter.

26.3. **Time of Essence** – Time will be of the essence of this Loan Commitment Letter.

26.4. **Notice** – Any notice required to be given under this Loan Commitment Letter is to be provided in writing and may effectively be given by a party by delivery of such notice to the other party at the address set out on the first page of this Loan Commitment Letter or at such other address as either party may in writing notify the other party, or by electronic or facsimile transmission to the fax number or email address as either party may in writing provide to the other party. Any notice so mailed will be deemed to have been delivered on the fifth (5th) day after the date of mailing. Any notice sent by facsimile or electronic transmission will be deemed to have been delivered upon receipt by the receiving party.

26.5. **Credit Investigations** – The Borrower hereby authorizes and consents to such credit investigations as BCHMC may deem necessary from time to time throughout the time the Loan is outstanding.

- 26.6. **BCHMC Records** – The Borrower acknowledges that the recording of the amount of any advance or repayment under the Loan, and interest, fees and other amounts due in connection with the Loan, made by BCHMC in its records will constitute prima facie evidence of the Borrower's indebtedness and liability from time to time under the Loan, and the obligation of the Borrower to repay any indebtedness and liability in accordance with the terms and conditions of the Loan will not be affected by the failure of BCHMC to make such recording. The Borrower also acknowledges being indebted to BCHMC for principal amounts shown as outstanding from time to time in BCHMC's records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Loan Commitment Letter.
- 26.7. **Legal and Other Expenses** – The Borrower will pay all legal fees and disbursements in respect of the Loan, the preparation and issuance of this Loan Commitment Letter and the Security Documents, the enforcement and preservation of BCHMC's rights and remedies, all appraisals, insurance consultation, and similar fees and all other fees and disbursements of BCHMC, whether or not the documentation is completed or any funds are advanced under the Loan.
- 26.8. **Waiver** – Failure by BCHMC to insist upon strict performance by the Borrower of any obligation or covenant, option or right under this Loan Commitment Letter or any of the Security Documents will not be a waiver or relinquishment in the future of such obligation or covenant, option or right, but the same will remain in full force and effect and BCHMC will have the right to insist upon the strict performance by the Borrower of any and all of the terms and provisions of this Loan Commitment Letter and the Security Documents.
- 26.9. **Variation** – No term or requirement of this Loan Commitment Letter or any of the Security Documents may be waived or varied orally or by any course of conduct, of any officer, employee, or agent of BCHMC. Any amendment to this Loan Commitment Letter or any of the Security Documents must be in writing and signed by an authorized officer of BCHMC.
- 26.10. **Right and Remedies Cumulative** – The remedies, rights and powers of BCHMC under this Loan Commitment Letter, the Security Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of BCHMC and no delay or omission in the exercise of any such remedy, right, or power will exhaust such remedy, right, or power or be construed as a waiver of any of them.
- 26.11. **Governing Law** – This Loan Commitment Letter will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 26.12. **BCHMC's Solicitor** – BCHMC's legal work and documentation is to be performed at the Borrower's expense by a solicitor of BCHMC's choice. All legal costs (including those of BCHMC's solicitor) and other reasonable costs and

expenses incurred by BCHMC in establishing or operating the Loan are for the account of the Borrower whether or not funds are advanced.

BCHMC has appointed the following law firm to act on its behalf on this transaction:

«BCH_Solicitor_Firm»

Attention: «BCH Solicitor»

27. Lapse and Cancellation

This Loan Commitment Letter will lapse and all obligations of BCHMC set forth in this Loan Commitment Letter and in respect of the Loan will cease, all at the option of BCHMC, if there has been, in the opinion of BCHMC, a material adverse change in the financial condition of the Borrower. The availability of the Loan and the terms and conditions of the offer of credit contained in this Loan Commitment Letter will be subject to periodic review by BCHMC in BCHMC's sole discretion, however BCHMC will be under no obligation to conduct any such review or to provide a renewal letter or extension letter or other notification of such review if such review is conducted. BCHMC will have the option to conduct corporate, personal property registry and land registry searches in respect of the Borrower at the Borrower's sole cost. Upon demand being made by BCHMC for repayment of the amount outstanding under the Loan, any unadvanced portion of the Loan will be immediately cancelled.

[Remainder of this page has been intentionally left blank]

This offer of credit may be accepted by the Borrower by dating and returning to BCHMC two copies of this Loan Commitment Letter duly executed by the Borrower. The Borrower acknowledges and agrees that execution and delivery of this Loan Commitment Letter does not impose an obligation on BCHMC to advance any portion of the Loan.

Yours very truly,

British Columbia Housing Management Commission

Pooi Ching Siew
Director, Lending Services

THESE TERMS AND CONDITIONS ARE HEREBY ACCEPTED THIS ____ DAY
OF _____, 20__.

THE BORROWER:

«BORROWER_NAME», by its authorized
signatory(ies):

Name:
Title:

Name:
Title:

\«initial»

c «Development_Manager», «Dept», BCHMC

Schedule "A"

A. Construction Insurance Requirements (please carefully read the notes at the bottom of the page):

Whilst British Columbia Housing Management Commission ("BCHMC") is providing interim financing to the Borrower of the housing project (the "Project"), BCHMC requires the Borrower/Owner of the Project to obtain and maintain through the BCHMC Owner-Controlled Insurance Program insurance of the property to be insured (the "Property"). Without limiting the generality of the foregoing, the insurance must cover the following:

1. "All Risks" Builders' Risk Policy:

This policy shall cover "all risks" of direct physical loss or damage to the Project, including the perils of earthquake, flood, sewer back-up and subject to the terms, conditions, limitations and exclusions, and further, the policy shall:

- a. be written in the joint names of BCHMC, the Borrower/Owner, the Project Manager, the Construction Manager, the Contractor, the Subcontractors, the Consultant(s), architects, engineers, other consultants and sub-consultants engaged on the Project;
 - b. provide for a limit of coverage not less than the estimated final completed value of the Project, with a sublimit on transit of \$1,000,000.00, off-site storage of \$1,000,000.00, extend to include soft costs, by-Laws (not sublimit), landscaping (no sublimit), no requirement to replace or repair on same or adjacent site, \$1,000,000.00 Extra Expense, Off-site Services, testing and commissioning cover with no exclusion for equipment breakdown, pollution and contamination clean-up of \$250,000.00, debris removal 10% (minimum \$250,000), watchman/video surveillance for any projects \$10,000,000.00 with wording and security/video surveillance companies acceptable to BCHMC ;
 - c. contain a waiver of the insurer's subrogation rights against all insureds and their officers, employees and servants, and provide that, in the event of loss or damage, payment shall be made to BCHMC and the Borrower/Owner on their own behalf and as trustees for the benefit of any and all Insureds.
2. Loss payable is to be in favour of BCHMC as mortgagee. A standard mortgage endorsement clause (IBC 3000) is to form part of the policy.

3. "Wrap-Up" Commercial General Liability Insurance:

This policy shall cover the risks of liability for bodily injury and property damage arising from the activities at the Place of the Work, and further the policy shall:

- a. be written in the joint names of BCHMC, the Borrower/Owner, the fee simple owner of the Place of the Work, the Project Manager, the Construction Manager, the Contractor, the Subcontractors, the Consultant(s), architects, engineers, other consultants and sub-consultants engaged on the Property;
- b. provide for a limit of liability not less than \$10,000,000.00 inclusive per occurrence for bodily injury, death, and damage to property including loss of use thereof;
- c. include Sudden & Accidental Pollution for \$10,000,000.00 and Non-Owned Auto and include 24 months completed operations once project completed, off-site services.

(See GC11.1 Insurance Clause of the Supplementary General Conditions of the Stipulated Price Contract for additional details and requirements.)

B. Operating Insurance Requirements (please carefully read the notes at the bottom of the page):

British Columbia Housing Management Commission ("BCHMC") requires that the Borrower/Owner of the Project obtain a quote from Marsh Canada ("Marsh"), who have set up a Group Insurance Program for non-profit housing societies.

1. Insurance must be carried for the full 100% replacement cost of the building. Co-insurance is not acceptable. Coverage shall be written on an "all risks" form, including flood and earthquake.
2. Loss payable is to be in favour of BCHMC, or the lender of monies, as mortgagee. A standard mortgage endorsement clause (IBC 3000) is to form part of the policy.
3. BCHMC must continue to be named as an additional insured even when BCHMC is not the lender of the funds for the Project.
4. Rental Income Insurance for a full 100% of rentals lost during a minimum term of 6 months is required, or for an indemnity period equal to the estimated full reconstruction period.
5. The correct civic description of the Property must be specified.
6. Commercial General Liability Insurance including personal injury and non-owned auto insurance coverage (for a minimum of \$10,000,000 for each occurrence). This policy must include a cross liability clause.
7. Where applicable, boiler, vessel, and air-conditioning insurance in comprehensive form, against breakdown of boilers, engines, machinery and electrical apparatus for a minimum of the loan amount. Insurance is to be written on a Replacement Cost wording with a waiver of co-insurance requirement. Rental Income Insurance is required as stipulated under Clause B.4.
8. All fixtures, furnishings and equipment must be insured for the full replacement value and must cover all risks.
9. By-law coverage clause for both the building and tenant improvements including:
 - a. loss occasioned by enforcement of any laws or ordinances regulating the construction or repair of the buildings or structures enforced at the time that a loss occurs, which requires the demolition of any portion of the insured buildings or structures which have not suffered damages; and
 - b. the cost incurred in actually rebuilding both the damaged and demolished portions of the insured buildings or structures with materials and in a manner to fully satisfy such ordinances or laws.

A BCHMC signed government Certificate of Insurance (form as enclosed) is required if Operating Insurance is not purchased through the Group Insurance Program with Marsh. Please ensure that all the requirements as specified in the above "**Section B – Operating Insurance Requirements – items 1-9(b)**" are in compliance and detailed in the attached Certificate of Insurance form. Please provide completed Certificate of Insurance to BCHMC at #1701 - 4555 Kingsway, Burnaby, B.C. V5H 4V8 (Attention: «Development_Manager», «Dept»), within 30 days of the date of the issuance of the insurance binders. **60 days notice of cancellation or material change in the policy must be given to BCHMC.**

NOTE:

***Where the borrower has entered into a ground lease (for example, if the owner of the land is Provincial Rental Housing Corporation or any municipal government), then all insurance referred to in A and B shall include the owner as a named insured and, with respect to property insurance, as a loss payee, as its interests may appear. Proof of insurance should be forwarded to the owner.**

****Without limiting the generality of the foregoing, BCHMC must continue to be named as an additional insured even when BCHMC is not the lender of the funds for the Project. In addition, where the City of Vancouver is the landlord, the relevant notices and proof of insurance must be forwarded to: Director of Risk Management, City of Vancouver, 453 West 12th Avenue Vancouver, B.C. V5Y 1V4, and the rental income insurance in B.4. must be for 12 months minimum.**



CERTIFICATE OF INSURANCE

Freedom of Information and Protection of Privacy Act
BC Housing adheres to the Freedom of Information and Protection of Privacy Act when collecting and using personal information. Direct any questions to the Manager, Records and Information Privacy at #1701 – 4555 Kingsway, Burnaby, BC V5H 4V8. Please refer all other questions to the contact named in Part 1.

Part 1 To be completed by BC Housing

THIS CERTIFICATE IS REQUESTED BY and ISSUED TO (BC Housing)		CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.	
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION			
BC HOUSING CONTRACT ADMINISTRATOR		PHONE NO:	
NAME & TITLE «Development_Manager», «Dept»		FAX NO:	
ADDRESS 1701 - 4555 Kingsway Avenue, Burnaby, BC		POSTAL CODE V5H 4V8	
CONTRACTOR/SOCIETY NAME			
CONTRACTOR/SOCIETY ADDRESS		POSTAL CODE	

Contractor/Society Information

Please provide this form and a copy of the Contract Terms and Conditions to your Insurance Broker for completion and then return the completed form to BC Housing. **No substitutions of this form will be accepted. Commencement of any work cannot begin until BC Housing has the Certificate of Insurance in hand.**

Part 2 To be completed by the Society/Contractor/Consultant's Agent or Broker (please provide all details as specified under "Operating Insurance Requirements item 1-9 (b)" in the above attached Schedule "A")

INSURED	NAME		
	ADDRESS		POSTAL CODE
OPERATIONS INSURED	PROVIDE DETAILS		
TYPE OF INSURANCE <i>List each separately</i>	COMPANY NAME, POLICY NO. & BRIEF DESCRIPTION	EXPIRY DATE YYYY/MM/DD	LIMIT OF LIABILITY/AMOUNT
LOSS PAYABLE:			

This certificate certifies that policies of insurance as herein described have been issued to the insured(s) named above, are in full force and effective as of the effective date of the contract/permit/licence, and comply with the insurance requirements of the contract/permit/licence except as follows:

AGENT OR BROKER COMMENTS:		
SIGNED BY THE AGENT OR BROKER ON BEHALF OF THE ABOVE INSURER(S)	AGENT or BROKER NAME	DATE SIGNED

Part 1 To be completed by BC Housing

THIS CERTIFICATE IS REQUESTED BY and ISSUED TO (BC Housing)		CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.	
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION			
BC HOUSING CONTRACT ADMINISTRATOR		PHONE NO:	
NAME & TITLE «Development_Manager», «Dept»		FAX NO:	
ADDRESS 1701 - 4555 Kingsway Avenue, Burnaby, BC		POSTAL CODE V5H 4V8	
CONTRACTOR/SOCIETY NAME			
CONTRACTOR/SOCIETY ADDRESS		POSTAL CODE	

Contractor/Society Information

Please provide this form and a copy of the Contract Terms and Conditions to your Insurance Broker for completion and then return the completed form to BC Housing.

No substitutions of this form will be accepted. Commencement of any work cannot begin until BC Housing has the Certificate of Insurance in hand.

Part 2 To be completed by the Contractor/Society/Consultant's Agent or Broker (please provide all details as specified under "Operating Insurance Requirements item 1-9 (b)" in the above attached Schedule "A")

INSURED	NAME ABC Housing Society		
	ADDRESS 123 Broadway Street, Vancouver, BC		POSTAL CODE V1V2B2
OPERATIONS INSURED	PROVIDE DETAILS ABC Court – 123 Broadway Street, Vancouver BC V1V2B2		
TYPE OF INSURANCE <i>List each separately</i>	COMPANY NAME, POLICY NO. & BRIEF DESCRIPTION	EXPIRY DATE YYYY/MM/DD	LIMIT OF LIABILITY/AMOUNT
BLANKET ALL PROPERTY – As per Locations Declared ALL RISKS • Replacement Cost Basis • Flood • Earthquake • By-Laws Included BOILER AND MACHINERY INSURANCE - COMPREHENSIVE FORM • Repair or Replacement Cost • By-Laws Included GENERAL LIABILITY INSURANCE • Occurrence Form • Bodily Injury and Property Damage • Personal Injury • Tenants' Legal Liability • Cross Liability Clause • Non-Owned Automobile	ABC Insurance Company Master Policy No. 1234567	2015/12/31	Property of Every Description \$15,000,000 Rental Income \$1,000,000 Indemnity Period 24 months
	ABC Insurance Company Master Policy No. 1234567	2015/12/31	\$15,000,000
	ABC Insurance Company Master Policy No. 1234567	2015/12/31	Per Occurrence \$10,000,000
LOSS PAYABLE:	1st Loss Payee – BCHMC, 1701 -4555 Kingsway, Burnaby, BC V5H 4V8 2nd Loss Payee – CMHC,		

This certificate certifies that policies of insurance as herein described have been issued to the insured(s) named above, are in full force and effective as of the effective date of the contract/permit/licence, and comply with the insurance requirements of the contract/permit/licence except as follows:

AGENT OR BROKER COMMENTS: British Columbia Housing Management Commission and Provincial Rental Housing Corporation are added as Additional Insureds but only with respect to liability arising out of the operations of the Named Insured as noted above.		
SIGNED BY THE AGENT OR BROKER ON BEHALF OF THE ABOVE INSURER(S)	AGENT OR BROKER NAME	DATE SIGNED
	John Smith, XYZ Insurance Co.	

Schedule "B"
Order To Pay

TO: **British Columbia Housing Management Commission** ("BCHMC")

FROM: «**Borrower_Name**» (the "Borrower")

RE: Mortgage (the "Mortgage") in favour of BCHMC which charges the «tenure» interest of the Borrower in the following lands and premises: «**Property_Address**», «**Property_City**», BC, legally described as:
«**PID_Legal_Description**» (the "Property").

We hereby irrevocably authorize and direct you or your solicitors, to make advances secured by the Mortgage in the following manner:

1. To deduct any accrued interest (if applicable);
2. To pay to BCHMC any money owing under any proposal development funding loan, administration, legal, inspection and other fees or amounts payable to it;
3. To holdback or pay amounts required to satisfy statutory or contractual holdbacks directly to BCHMC's solicitors to be used to satisfy lien claims and otherwise to be paid out at BCHMC's direction;
4. To holdback or pay to BCHMC's solicitors, on or before the final advance, an amount estimated to be required to fund remaining project costs, such funds to be paid out at BCHMC's direction in respect of such costs as they are incurred;
5. To pay to the landlord of the Property rent required to be paid under a lease, if any;
6. To pay brokerage fees (if applicable);
7. At BCHMC's discretion:
 - a) to pay any taxing authority, any taxes, levies, or rates due and accruing due;
 - b) to pay to the holder of any prior encumbrance the amount required to pay out and discharge the prior encumbrance;
 - c) to pay to any appraiser, contractor, engineer, subcontractor, surveyor, or supplier of material in respect of the Property;
 - d) if any advance or draw is to be made subject to a BCHMC condition, to pay to our solicitors, _____, in trust, any such advance; and
 - e) deposit the advances or any of them into the following bank account (**Voided blank cheque attached**):

Bank Account in the name of: _____

Name of banking Institution: _____

Address (include postal code) of banking Institution: _____

Account Number: _____

Dated at _____, the ____ day of _____, 20 ____.

«BORROWER_NAME»,
by its authorized signatory(ies):

Name:
Title:

Name:
Title:

SAMPLE

SCHEDULE C - CORPORATE / ENTITY

Loan No. _____

In order to satisfy government legislation, the following information is required as a condition for the successful Take-Out Lender to process the long term fixed rate mortgage. Please refer to Appendix A for assistance in completing the form. Where insufficient space, please attach a separate page.

A. Type of Relationship and Entity

Borrower _____ Beneficial Owner _____ Guarantor/Covenantor _____

Corporation _____ Partnership _____ Not-for-Profit _____ Trust _____ Other (Specify) _____

B. Corporate/Entity/Not-for-Profit Information

Legal Name of Entity _____

Business Address _____

Principal Contact _____ Email Address _____

Phone Number _____ Fax Number _____

Business Type _____

C. Directors of Corporation/Entity/Not-for-Profit

List all principal of the Entity, including Directors, Partners, Trustees, as the case may be:

Name of Director/Partner/Trustee	Description of Occupation and Nature of Business

D. Not-for-Profit Organization

If the entity is a not-for-profit organization, is the entity registered with Canada Revenue Agency?

If yes, please insert Business/Registration No. _____

If the entity is an unregistered not-for-profit organization, does it solicit donations
from the public? _____

E. Declaration

By signing this Information Form, the undersigned declares that the information provided herein is true and correct.

Authorized Signatory:

Signature

Date

Print Name

Title

Authorized Signatory:

Signature

Date

Print Name

Title

APPENDIX A

INSTRUCTIONS TO COMPLETE INFORMATION FORM

PART A

Place a checkmark to indicate if the entity is the borrower, beneficial owner of the borrower, guarantor or covenantor.

Place a checkmark next to the business form the entity takes.

PART B

Please complete the full legal name of the entity, its business address, principal contact name, email address, phone number during business hours and facsimile number and the nature of the entity's principal business.

PART C

Please list all of the Directors, Trustees or Limited and/or General Partners, as well as a description of each individual's occupation.

PART D

If the entity is a not-for-profit organization, indicate if it is registered with the Canada Revenue Agency and their Business/Registration number. If the entity is a not-for-profit organization and not registered with the Canada Revenue Agency, indicate whether the entity solicits donations from the public.

