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«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 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. 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 construction loan of «**Loan_Amount**» (the “**Loan**”) is the maximum loan amount approved by BCHMC.
- 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.
- 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 3.1 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 Operating 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 12.7 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 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 3.1 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 3.1 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 (if required by the Borrower’s Constitution or Bylaws), 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, following the approval by BCHMC and its solicitors based on a standard form of ground lease pre-approved by CMHC, or the CMHC policy exceptions approval of the non-compliant lease;
- 12.4. a section 219 covenant in favour of BCHMC (HPA) to restrict sales for ten (10) years; *[NTD: if already registered, insert “(registered on [Date] under number _____)”; remove if not applicable]*
- 12.5. a section 219 covenant in favour of BCHMC charging the «tenure» interest of the Borrower in the Property; *[NTD: if already registered, insert “(registered on [Date] under number _____)”; remove if not applicable]*
- 12.6. an option to purchase in favour of Provincial Rental Housing Corporation charging the «tenure» interest of the Borrower in the Property; *[NTD: if already registered, insert “(registered on [Date] under number _____)”; remove if not applicable]*

- 12.7. a «Loan_Amount» «mortgage_ranking» priority mortgage from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property;
- 12.8. a «mortgage_ranking» priority assignment of rents from the Borrower in favour of BCHMC charging the «tenure» interest of the Borrower in the Property;
- 12.9. 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. If already registered, add “(registered on [Date] under number _____)”;* remove if not applicable.]
- 12.10. a priority and standstill agreement with the holder of mortgage ♦ and assignment of rents ♦ (together, the “Prior Charge”); *[NTD: If more than one prior lenders, “priority and standstill agreements with the holders of mortgages _____ and _____ and assignments of rents _____ and _____ (together, the “Prior Charge”);” Remove if not requesting existing lenders to grant BCH mortgage priority over the existing mortgage(s).]*
- 12.11. the discharge of Mortgage _____, modified by _____ and _____, and Assignment of Rents _____ and related Personal Property Security Act (“PPSA”) security agreement registration *[NTD: if PPSA is to stay, remove the yellow highlighted text.]* (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.]*
- 12.12. 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;
- 12.13. 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 12.13(a) and 12.13(b) above;
- 12.14. equitable mortgage and estoppel agreement from «Registered_Owner» and ♦; *[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] or

[a beneficial owner agreement executed by the Borrower; [NTD: to be included if there is a trust relationship.]

- 12.15. 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.]*;
 - 12.16. if the Borrower's interest in the Property is leasehold, estoppel certificate from the landlord of the Property;
 - 12.17. CMHC policy exception approval letter approving issuance of CMHC loan insurance certificate for non-compliant lease, fractional interest and use of Loan to Value Ratio; and *[NTD: Amend as needed. Remove if not applicable.]*
 - 12.18. 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 Operating 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) a title insurance (inclusive of survey, gap coverages and any objectionable title defects where applicable) in a form satisfactory to BCHMC and its solicitors, in respect of its «tenure» interest in the Property and the interest of BCHMC as the mortgagee, if applicable;
- (i) confirmation that the Borrower's incorporation agreement and articles comply with the requirements of BCHMC; ***[NTD: only include if a company]***
- (j) 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 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(j) in its entirety if the Borrower is a Company. Remove 13.1(j)ii(A)& (B) if the Borrower is a Co-operative.]
- (k) 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;

- (l) if the Borrower's interest in the Property is leasehold, a copy of the fully executed lease;
- (m) 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;
- (n) a geotechnical investigation and report (soil test) in respect of the Property;
- (o) 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.
- (p) 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;
- (q) 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;
- (r) copies of all final plans and specifications for the construction of the Project;
- (s) copies of all municipal building permits, development agreements and all other approvals by regulatory authorities required for the construction of the Project;

- (t) 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»;
- (u) waste management plan worksheet and waste diversion target;
- (v) 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); *[NTD: remove if not applicable]*
- (w) save and except for cash equity reported pursuant to Section 13.1(v) and fee waivers and reimbursements, written confirmation, supported by such documentary evidence as required by BCHMC, including but not limited to, contribution agreements, loan agreements, and all registered and unregistered security, *[NTD: amend wording as appropriately. Highlight for DM to confirm if in doubt.]* of all equity funding in writing, including, but not limited to the following Project grants and contributions:
 - i) CMHC Affordable Housing Fund Grant of \$_____.00;
 - ii) CMHC Seed Funding Grant of \$_____.00;*[NTD: List grants and contributions and amend wording as appropriately. If only one grant or contribution, amend wording from plural to singular.]*
- (x) evidence that all property taxes with respect to the Property have been paid in full;
- (y) 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.]*
- (z) copies of all of the Construction Contracts;
- (aa) such documents as may be required to demonstrate, in respect of each Contractor, the Contractor's level of experience, good reputation, financial capacity and ability to complete their applicable Construction Contract, all to the satisfaction of BCHMC;
- (bb) 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;
- (cc) 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;

- (dd) 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;
- (ee) 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;
- (ff) confirmation of satisfaction of and compliance with requirements of the *Homeowner Protection Act* (British Columbia) and any regulations thereto;
- (gg) confirmation from CRA if the Borrower is registered as a charitable organization for the purposes of tax and other rebates;
- (hh) 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; and
- (ii) a report from a BCHMC representative that a satisfactory visual site inspection of the Project and the Property has been completed;

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.

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 development and construction 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. 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;
- 14.19. written confirmation from BCHMC that a satisfactory visual site inspection and walk through by BCHMC of the Project have been completed following Project Completion;
- 14.20. the Borrower agrees to complete any and all deficiencies identified through the building inspection required pursuant to Section 14.19 within a reasonable amount

of time after Project Completion to the satisfaction of BCHMC in its sole discretion;

14.21. 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; and

14.22. 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 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;
- 16.2. 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;
- 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 Operating 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 and the establishment of the Holdback Accounts)).
- 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. 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.

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: Kirsten Khera, Development Strategies), 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 Kirsten Khera, Development Strategies		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: BCHMC, 1701 -4555 Kingsway, Burnaby, BC V5H 4V8			

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
AGENT or BROKER's Phone Number: _____ AGENT or BROKER's Email Address: _____		

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 Kirsten Khara, Development Strategies		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	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
BOILER AND MACHINERY INSURANCE - COMPREHENSIVE FORM • Repair or Replacement Cost • By-Laws Included	ABC Insurance Company Master Policy No. 1234567	2015/12/31	\$15,000,000
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	Per Occurrence \$10,000,000

LOSS PAYABLE:	1st Loss Payee – BCHMC, 1701 -4555 Kingsway, Burnaby, BC V5H 4V8
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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 John Smith, XYZ Insurance Co.	DATE SIGNED
AGENT or BROKER's Phone Number: (604) 777-7777 AGENT or BROKER's Email Address: JSmith@xyzInsurance.com		

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;

“Operating 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;

“PDF Loan” means a predevelopment funding loan;

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

“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%.