PART E

Corporate / Entity Borrower / Not-for-Profit

An authorized signatory of the corporate/entity borrower must sign where indicated, clearly print his or her name, title, and insert the date of execution.

SCHEDULE C-1 - SOLICITOR'S CERTIFICATE OF CLIENT IDENTIFICATION
("Certificate")

Loan No. _____ Property Address _____

Prior to disbursing funds, we require that you ascertain the identity of each mortgagor, covenantor/guarantor and signing officer in accordance with our instructions to Solicitor, and send this fully completed and signed Certificate to us. Each mortgagor, covenantor/guarantor and signing officer is required to be physically present at the time you ascertain his or her identity. If required by the Mortgage Commitment, funds may not be disbursed until we have received the Certificate. Attach a separate page if insufficient space.

(A) Individuals and corporate/other entity signing officers. Particulars of identification produced by each mortgagor, covenantor/guarantor, and, where applicable, signing officer.

i. _____
Full Legal Name _____ Date of Birth _____
Identification Viewed from Appendix "A": Acceptable Forms of Identification

1. Type _____ No. _____
Place of Issue _____ Expiry Date. _____

2. Type _____ No. _____
Place of Issue _____ Expiry Date. _____

ii. _____
Full Legal Name _____ Date of Birth _____
Identification Viewed from Appendix "A": Acceptable Forms of Identification

1. Type _____ No. _____
Place of Issue _____ Expiry Date. _____

2. Type _____ No. _____
Place of Issue _____ Expiry Date. _____

iii. _____
Full Legal Name _____ Date of Birth _____
Identification Viewed from Appendix "A": Acceptable Forms of Identification

1. Type _____ No. _____
Place of Issue _____ Expiry Date. _____

2. Type _____ No. _____
Place of Issue _____ Expiry Date. _____

(B) Corporations, Not-for-Profit and other entities; Particulars of information ascertained for each mortgagor, covenantor/guarantor, beneficial owner, which is a corporation, not-for-profit or other entity.

Legal Name of Corporation, Not-for-Profit or Other Entity _____

Type of Entity _____ Reg. No. _____

Type of Record _____

Source of the electronic version of the record, if applicable (must be a source which is accessible to the public):

Legal Name of Corporation, Not-for-Profit or Other Entity _____

Type of Entity _____ Reg. No. _____

Type of Record _____

Source of the electronic version of the record, if applicable (must be a source which is accessible to the public):

Legal Name of Corporation, Not-for-Profit or Other Entity _____

Type of Entity _____ Reg. No. _____

Type of Record _____

Source of the electronic version of the record, if applicable (must be a source which is accessible to the public):

Certificate of Solicitor

I have complied with your instructions set out above and in the section of the Solicitor's Instructions entitled "Identification Verification Requirements".

Certified at _____ this _____ day of _____, 20____.

Signature

Print Name

Identification Verification Requirements

Prior to disbursement of funds, we require you to ascertain the identity of each mortgagor, covenantor/guarantor, and where applicable, signing officer. Each mortgagor, covenantor/guarantor, and where applicable, signing officer (those who sign the security documentation) and beneficial owner must present to you for examination:

Two pieces of identification from the list of Acceptable Forms of Identification below

One of the ID documents must be photo identification. EXCEPTION: Customers over the age of 65 who do not have Photo ID may substitute it with another form of ID from the Acceptable Forms of Identification.

Where a corporation or other entity has more than three signing officers, you are required to ascertain the identity of only three of the signing officers.

No other form of identification is acceptable. All identification must be original, valid, legible, and not substantially damaged. Every mortgagor, covenantor/guarantor, signing officer, and beneficial owner is required to be physically present when you ascertain their identity. You must be satisfied that all parties who have attended before you to execute the mortgage documents are the same parties set out in our Commitment Letter. **Please provide photocopies of the identification.**

Our office must be immediately notified if you are unable to comply with these instructions and the reasons why.

Solicitors and Notaries Public outside of Canada hereby accept the appointment as agent for BC Housing Management Commission for the purpose of ascertaining the identity of the signatories of the security documentation.

Acceptable Forms of Identification

Any piece of identification issued by a **Canadian Government Body (Federal, Provincial or Municipal)** including but not limited to:

- a valid Driver's License
- Current Canadian Passport
- Certificate of Canadian Citizenship
- Certificate of Naturalization
- Permanent Resident Card
- Birth Certificate issued in Canada
- Old Age Security Card Issued by the Government of Canada
- Social Insurance Number
- Health Cards Issued by:
 - o BC (Signature Only)
 - o Alberta (No Picture of Signature)
 - o Saskatchewan (No Picture of Signature)
 - o Quebec (can be used only if client offers as ID)
 - o New Brunswick (Signature Only)
 - o Nova Scotia (Signature Only)
 - o Newfoundland & Labrador (No Picture of Signature)

Valid foreign identification, if equivalent to an acceptable type of Canadian identification document, is also allowed (ie. a valid foreign passport).

Note: Health Cards issued by the Provinces of Ontario, Manitoba and Prince Edward Island are not acceptable forms of identification.

In addition, if the borrower is a corporation or other entity, please provide the following:

ID for Corporations

Copy of most recent annual report filed with the Registrar of Companies or current Corporate Search confirming the Borrower's existence and containing the names of the directors.

ID for Partnerships

- Copy of Certificate of Partnership and Partnership Agreement

Formal Trust

- Copy of Trust Deed, including all revisions

Not for Profit- (Unincorporated Bodies)

Copy of Charter or Articles of Association

Schedule “D”

Definitions

The following terms used in the Loan Commitment Letter shall have the following meanings:

“**Approved Budget**” means the finalized cost and construction and operating budgets and timetable detailing all hard and soft costs associated with the development and construction of the Project in accordance with the Approved Plans, as approved by BCHMC and its payment certifier or quantity surveyor, as applicable;

“**Approved Plans**” means the finalized plans, specifications, drawings, timetables, reports, and recommendations for the Project which have been approved by BCHMC and its payment certifier or quantity surveyor, as applicable;

“**CMHC**” means Canada Mortgage and Housing Corporation;

“**Contractors**” means all contractors engaged for the Project pursuant to the Construction Contracts;

“**Construction Contracts**” means the construction contracts in respect of the Project entered into between the Borrower and the Contractors, which construction contracts will be in the form of CCDC standard contracts, as amended from time to time, with BCHMC’s Supplementary General Conditions;

“**CRA**” means Canada Revenue Agency;

“**First Advance**” means the first advance of the principal amount under the Loan made by BCHMC;

“**Fixed Rate**” means the rate of interest that BCHMC obtains through a competitive bidding and selection process conducted and approved by BCHMC for a Take-Out Lender or, in the absence of such selection, such other rate as BCHMC shall advise the Borrower from time to time;

“**GST**” means goods and services tax;

“**Hazardous Substance**” means any substance defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance;

“**Initial Take-Out Date**” means the first Take-Out Date following the Last Advance;

“**Interest Adjustment Date**” means the first day of the month following the month in which the Last Advance is made by BCHMC, or the date of the Last Advance if that date is the first day of the month;

“**Last Advance**” means the last advance of the principal amount under the Loan made by BCHMC;

“**Legal Requirements**” means any law, statute, code, ordinance, order, award, judgment, decree, injunction, rule, regulation, authorization, consent, approval, order, permit, licence, direction or requirement of any government authority;

“**Loan**” means the authorized amount set forth in Section 3.1;

“**Loan Commitment Letter**” means the Loan Commitment Letter to which this Schedule “D” is attached and all other schedules attached thereto, as they may be amended, supplemented or replaced from time to time;

“**PDF Loan**” means a predevelopment funding loan;

“**Project Completion**” means the issuance of a full, final and unconditional occupancy permit;

“**Purchase and Sale Agreement**” means the Purchase and Sale Agreement dated for reference ♦ between ♦ and ♦, whereby ♦ agreed to sell and ♦ agreed to purchase, those lands and improvements located at ♦; *[NTD: insert this if the Borrower will enter into a Purchase and Sale Agreement. Remove if not applicable.]*

“**RBC Prime Rate**” means the floating annual rate of interest established and recorded by Royal Bank of Canada from time to time as a reference rate for purposes of determining rates of interest it shall charge on loans denominated in Canadian dollars made in Canada;

“**Take-Out Date**” means the date to be determined by BCHMC, in its sole discretion, as the date the Take-Out Lender commences long term financing of the Loan and includes the Initial Take-Out Date;

“**Take-Out Lender**” means one or more third party lenders with whom BCHMC will arrange financing on behalf of the Borrower for the Loan once construction of the Project is complete and until the Loan is repaid in full;

“**Take-Out Loan**” means the Loan in an amount approved by BCHMC that will be subject to long term financing with a Take-Out Lender; and

“**Variable Rate**” means, for each calendar month from and including the calendar month in which the First Advance is made until the Loan is repaid in full, an interest rate calculated as a weighted average of the interest charged by the Ministry of Finance of the Government of British Columbia to BCHMC plus administration spread of up to 0.5625% and, in any event, not more than the RBC Prime Rate plus 1.00%.



Home Office
 1701 – 4555 Kingsway
 Burnaby, BC V5H 4V8
 Phone 604-433-1711
 Fax 604-439-4722
www.bchousing.org

«LCL_DATE»

File: «File»/«PR»/«BU»

«Borrower_Name»

«Borrower_Address»

«Borrower_City», «Borrower_Province» «Borrower_Postal_Code»

Dear Sir or Madam:

Re: Loan Commitment Letter
 Forgivable mortgage charging the «tenure» interest of «Borrower_Name» in
 «Property_Address», «Property_City», BC

British Columbia Housing Management Commission (“BCHMC”) is pleased to confirm that it will make available to «Borrower_Name» a «mortgage_ranking» priority forgivable mortgage loan for development and construction of a «Unit» («Unit») unit project (the “Project”) to be constructed on the following lands and premises, subject to the terms and conditions contained in this Loan Commitment Letter, and subject to all legal matters and documentation being to the complete satisfaction of BCHMC and its solicitors:

Civic Address:

«Property_Address»,
 «Property_City»

Legal Description:

«PID_Legal_Description»

(the “Property”).

1. Borrower

«Borrower_Name» (the “Borrower”).

2. Schedules

2.1. The capitalized terms used in this Loan Commitment Letter will have the meanings given to such terms either in the body of this Loan Commitment Letter or in the attached Schedule “D”, whichever is applicable.

2.2. Schedules “A” through “D” and any additional schedules and all provisions thereof are incorporated into and will form an integral part of this Loan Commitment Letter.

3. Loan Amount

- 3.1. Demand non-revolving construction loan of «**Loan_Amount**» (the “**Loan**”) is the maximum loan amount approved by BCHMC. Holdbacks for deficiencies, builders’ liens, or soft costs may be held by BCHMC until the appropriate time.
- 3.2. The Loan does not constitute a commitment by BCHMC for any additional capital, operating or support funding.
- 3.3. In the event that the cost to complete the Project does not require that the Loan be fully advanced, the Loan will be reduced so that it is equal to the amounts advanced by BCHMC to complete the Project.

4. Term

«Term» *[e.g. 35 years]*

5. Availability of Advances

- 5.1. So long as there are no Events of Default which are continuing and upon satisfaction of the conditions precedent to the availability of advances set out in Section 11 below, the Loan will be made available to the Borrower by way of direct advances on a work in place and cost expended basis as follows:
 - (a) 50% of the Loan will be available for advance to the Borrower upon execution and, where necessary, registration of the Security Documents in a form and manner satisfactory to BCHMC;
 - (b) 40% of the Loan will be available for advance to the Borrower upon evidence satisfactory to BCHMC that “Lockup Stage” for the Project has been reached; and
 - (c) the remaining 10% of the Loan will be available for advance to the Borrower upon substantial completion of the Project.
- 5.2. The First Advance must be made on or before «**First_Advance_Date**».
- 5.3. BCHMC previously authorized the advance of a PDF Loan in the amount of up to «PDF_Loan_Approved». The PDF Loan must be repaid from the First Advance.
- 5.4. Prior to the First Advance, the Borrower must complete and return to BCHMC the Order to Pay attached as Schedule “B” to this Loan Commitment Letter.

6. Repayment

- 6.1. All amounts outstanding under or in respect of the Loan will become due and payable by the Borrower to BCHMC on demand.

- 6.2. Without limiting in any way BCHMC's right to at any time make demand for payment of any or all of the outstanding amount of the Loan:
- (a) payments on account of principal and interest under the Loan will be forgiven, provided the Property is continuously used for the Specific Purpose and an Event of Default does not occur; and
 - (b) if an Event of Default occurs, the Borrower shall pay the outstanding amount of the Loan as at the date of the Event of Default plus interest, as directed by BCHMC.
- 6.3. All payments to be made by the Borrower under this Loan Commitment Letter will be made by the Borrower at the address of BCHMC set out on the first page of this Loan Commitment Letter or at such other place as BCHMC may direct from time to time.
- 6.4. The obligation of the Borrower to make all payments under this Loan Commitment Letter and the Security Documents will be absolute and unconditional and will not be limited or affected by any circumstance, including without limitation any set off, compensation or counter-claim the Borrower may have or assert against BCHMC or any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower.

7. Interest Rate

- 7.1. If an Event of Default occurs, interest is payable on the balance of principal outstanding under the Loan as at the date of the Event of Default at a rate equal to the RBC Prime Rate plus 2.00% per annum, until the Loan is repaid in full. As of the date of this Loan Commitment Letter, RBC Prime Rate is «Current_Prime_Rate»% per annum.
- 7.2. Interest payable under the Loan will be calculated and compounded semi-annually, not in advance, from the date of the Event of Default, both before and after demand, default and judgment, until actual payment is made.
- 7.3. The Borrower agrees that BCHMC may deduct any interest payable under the Loan, when due, from the unadvanced principal of the Loan (if any).

8. Loan Forgiveness Conditions

The financial assistance is available exclusively to the Borrower for the development of affordable housing units for low and moderate income households. If the Borrower uses the Property for the Specific Purpose during the term of the Loan and an Event of Default does not occur, the Loan will be forgiven 1/«Forgiveness_Period» [e.g. 1/25] each year, commencing on the «Anniversary_Forgiveness_Start» [e.g. 11th] anniversary of the Commencement Date, until the Loan is completely forgiven.

9. Repayable Mortgage

If in conjunction with the Loan BCHMC authorizes a demand non-revolving interim construction loan (the “**Repayable Loan**”) to be provided to the Borrower and to be secured by a repayable mortgage (the “**Repayable Mortgage**”) from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower to the Property, the Borrower hereby acknowledges and agrees as follows:

- 9.1. prior to the date that long term financing with a third party lender for the Repayable Loan occurs, the final amount of the Loan may be decreased to account for a required corresponding increase in the amount of the Repayable Loan secured by the Repayable Mortgage, all in consultation with the Borrower;
- 9.2. the Borrower agrees to complete, sign and return all documents required by BCHMC to decrease the amount of the Loan and increase the amount of the Repayable Loan, including but not limited to:
 - (a) amendments to the Loan Commitment Letters previously issued by BCHMC in respect of each of the Loan and the Repayable Loan;
 - (b) a modification of the Forgivable Mortgage to decrease the principal amount secured thereunder; and
 - (c) a modification of the Repayable Mortgage to increase the principal amount secured thereunder.

[NTD: Remove the above section “Repayable Mortgage” in its entirety if there is no repayable mortgage for this Project.]

10. Security

The Loan and the obligations and liabilities of the Borrower under this Loan Commitment Letter will be evidenced and secured by the following documents (collectively, the “**Security Documents**”) completed and, where necessary, registered in a form and manner satisfactory to BCHMC and its solicitors in their sole discretion:

- 10.1. borrowing resolution from the directors of the Borrower;
- 10.2. special resolution of the members of the Borrower (if required by the Borrower’s Constitution or Bylaws); ***[NTD: only include if a society or a co-operative.]***
- 10.3. an executed sixty (60) year land lease of the Property with the «Landlord_Name» as landlord and the Borrower as tenant; ***[NTD: amend as necessary; remove if not leasehold.]***
- 10.4. a section 219 covenant in favour of BCHMC (HPA) to restrict sales for ten (10) years;

- 10.5. a section 219 covenant in favour of BCHMC charging the «tenure» interest of the Borrower in the Property;
- 10.6. an option to purchase in favour of Provincial Rental Housing Corporation charging the «**tenure**» interest of the Borrower in the Property;
- 10.7. a \$_____ [ranking] priority mortgage from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property; ***[NTD: insert if there is a repayable mortgage for the Project.]***
- 10.8. a [ranking] priority assignment of rents from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property; ***[NTD: insert if there is a repayable mortgage for the Project.]***
- 10.9. a «Loan_Amount» «mortgage_ranking» priority mortgage from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property;
- 10.10. a priority and standstill agreement with the holder of mortgage ♦ and assignment of rents ♦ (together, the “**Prior Charge**”); ***[NTD: Remove if not requesting existing lenders to grant BCH mortgage priority over the existing mortgage(s).]***
- 10.11. the discharge of Mortgage _____, modified by _____ and _____, and Assignment of Rents _____ and related Personal Property Security Act (“PPSA”) security agreement registration (together, the “**PDF Loan Security**”) following the repayment to BCHMC, from the first advance of the Loan, of all amounts secured by the PDF Loan Security; ***[NTD: Applicable if there is an existing PDF loan mortgage which will be paid from the first advance of this loan and discharged. Amend or remove as applicable.]***
- 10.12. assignment agreement from the Borrower in favour of BCHMC, which agreement will, among other things and on terms and conditions acceptable to BCHMC, assign to BCHMC all of the Borrower’s right, title and interest in, to and under:
 - (a) the Construction Contracts;
 - (b) all other service or material supply contracts, development agreements, plans, drawings, designs and specifications in respect of the Project; and
 - (c) all related benefits, warranties and guarantees with respect to the contracts, agreements and documents set out in Sections 10.12(a) and 10.12(b) above;
- 10.13. equitable mortgage and estoppel agreement from «**Registered_Owner**» and ♦ ***[Beneficial Owner]; [NTD: to be included if there is a trust relationship between the registered owner and the beneficial owner. Will need to amend security documents to clarify security from registered owner versus security from beneficial owner. Both should be borrowers]***

10.14. assignment, postponement and subordination agreements from ♦, acknowledged by the Borrower ***[NTD: name of shareholders or limited partners applicable for corporate or partnership borrowers. On a project by project basis this can be required from all related corporate entities and principals to which the Borrower could have debt obligations. IF THIS SECURITY WAS NOT MENTIONED IN EXCOM, GET DM's WRITTEN CONSENT TO ADD THIS REQUIREMENT AS PART OF THE SECURITY SO THAT BCHMC SOLICITOR WILL PREPARE THESE AGREEMENTS.]***

10.15. if the Borrower's interest in the Property is leasehold, estoppel certificate from the landlord of the Property;

10.16. a lease approved by BCHMC and its solicitors based on a standard form of ground lease pre-approved by CMHC; and

OR

CMHC policy exceptions approval for the non-compliant lease in favour of the Borrower; and

[NTD: Insert this section if there is a repayable mortgage for takeout for this Project. Mirror repayable interim mortgage term. Remove if not applicable.]

10.17. all such other certificates, documents, opinions, priority agreements and consents as BCHMC or its solicitors reasonably require.

11. Conditions Precedent to the Availability of Advances

11.1. On or before the date of the First Advance, BCHMC will have received in form and substance satisfactory to BCHMC, its payment certifier, quantity surveyor or its solicitors:

(a) this Loan Commitment Letter, (including Schedule "B" Order to Pay) executed and delivered by the Borrower;

(b) the Security Documents completed and, where necessary, registered at all appropriate registration offices;

(c) the discharge of Mortgage _____ and Assignment of Rents _____ and related Personal Property Security Act ("PPSA") security agreement registration and the discharge of Mortgage _____ and Assignment of Rents _____ and related PPSA security agreement registration, by way of solicitor's undertakings satisfactory to BCHMC's solicitors, acting reasonably; ***[NTD: Applicable if there are existing mortgage and AOR in favour of a third party. Remove if not applicable]***

(d) the Contribution Agreement, executed and delivered by the Borrower;

- (e) confirmation of insurance arranged by the Borrower conforming to BCHMC's requirements as specified in this Loan Commitment Letter under the heading "Insurance" below;
- (f) a title review for the Property, including a satisfactory review of all legal notations, encumbrances, liens and charges noted on title and approval of all charges to be placed on title for the Property;
- (g) confirmation that the Borrower's incorporation agreement and articles comply with the requirements of BCHMC; ***[NTD: only include if a company]***
- (h) confirmation that the Borrower's constitution and bylaws comply with the requirements of BCHMC or if BCHMC determines that amendments are required to the Borrower's constitution and bylaws, the Borrower must:
 - i. amend its constitution and bylaws, as applicable, in accordance with BCHMC's requirements and file the applicable amended constitution and bylaws with the BC Registrar of Companies and provide confirmation to BCHMC to its satisfaction that the applicable amended constitution and bylaws have been accepted for registration; and
 - ii. if the Borrower's bylaws require that a special resolution approving the borrowing of the Loan by the members of the Borrower be passed and filed the Borrower must immediately:
 - A. file a transition application with the BC Registrar of Companies (if an application has not already been filed) and provide confirmation to BCHMC to its satisfaction that the transition application has been accepted for registration; and
 - B. amend its bylaws to remove the filing requirement, file the amended bylaws with the BC Registrar of Companies and provide confirmation to BCHMC to its satisfaction that the amended bylaws have been accepted for registration;

[NTD: Remove 11.1(h) in its entirety if the Borrower is a Company. Remove 11.1(h) ii (A) and (B) (if the Borrower is a Co-operative.)

- (i) if a trust relationship exists in respect of the Borrower's ownership of the Property, copies of all instruments and documents relating to the trust relationship between the Borrower and any other party, such instruments and documents to be in form and substance satisfactory to BCHMC and its solicitors, together with any additional security documents as BCHMC and its solicitors reasonably require;
- (j) if the Borrower's interest in the Property is leasehold, a copy of the fully executed lease;

- (k) an appraisal (the “**Appraisal**”) prepared by an accredited appraiser in accordance with the Canadian Uniform Standards of Professional Appraisal Practice, and in the event that the Appraisal has not been prepared for BCHMC and CMHC and is not addressed to BCHMC and CMHC, a transmittal/reliance letter, in a form acceptable to BCHMC, from the appraiser, confirming that the Appraisal is valid and can be relied upon by BCHMC and CMHC for the purposes of the insured loan, and that the Appraisal is suitable for mortgaging purposes;
- (l) a geotechnical investigation and report (soil test) in respect of the Property;
- (m) copies of all final plans and specifications for the construction of the Project;
- (n) copies of all municipal building permits, development agreements and all other approvals by regulatory authorities required for the construction of the Project;
- (o) detailed cost and construction budget and timetable, which will, among other things, confirm the capital costs for the Project for the estimated «Construction_Period» («Construction_Period») month construction period is not greater than «Capital_Costs»;
- (p) waste management plan worksheet and waste diversion target;
- (q) written confirmation supported by such documentary evidence as required by BCHMC of cash equity having been or to be injected in the Project by the Borrower of a value equal to not less than «Borrower_Equity» (exclusive of the attributed value of the Property);
- (r) confirmation of all equity funding in writing, along with such supporting documentation to evidence same as BCHMC requires in its sole discretion;
- (s) evidence that all property taxes with respect to the Property have been paid in full;
- (t) copies of the filed *Empty Homes Tax* (vacancy tax) property status declarations for the last and current reporting periods with respect to the Property and evidence that any vacancy taxes have been paid in full; ***[NTD: only applicable in the City of Vancouver.]***
- (u) copies of all of the Construction Contracts and a review of all of the Contractors to determine their level of experience, reputation, financial capacity and ability to complete their applicable Construction Contract;
- (v) an original copy, or a notarized copy, of a performance bond in the amount of 50% of the value of the improvements to be constructed on the Property

and in the form “CCDC Document 221 (2002) Performance Bond”, as the form may be amended or replaced from time to time;

an original copy, or a notarized copy, of a labour and material payment bond in the amount of 50% of the value of the improvements to be constructed on the Property and in the form “CCDC Document 222 (2002) Labour and Material Payment Bond”, as the form may be amended or replaced from time to time;

- (w) confirmation that the general contractor or building envelope renovator for the Project is registered with the Licensing & Consumer Services Office as a licensed residential builder, such confirmation to include such contractor’s residential building license number and expiry date;
- (x) evidence of construction and building warranty for the Project pursuant to the New Home Warranty Program, or if the Project is exempt from the requirement to provide home warranty, proof of exemption;
- (y) confirmation of satisfaction of and compliance with requirements of the *Homeowner Protection Act* (British Columbia) and any regulations thereto;
- (z) confirmation from CRA if the Borrower is registered as a charitable organization for the purposes of tax and other rebates;
- (aa) unless otherwise agreed to by BCHMC, audited financial statements for the Borrower for the three (3) years preceding the date hereof, or for such other period as required by BCHMC;
- (bb) Purchase and Sale Agreement must be to the satisfaction of BCHMC and its solicitors; ***[NTD: if the Borrower will enter into a Purchase and Sale Agreement not related to Sec. (cc) below, insert this provision. Remove if not applicable.]***
- (cc) BCHMC being satisfied, in its sole discretion, with the terms of the Purchase and Sale Agreement, and the Borrower:
 - i) agrees that BCHMC will be afforded such time as BCHMC requires to review and approve the terms of the Purchase and Sale Agreement, and that the Borrower will make such changes to the terms of the Purchase and Sale Agreement as BCHMC requires; and
 - ii) acknowledges that the negotiations and execution of the Purchase and Sale Agreement, in a form satisfactory to BCHMC and its solicitors, is a condition precedent to the Loan; and

[NTD: if PRHC will enter into a Purchase and Sale Agreement with the Borrower to purchase an ASP upon Project Completion, insert Section

11.1(cc) above. Remove if PRHC will not purchase or if the PRHC purchase is not in the form of ASP.]

- (dd) BCHMC being satisfied, in its sole discretion, with the terms of any and all agreements to be registered in connection with the deposit of the AirSpace Plan, including but not limited to, any master easement agreements, and the Borrower:
 - i) agrees that BCHMC will be afforded such time as BCHMC requires to review and approve the terms of any such agreements, and that the Borrower will make such changes to the terms of same as BCHMC requires; and
 - ii) acknowledges that the negotiations and execution of the foregoing agreements, in a form satisfactory to BCHMC and its solicitors, is a condition precedent to the Loan;

[NTD: if PRHC will enter into a Purchase and Sale Agreement with the Borrower to purchase an ASP upon Project Completion, insert Section 11.1(dd) above. Remove if PRHC will not purchase or if the PRHC purchase is not in the form of ASP.]

- (ee) a report from a BCHMC representative that a satisfactory visual site inspection of the Project and the Property has been completed;
 - (ff) the Borrower entering into such instruments and documents as are required by BCHMC under the BC Builds Rental Supply Program; and
- 11.2. It will be a further condition precedent to the availability of advances under the Loan (being the First Advance and all subsequent advances) that in addition to the satisfaction of the conditions precedent set forth in Section 11.1 above, BCHMC will have received at least five (5) business days prior to the date on which the Borrower wishes funds to be advanced, in form and substance satisfactory to BCHMC, its payment certifier, quantity surveyor or solicitors:
- (a) copies of invoices relating to each direct advance that is requested which correspond to the requested amount of the advance;
 - (b) evidence that work in place or costs have been expended upon or in respect of the Property equivalent in value to the advances requested;
 - (c) confirmation that the work to construct or repair, as applicable, the improvements comprising the Project is being done in a good and workmanlike manner and meets all acceptable standards and municipal requirements; and
 - (d) such other information, material and/or documents as BCHMC, its payment certifier or quantity surveyor may require.

[NTD: For refinance/purchase with substantial renovation/construction, remove 11.2 above in its entirety and replace with the following:

11.2 It will be a further condition precedent to the availability of advances under the Loan (being the First Advance and all subsequent advances) that in addition to the satisfaction of the conditions precedent set forth in Section 11.1 above, BCHMC will have received at least five (5) business days prior to the date on which the Borrower wishes funds to be advanced, in form and substance satisfactory to BCHMC, its payment certifier, quantity surveyor or solicitors, as applicable:

- (a) for the First Advance, [a copy of the purchaser's statement of adjustments executed by the Borrower and confirmation of appropriate undertakings for the First Advance agreed to by the Borrower's solicitors;] OR [a copy of the payout statement from ♦ confirming the amount of the Borrower's existing indebtedness owed to ♦;]
- (b) for all subsequent advances:
 - i. copies of invoices relating to each direct advance that is requested which correspond to the requested amount of the advance;
 - ii. evidence that work in place or costs have been expended upon or in respect of the Property equivalent in value to the advances requested;
 - iii. confirmation that the work to repair the improvements comprising the Project is being done in a good and workmanlike manner and meets all acceptable standards and municipal requirements; and
 - iv. such other information, material and/or documents as BCHMC, its payment certifier or quantity surveyor may require.]

12. Conditions of Loan

The Borrower agrees that so long as the Loan remains outstanding:

12.1. the Borrower will not without the prior written consent of BCHMC:

- (a) take or refrain from taking any action that would cause any of the representations and warranties of the Borrower under this Loan Commitment Letter to be incorrect, false or misleading;
- (b) permit any property or other taxes in respect of the Property to remain unpaid when due;
- (c) use, store or permit to exist on the Property any Hazardous Substance;
- (d) permit any changes to the Approved Budget or the Approved Plans;

- (e) permit any changes to the Construction Contracts or Contractors or any other subtrade and/or supplier contracts;
 - (f) grant or allow any security interest, lien, charge or other encumbrance to be registered against or exist on any of the Borrower's assets, any part of the Property or the Project or any present or after-acquired personal property of the Borrower located on the Property or used for the Project;
 - (g) sell, assign, transfer or otherwise dispose of its interest or any part thereof in the Property or the Project nor enter into any trust deed in respect of the Property or the Project; and
 - (h) if a corporation or partnership, amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change of control of the Borrower;
- 12.2. at milestones predetermined by BCHMC, the Borrower will provide BCHMC with a report confirming that a satisfactory visual site inspection of the Project has been completed and the current state of the construction of the Project;
- 12.3. the Borrower will perform and do all things necessary to ensure completion of the Project in its entirety in accordance with the Approved Budget and the Approved Plans;
- 12.4. the Borrower agrees and consents to any and all consultants retained by the Borrower fully disclosing all information and matters relating to the Property and the Project to BCHMC;
- 12.5. the Borrower will provide BCHMC, promptly upon receipt of the same, at pre-determined milestones, as required by BCHMC, copies of all plans, permits, design and working drawings, surveys, studies, specifications, budgets, reports, contracts, appraisals and other information and materials regarding the Project and the Property, including but not limited to:
- (a) development cash flow noting the projected timing of capital project costs;
 - (b) completed waste management tracking spreadsheets or monthly update tracking sheets totaling all waste for the Project;
 - (c) revised Approved Budget at milestones predetermined by BCHMC; and
 - (d) preliminary and, subject to the approval of BCHMC, in its sole discretion, revised and updated Project schedules, including a construction project management schedule on a monthly basis;
- 12.6. the Borrower acknowledges that all documents and deliverables pursuant to Section 12.5 must be satisfactory to BCHMC, in its sole discretion, and the

Borrower agrees to make reasonable changes to any of the documents provided by the Borrower to BCHMC pursuant to Section 12.5 upon request by BCHMC;

- 12.7. the Loan is available exclusively to the Borrower for the development and construction of the Project at the Property;
- 12.8. the Borrower will comply with all applicable laws of local, provincial or federal authorities including all applicable WorkSafeBC provisions, and prior to commencement of work by any Contractor, the Borrower will obtain and provide BCHMC with WorkSafeBC clearance letters for such Contractor;
- 12.9. the Borrower will notify BCHMC immediately of any material delay or interruption in the construction of the Project or if any builders liens are filed or registered against any part of the Property;
- 12.10. the Borrower will provide BCHMC with copies of the disclosure statement and all disclosure statement amendments for the Project, such documents to be in form and substance satisfactory to BCHMC and its solicitors;
- 12.11. the Borrower will provide BCHMC monthly written progress reports, with such supporting documentary evidence and correspondence as required by BCHMC, concerning municipal approvals for the Project, including, but not limited to, the negotiation of documents required by the «Municipality» to be registered on title to the Property, and the approval of all subdivision, strata title, airspace parcel or other title creation plans;
- 12.12. the Borrower will, prior to finalization and submission to the «Municipality», submit to BCHMC for approval any and all subdivision, strata title, airspace parcel or other title creation plans, which documents will be in form and substance satisfactory to BCHMC and its solicitors;
- 12.13. the Borrower will comply with all zoning, development permit and building permit requirements, and will submit to the «Municipality» all subdivision, strata title, airspace parcel or other title creation plans within such times as are required to adhere to the Project schedule;
- 12.14. the Borrower will provide to BCHMC, promptly upon receipt, copies of any and all documents that are proposed to be or are registered on title to the Property and any priority agreements proposed to be granted by BCHMC, which documents will be in form and substance satisfactory to BCHMC and its solicitors, and the Borrower will finalize the terms of such documents with the «Municipality» as required to adhere to the Project schedule;
- 12.15. the Borrower will use and will take all steps required to ensure that the Project is used only as residential rental housing for middle-income households, as required by BCHMC from time to time;

- 12.16. prior to the final advance under the Loan, the Borrower will provide BCHMC with a final claim form with the certificate of completion and deficiency list and the deficiency holdback amount to be retained;
- 12.17. written confirmation from BCHMC that a satisfactory visual site inspection and walk through by BCHMC of the Project have been completed following Project Completion;
- 12.18. the Borrower agrees to complete any and all deficiencies identified through the building inspection required pursuant to Section 12.17 within a reasonable amount of time after Project Completion to the satisfaction of BCHMC in its sole discretion;
- 12.19. upon Project Completion, the Borrower will provide BCHMC with an unconditional occupancy permit issued by the appropriate municipal authority and upon request by BCHMC, a letter from the appropriate municipal authority confirming that the Project complies with all zoning and other bylaws, including set-back requirements;
- 12.20. the Borrower agrees to sign any additional documents reasonably requested by BCHMC that relate to the Project including any new charges that BCHMC may require be registered on title to the Property;
- 12.21. the Borrower will enter into the Operator Agreement; ***[NTD: Remove if PRHC is not purchasing any units by way of an ASP.]*** and
- 12.22. the Borrower will make payment of the following to BCHMC:
 - a) legal fees (on an indemnity basis); and
 - b) all other expenses of BCHMC (at cost).

13. GST Rebates and Input Tax Credits

- 13.1. New construction or renovation of social housing is considered a taxable activity. The Borrower will be entitled to claim input tax credits for the GST paid on construction or substantial renovation, which generally refers to 90% of the interior of an existing of residential building being renovated or altered, allowing the Borrower to claim 100% of the GST paid. While a Borrower may not claim input tax credits for minor renovation, the Borrower may still be eligible for rebates on GST paid during such minor renovation. Accordingly, the Borrower agrees to diligently pursue any GST input tax credits or rebates to which it is entitled with respect to expenditures from the Approved Budget. If BCHMC advances funds to the Borrower for the purposes of GST during construction or renovation of the Project (whether substantial or minor), as applicable, the Borrower will remit to BCHMC on demand the proceeds recovered from input tax credits and/or rebates from CRA on any portion of the Loan advanced for such GST purposes.

- 13.2. The Borrower will apply to CRA for designation as a municipality, if not already designated, for the purpose of claiming the GST rebate that may be available to organizations that provide subsidized housing on a rent-geared-to-income (RGI) basis, such GST rebate being equal to 100% on operating expenditures.
- 13.3. The Borrower will file quarterly GST returns with CRA during construction or renovation of the Project, and agrees to consider filing monthly GST returns to expedite the recovery of cash. Upon completion of the Project, the Borrower will self-assess under the “self-supply rules” and will remit any GST owing on the residential portion of the Project. A GST tax guide is available on BCHMC’s website.
- 13.4. In addition to the terms and conditions contained in this Section 13, the Borrower may elect one of the following three methods to finance and recover GST on the construction costs incurred during the renovation of the Project where the renovation is of a minor nature:
 - (a) BCHMC finances and advances the GST under a promissory note;
 - (b) the Borrower pays the portion of GST that it is entitled to claim under an input tax credit or rebate, BCHMC finances and advances as part of the Approved Budget that portion of GST that the Borrower is not entitled to claim under the GST rebate and the Borrower will not be required to pay BCHMC any proceeds recovered from GST input tax credits or rebates recovered from CRA; or
 - (c) the Borrower pays the GST applicable to the Project and the Borrower will not be required to pay to BCHMC any proceeds from GST input tax credits or rebates recovered from CRA.

14. Representations and Warranties

The Borrower represents and warrants to and will be deemed to continuously represent and warrant to BCHMC, that:

- 14.1. if a society or corporation, it has been duly incorporated and organized and/or formed as the case may be, validly exists, is in good standing, is authorized to conduct its business in all jurisdictions in which it carries on business or has assets and has all requisite power and capacity to own its assets, carry on the business presently carried on by it, to execute and deliver this Loan Commitment Letter and the Security Documents, as may be applicable, and to observe and perform the provisions thereof;
- 14.2. if a society or corporation, this Loan Commitment Letter and the Security Documents, as may be applicable, have been or will be duly authorized, executed and delivered by it;

- 14.3. this Loan Commitment Letter and the Security Documents, as may be applicable, constitute or will constitute, upon execution and delivery by the Borrower, valid and binding obligations and are or will be enforceable against the Borrower in accordance with their respective terms;
 - 14.4. the execution of this Loan Commitment Letter and the Security Documents, as may be applicable, and the incurring of liability and indebtedness to BCHMC in accordance with this Loan Commitment Letter does not and will not contravene:
 - (a) any Legal Requirements of a government authority;
 - (b) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it is a party; or
 - (c) the constating documents or bylaw documents, as applicable, of the Borrower;
 - 14.5. all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Loan and the execution and delivery of the Security Documents;
 - 14.6. all financial and other information, budgets, timetables, certificates, plans, specifications and other material provided to BCHMC in connection with the Loan are true and accurate, and the Borrower acknowledges that the Loan is made by BCHMC in reliance on the truth and accuracy of such information and the representations and warranties contained therein;
 - 14.7. at Project Completion, all utilities and services necessary for the development and construction of the Project and the operation and use thereof for its intended purpose (including, without limitation, water supply, storm and sanitary sewer, gas, electricity, and telephone facilities) will be installed, connected and available to the Property, and there will be no legal or physical impediments to pedestrian and vehicular access and egress to the Property; and
 - 14.8. no Event of Default has occurred and is continuing.
15. Hazardous Substances
- 15.1. To the best of the knowledge of the Borrower, having made due and diligent inquiry, no Hazardous Substance is located on any part of the Property, nor, so far as any of them is aware, due and diligent inquiry having been made, have any such substances been stored or used on the Property prior to the Borrower's ownership, possession or control of the Property. The Borrower agrees to provide written notice to BCHMC immediately upon the Borrower becoming aware that the Property is being or has been contaminated with any Hazardous Substance. The Borrower will not permit any activities on the Property which directly or indirectly could result in the Property or any other property being contaminated with any Hazardous Substance.

- 15.2. The Borrower will promptly comply with all Legal Requirements relating to the use, collection, storage, treatment, control, removal or cleanup of any Hazardous Substance in, on, or under the Property as a result of the construction, operations or other activities on the Property, or incorporated in any improvements thereon. BCHMC may, but will not be obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Borrower will reimburse BCHMC on demand for the full amount of all costs and expenses incurred by BCHMC in connection with such compliance activities. The assets of the Borrower which are now or in the future encumbered by the Security Documents are hereby further mortgaged and charged to BCHMC, and BCHMC will have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Loan.

16. Events of Default

Without in any way limiting the right of BCHMC to demand payment in full of the Loan, the Loan shall, at the option of BCHMC, immediately become due and payable upon the occurrence and during the continuance of any one or more of the following events (collectively, “**Events of Default**”):

- 16.1. the Borrower is in breach of any of the provisions of this Loan Commitment Letter and has not cured such breach within fourteen (14) days from the date the Borrower obtains actual knowledge of the breach or is provided with notice of the breach from BCHMC, whichever is earlier, except that if the breach, by its nature, requires more than fourteen (14) days to cure, the Borrower may have such further time to rectify the default as BCHMC considers reasonable so long as the Borrower begins to rectify promptly and thereafter proceeds with all due diligence to cure the default;
- 16.2. the Borrower, any one of its subsidiaries, makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation, or appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, administrator or a receiver (or the equivalent in any jurisdiction) or any other officer or party with similar powers or if a judgement or order shall be entered by any court approving a petition for reorganization, arrangement or composition of the Borrower, any of its subsidiaries, or any of its assets, or it enters into a liquidation of its assets;
- 16.3. the Borrower is deemed to be insolvent or ceases to exist or is declared bankrupt;
- 16.4. without the prior written consent of BCHMC:
- (a) there occurs a change of ownership (beneficial or otherwise) or control of the Borrower;

- (b) the Borrower sells, conveys, transfers or enters into an arrangement for sale or transfer of title of the Property or any part thereof; or

16.5. there is a breach or non-performance or non-observance of any term or condition of this Loan Commitment Letter, the Contribution Agreement, or the Security Documents.

17. Taxes

Unless the Borrower is advised otherwise by BCHMC, the Borrower will make payments directly to the local government of all taxes and rates when due and provide proof of payment to BCHMC within thirty days of the due date.

18. Insurance

The Borrower will maintain insurance in the form and content acceptable to BCHMC. Without limiting the generality of the foregoing the insurance must include the minimum requirements set out in the Insurance Memo attached as Schedule "A" where applicable - please ensure that your insurance agent receives a copy of Schedule "A". The policy of insurance is to be forwarded to BCHMC and will be reviewed by BCHMC's insurance advisor. The cost of the review will be borne by the Borrower.

19. Builders Liens

19.1. The Borrower will comply with all the provisions of the *Builders Lien Act* (including any provision requiring or enabling the retention of portions of any sums payable by way of holdbacks).

19.2. If any builders lien or other lien for work, labour, services, or materials supplied to the Project or for the cost of which the Borrower may be in any way liable are filed, the Borrower will within 15 days after receipt of notice thereof procure the discharge thereof, including any certificate of pending litigation registered in respect of any lien, by payment or giving security into court or otherwise or in such other manner as may be required or permitted by law.

20. Assignment

20.1. The Borrower will not be entitled to assign any of the rights and benefits conferred by this Loan Commitment Letter.

20.2. This Loan Commitment Letter and the Security Documents may be freely assigned by BCHMC, in whole or in part, without the consent of the Borrower.

21. Authorization to Invest

The Borrower hereby irrevocably directs and authorizes BCHMC to invest (in accordance with BCHMC's investment policy) on behalf of the Borrower excess funds, if any, borrowed under the Loan which were not utilized for the purposes approved by BCHMC

and to use the principal and interest earned from such investment to reduce the outstanding balance of the Loan on maturity.

22. Equity Contribution by BCHMC

Any equity contribution made by BCHMC toward the Project, whether in the form of units purchased or a cash contribution, may be re-evaluated. Any re-evaluation of equity contribution by BCHMC will be undertaken in consultation with the Borrower.

23. Communications and Event Protocols

BCHMC and the Borrower will work together on a number of communication activities that may take place over the course of the Project. The Borrower should contact Corporate Communications at BCHMC with questions regarding such communication activities. The Borrower agrees that the communication activities will be governed by the following terms:

- 23.1. **Coordination** – BCHMC will lead the coordination of official announcements, groundbreaking and opening events unless otherwise agreed upon by BCHMC corporate communications, and will ensure the Borrower is involved in the planning process and acknowledged in all materials and at all events. All public-facing materials (including, but not limited to, press releases, media pitches, media responses, interviews, social media posts, and social media campaign materials) must be approved by BCHMC.
- 23.2. **Media Inquiries & Confidentiality** – As information regarding government-funded developments is generally only shared with the media during official announcements or events, BCHMC and the Borrower will work together to develop standard key messages that will be used to respond to media inquiries with respect to the Project.
- 23.3. **Event Date Selection** – BCHMC will work with government partners and the Borrower to schedule official event dates to coincide with the timeline of construction and/or completion of the Project. Event dates are impacted by the availability of provincial and/or federal and municipal representatives. The Borrower acknowledges that, where appropriate due to funding, BCHMC has a commitment to include and acknowledge the Government of Canada for its contribution to projects. BCHMC must follow Canada-British Columbia event protocols when scheduling events under this initiative. The Canada-British Columbia event protocols include proposing event dates twenty (20) business days in advance in order to confirm a government representative for the proposed announcement or event. In addition, federal quotes, logos, and boilerplates will be included in the news release. The Borrower agrees that it will not inform its staff or stakeholders regarding announcements or events without confirming the dates for such announcements or events with BCHMC, as dates may shift during the scheduling phase.

- 23.4. **Event Location** – The location of the event is negotiable; however, it is ideal to hold the event on the Property in order for attendees, including the media, to see the Project site firsthand.
- 23.5. **News Release/Backgrounder** – BCHMC will prepare and distribute media materials, including news releases/backgrounders and media advisories, for official announcements. The Borrower will be offered a quote in the news release, as well as an opportunity to include a brief background or boilerplate. BCHMC will work with the Borrower to invite media to official events and will provide copies of final media materials on the day of the announcement.
- 23.6. **Representation and Agenda** - BCHMC will prepare and confirm the final agenda for official events following government protocols. A representative of the Borrower will be offered a speaking role on the agenda.
- 23.7. **Invitations** – BCHMC will draft an electronic invitation to official events and will include the Borrower's logo on the invitation. The Borrower will be responsible for the email distribution of the invitation. The Borrower may provide the names, titles, organizations and email addresses of additional invitees.
- 23.8. **Logistics/Staging** – BCHMC works with outside agencies to provide event logistics (tents, audio-visual, and staging) and a photographer to document the event. The Borrower may suggest local vendors to use for regional events. BCHMC staff will attend the event and provide events-related support. BCHMC will share event photographs with the Borrower following the event.
- 23.9. **Project Signs** – During the construction of the Project, the Borrower will permit BCHMC to display on the Property one or more signs of a size and content selected by BCHMC. BCHMC will provide the Borrower with such Project signs, to be installed in a prominent location on the Property, at the beginning of the construction. These signs may be removed at the time of landscaping.
- 23.10. **Opening Ceremony** – The Borrower and BCHMC will work together to coordinate an official opening ceremony for the Project which should take place within a few months of the occupancy date. Event dates are impacted by the availability of provincial and/or federal and municipal representatives. The final approval of event dates is at the discretion of BCHMC. In order to allow enough time to confirm the attendance of provincial representatives, please contact BCHMC Corporate Communications regarding the proposed ceremony date at least eight weeks in advance.

24. General Provisions

The following terms and conditions apply to this Loan Commitment Letter:

- 24.1. **Site Visits** – Representatives of BCHMC and its payment certifier or quantity surveyor will be entitled to attend at and view the Project and all personal property thereon and all financial records of the Borrower at any time, on reasonable notice.

BCB Forgivable Mortgage with construction «File»/«PR»/«BU»

- 24.2. **Confidentiality** – This Loan Commitment Letter is delivered to the Borrower on the understanding that neither this Loan Commitment Letter nor its substance is to be disclosed without BCHMC's prior written consent except to counsel, accountants, employees and agents of the Borrower who are specifically involved in the transaction contemplated in this Loan Commitment Letter.
- 24.3. **Time of Essence** – Time will be of the essence of this Loan Commitment Letter.
- 24.4. **Notice** – Any notice required to be given under this Loan Commitment Letter is to be provided in writing and may effectively be given by a party by delivery of such notice to the other party at the address set out on the first page of this Loan Commitment Letter or at such other address as either party may in writing notify the other party, or by electronic or facsimile transmission to the fax number or email address as either party may in writing provide to the other party. Any notice so mailed will be deemed to have been delivered on the fifth (5th) day after the date of mailing. Any notice sent by facsimile or electronic transmission will be deemed to have been delivered upon receipt by the receiving party.
- 24.5. **Credit Investigations** –The Borrower hereby authorizes and consents to such credit investigations as BCHMC may deem necessary from time to time throughout the time the Loan is outstanding.
- 24.6. **BCHMC Records** – The Borrower acknowledges that the recording of the amount of any advance or repayment under the Loan, and interest, fees and other amounts due in connection with the Loan, made by BCHMC in its records will constitute prima facie evidence of the Borrower's indebtedness and liability from time to time under the Loan, and the obligation of the Borrower to repay any indebtedness and liability in accordance with the terms and conditions of the Loan will not be affected by the failure of BCHMC to make such recording. The Borrower also acknowledges being indebted to BCHMC for principal amounts shown as outstanding from time to time in BCHMC's records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Loan Commitment Letter.
- 24.7. **Legal and Other Expenses** – The Borrower will pay all legal fees and disbursements in respect of the Loan, the preparation and issuance of this Loan Commitment Letter and the Security Documents, the enforcement and preservation of BCHMC's rights and remedies, all appraisals, insurance consultation, and similar fees and all other fees and disbursements of BCHMC, whether or not the documentation is completed or any funds are advanced under the Loan.
- 24.8. **Waiver** – Failure by BCHMC to insist upon strict performance by the Borrower of any obligation or covenant, option or right under this Loan Commitment Letter or any of the Security Documents will not be a waiver or relinquishment in the future of such obligation or covenant, option or right, but the same will remain in full force and effect and BCHMC will have the right to insist upon the strict

performance by the Borrower of any and all of the terms and provisions of this Loan Commitment Letter and the Security Documents.

- 24.9. **Variation** – No term or requirement of this Loan Commitment Letter or any of the Security Documents may be waived or varied orally or by any course of conduct, of any officer, employee, or agent of BCHMC. Any amendment to this Loan Commitment Letter or any of the Security Documents must be in writing and signed by an authorized officer of BCHMC.
- 24.10. **Right and Remedies Cumulative** – The remedies, rights and powers of BCHMC under this Loan Commitment Letter, the Security Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of BCHMC and no delay or omission in the exercise of any such remedy, right, or power will exhaust such remedy, right, or power or be construed as a waiver of any of them.
- 24.11. **Governing Law** – This Loan Commitment Letter will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 24.12. **BCHMC's Solicitor** – BCHMC's legal work and documentation is to be performed at the Borrower's expense by a solicitor of BCHMC's choice. All legal costs (including those of BCHMC's solicitor) and other reasonable costs and expenses incurred by BCHMC in establishing or operating the Loan are for the account of the Borrower whether or not funds are advanced.

BCHMC has appointed the following law firm to act on its behalf on this transaction:

«BCH Solicitor Firm»

Attention: «BCH Solicitor»

25. Lapse and Cancellation

This Loan Commitment Letter will lapse and all obligations of BCHMC set forth in this Loan Commitment Letter and in respect of the Loan will cease, all at the option of BCHMC, if there has been, in the opinion of BCHMC, a material adverse change in the financial condition of the Borrower. The availability of the Loan and the terms and conditions of the offer of credit contained in this Loan Commitment Letter will be subject to periodic review by BCHMC in BCHMC's sole discretion, however BCHMC will be under no obligation to conduct any such review or to provide a renewal letter or extension letter or other notification of such review if such review is conducted. BCHMC will have the option to conduct corporate, personal property registry and land registry searches in respect of the Borrower at the Borrower's sole cost. Upon demand being made by BCHMC for repayment of the amount outstanding under the Loan, any unadvanced portion of the Loan will be immediately cancelled.

[Remainder of this page has been intentionally left blank]

SAMPLE

This offer of credit may be accepted by the Borrower by dating and returning to BCHMC two copies of this Loan Commitment Letter duly executed by the Borrower. The Borrower acknowledges and agrees that execution and delivery of this Loan Commitment Letter does not impose an obligation on BCHMC to advance any portion of the Loan.

Yours very truly,

British Columbia Housing Management Commission

Pooi Ching Siew
Director, Lending Services

THESE TERMS AND CONDITIONS ARE HEREBY ACCEPTED THIS ____ DAY
OF _____, 20__.

THE BORROWER:

«BORROWER_NAME», by its authorized
signatory(ies):

Name:
Title:

Name:
Title:

\«initial»

c «Development_Manager», «Dept», BCHMC

Schedule "A"

A. Construction Insurance Requirements (please carefully read the notes at the bottom of the page):

Whilst British Columbia Housing Management Commission ("BCHMC") is providing interim financing to the Borrower of the housing project (the "Project"), BCHMC requires the Borrower/Owner of the Project to obtain and maintain through the BCHMC Owner-Controlled Insurance Program insurance of the property to be insured (the "Property"). Without limiting the generality of the foregoing, the insurance must cover the following:

1. "All Risks" Builders' Risk Policy:

This policy shall cover "all risks" of direct physical loss or damage to the Project, including the perils of earthquake, flood, sewer back-up and subject to the terms, conditions, limitations and exclusions, and further, the policy shall:

- be written in the joint names of BCHMC, the Borrower/Owner, the Project Manager, the Construction Manager, the Contractor, the Subcontractors, the Consultant(s), architects, engineers, other consultants and sub-consultants engaged on the Project;
- provide for a limit of coverage not less than the estimated final completed value of the Project, with a sublimit on transit of \$1,000,000.00, off-site storage of \$1,000,000.00, extend to include soft costs, by-Laws (not sublimit), landscaping (no sublimit), no requirement to replace or repair on same or adjacent site, \$1,000,000.00 Extra Expense, Off-site Services, testing and commissioning cover with no exclusion for equipment breakdown, pollution and contamination clean-up of \$250,000.00, debris removal 10% (minimum \$250,000), watchman/video surveillance for any projects \$10,000,000.00 with wording and security/video surveillance companies acceptable to BCHMC ;
- contain a waiver of the insurer's subrogation rights against all insureds and their officers, employees and servants, and provide that, in the event of loss or damage, payment shall be made to BCHMC and the Borrower/Owner on their own behalf and as trustees for the benefit of any and all Insureds.

2. Loss payable is to be in favour of BCHMC as mortgagee. A standard mortgage endorsement clause (IBC 3000) is to form part of the policy.

3. "Wrap-Up" Commercial General Liability Insurance:

This policy shall cover the risks of liability for bodily injury and property damage arising from the activities at the Place of the Work, and further the policy shall:

- be written in the joint names of BCHMC, the Borrower/Owner, the fee simple owner of the Place of the Work, the Project Manager, the Construction Manager, the Contractor, the Subcontractors, the Consultant(s), architects, engineers, other consultants and sub-consultants engaged on the Property;
- provide for a limit of liability not less than \$10,000,000.00 inclusive per occurrence for bodily injury, death, and damage to property including loss of use thereof;
- include Sudden & Accidental Pollution for \$10,000,000.00 and Non-Owned Auto and include 24 months completed operations once project completed, off-site services.

(See GC11.1 Insurance Clause of the Supplementary General Conditions of the Stipulated Price Contract for additional details and requirements.)

B. Operating Insurance Requirements (please carefully read the notes at the bottom of the page):

British Columbia Housing Management Commission ("BCHMC") requires that the Borrower/Owner of the Project obtain a quote from Marsh Canada ("Marsh"), who have set up a Group Insurance Program for non-profit housing societies. Even if you do not get your insurance coverage through the Group Insurance Program, BCHMC requires a copy of the quote to be included with your financial statements and will only subsidize your society for insurance up to the quoted amount from Marsh.

- Insurance must be carried for the full 100% replacement cost of the building. Co-insurance is not acceptable. Coverage shall be written on an "all risks" form, including flood and earthquake.
- Loss payable is to be in favour of BCHMC, or the lender of monies, as mortgagee. A standard mortgage endorsement clause (IBC 3000) is to form part of the policy.
- BCHMC must continue to be named as an additional insured even when BCHMC is not the lender of the funds for the Project.
- Rental Income Insurance for a full 100% of rentals lost during a minimum term of 6 months is required, or for an indemnity period equal to the estimated full reconstruction period.
- The correct civic description of the Property must be specified.
- Commercial General Liability Insurance including personal injury and non-owned auto insurance coverage (for a minimum of \$10,000,000 for each occurrence). This policy must include a cross liability clause.
- Where applicable, boiler, vessel, and air-conditioning insurance in comprehensive form, against breakdown of boilers, engines, machinery and electrical apparatus for a minimum of the loan amount. Insurance is to be written on a Replacement Cost wording with a waiver of co-insurance requirement. Rental Income Insurance is required as stipulated under Clause B.4.
- All fixtures, furnishings and equipment must be insured for the full replacement value and must cover all risks.
- By-law coverage clause for both the building and tenant improvements including:
 - loss occasioned by enforcement of any laws or ordinances regulating the construction or repair of the buildings or structures enforced at the time that a loss occurs, which requires the demolition of any portion of the insured buildings or structures which have not suffered damages; and
 - the cost incurred in actually rebuilding both the damaged and demolished portions of the insured buildings or structures with materials and in a manner to fully satisfy such ordinances or laws.

A BCHMC signed government Certificate of Insurance (form as enclosed) is required if Operating Insurance is not purchased through the Group Insurance Program with Marsh. Please ensure that all the requirements as specified in the above **"Section B – Operating Insurance Requirements – items 1-9(b)"** are in compliance and detailed in the attached Certificate of Insurance form. Please provide completed Certificate of Insurance to BCHMC at #1701 - 4555 Kingsway, Burnaby, B.C. V5H 4V8 (Attention: Amy Wong, BC Builds), within 30 days of the date of the issuance of the insurance binders. **60 days notice of cancellation or material change in the policy must be given to BCHMC.**

NOTE:

***Where the borrower has entered into a ground lease (for example, if the owner of the land is Provincial Rental Housing Corporation or any municipal government), then all insurance referred to in A and B shall include the owner as a named insured and, with respect to property insurance, as a loss payee, as its interests may appear. Proof of insurance should be forwarded to the owner.**

****Without limiting the generality of the foregoing, BCHMC must continue to be named as an additional insured even when BCHMC is not the lender of the funds for the Project. In addition, where the City of Vancouver is the landlord, the relevant notices and proof of insurance must be forwarded to: Director of Risk Management, City of Vancouver, 453 West 12th Avenue Vancouver, B.C. V5Y 1V4, and the rental income insurance in B.4. must be for 12 months minimum.**



CERTIFICATE OF INSURANCE

Freedom of Information and Protection of Privacy Act
BC Housing adheres to the Freedom of Information and Protection of Privacy Act when collecting and using personal information. Direct any questions to the Manager, Records and Information Privacy at #1701 – 4555 Kingsway, Burnaby, BC V5H 4V8. Please refer all other questions to the contact named in Part 1.

Part 1 To be completed by BC Housing

THIS CERTIFICATE IS REQUESTED BY and ISSUED TO (BC Housing)		CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.	
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION			
BC HOUSING CONTRACT ADMINISTRATOR		PHONE NO:	
NAME & TITLE Amy Wong, BC Builds		FAX NO:	
ADDRESS 1701 - 4555 Kingsway Avenue, Burnaby, BC		POSTAL CODE V5H 4V8	
CONTRACTOR/SOCIETY NAME			
CONTRACTOR/SOCIETY ADDRESS		POSTAL CODE	

Contractor/Society Information

Please provide this form and a copy of the Contract Terms and Conditions to your Insurance Broker for completion and then return the completed form to BC Housing. **No substitutions of this form will be accepted. Commencement of any work cannot begin until BC Housing has the Certificate of Insurance in hand.**

Part 2 To be completed by the Society/Contractor/Consultant's Agent or Broker (please provide all details as specified under "Operating Insurance Requirements item 1-9 (b)" in the above attached Schedule "A")

INSURED	NAME		
	ADDRESS		POSTAL CODE
OPERATIONS INSURED	PROVIDE DETAILS		
TYPE OF INSURANCE <i>List each separately</i>	COMPANY NAME, POLICY NO. & BRIEF DESCRIPTION	EXPIRY DATE YYYY/MM/DD	LIMIT OF LIABILITY/AMOUNT
LOSS PAYABLE:			

This certificate certifies that policies of insurance as herein described have been issued to the insured(s) named above, are in full force and effective as of the effective date of the contract/permit/licence, and comply with the insurance requirements of the contract/permit/licence except as follows:

AGENT OR BROKER COMMENTS:		
SIGNED BY THE AGENT OR BROKER ON BEHALF OF THE ABOVE INSURER(S)	AGENT or BROKER NAME	DATE SIGNED

Part 1 To be completed by BC Housing

THIS CERTIFICATE IS REQUESTED BY and ISSUED TO (BC Housing)		CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.	
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION			
BC HOUSING CONTRACT ADMINISTRATOR		PHONE NO:	
NAME & TITLE Amy Wong, BC Builds		FAX NO:	
ADDRESS 1701 - 4555 Kingsway Avenue, Burnaby, BC		POSTAL CODE V5H 4V8	
CONTRACTOR/SOCIETY NAME			
CONTRACTOR/SOCIETY ADDRESS		POSTAL CODE	

Contractor/Society Information

Please provide this form and a copy of the Contract Terms and Conditions to your Insurance Broker for completion and then return the completed form to BC Housing.
No substitutions of this form will be accepted. Commencement of any work cannot begin until BC Housing has the Certificate of Insurance in hand.

Part 2 To be completed by the Contractor/Society/Consultant's Agent or Broker (please provide all details as specified under "Operating Insurance Requirements item 1-9 (b)" in the above attached Schedule "A")

INSURED	NAME ABC Housing Society		
	ADDRESS 123 Broadway Street, Vancouver, BC		POSTAL CODE V1V2B2
OPERATIONS INSURED	PROVIDE DETAILS ABC Court – 123 Broadway Street, Vancouver BC V1V2B2		
TYPE OF INSURANCE <i>List each separately</i>	COMPANY NAME, POLICY NO. & BRIEF DESCRIPTION	EXPIRY DATE YYYY/MM/DD	LIMIT OF LIABILITY/AMOUNT
BLANKET ALL PROPERTY – As per Locations Declared ALL RISKS • Replacement Cost Basis • Flood • Earthquake • By-Laws Included BOILER AND MACHINERY INSURANCE - COMPREHENSIVE FORM • Repair or Replacement Cost • By-Laws Included GENERAL LIABILITY INSURANCE • Occurrence Form • Bodily Injury and Property Damage • Personal Injury • Tenants' Legal Liability • Cross Liability Clause • Non-Owned Automobile	ABC Insurance Company Master Policy No. 1234567	2015/12/31	Property of Every Description \$15,000,000 Rental Income \$1,000,000 Indemnity Period 24 months
	ABC Insurance Company Master Policy No. 1234567	2015/12/31	\$15,000,000
	ABC Insurance Company Master Policy No. 1234567	2015/12/31	Per Occurrence \$10,000,000
LOSS PAYABLE:	1st Loss Payee – BCHMC, 1701 -4555 Kingsway, Burnaby, BC V5H 4V8 2nd Loss Payee – CMHC,		

This certificate certifies that policies of insurance as herein described have been issued to the insured(s) named above, are in full force and effective as of the effective date of the contract/permit/licence, and comply with the insurance requirements of the contract/permit/licence except as follows:

AGENT OR BROKER COMMENTS: British Columbia Housing Management Commission and Provincial Rental Housing Corporation are added as Additional Insureds but only with respect to liability arising out of the operations of the Named Insured as noted above.		
SIGNED BY THE AGENT OR BROKER ON BEHALF OF THE ABOVE INSURER(S)	AGENT OR BROKER NAME	DATE SIGNED
	John Smith, XYZ Insurance Co.	

Schedule "B"
Order To Pay

TO: **British Columbia Housing Management Commission** ("BCHMC")

FROM: «**Borrower_Name**» (the "Borrower")

RE: Mortgage (the "Mortgage") in favour of BCHMC which charges the «tenure» interest of the Borrower in the following lands and premises: «**Property_Address**», «**Property_City**», BC, legally described as:
«**PID_Legal_Description**» (the "Property").

We hereby irrevocably authorize and direct you or your solicitors, to make advances secured by the Mortgage in the following manner:

1. To deduct any accrued interest (if applicable);
2. To pay to BCHMC any money owing under any proposal development funding loan, administration, legal, inspection and other fees or amounts payable to it;
3. To holdback or pay amounts required to satisfy statutory or contractual holdbacks directly to BCHMC's solicitors to be used to satisfy lien claims and otherwise to be paid out at BCHMC's direction;
4. To holdback or pay to BCHMC's solicitors, on or before the final advance, an amount estimated to be required to fund remaining project costs, such funds to be paid out at BCHMC's direction in respect of such costs as they are incurred;
5. To pay to the landlord of the Property rent required to be paid under a lease, if any;
6. To pay brokerage fees (if applicable);
7. At BCHMC's discretion:
 - a) to pay any taxing authority, any taxes, levies, or rates due and accruing due;
 - b) to pay to the holder of any prior encumbrance the amount required to pay out and discharge the prior encumbrance;
 - c) to pay to any appraiser, contractor, engineer, subcontractor, surveyor, or supplier of material in respect of the Property;
 - d) if any advance or draw is to be made subject to a BCHMC condition, to pay to our solicitors, _____, in trust, any such advance; and
 - e) deposit the advances or any of them into the following bank account (**Voided blank cheque attached**):

Bank Account in the name of: _____

Name of banking Institution: _____

Address (include postal code) of banking Institution: _____

Account Number: _____

Dated at _____, the ____ day of _____, 20 ____.

«BORROWER_NAME»,
by its authorized signatory(ies):

Name:
Title:

Name:
Title:

SAMPLE

Schedule "C"

Definitions

The following terms used in the Loan Commitment Letter shall have the following meanings:

"Approved Budget" means the finalized cost and construction and operating budgets and timetable detailing all hard and soft costs associated with the development and construction of the Project in accordance with the Approved Plans, as approved by BCHMC and its payment certifier or quantity surveyor, as applicable;

"Approved Plans" means the finalized plans, specifications, drawings, timetables, reports, and recommendations for the Project which have been approved by BCHMC and its payment certifier or quantity surveyor, as applicable;

"CMHC" means Canada Mortgage and Housing Corporation;

"Commencement Date" means the first day of the calendar month next following the registration date of the Forgivable Mortgage;

"Contractors" means all contractors engaged for the Project pursuant to the Construction Contracts;

"Contribution Agreement" means the agreement entered into by the Borrower with CMHC and/or BCHMC which provides, amongst other things, for the roles and responsibilities of the Borrower with reference to the operation of the Property;

"Construction Contracts" means the construction contracts in respect of the Project entered into between the Borrower and the Contractors, which construction contracts will be in the form satisfactory to BCHMC and its solicitors, and which include the mandatory provisions set out in Schedule "D" hereto;

"CRA" means Canada Revenue Agency;

"First Advance" means the first advance of the principal amount under the Loan made by BCHMC;

"Forgivable Mortgage" means the mortgage set forth in Section 10.7 to be granted by the Borrower in favour of BCHMC;

"GST" means goods and services tax;

"Hazardous Substance" means any substance defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or in the future in

effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance;

“Legal Requirements” means any law, statute, code, ordinance, order, award, judgment, decree, injunction, rule, regulation, authorization, consent, approval, order, permit, licence, direction or requirement of any government authority;

“Loan” means the authorized amount set forth in Section 3.1;

“Loan Commitment Letter” means the Loan Commitment Letter to which this Schedule “C” is attached and all other schedules attached thereto, as they may be amended, supplemented or replaced from time to time;

“Operator Agreement” means an agreement or agreements entered into or to be entered into between BCHMC and the Borrower that relate to the management of the PRHC ASP by the Borrower and the provision of housing therein on the terms and conditions more particularly set out in the Operator Agreement;

“PDF Loan” means a predevelopment funding loan;

PRHC” means Provincial Rental Housing Corporation;

PRHC ASP” means that portion of the Project that, following the deposit of the Air Space Plan and the completion of the transactions contemplated within the Contract of Purchase and Sale, will contain twenty (20) affordable housing units to be owned by PRHC and operated by the Borrower pursuant to the terms of the Operator Agreement;

“Project Completion” means the issuance of a full, final and unconditional occupancy permit;

“Purchase and Sale Agreement” means the Purchase and Sale Agreement dated for reference ♦ between ♦ and ♦, whereby ♦ agreed to sell and ♦ agreed to purchase, those lands and improvements located at ♦; *[NTD: insert this if the Borrower will enter into a Purchase and Sale Agreement with a third party other than PRHC. Remove if not applicable.]*

“RBC Prime Rate” means the floating annual rate of interest established and recorded by Royal Bank of Canada from time to time as a reference rate for purposes of determining rates of interest it shall charge on loans denominated in Canadian dollars made in Canada;

“Remainder” means that portion of the Project, other than the PRHC ASP, to be created from the deposit of the Air Space Plan in the Land Title Office; and

“Specific Purpose” means the intended use of the Property as described in Appendix “A” which is attached to the Forgivable Mortgage.

Schedule “D”

Mandatory Construction Contract Terms

All Construction Contracts shall contain the following provisions, which may be altered only as required to suit the structure and terminology of a particular Construction Contract provided that the intent and effect of the provisions are fully preserved.

Compliance with Applicable Laws

The Contractor warrants and guarantees that the work under this Construction Contract (the “**Work**”) will be completed in a good and workmanlike manner, using only new materials and supplies, and that the Contractor and the Work will strictly comply with the requirements of all applicable laws, ordinances, rules, regulations, codes, and standards in its performance of, which for clarity includes but is not limited to all requirements under the *Builders Lien Act*, S.B.C. 1997, c. 45, the *Workers Compensation Act*, R.S.B.C. 2019, c. 1, and the *Occupational Health and Safety Regulation*, B.C. Regulation 296/97, each as may be amended and any successor legislation thereto. If «Borrower_Name» has reason to believe the Contractor is not in strict compliance with this section, «Borrower_Name» may provide written notice to Contractor setting out its concerns and Contractor shall promptly respond to such concerns in writing and shall provide all supporting information reasonably necessary to satisfy «Borrower_Name» that Contractor is in compliance with this section.

Approval of Subcontractors

The Contractor shall indicate in writing to «Borrower_Name» the names of all subcontractors who the Contractor is prepared to subcontract for a portion of the Work prior to entering any subcontract. «Borrower_Name» shall provide to Contractor its consent, objection or consent conditional on bonding to the proposed subcontractor(s) within thirty (30) days of receipt of the Contractor's written proposal of subcontractor(s), failing which the Contractor may proceed to subcontract the proposed subcontractor(s). Provided «Borrower_Name» provides a response to the Contractor within thirty (30) days, «Borrower_Name» reserves the right to reject any proposed subcontractor or to require bonding for any proposed subcontractor in its sole discretion and at no additional cost to «Borrower_Name».

Applications for Payment

The Contractor shall submit «Borrower_Name», at least 15 calendar days before the first application for payment and prior to the commencement of any Work:

- (i) a schedule of values for the different parts of the Work, aggregating the total amount of the Construction Contract price, so as to facilitate evaluation of applications for payment; and
- (ii) a current WorkSafe BC “clearance letter” confirming that the Contractor is in good standing.

The amount claimed in an application for payment shall be for the value proportionate to the price of the Construction Contract and of Work performed as of the last day of the payment period. Applications for payment for goods and equipment delivered to the Project site but not yet incorporated into the Project shall

be supported by such evidence as «Borrower_Name», BCHMC, its payment certifier or its quantity surveyor may require to establish the value and delivery of such goods and equipment.

All applications for payment will be supported by such documents and in such format as «Borrower_Name», BCHMC, its payment certifier or its quantity surveyor may require to demonstrate and verify the correctness of the amount claimed and the Work provided to date, and must in any event include:

- (i) an updated Project schedule, including a construction project management schedule;
- (ii) a current WorkSafe BC “clearance letter” confirming that the Contractor is in good standing;
- (iii) a current CCDC 9A (Statutory Declaration of Progress Payment Distribution by Contractor) which shall be completed (including the seal), and sworn before a Notary Public or a Commissioner for Oaths for the Province of British Columbia; and
- (iv) all completed plans, permits, design and working drawing, surveys, studies, specifications, budgets, report, contracts and appraisals which have not yet been provided to «Borrower_Name».

An application for payment shall be considered complete only after all required information including supporting documentation has been submitted to the satisfaction of «Borrower_Name», which is a condition precedent to «Borrower_Name»'s obligation to make payment to the Contractor. Incomplete or unsatisfactory payment applications shall be revised as directed by «Borrower_Name» and re-submitted.

Hazardous Substances

Contractor shall provide written notice to «Borrower_Name» immediately upon Contractor becoming aware that the Project site is being or has been contaminated with any substance defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance (a “**Hazardous Substance**”). Contractor will not permit any activities on the Project site which directly or indirectly could result in the Project site or any other property being contaminated with any Hazardous Substance.

Contractor will promptly comply with means any law, statute, code, ordinance, order, award, judgment, decree, injunction, rule, regulation, authorization, consent, approval, order, permit, license, direction or requirement of any government authority relating to the use, collection, storage, treatment, control, removal or cleanup of any Hazardous Substance in, on, or under the Project site as a result of construction, operations or other activities on the Project site, or incorporated in any improvements thereon. If Contractor fails to do so, BCHMC or «Borrower_Name» may, but will not be obligated to, enter upon the Project site and take such actions and incur such costs and expenses to effect such compliance as they deem advisable and Contractor will reimburse BCHMC and/or «Borrower_Name» on demand for the full amount of all costs and expenses incurred by BCHMC and/or «Borrower_Name» in connection with such compliance activities.

Deficiencies at Substantial Performance

Prior to and as condition precedent to achieving substantial performance of the Work, «Borrower_Name» and Contractor shall undertake a joint inspection to identify and list any deficiencies (the “**Deficiency List**”). Contractor shall indicate in the Deficiency List the time required to rectify the deficiencies as well as the value thereof. The time for rectification of deficiencies must be reasonable and shall in no event exceed two (2) months following the issuance of the occupancy permit for the Project.

Final Payment

When the Contractor considers that the Work is completed, and all deficiencies identified in the Deficiency List are remedied, the Contractor shall submit its application for final payment. BCHMC shall then have the option to attend at the Project site and conduct a visual inspection of the Work and walk-through of the Project at a time convenient to BCHMC. If any deficiencies are identified through BCHMC's inspection, Contractor shall correct such deficiencies to the satisfaction of BCHMC in its sole discretion and in no event shall the time to rectify such deficiencies exceed two (2) months following the issuance of the occupancy permit for the Project. Written confirmation by BCHMC that the identified deficiencies have been rectified to BCHMC's satisfaction is a condition precedent to Contractor's entitlement to receive final payment.

Builders' Liens

If a claim or claims of builders' lien are registered against the Project site, the Project or asserted against the holdback funds by any person claiming under or through the Contractor, the Contractor shall remove or cause to be removed the said lien or liens within ten (10) working days immediately following the date it first becomes aware of the existence of such claim(s) or lien(s). The Contractor shall immediately provide written notice to «Borrower_Name» when it becomes aware of the existence of such claim(s) or lien(s).

Until such lien(s) has or have been removed from all such titles, «Borrower_Name» will withhold from payments otherwise due to the Contractor the amount that is sufficient to fully protect and indemnify «Borrower_Name» from the successful enforcement of such lien(s) by the lien claimant(s) and may apply such withheld amounts to satisfy any judgment against the «Borrower_Name» or BCHMC on account of such lien(s). If such liens are not removed and such default is not corrected within such ten (10) working days «Borrower_Name», without prejudice to any other right or remedy they may have, may deduct the amount of any such claim from the next ensuing payment which may become due to the Contractor, and take such steps as are reasonably required to remove or to discharge such lien(s), including payment into court of the full amount required to have such lien(s) removed or discharged and also deduct from any sums owing the Contractor all costs and expenses thereby incurred by «Borrower_Name» including actual legal fees and disbursements incurred by «Borrower_Name» in relation to the removal or discharge of such lien(s).

Delay

If the Work is delayed for any reason, the Contractor shall provide written notice to «Borrower_Name» no later than five (5) days after becoming aware that the Work is or is reasonably likely to be delayed. Such notice shall state the cause and projected impact of such delay on the Work as well as any relief sought, without prejudice to the Contractor's right to revise such information as further information becomes available. Failure to provide notice as required under this section shall extinguish the Contractor's right to any relief in relation to the delay in question. Failure of the Contractor to identify a delay where a reasonable contractor in the same position as the Contractor should have known that the Work was or was reasonably likely to be delayed shall extinguish the Contractor's right to any relief in relation to the delay in question.

Unremedied «Borrower_Name» Default

If «Borrower_Name» is in default under the Construction Contract, the Contractor shall immediately deliver to BCHMC a copy of any default notice it delivers to «Borrower_Name». «Borrower_Name» shall have fourteen (14) days to cure any default set out in a default notice (the “**Cure Period**”). Such default notice shall include reasonable details of the Borrower's alleged default as well as details in relation to the action that the Contractor considers appropriate to remedy the default and/or the amount necessary to compensate the Contractor for the default. If a default remains unremedied by «Borrower_Name» upon the expiry of the Cure Period (an “**Unremedied Borrower Default**”), the Contractor shall deliver a notice of intent to terminate to both «Borrower_Name» and BCHMC. The Construction Contract shall not be deemed terminated unless and until the occurrence of the later of:

- (i) receipt by the Contractor (with copy to «Borrower_Name») of written notice from BCHMC that it has elected not to exercise its Step-In Rights as provided herein; and
- (ii) sixty (60) days after BCHMC's receipt of the Contractor's notice of intent to terminate.

Upon receipt of a notice of intent to terminate from the Contractor, BCHMC may, at its sole discretion, engage with the Contractor and the Borrower in good faith discussions an attempt to resolve the matter. During the occurrence and continuance of such good faith discussions, the Contractor agrees that it will not exercise any termination rights or remedies available to it pursuant to the Construction Contract until the earlier of sixty (60) days following the delivery of the notice of intent to terminate or such date that BCHMC provides written confirmation that it does not intend to exercise its Step-In Rights.

Remedial Rights of «Borrower_Name»

If at any time:

- (i) «Borrower_Name» reasonably believes that there is an emergency, including but not limited to:
 - (1) a material risk to public health, public security, workers on the Project, the property of third parties or to the environment; or
 - (2) an undischarged statutory duty or other legal duty or obligation of the Contractor;

and upon receipt of written notice from «Borrower_Name» the Contractor has not immediately taken steps satisfactory to «Borrower_Name» to address such emergency; or

- (ii) the Contractor is in default under this Construction Contract and has not remedied or diligently pursued a cure of that default within the time period specified in **[NTD: Insert cross-reference to termination for default provision]**, or where such default is incurable and

the Contractor is not diligently pursuing a course of action that will mitigate the consequences of the incurable default to the satisfaction of «Borrower_Name»;

(each of the above circumstances constituting an “**Unremedied Contractor Default**”)

«Borrower_Name» shall provide written notice to the Contractor (with copy to BCHMC) of the occurrence of an Unremedied Contractor Default and shall take or cause to be taken all such steps and actions «Borrower_Name» reasonably considers to be required in the circumstances to mitigate, rectify, protect against or remedy such Unremedied Contractor Default. Any steps and actions taken by «Borrower_Name» under this Section shall be at the sole expense of the Contractor, and the cost of such steps and actions may be set-off or deducted from amounts owing from «Borrower_Name» to the Contractor or otherwise charged to the Contractor. The rights of «Borrower_Name» under this Section shall be without limitation and in addition to any other rights of «Borrower_Name» at law and under this Construction Contract, including the right to terminate this Construction Contract for default. «Borrower_Name» acknowledges and agrees that it must obtain the prior written consent of BCHMC, in its sole discretion, prior to terminating the Construction Contract.

Step-In Rights of BCHMC

Upon the occurrence of any of the following:

- (i) an Unremedied Borrower Default;
- (ii) an Unremedied Contractor Default which is not remedied or mitigated by «Borrower_Name» to the satisfaction of BCHMC (in its sole discretion); or
- (iii) a default by «Borrower_Name» under any agreement between «Borrower_Name» and BCHMC (a “**Loan Default**”); *[NTD: circumstances constituting a default may need to be disclosed to Contractors]*

(each a “**Step-In Trigger**”)

BCHMC may, but is not obligated to, elect in its sole discretion and for its sole benefit :

- (i) upon written notice (a “**Step-In Notice**”) from BCHMC to the Contractors and to «Borrower_Name»; to step in and assume some or all of the rights, benefits and obligations of the «Borrower_Name» under the ♦[**Construction Contract**] as and from the date of the delivery of the Step-In Notice and take or cause to be taken all such steps and actions as BCHMC reasonably considers required in the circumstances to mitigate, rectify, protect against or remedy the Step-In Trigger (a “**BCHMC Remedial Action**”) and otherwise advance the Project as if it was «Borrower_Name» and had originally been a party to the Construction Contract; and
- (ii) by written direction from BCHMC to the Contractor with a copy to «Borrower_Name» (a “**Step-In Direction**”), require the Contractor to take such Remedial Action as specified therein

and the Contractors shall use all reasonable efforts to comply with the Step-In Direction as soon as reasonably practicable

(collectively, the “**Step-In Rights**”).

BCHMC shall prosecute and complete any BCHMC Remedial Action in a manner that is compliant with all applicable laws and permits and, provided such BCHMC Remedial Action is not related to an Unremedied Contractor Default, shall make reasonable effort to minimize interference with the Contractors' performance of its obligations under this Construction Contract. BCHMC shall be otherwise entitled to execute any BCHMC Remedial Action as it sees fit and shall be entitled to cease any BCHMC Remedial Action at any time.

In respect of any BCHMC Remedial Action, «Borrower_Name» shall have no further rights under the Construction Contract whatsoever and the Contractor shall only accept as valid notices, instructions, orders and demands given or made by BCHMC under and in connection with such Remedial Action and all related work under the Construction Contract required to advance the Project.

If BCHMC provides a Step-In Direction and the Contractor either:

- (i) does not confirm, within the time period specified by BCHMC (or, if no such time period is specified, within two Business Days), that it is willing to take such steps as are referred to or required in such direction or present an alternative plan to BCHMC to mitigate, rectify, protect against or remedy the Step-In Trigger that BCHMC may accept or reject, in its sole discretion; or
- (ii) fails to take the steps as are referred to or required in the Step-In Direction or alternative plan acceptable to BCHMC in its sole discretion within such time as set out in such Step-In Direction or accepted alternative plan or within such time as BCHMC, in its sole discretion, shall stipulate,

then BCHMC may, without further notice to the Contractor, issue a Step-In Notice.

No action taken by BCHMC under this Section ♦ shall be deemed to be a termination of this Construction Contract or relieve the Contractors from any of their obligations hereunder, except only to the extent any such obligation is fully performed by BCHMC or cannot reasonably be performed due to a BCHMC Remedial Action.

Compensation for Step-In Rights

Except to the extent that the Step-In Trigger is caused by an Unremedied Contractor Default or is otherwise caused by the wrongful acts or omissions of the Contractor, where and to the extent BCHMC's exercise of the Step-In Rights result in a change to the Work, the Contractor shall receive a corresponding adjustment to its compensation and time for the performance of the Work in accordance with ***[NTD: This clause should link to a Change Order provision that addresses valuation and process for issuing changes]***.

Where and to the extent a Step-In Trigger is caused by an Unremedied Contractor Default or is otherwise caused by the wrongful acts or omissions of the Contractor, the Contractor shall pay to BCHMC on demand

all costs and expenses incurred by BCHMC in exercising its Step-In Rights, together with an administration fee equal to ten percent (10%) of such costs and expenses, without prejudice to any other rights of BCHMC.

Limitation of Liability for Step-In Rights

Except only where payment is due in accordance with *[NTD: insert cross-references to Compensation and Availability of Assets subsections]*, BCHMC shall have no liability to the Contractor of whatsoever nature arising from or in relation to any exercise or non-exercise of its Step-In Rights, except only to the extent of any failure by BCHMC or any third party contractor engaged by BCHMC to comply with all applicable laws and permits in the course of exercising the Step-In Rights. For greater certainty, and notwithstanding that «Borrower_Name» may have limited or no further rights under the Construction Contract, «Borrower_Name» shall remain liable for all amounts payable to the Contractor under, arising out of and in relation to the Construction Contract, including without limitation such amounts payable after a Step-In Notice or Step-In Direction has been issued by BCHMC.

Assignment

The Contractor consents to the assignment of this Construction Contract by «Borrower_Name» to BCHMC, and the Contractor agrees to execute such documents in favour of BCHMC as they may require, including acknowledgements of and consents to assignment prepared by them.



**BC BUILDS RENTAL SUPPLY PROGRAM
CONTRIBUTION AGREEMENT**

THIS AGREEMENT is dated for reference: July 10, 2025

BCH File # 91149-02 / 11216

BETWEEN

CAPITAL REGION HOUSING CORPORATION

631 Fisgard Street, Victoria, British Columbia V8W 1R7

(the "Provider")

AND

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Suite #1701 - 4555 Kingsway, Burnaby, British Columbia V5H 4V8

("BC Housing")

with respect to the Development at

1132 and 1138 Johnson Street, Victoria, British Columbia V8V 3N8

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AGREEMENT SUMMARY

PART 1 – SUMMARY

1. The Provider has redeveloped the Development under the BC Builds Rental Supply Program, a housing program funded by the Government of British Columbia acting through its agent, BC Housing.
2. The goal of the program is to increase the supply of rental housing for Middle Income households across British Columbia.
3. The Development is owned and operated by the Provider and consists of one hundred and sixty (160) Residential Units for Middle Income households.

PART 2 – SERVICE DESCRIPTION

1. BC Housing and the Provider have agreed that the Provider will own and operate the Development and collect Rent from the Residents, on the terms and conditions of this Agreement.
2. The common goal of the parties in making this Agreement is to provide housing for Middle Income households.
3. The Provider is a fully independent self-governing entity registered under the *Business Corporations Act* (British Columbia). Operation of the Provider is subject to its Constatting Documents and the *Business Corporations Act* (British Columbia). The members of the Provider and its governing board are responsible for all affairs of the Provider related to both Provider operations in general and the ongoing management of the Development.
4. In entering this Agreement with the Provider, BC Housing recognizes that the Provider was established for the advancement of specific social purposes prior to its decision to participate in this particular Agreement.
5. BC Housing recognizes that the Provider brings both tangible and intangible assets to the Development. The Provider's shareholders serve on a voluntary basis, i.e., without recompense for their time and expertise. The Provider and the board bring resources, knowledge and expertise on property management.
6. The Provider and board are expected to create an environment that is supportive of the needs of the Residents and provide a sense of community within the Development and to that purpose may provide Resident services and activities not funded by this Agreement.

PART 3 – AGREEMENT

1. TERM
 - a. The parties agree as follows for the Term of the Agreement which is for forty (40) years from the Commencement Date, unless earlier terminated in accordance with the provisions of this Agreement.
2. SCHEDULES
 - a. All of the Schedules attached to this Agreement are an integral part of this Agreement.

This Agreement contains the entire agreement between the parties and supersedes all previous expectations, understandings, communications, representations and agreements, whether verbal or written, between the parties with respect to the subject matter hereof.

No amendment or modification to this Agreement will be effective unless it is in writing and duly executed by the parties except where this Agreement allows for otherwise.

IN WITNESS of which the duly authorized signatories of each of the Provider and BC Housing have executed this Agreement effective as of the Commencement Date of this Agreement:

CAPITAL REGION HOUSING CORPORATION

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

SCHEDULE A – GENERAL PROVISIONS

A. DEFINITIONS

1. **"Capital Fund"** means an amount the Provider is required to hold in reserve for capital repairs, replacements and improvements pursuant to *Schedule B, Part C, Clause 2*.
2. **"Capital Plan"** means the plan outlining repairs, replacements and improvements at the Development, developed by the Provider and submitted to BC Housing in a format acceptable to BC Housing, pursuant to *Schedule B, Part C*.
3. **"Commencement Date"** means the day on which the Occupancy Permit is issued for the Development.
4. **"Constituting Documents"** means the constitution and bylaws of the Provider, together with any amendments, as registered with the appropriate registry.
5. **"Declaration of Income"** means the declaration to be completed by a Resident as evidence of the Income of that Resident.
6. **"Development"** means the housing development, re-developed and operated by the Provider under the BC Builds Rental Supply Program, and located within the Site.
7. **"Fiscal Year"** means the Provider's Fiscal Year, ending on December 31 or as otherwise agreed by the parties.
8. **"Improvements"** means those improvements, structures, buildings, fixtures and systems which exist within the Development from time to time including the heating, ventilating, air-conditioning, plumbing, electrical and mechanical systems and equipment.
9. **"Income"** means total income before tax from all sources of a Resident.
10. **"Loan"** means:
 - a. the repayable mortgage loan, arranged by BC Housing or CMHC for the Provider, in order to finance the re-development of the Development; and/or
 - b. the grant advanced by BC Housing to the Provider under the BC Builds Rental Supply Program in order to finance the re-development of the Development and secured by a forgivable loan registered against the Development.
11. **"Middle Income"** represents the maximum income for eligibility to occupy a Residential Unit and means:
 - a. For Residential Units with less than two (2) bedrooms, a gross household Income that does not exceed the 75th income percentile for families without children, as determined by BC Housing from time to time. For 2025, this figure is \$136,210.00.
 - b. For Residential Units with two (2) or more bedrooms, a gross household Income that does not exceed the 75th income percentile for families with children, as determined by BC Housing from time to time. For 2025, this figure is \$201,030.00.
12. **"Occupancy Permit"** is a certificate that must be obtained prior to occupancy that is issued if all required inspections have been carried out and the building or structure is deemed substantially complete and fit for occupancy.
13. **"Provincial Rental Housing Corporation"** (PRHC) is incorporated under the *Business Corporations Act* (British Columbia). PRHC is the land holding corporation for provincially owned social housing. BC Housing administers PRHC, which buys, holds and disposes of properties, and leases residential properties to non-profit societies and co-operatives.
14. **"Record"** means accounts, books, documents, maps, drawings, photographs, letters, vouchers, papers and any other thing on which information is recorded or stored by graphic, electronic, mechanical and other means, but does not include a computer program or any other mechanism that produces records.
15. **"Rent"** means the amount a Resident is obliged to contribute monthly to the Provider for a Residential Unit.
16. **"Residency Agreement"** means an agreement, lease, license or other right of a Resident to occupy a Residential Unit.

17. **"Resident"** means the person or persons legally entitled to reside in a Residential Unit pursuant to a Residency Agreement.
18. **"Residential Unit"** means a self-contained residential dwelling within the Development operated under this Agreement.
19. **"Site"** means all lands and improvements, including the Development, situated at 1132 and 1138 Johnson Street, Victoria, British Columbia V8V 3N8, and legally described as PID 000-417-971, LOT A of LOTS 1029, 1030, 1031, 1032, 1040, 1041 and 1042, VICTORIA CITY, PLAN 40972; PID 009-392-394, LOT 1039, VICTORIA CITY.
20. **"Specific Purpose"** means the operation of the Development to provide rental housing for persons who, at the date of commencement of the residency, have Middle Incomes.
21. **"Term"** means the period of this Agreement as outlined in *Agreement Summary, Part 3, Clause 1*.

B. RESPONSIBILITY OF THE PROVIDER

1. **Role of the Provider.** The Provider:
 - a. will fulfill its obligations under this Agreement in a proper, efficient and timely manner as would a prudent provider of similar services, and in accordance with this Agreement; and
 - b. agrees and understands that it is solely responsible for all its obligations under this Agreement, including but not limited to its obligations arising as a result of any relationships between the Provider and the applicants, Residents and other occupants of the Development, and any and all relationships with third parties, volunteers, or other invitees.
2. **Corporate Organization.** The Provider will maintain a well-organized corporate structure and in particular will:
 - a. operate as a non-profit entity;
 - b. remain in good standing with the appropriate registry;
 - c. have a purpose that includes the provision of affordable or non-market housing and is consistent with the Specific Purpose;
 - d. not permit any director, officer, or member of the Provider to be remunerated except for reimbursement of any expenses necessarily and reasonably incurred by the director, officer, or member while engaged in the affairs of the Provider. Reasonable wages or salary paid to an employee of the Provider who is not an officer or director of the Provider are exempt from this section;
 - e. provide for the disposition of assets to an organization with a similar charitable purpose in the event of dissolution or wind up of the Provider;
 - f. not alter its Constatting Documents in any way that would make them inconsistent with the terms of this Agreement or that would render the Provider unable to fulfill its obligations under this Agreement;
 - g. provide BC Housing with a copy of the Provider's Constatting Documents and any amendments thereto, as requested by BC Housing from time to time; and
 - h. maintain written policies and procedures regarding the Provider's operations, including safety and security, human resource management and tenant management.
3. **Compliance.** The Provider will remain in compliance with all applicable laws, bylaws, regulations, codes and corporate or contractual obligations and is responsible for obtaining and complying with all necessary approvals, licenses and permits relating to the Provider's obligations under this Agreement.
4. **Conflict of Interest.** The Provider will:
 - a. conduct its operations in accordance with the Provider's by-laws and in a manner such that no part of the operations, finances and other assets or resources of the Provider under this Agreement, are used directly or indirectly for the provision of any gain or benefit to any officer, director, employee, or member of the Provider or any entity or individual associated with, or related to them, without the prior written approval of BC Housing;

- b. not, during the Term, enter into a contractual relationship with a third party, conduct business with, perform or receive a service for or provide advice to or receive advice from any entity or individual where such activity may, directly or indirectly, cause an actual or perceived conflict of interest, without the prior written approval of BC Housing; and
 - c. disclose any actual or perceived conflict of interest to the Provider and BC Housing in advance, and all such disclosure and any prior written approval from BC Housing will be recorded in the minutes of the meetings of the directors and/or the relevant committee of the Provider.
5. **Communication.** The Provider will notify BC Housing as soon as possible of any significant changes or incidents that may impact the Provider's obligations under this Agreement.
6. **Agency.** This Agreement will not be construed as creating any partnership or agency between BC Housing and the Provider and neither party will be deemed to be the legal representative of any other party for the purposes of this Agreement. Neither BC Housing nor the Provider will have, and will not represent itself as having, any authority to act for, to undertake any obligation on behalf of the other party, except as expressly provided in this Agreement.
7. **Restrictions on Disposition and Encumbrance.** The Provider will not transfer, encumber or sell or agree to transfer, encumber or sell or otherwise change or agree to change the legal or beneficial interests of the Development or any part of the Development for any purpose without the prior written approval of BC Housing, in its sole discretion.
8. **Restrictions on Authority.** The Provider will not commit or otherwise bind BC Housing to any agreements in any manner whatsoever, except to the extent specifically provided in this Agreement and in particular, without limiting the generality of the foregoing, the Provider will not take any action, expend any sum, make any decision, give any consent, approval or authorization or incur any obligation with respect to any lease or any other arrangement involving the rental, use or occupancy of all or part of the Development other than a Residency Agreement in accordance with this Agreement, except with the prior written approval of BC Housing, in its sole discretion.
9. **Maintenance.** The Provider will maintain the Development and all Development related equipment in a state of safe and good repair for the benefit of the Residents and the community in which the Development is located by carrying out, or arranging for the carrying out of tasks that include but are not limited to the following:
 - a. all routine maintenance and repair work;
 - b. routine inspections to ensure safety hazards are identified and corrected;
 - c. regular fire inspections, drills, testing, maintenance, training and maintaining records in respect of the same; and
 - d. routine waste management services.
10. **Inspection.** The Provider will permit BC Housing to inspect the Development or other premises used by the Provider pursuant to this Agreement at any time.

C. RESPONSIBILITY OF BC HOUSING

- 1. Role of BC Housing.** BC Housing's role is to support the Provider in operating the Development to meet their common goal of providing rental housing to Middle Income households.
- 2. Provide Information.** BC Housing will provide the information required by the Provider to enable the Provider to carry out its responsibilities under this Agreement, and will provide that information in a timely manner.

D. OPERATIONAL REVIEW

1. From time to time, BC Housing may conduct an onsite operational review to determine compliance with the terms of this Agreement and any other agreements between the Provider and BC Housing.
2. BC Housing will provide the Provider with thirty (30) days' written notice of an operational review.

E. RECORDS

1. **Information Management.** The Provider will comply with all applicable privacy legislation and will maintain accurate and complete operational Records, policies and practices necessary for its obligations under this Agreement.
2. **Procedures and Processes.** The Provider will:
 - a. notify BC Housing in writing immediately upon becoming aware of any breach of privacy or security involving the unauthorized access, collection, use, disclosure or disposal of information relating to its obligations under this Agreement;
 - b. if the *Information Management Act* (British Columbia) applies to the destruction of Records, notify BC Housing for consultation prior to the destruction; and
 - c. cooperate with BC Housing when BC Housing has a request under the *Freedom of Information and Protection of Privacy Act* (British Columbia) to which Records in the Provider's custody apply, by locating and disclosing the relevant Records as directed by BC Housing upon notice and without delay.
3. **Record Retention.** The Provider will retain all Records that pertain to its obligations under this Agreement for the retention period required under applicable provincial and federal laws, but for not less than seven (7) years following the date of receipt or production of those Records.
4. **Audits.** BC Housing and its agents have the right to inspect all Records related to, arising from, or maintained by the Provider to deliver the Provider's obligations, including the right of BC Housing and its agents to enter any premises used by the Provider to deliver the Provider's obligations or used to keep or store Records pertaining to the Provider's obligations under this Agreement, at any time after the delivery of notice to the Provider, and have the immediate right to make extracts from and take copies of those Records. The Provider acknowledges that disclosure to BC Housing and its agents, without consent from the individual the Record is about, for audit purposes, is permitted under information and privacy legislation.

F. LIABILITY

1. **Indemnity.** The Provider will indemnify and save harmless BC Housing, the Provincial Rental Housing Corporation, His Majesty the King in Right of the Province of British Columbia, and each of their ministers, board members, officers, directors, employees, contractors and agents, and their heirs, executors, administrators, personal representatives, successors and assigns, from all claims and costs arising directly or indirectly under this Agreement which they or any of them may be liable for or incur, whether before or after this Agreement ends, arising out of any act or omission of the Provider or its officers, directors, employees, agents, contractors or other persons for whom at law the Provider is responsible, related to the Provider's operation and management under this Agreement, including with respect to any Residency Agreement, except to the extent that such claims or costs are caused solely by the negligence of BC Housing or its employees, agents or contractors.
2. **Release.** The Provider releases BC Housing, the Provincial Rental Housing Corporation, His Majesty the King in Right of the Province of British Columbia, and each of their ministers, board members, officers, directors, employees, contractors and agents, and their heirs, executors, administrators, personal representatives, successors and assigns, from all claims arising out of the advice or direction respecting the ownership, lease, operation or management given to the Provider, as the case may be, by any of them, except to the extent that such advice or direction is determined by a court of competent jurisdiction to have been negligent.
3. **Survival.** The obligations set out in *Schedule A, Part F, Clauses 1 and 2* survive termination of this Agreement.

G. DISPUTE RESOLUTION

1. If a dispute arises between the parties out of or in connection with this Agreement the parties agree that the following dispute resolution process will be used:

- a. A meeting will be held promptly between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.
- b. If, within fourteen (14) days after such meeting or such further period agreed to by the parties in writing, the parties have not succeeded in negotiating a resolution of the dispute, the parties agree to try to resolve the dispute by participating in a structured negotiation conference with a mediator agreed upon by the parties or, failing agreement, under the Mediation Rules of Procedure of the Vancouver International Commercial Arbitration Centre, in which case the appointing authority is the Vancouver International Commercial Arbitration Centre.
- c. After dispute resolution attempts have been made under *Schedule A, Part G, Clauses 1.a-b*, any remaining issues in dispute will be determined by arbitration under the *Arbitration Act* (British Columbia), and the decision of the Arbitrator will be final and binding and will not be subject to appeal on a question of fact, law or mixed fact and law.

H. DEFAULT AND TERMINATION

1. **Event of Default.** Any of the following events will constitute an event of default by the Provider under this Agreement:
 - a. the Provider fails to comply with any provision of this Agreement;
 - b. the Provider fails to remain in good standing with the appropriate registry;
 - c. the Provider is in breach of or fails to comply with any applicable law, regulation, license or permit;
 - d. any representation or warranty made by the Provider under this Agreement is found to be untrue or incorrect; or
 - e. if the Provider knew or ought to have known any information, statement, certificate, report or other document furnished or submitted by, or on behalf of, the Provider pursuant to, or as a result of, this Agreement is untrue or incorrect.
2. **Default.** Upon the occurrence of any event of default set out in *Schedule A, Part H, Clause 1*, BC Housing will provide written notice to the Provider which sets out the breach and the date by which the breach must be rectified. The Provider will be given thirty (30) days to rectify the breach or such longer period as determined solely by BC Housing.
3. **Termination on Continued Default.** If the Provider fails to comply with a written notice given in accordance with this Agreement within the specified period of time, BC Housing, in its sole discretion, may immediately terminate this Agreement or appoint a receiver.
4. **Additional Remedies.** Upon the occurrence of any event of default set out in *Schedule A, Part H, Clause 1*, BC Housing may, in addition to and without prejudice to BC Housing obtaining any other remedy:
 - a. reduce or suspend any payment that would otherwise be payable by BC Housing to the Provider pursuant to this Agreement; and
 - b. exercise its rights and remedies under the Section 219 Covenant.
5. **Appointment of Receiver.** As an alternative to exercising any right of termination provided under this Agreement, BC Housing may elect to appoint, or request a court of competent jurisdiction to appoint, a receiver, with or without bond as BC Housing or the court may determine, and, from time to time, may remove any receiver so appointed and appoint another in its place, or request the court to do so. A receiver so appointed is not an officer or agent of BC Housing, and has all the necessary and exclusive power to deal with the obligations of this Agreement including the power to:
 - a. take control, possession and direction of the Development and the Provider's assets in connection with this Agreement, and carry on the business of the Provider in operating, managing and maintaining the assets in accordance with this Agreement;
 - b. demand and recover all the income of the Development by direct action, distress or otherwise, in the name of either the Provider or BC Housing;

- c. observe or perform, on behalf of the Provider, all the Provider's obligations under this Agreement and any other contracts pertaining to the Development;
 - d. give receipts, on behalf of the Provider, for any money received; and
 - e. carry out such other powers as the court may order.
- 6. **Application of Revenue.** The Provider acknowledges that the receiver will apply the gross revenue from the Development, which it recovers or receives from time to time, as follows:
 - a. firstly, in payment of all costs, charges and expenses of or incidental to the appointment of the receiver and the exercise by it of all or any of its powers, including the reasonable remuneration of the receiver which is to be approved by BC Housing, and all outgoings properly payable by the receiver, together with all legal costs in respect thereof on a solicitor and client basis;
 - b. secondly, in payment of all operating expenses for the Development;
 - c. thirdly, if required by BC Housing, in repayment of any applicable subsidies and accumulated funds; and
 - d. lastly, to pay any balance to BC Housing.
- 7. **No Liability.** The Provider acknowledges and agrees that:
 - a. BC Housing will be under no liability to the Provider for any act or omission of the receiver; and
 - b. the receiver will be under no liability to the Provider for any act or omission of the receiver.
- 8. **Early Termination.** Notwithstanding anything stated to the contrary in this Agreement, the parties agree that BC Housing, at its sole determination, will have the right at any time, by giving twenty-four (24) hours' written notice to the Provider, to terminate this Agreement in any of the following events:
 - a. the Provider is in default under a Loan or otherwise fails to comply with any of the provisions of the Loan documentation;
 - b. upon the bankruptcy of the Provider or the appointment of a receiver in respect of the Provider;
 - c. upon the Provider ceasing to operate on a non-profit basis; and
 - d. upon the dissolution of the Provider.
- 9. **Termination arising from Damage or Destruction.** If, in the opinion of a professional engineer or architect appointed by the Provider or BC Housing, the Development is damaged or destroyed in excess of twenty-five percent (25%) of its insurable value, the Provider will promptly repair or replace the Development to restore it to a substantially similar condition as existed prior to the damage or destruction. BC Housing may specify a reasonable time period for the Provider to restore the Development and, in the event that the Provider elects not to restore the Development within the specified time period, BC Housing may terminate this Agreement by delivering written notice of immediate termination to the Provider.
- 10. **Adjustments on Termination.** Upon the termination of this Agreement, however effected, the parties will forthwith complete all necessary accounting and adjustments between them to effectively reconcile and finalize their obligations pursuant to this Agreement.

I. GENERAL PROVISIONS AND INTERPRETATION

- 1. **Headings.** The headings in this Agreement form no part of the Agreement and will be deemed to have been inserted for convenience only.
- 2. **Notices.** All notices, demands or requests of any kind, which the Provider or BC Housing may be required or permitted to serve on the other in connection with this Agreement, will be in writing and may be served on the parties by registered mail, personal service, fax or other electronic transmission, to the addresses set out on the cover page. Any notice, demand or request made to BC Housing, to be effective, will be addressed to the BC Housing representative assigned to this matter by BC Housing.

3. **Change of Address.** Either party from time to time, by notice in writing served upon the other party, may designate a different address or different or additional personnel to which all those notices, demands or requests are thereafter to be addressed.
4. **Time.** Time is of the essence of this Agreement. If either party expressly waives this requirement, that party may reinstate it by delivering notice to the other party. Any time specified pursuant to this Agreement for observing or performing an obligation is local time in Vancouver, British Columbia.
5. **Governing Law.** This Agreement is to be governed by and construed and enforced in accordance with the laws of the Province of British Columbia, which will be deemed to be the proper law hereof and the courts of British Columbia will have the non-exclusive jurisdiction to determine all claims and disputes arising out of this Agreement and the validity, existence and enforceability hereof.
6. **Validity of Provisions.** If a court of competent jurisdiction finds that any part of this Agreement is invalid, illegal or unenforceable, that invalidity, illegality or unenforceability does not affect any other provisions of this Agreement. The balance of the Agreement is to be construed as if that invalid, illegal or unenforceable provision had never been included and is enforceable to the fullest extent permitted at law or at equity.
7. **Waiver.** No consent or waiver, expressed or implied, by a party of any default by the other party in observing or performing its obligations under this Agreement is effective unless given in writing, nor is it a consent or waiver of any other default. Failure on the part of either party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long that failure continues, is not a waiver by that party of its rights under this Agreement or at law or at equity.
8. **Extent of Obligations and Costs.** Every obligation of each party in this Agreement extends throughout the Term. To the extent an obligation ought to have been observed or performed before or upon the expiry or earlier termination of the Term, that obligation, including any indemnity, survives the expiry or earlier termination of the Term until it has been observed or performed.
9. **Statutes.** Any reference in this Agreement to a provincial or federal statute includes the statute as it exists on the reference date of this Agreement and any subsequent amendments or replacements.
10. **Binding Effect.** This Agreement will enure to the benefit of and be binding upon the successors and permitted assigns of the parties, as applicable.
11. **Counterparts.** This Agreement may be validly executed and delivered by the parties hereto in any number of counterparts and all counterparts, when executed and delivered, will together constitute one and the same instrument. Executed copies of the signature pages of this Agreement sent electronically will be treated as originals, fully binding and with full legal force and effect, and the parties hereto waive any rights they may have to object to such treatment, provided that this treatment will be without prejudice to the obligation of the parties hereto to exchange original signatures as soon as is reasonably practicable after execution of this Agreement, but failure to do so will not affect the validity, enforceability or binding effect of this Agreement.
12. **Assignment and Subcontracting.**
 - a. The Provider will not without the prior written consent of BC Housing:
 - i. assign, either directly or indirectly, this Agreement or any right of the Provider under this Agreement; or
 - ii. subcontract any obligation of the Provider under this Agreement.
 - b. No subcontract entered into by the Provider will relieve the Provider of any of its obligations under this Agreement or impose upon BC Housing any obligation or liability arising from any such subcontract. The Provider must ensure that any subcontractor fully complies with this Agreement in performing the subcontracted services.
13. **BC Housing Approval.** This Agreement is enforceable only in the event that BC Housing approves this project, in its sole discretion. In the event that this project fails to receive BC Housing's final approval, this Agreement is of no effect and will be deemed to have never commenced.

SCHEDULE B – FINANCIAL

A. FUNDING ASSISTANCE FROM BC HOUSING

1. **Funding.** BC Housing will provide funding in the form of forgivable and repayable Loans to facilitate the re-development of the Development. The terms and conditions of the Loan are outlined separately in the Loan documents. This Agreement is not to be construed as a substitution for or derogation from the provisions of the Loan documents.
2. **No other Assistance.** BC Housing is not committed or obliged to make any other financial contribution to the Provider or to subsidize the ongoing operation of the Development.

B. REVENUES AND EXPENSES

1. **Rent.** The Rent for the Residents of the Development will be set at or below the market rent for that unit type in the community and must not exceed 30% of Middle Income limits upon occupancy and at Residential Unit turnover. Market rents will be determined based on a market rent appraisal for comparable sized units in the community. Over time, the Provider will take reasonable efforts to increase the number of units offered below market rent as operating costs and revenues permit. A minimum of 20% of Residential Units must be maintained at 20% below the current market rent that has been established for the remainder of the Development.
2. **Revenues.** The Provider will be responsible for collecting all Rents and other revenue for the Development, and the Provider will be responsible for paying out of such revenues all costs associated with the operation of each Development.
3. **Deficit.** The Provider will be responsible for any operating shortfalls or extraordinary expenses. Any deficit will not be the responsibility of BC Housing.

C. CAPITAL FUND

1. **Capital Plan.** Resource allocations and practices regarding the protection of the Development throughout the Term are to be guided by a long-term Capital Plan established by the Provider and geared to the expected life cycle of the Development.
2. **Capital Fund.** The Provider will create a Capital Fund to fund capital repairs and replacements to the Development in accordance with the Capital Plan approved by BC Housing. Prior to the Commencement Date, the Provider will:
 - a. prepare a Capital Plan and submit it to BC Housing for approval; and
 - b. will establish a monthly Capital Fund contribution amount and obtain BC Housing's approval for that contribution amount.
3. **Capital Fund Expenditure.** Capital Funds may only be expended as follows:
 - a. to pay for capital repairs and replacements to the improvements on the land in accordance with the Capital Plan; or
 - b. to make other payments as may be approved by BC Housing.
4. **Investment of Funds.** The Provider will deposit and keep the Capital Fund and accumulated interest in securities authorized in accordance with the Provider's Constatting Documents, the *Business Corporations Act* (British Columbia), and the *Trustee Act* (British Columbia).

D. ACCUMULATED OPERATING SURPLUS

1. **Accumulated Operating Surplus.** The Provider will retain the accumulated operating surplus. The Provider will use the accumulated operating surplus in order of priority as follows:
 - a. to increase the number of below market rent units in the Development;
 - b. on costs relating directly to the Development; or
 - c. any other purpose that is consistent with the provision of below-market housing.

E. FINANCIAL MANAGEMENT AND ADMINISTRATION

1. **Finances.** The Provider will establish written policies and procedures for effective control of finances for the Development, including:
 - a. record keeping and financial statements in accordance with Canadian Accounting Standards;

- b. clearly defined spending authority; and
 - c. policies and procedures for arrears, purchasing and investment of Capital Funds and accumulated operating surplus.
- 2. **Operating Budget.** For all projects that are required to maintain a portion of Residential Units below the current market rent, as per *Schedule B, Part B, Section 1*, BC Housing may require that the Provider prepare an operating budget in advance of each Fiscal Year, in a format approved by BC Housing and the Provider will regularly review financial affairs in accordance with *Schedule B*.
- 3. **Revenue.** All revenue received by the Provider from whatever source with respect to the Development will be collected by the Provider, held by the Provider and used by the Provider solely for the purpose of and to the extent authorized by this Agreement.
- 4. **Reporting:** On an annual basis, the Provider will submit to BC Housing a report in a format approved by BC Housing or such other reporting as BC Housing may request from time to time. The report will include the following:
 - a. current financial statements;
 - b. current rent levels; and
 - c. household incomes at move-in of vacancies during that calendar year.

SCHEDULE C – RESIDENT SELECTION AND RESIDENCY AGREEMENTS

A. RESIDENT SELECTION AND RESIDENCY AGREEMENTS

1. **Landlord and Tenant Relationship.** The full normal relationship between landlord and tenant will exist between the Provider and the Resident. It is understood that BC Housing will not be responsible to the Provider for any breach or failure of the Resident to observe any of the terms of the Residency Agreement between the Resident and the Provider, including the covenant to pay Rent.
2. **Resident Selection.** The Provider will select Residents in accordance with the Specific Purpose. The Provider will use all reasonable efforts to maintain full occupancy of the Development with Residents who meet the Specific Purpose, but if there are no applicants for a vacant unit in accordance with the Specific Purpose then the Provider may accept applicants at any income level with the approval of BC Housing which will not be unreasonably withheld.
3. **Discrimination.** The Provider will select Residents without unlawful discrimination on the basis of race, religion, culture, sexual orientation, gender identity, social condition, or level of physical ability. Where restricted populations are targeted, consideration of and compliance with applicable anti-discrimination legislation must be documented and submitted to BC Housing on request.
4. **Full Occupancy.** The Provider will use all reasonable efforts to maintain full occupancy of the Development and will notify BC Housing of any extended vacancies.
5. **Approved Residents.** All Residents must be selected in accordance with the Specific Purpose and must be placed in a Residential Unit appropriate to their household size, as determined by BC Housing from time to time. The Provider will make all reasonable efforts to transfer Residents to an appropriately sized unit when changes to the household composition occur.
6. **Membership in Provider.** The Provider will not require a Resident to be a member of the Provider.
7. **Residency Agreements.** The Provider will enter into a Residency Agreement with each Resident and all Residency Agreements will be in compliance with the *Residential Tenancy Act* (British Columbia).
8. **Resident Relations.** The Provider will establish policies and procedures to:
 - a. select Residents in an open, fair, consistent and non-discriminatory way;
 - b. serve Residents promptly and courteously, with clear and informative communication;
 - c. provide each Resident with access to information concerning that Resident and protect the privacy of Residents; and
 - d. develop an appeals process for Resident related issues. The process must be transparent and accessible for all applicants and Residents.
9. **Proof of Income.** The Provider will obtain a declaration ("Declaration of Income") and supporting documentation as evidence of the Income of that Resident at the time of the initial occupancy. The declaration will be in a form approved by BC Housing as may be amended by BC Housing from time to time. The Provider will maintain a copy of each Resident's proof of Income in a file available to BC Housing on request.

SCHEDULE D – INSURANCE

A. INSURANCE BY PROVIDER

1. The Provider will, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurance with insurers licensed in Canada and in forms and amounts acceptable to BC Housing, in its sole discretion:
 - a. Commercial general liability in an amount not less than \$10,000,000.00 inclusive per occurrence, insuring against bodily injury, personal injury and property damage, and include liability assumed under this Agreement, a cross liability or severability of interests clause, British Columbia Housing Management Commission as an additional insured, and an endorsement to provide thirty (30) days' advance written notice to the Provider of material change or cancellation.
 - b. The foregoing insurance will be primary and not require the sharing of any loss by any insurer of BC Housing.
 - c. The Provider will provide to BC Housing evidence of all required levels of insurance within thirty (30) days of the execution of this Agreement and within thirty (30) days of renewal of such written policies. When requested by BC Housing, the Provider will provide certified copies of such policies.
2. The Provider will add BC Housing as additional named insured under any insurance policies obtained pursuant to this Agreement.
3. The Provider will promptly notify BC Housing of any circumstance known or which becomes known to the Provider which might materially affect the coverage under the Provider's insurance policies.
4. Any requirement or advice by BC Housing regarding the amount of coverage under any policy of insurance does not constitute a representation by BC Housing that the amount required is adequate.
5. The Provider will provide, maintain, and pay for, any additional insurance which the Provider is required by law to carry, or which the Provider considers necessary to cover risks not otherwise covered by insurance specified in this Schedule.
6. The Provider hereby waives all rights of recourse against BC Housing with regard to any damage, theft or loss of the Provider's property and agrees to carry adequate insurance coverage against such damage, theft or loss of property.
7. The Provider will obtain and maintain, or cause to be obtained and maintained, workers compensation coverage in respect of all workers, employees and other persons engaged in any work in or upon the Development required by the *Workers Compensation Act* (British Columbia).

COST OVERRUN AND COMPLETION AGREEMENT

THIS AGREEMENT is dated the _____ day of _____ 20_____.

BETWEEN:

 (the “**Borrower**”)

OF THE FIRST PART

AND:

 (the “**Indemnifier**”)

OF THE SECOND PART

AND:

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
 of Suite 1701 - 4555 Kingsway, Burnaby, British Columbia
 V5H 4V8
 (the “**Lender**”)

OF THE THIRD PART

WHEREAS:

- A. The Lender has agreed to make a **Construction Loan** available to the Borrower on the terms and conditions set out in the **Commitment Letter**, as hereinafter defined.
- B. It is a condition of the Lender making the **Construction Loan** available to the Borrower that this Agreement be executed by the Borrower and the Indemnifier.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration and of the sum of \$10.00 now paid to the Borrower and the Indemnifier by the Lender, the receipt and sufficiency of which is hereby acknowledged by the Borrower and the Indemnifier, the Borrower and the Indemnifier hereby irrevocably covenant and agree with the Lender as follows:

1. DEFINITIONS

1.1 Where used in this Agreement the following words shall have the meanings set out below:

- a) “**Agreement**” means this Cost Overrun and Completion Agreement;

- b) **"Budget"** means the capital cost budget attached hereto as Schedule "A" (and any amendments thereto) for the Project prepared by the Borrower and approved by the Lender;
- c) **"Budget Shortfall"** means the amount by which the aggregate cost as determined by the Lender acting on the advice of its quantity cost surveyor, to complete the construction of the Project after applying any cost savings to Cost Overruns, including hard and soft costs and the interest estimated to accrue due on the Construction Loan up to the date of completion of the Project, exceeds the unadvanced portion of the Construction Loan at such time;
- d) **"Commitment Letter"** means that letter which sets out the terms of the Construction Loan issued by the Lender dated _____, accepted by the Borrower and all amendments thereto, setting out the terms and conditions of the credit facility offered to the Borrower;
- e) **"Construction Loan"** means the Construction Loan made or to be made by the Lender to the Borrower pursuant to the Commitment Letter;
- f) **"Cost Overrun"** means an amount determined at the sole discretion of the Lender, acting on the advice of its quantity cost surveyor, by which the actual cost of construction of a portion of the Project (determined on a line-by-line basis) exceeds the amount established for construction of that portion of the Project (determined on a line-by-line basis) in the Budget;
- g) **"Lands"** means the property owned by the Borrower located in the City of _____, British Columbia, and legally described in the attached Schedule "B";
- h) **"Project"** means the _____ unit _____ project to be constructed on the Lands; and
- i) **"Project Time Lines"** means the time lines (and any amendments thereto) for the completion of the Project prepared by the Borrower and approved at the sole discretion of the Lender.

2. **Guaranteed Payment of Budget Shortfall Amounts and Completion of Project**

- 2.1 If during the term of the Construction Loan the Lender determines that a Cost Overrun has occurred or is about to occur it will provide notice of the Cost Overrun to the Borrower and the Indemnifier which notice shall require that the Borrower and the Indemnifier prepare a revised Budget for review by the Lender within five (5) business days of receipt of the notice by the Borrower and the Indemnifier. If the Borrower and the Indemnifier fail to submit the revised Budget to the Lender, the Lender will, at the expense of the Borrower and the Indemnifier, have its quantity cost surveyor prepare a revised Budget. Upon review of the revised Budget, the Lender acting on the advice of its quantity surveyor, will determine if a Budget Shortfall has occurred or is about to occur.
- 2.2 If a Budget Shortfall is deemed by the Lender to have occurred or is about to occur, the Borrower and the Indemnifier shall on demand by the Lender, forthwith pay to the Lender such monies as are required to satisfy the Budget Shortfall amount, so that the unadvanced portion of the Construction Loan will be sufficient to complete the Project in accordance with the revised Budget.

- 2.3 The monies paid to the Lender pursuant to Section 2.2 shall be held by the Lender as cash collateral to secure the obligations of the Borrower and the Indemnifier to the Lender until released by the Lender in its discretion for injection by the Borrower into the Project to satisfy the Budget Shortfall.
- 2.4 The Borrower and the Indemnifier shall complete the Project in accordance with the terms and conditions of the Budget (or revised Budget, if applicable) and the plans, drawings and specifications approved in writing by the Lender.
- 2.5 The Borrower and the Indemnifier shall complete the Project promptly and in any event within the Project Time Lines.
- 2.6 The Borrower will provide the Lender with written confirmation of the Borrower's equity contributions, if applicable, to the Project on a regular basis and in any event not less than quarterly.
- 2.7 The Lender may make more than one demand under Section 2.1 or Section 2.2.
- 2.8 The records of the Lender shall be prima facie evidence of the amount payable under Section 2.2 from time to time, and of the failure of the Borrower and the Indemnifier to pay any such amount on time.

3. Postponement

- 3.1 The Borrower and the Indemnifier each acknowledge, agree and confirm to and with the Lender that the liability of the Borrower to the Indemnifier with respect to any and all monies advanced by the Indemnifier to the Borrower or to the Lender for the benefit of the Borrower, including, without limitation those monies advanced or paid to the Lender pursuant to the terms of section 2.2 of this Agreement, are deferred and postponed to the debts and liabilities of the Borrower to the Lender and that until all of the debts and liabilities of the Borrower to the Lender are paid in full no payment shall be made to or received by the Indemnifier on account of any of the debts and liabilities of the Borrower to the Indemnifier. Any payment made to or received by the Indemnifier on account of any of the debts and liabilities of the Borrower to the Indemnifier contrary to the above, shall be made or received in trust for and on behalf of the Lender.

4. Indemnity

- 4.1 The Borrower and the Indemnifier hereby promise and agree to indemnify and hold harmless the Lender from any and all loss, costs, damages, liabilities, debts, demands and expenses (including without limitation solicitor's fees and disbursements on an indemnity basis) due to, arising from or in any manner whatsoever relating to any default hereunder by the Borrower or the Indemnifier or any failure of the Borrower or the Indemnifier to satisfy any payment obligation under section 2.2 hereof.

5. Default

- 5.1 Any breach or default by any of the Borrower or the Indemnifier hereunder shall constitute an event of default under the Construction Loan and the Security Documents.

6. Miscellaneous

- 6.1 This Agreement shall be in addition to and not in substitution for the security documents and additional security (as contemplated in the Commitment Letter") or other security now

held or hereinafter provided by the Borrower and the Indemnifier to the Lender (collectively the "Security Documents") and the Lender may do all or any of the following:

- a) grant time, renewals, extensions, indulgences, releases and discharges to;
- b) take securities from;
- c) abstain from taking additional security from;
- d) abstain from perfecting securities of;
- e) accept compositions from; and
- f) otherwise deal with;

the Borrower and the Indemnifier and all other persons and securities, including the Security Documents as the Lender may see fit and without prejudice to the rights of the Lender under this Agreement or any other securities, including the Security Documents held by the Lender from time to time.

- 6.2 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
- 6.3 The taking of judgment on any covenant contained herein shall not operate to create any merger or discharge of any liability or obligation of the Borrower and the Indemnifier to the Lender.
- 6.4 If any one or more of the provisions contained in this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions herein shall not in any way be affected or impaired thereby.
- 6.5 This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Borrower and the Indemnifier and their respective successors and assigns.
- 6.6 Save and except as otherwise set forth in this Agreement, all covenants and agreements herein of each of the Borrower and the Indemnifier are made jointly and severally.
- 6.7 Whenever the singular number or the masculine gender is used in this Agreement, it shall be deemed to include the plural or the feminine or the body corporate where the context or the parties so require.
- 6.8 The headings of this Agreement have been inserted for convenience of reference only and do not form part of this Agreement.
- 6.9 This Agreement may be executed in counterparts and all counterparts so executed (including those executed and delivered by fax) will constitute one Agreement binding on the parties effective upon execution.
- 6.10 All reasonable legal costs (if any) incurred by the Lender in the enforcement of this Agreement shall be for the account of the Borrower and the Indemnifier.
- 6.11 All rights, powers and remedies of the Lender hereunder and under any other agreement now or at any time hereafter in force between the Lender and the Borrower and the Indemnifier shall be cumulative and shall be in addition to and not in substitution for all rights, powers and remedies of the Lender at law or in equity.
- 6.12 This Agreement shall not be amended or varied or deemed to be amended or varied unless amended or varied by written instrument signed by a duly authorized signatory of the Lender.

7. NOTICE

Any notice, demand or document referred to herein may be delivered, transmitted by facsimile machine ("fax") or may be mailed by prepaid ordinary mail to the Lender, the Borrower or the Indemnifier at the number or address set out below, and the Lender, the Borrower or the Indemnifier shall be deemed to have received such notice, demand or document on the date of delivery, if delivered, on the day following transmission, if transmitted by fax, or three (3) days after mailing, if mailed.

Lender: Mail to: Address noted on page 1 of this Agreement
Fax to: (604)

Borrower: Mail to: Address noted on page 1 of this Agreement
Fax to: (604)

Indemnifier: Mail to: Address noted on page 1 of this Agreement
Fax to: (604)

IN WITNESS WHEREOF this Agreement has been executed by the Borrower and the Indemnifier as of the day and year first above written.

_____)
by its authorized signatory(ies):)

_____)
Authorized Signatory)

_____)
Authorized Signatory)

_____)
by its authorized signatory(ies):)

_____)
Authorized Signatory)

_____)
Authorized Signatory)

SCHEDULE "A"
CONSTRUCTION BUDGET

APPRAISALS/STUDIES	
ACQUISITION AND SERVICING	
MUNICIPAL FEES	
DESIGN CONSULTANTS	
CONSULTANTS	
MISCELLANEOUS SOFT COST	
BORROWING COSTS	
CONSTRUCTION	
CONTINGENCIES	
GROSS BUDGET	
Land Equity	
CMHC Grant	
City of Abbotsford	
Society Equity	
Brownfield Renew Fund Grant	
Total Deductions	
NET CAPITAL BUDGET	

SCHEDULE "B"
LEGAL DESCRIPTION

DRAFT

REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, OCTOBER 1, 2025

SUBJECT Regional Housing 2026 Operating and Capital Budget

ISSUE SUMMARY

This report is to provide an overview of the draft 2026 Land Banking and Housing service budget, including 2025 year-end budget projections and budget highlights.

BACKGROUND

Activities under Regional Housing are supported, in part, through the Land Banking and Housing Service, which was established by Bylaw No. 3712 cited as “Land Assembly, Housing and Land Banking Service Establishment Bylaw No. 1, 2010”. This service provides strategic planning and administrative oversight of three functions.

Housing Planning, Policy, and Programs

Receives grants from federal and provincial partner agencies, provides oversight, and deploys funds within the region. This function also administers housing affordability agreements on behalf of municipalities.

Planning and Development

Identifies and pursues opportunities to develop or redevelop housing stock owned by the Capital Regional District (CRD)/Capital Region Housing Corporation (CRHC). This function also receives grant and project recovery funding and prepares approved projects for implementation.

Capital Region Housing Corporation

Is a wholly owned subsidiary of the CRD, incorporated under the authority of the Land Banking and Housing Service and registered under the *Business Corporations Act*. The CRHC owns, operates, and maintains more than 2,000 affordable rental homes with additional developments in process. It is important to note that the CRHC operational and capital budgets will be considered separately by the CRHC Board in November 2025.

As the 2026 Budget for Land Banking and Housing exceeds \$5.0 million (M), details of the budget are being presented to the Hospitals and Housing Committee (HHC) in advance of the CRD Budget submission to the Committee of the Whole (COW) in October 2025.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendix A, Operating and Capital Budget – Regional Housing Service be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Alternative 2

The Hospitals and Housing Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendix A, Operating and Capital Budget – Regional Housing Service be approved as amended and form the basis of the Final 2026-2030 Financial Plan.

2025 Year End Financial Projections

As detailed in Appendix A, there is an estimated one-time favourable variance of \$874 thousand (K) due mainly to salary underspending due to staff turnover and vacancy (\$324K) and lower than anticipated spending in consultants (\$300K).

Regarding 2025 capital expenditures, staff are anticipating a total of \$1.4M in carryforward funds as identified in Appendix B. \$1.1M of the carryforward funds are associated with CRD commitments to the Thuthiqt Hulelum' project on Galiano Island through the Growing Communities Fund (GCF) and Community Works Funds (CWF). The remaining \$325K is the final contribution under the Regional Housing First Program (RHFP) and is to be allocated to the Verdier project in Central Saanich.

2026 Regional Housing Operating Budget

Regional Housing Operations

For 2026, the total costs will decrease by (6.5%), which is a function of a (14.0%) decrease in total operating costs and an increase of 4.2% in debt servicing associated with additional debt attributed to the remaining obligations under the RHFP. It should be noted that the decrease in total costs is due primarily to a reduction in spending under the consultant line due to one-time works that were included in the 2025 budget.

To help reduce requisition impacts, staff propose to use a one-time transfer from operating reserve of \$100K and a one-time balance carryforward from prior to current year of \$400K. This approach will reduce the total requisition associated with this service by (4.8%).

2026-2030 Capital Plan

The Land Banking and Housing five-year capital plan, detailed in Appendix B, includes housing projects which are directly supported by the CRD, supported by either Municipal Finance Authority debt which is serviced through requisition or by external grants. It is important to note that housing projects, which are not funded through the CRD, will appear on the CRHC five-year capital plan which is to be considered by the CRHC Board in November 2025.

By the end of 2025, all RHFP initiatives will have received Final Project Approval (FPA), and these include Campus View, Village on the Green, and Verdier being the last projects under this program. The final carryforward of \$325K was originally set aside to support closing costs associated with the Capital Regional Hospital District (CRHD) acquisition of Mt. Tolmie. However, as these funds were not needed for this purpose, they are to be reallocated to the Verdier project, which is the last project that will receive FPA under the RHFP.

Specific to Thuthiqt Hulelum', staff, under the CRHC, applied to the Community Housing Fund (CHF) in July 2025, which is required to support the development as well as operate the housing. However, as Appendix B shows, there is a total anticipated carryforward of \$235K under the Growing Communities Fund (GCF) from the total commitment of \$2.1M. As outlined in the GCF Allocation and Project Approvals staff report from September 2023, these funds must be spent within five years of receipt (March 2028).

The CRD Board has also approved an additional \$85.0M in borrowing to support future housing partnerships. This borrowing capacity is not included in the capital plan as staff continue to work to identify partnership opportunities with senior orders of government. When a partnership

program is identified, and should additional borrowing be undertaken, the Land Banking and Housing requisition will grow to support interest and principal repayments of this debt. This may be included in future years of the budgets under Land Banking and Housing.

Operating Reserve Summary

As shown on Appendix C, the Land Banking and Housing operating reserve contains funds set aside to cover cyclical expenditures, unforeseen expenses, and special one-time projects. Staff recommend retaining an estimated \$1.0M in the 2026 operating reserve to provide the Board with additional opportunity to advance one-time projects in 2026, and/or seek to advance works while also mitigating potential requisition lift on future years.

CONCLUSION

The overall Land Banking and Housing 2026 operating budget is being advanced at \$5.2M, which is a decrease of (6.5%) over 2025. Most of this decrease can be attributed to a reduction in consultant spend anticipated in 2026. Staff are proposing using \$400K in surplus carryforward and \$100K from the operating reserve to bring the requisition down by (4.8%) from the prior year.

On the capital side, the majority of the RHFP funds have been granted, with the remaining \$325K to be allocated to the Verdier project in 2026.

Staff estimate a total of \$1.0M to be retained in the Land Banking and Housing Operating Reserve that will enable the CRD Board to advance one-time projects in 2026 and/or seek to mitigate potential acquisition in future years.

RECOMMENDATION

The Hospitals and Housing Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendix A, Operating and Capital Budget – Regional Housing Service be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Patrick Klassen, MCIP, RPP, Acting General Manager, Housing, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: 2026 Budget Request

Appendix B: Five-Year Capital Expenditure Summary 2026 to 2030

Appendix C: Operating Reserve Summary

1.310 LAND BANKING AND HOUSING

	2025 BOARD BUDGET	2025 ESTIMATED ACTUAL	BUDGET REQUEST				2027	2028	2029	2030
			2026 CORE BUDGET	2026 ONGOING	2026 ONE-TIME	2026 TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
OPERATING COSTS:										
Salaries and Wages	1,983,981	1,659,973	1,821,804	-	-	1,821,804	1,725,193	1,733,952	1,425,802	1,340,538
Allocation - Standard OH	109,836	109,836	124,312	-	-	124,312	126,549	129,080	131,662	134,295
Allocation - Building Occupancy	100,900	96,210	84,101	-	-	84,101	88,062	91,896	93,387	94,912
Allocation - Real Estate	40,000	64,553	40,000	-	-	40,000	40,000	40,000	40,000	40,000
Allocation - Human Resources	61,542	61,542	75,029	-	-	75,029	87,781	91,911	88,484	89,342
Allocation - GM Planning and Protective Services	43,342	43,342	67,550	-	-	67,550	68,902	70,280	71,636	73,028
Alloc -IM to SPO	3,604	14,416	14,416	-	-	14,416	-	-	-	-
Alloc-CorpComm & Eng	0	-	132,872	-	-	132,872	-	-	-	-
Consultants	809,492	509,492	57,000	-	284,010	341,010	117,540	119,291	121,077	122,898
Other Operating Expenses	104,981	109,427	80,356	-	21,770	102,126	82,052	83,788	85,570	87,408
TOTAL OPERATING COSTS	3,257,678	2,668,791	2,497,440	-	305,780	2,803,220	2,336,079	2,360,198	2,057,617	1,982,422
*Percentage Increase over prior year		-18.1%	-23.3%	0.0%	9.4%	-14.0%	-16.7%	1.0%	-12.8%	-3.7%
CAPITAL / RESERVE										
Transfer to Equipment Replacement Reserve	4,130	4,130	4,170	-	-	4,170	4,210	4,250	4,300	2,000
Transfer to Operating Reserve	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL / RESERVES	4,130	4,130	4,170	-	-	4,170	4,210	4,250	4,300	2,000
Debt Expenditures	2,090,904	2,090,904	2,357,248	-	-	2,357,248	2,357,248	2,357,248	2,357,248	2,357,248
MFA Debt Reserve	169,250	169,250	0	-	-	0	0	-	-	-
TOTAL COSTS	5,521,962	4,933,075	4,858,858	-	305,780	5,164,638	4,697,536	4,721,696	4,419,165	4,341,669
*Percentage Increase over prior year		0.0%	-12.0%	0.0%	5.5%	-6.5%	-9.0%	0.5%	-6.4%	-1.8%
Transfer from Operating Reserve	(100,000)	(100,000)	-	-	(100,000)	(100,000)	-	-	-	-
OPERATING COSTS LESS INTERNAL RECOVERIES	5,421,962	4,833,075	4,858,858	-	205,780	5,064,638	4,697,536	4,721,696	4,419,165	4,341,669
Surplus / (Deficit)		873,952								
Balance C/F from Prior to Current year	0	0	0	-	(400,000)	(400,000)	-	-	-	-
Recovery - CRHC	(232,120)	(268,611)	(257,191)	-	-	(257,191)	(263,003)	(270,357)	(275,735)	(281,752)
Recovery - Capital Projects	(266,725)	(266,725)	(294,157)	-	-	(294,157)	-	-	-	-
Lease Revenue	(63,000)	(63,000)	(63,000)	-	-	(63,000)	(63,000)	(63,000)	(63,000)	(63,000)
Grant Revenue	(1,431,141)	(1,431,141)	(784,100)	-	-	(784,100)	(693,586)	(697,758)	(175,024)	-
Payments In Lieu of Taxes	(91,842)	(91,841)	(91,842)	-	-	(91,842)	(91,842)	(91,842)	(91,842)	(91,842)
Other Revenue	(57,593)	(306,168)	(52,410)	-	-	(52,410)	(19,280)	(19,280)	(19,280)	(19,280)
TOTAL REVENUE	(2,142,421)	(1,553,534)	(1,542,700)	-	(400,000)	(1,942,700)	(1,130,710)	(1,142,237)	(624,881)	(455,874)
REQUISITION	(3,279,541)	(3,279,541)	(3,316,159)	-	194,220	(3,121,939)	(3,566,826)	(3,579,460)	(3,794,284)	(3,885,795)
*Percentage Increase over prior year			1.1%	0.0%	-5.9%	-4.8%	14.3%	0.4%	6.0%	2.4%
PARTICIPANTS: All Municipalities and Electoral Areas										
AUTHORIZED POSITIONS:										
Salaried	7.00	7.00	7.00	0.00	0.00	7.00	7.00	7.00	7.00	7.00
Term	7.00	7.00	7.00	0.00	0.00	7.00	6.00	5.00	5.00	1.00

CAPITAL REGIONAL DISTRICT

5 YEAR CAPITAL PLAN

2026 - 2030

Service #:

1.310

Service Name:

Land Banking and Housing

PROJECT DESCRIPTION				PROJECT BUDGET & SCHEDULE									
Project Number	Capital Expenditure Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carryforward from 2025	2026	2027	2028	2029	2030	5 - Year Total
18-03	Defer	RHFP Contribution	Remainder of RHFP to be allocated	\$ 325,000	B	Debt	\$ 325,000	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ 325,000
													\$ -
24-01	Replacement	Office Equipment Replacement	Office equipment scheduled replacement	\$ 15,000	E	ERF		\$ 5,000	\$ -	\$ 8,000	\$ 2,000	\$ -	\$ 15,000
													\$ -
24-02	New	GCF Contribution	Thuthiquit Hulelum´ (Forest Homes) Affordable Housing Project	\$ 2,078,000	B	Grant	\$ 235,208	\$ 235,208	\$ -	\$ -	\$ -	\$ -	\$ 235,208
24-02	New	CWF Contribution	Thuthiquit Hulelum´ (Forest Homes) Affordable Housing Project	\$ 700,000	B	Grant	\$ 700,000	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ 700,000
24-02	New	Donation	Thuthiquit Hulelum´ (Forest Homes) Affordable Housing Project	\$ 150,000	B	Other	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
													\$ -
													\$ -
													\$ -
													\$ -
													\$ -
													\$ -
													\$ -
													\$ -
			Grand Total	\$ 3,268,000			\$ 1,410,208	\$ 1,415,208	\$ -	\$ 8,000	\$ 2,000	\$ -	\$ 1,425,208

**1.310 Land Bank & Housing
Operating Reserve Summary
2026 - 2030 Financial Plan**

Profile

Land Banking & Housing

Established by Bylaw No. 4147 to enable CRD services to set aside operating funds to cover cyclical expenditures, unforeseen operating expenses, special one-time operating projects, as well as to mitigate fluctuations in revenue.

Operating Reserve Schedule - FC 105505

Operating Reserve Schedule	Estimated	Budget				
	2025	2026	2027	2028	2029	2030
Beginning Balance	651,920	1,139,423	1,039,423	1,039,423	1,039,423	1,039,423
Transfer to Operating Budget	-	(100,000)	-	-	-	-
Transfer to Capital Fund	-					
Transfer from Operating Budget	473,952					
Interest Income	13,551					
Total projected year end balance	1,139,423	1,039,423	1,039,423	1,039,423	1,039,423	1,039,423

Assumptions/Background:

2026: Funding for one-time support to new housing society (GALI).

* Interest should be included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.