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File: «File»/«PR»/«BU»

«LCL_DATE»

«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 “C”, whichever is applicable.

2.2. Schedules “A” through “C” 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» years from the Commencement Date. *[NTD: if a term expiry date is inserted, remove “years from the Commencement Date”.]*

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 from time to time but not more frequently than once per month and on a work in place and cost expended basis.
- 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. *[NTD: remove if no PDF Loan previously advanced].*
- 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). Notwithstanding the foregoing, interest payments for the Loan remain the responsibility of the Borrower. *[NTD: If there is no repayable mortgage in conjunction with this forgivable mortgage, remove this section.]*

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» *[NTD: e.g. 1/25]* each year, commencing on the «Anniversary_Forgiveness_Start» *[NTD: 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

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

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 acknowledges that the Repayable Loan amount includes a budgeted amount for interest payments and agrees that BCHMC may, and authorizes BCHMC to, deduct any interest payable under the Repayable Loan, when due, from the unadvanced principal of the Repayable Loan (if any). Notwithstanding the foregoing, the interest payments for the Repayable Loan remain the responsibility of the Borrower;
- 9.3. 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, 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; ***[NTD: Remove this***

provision in its entirety if not leasehold. Remove highlighted wording if no repayable mortgage for takeout.]

- 10.4. 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]*
- 10.5. 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]*
- 10.6. 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]*
- 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. If already registered, add “(registered on [Date] under number _____)”; remove if not applicable.]*
- 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. If already registered, add “(registered on [Date] under number _____)”; remove if not applicable.]*
- 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: 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).]*
- 10.11. 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.]*
- 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] or*
- [a beneficial owner agreement executed by the Borrower; **[NTD: to be included if there is a trust relationship.]**]*
- 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. 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. Insert this provision if there is a repayable mortgage for takeout that requires CMHC Policy Exception approval. Mirror repayable interim mortgage term.]**]*
- 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 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) 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) 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 leasehold interest in the Property and the interest of BCHMC as the mortgagee; ***[NTD: insert if there are any known objectionable defects. Check title review to see if project counsel has identified any objectionable title defects with respect to legal notations and charges on title. Remove if not applicable.]***
- (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 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(i) in its entirety if the Borrower is a Company. Remove 11.1(i) ii (A) and (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) copies of all final plans and specifications for the construction of the Project;
- (o) copies of all municipal building permits, development agreements and all other approvals by regulatory authorities required for the construction of the Project;
- (p) 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»;

- (q) waste management plan worksheet and waste diversion target; *[NTD: If construction is fully completed, insert “(On hand)” subject to DM’s confirmation.]*
- (r) 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); *[NTD: remove if not applicable]*
- (s) save and except for cash equity reported pursuant to Section 11.1(r) 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 Co-Investment Fund (renamed to “CMHC Affordable Housing Fund” in 2023) 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.]*
- (t) evidence that all property taxes with respect to the Property have been paid in full;
- (u) 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.]*
- (v) 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;
- (w) 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;
- (x) 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;

- (y) 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
 - (z) 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; [**NTD: delete if the Project is not a new built**]
 - (aa) confirmation of satisfaction of and compliance with requirements of the *Homeowner Protection Act* (British Columbia) and any regulations thereto; [**NTD: delete if the Project is not a new built**]
 - (bb) confirmation from CRA if the Borrower is registered as a charitable organization for the purposes of tax and other rebates;
 - (cc) 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;
 - (dd) Purchase and Sale Agreement must be to the satisfaction of BCHMC and its solicitors; [**NTD: Remove if not applicable.**]
 - (ee) a report from a BCHMC representative that a satisfactory visual site inspection of the Project and the Property has been completed;
- 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.

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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. 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;
- 12.16. written confirmation from BCHMC that a satisfactory visual site inspection and walk through by BCHMC of the Project have been completed following Project Completion;
- 12.17. the Borrower agrees to complete any and all deficiencies identified through the building inspection required pursuant to Section 12.16 within a reasonable amount of time after Project Completion to the satisfaction of BCHMC in its sole discretion;
- 12.18. 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
- 12.19. 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.

[NTD: remove section 13.4 in its entirety if the project is not a renovation.]

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 Operating 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.
- 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]

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.

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.

1. BCHMC must continue to be named as an additional insured even when BCHMC is not the lender of the funds for the Project.
2. 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.
3. The correct civic description of the Property must be specified.
4. 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.
5. 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.
6. All fixtures, furnishings and equipment must be insured for the full replacement value and must cover all risks.
7. 9. By-law coverage clause for both the building and tenant improvements including:
8. 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
9. 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.
10. 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, 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.**
11. NOTE:
12. *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.**
13. **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 (<i>BC Housing</i>) BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION	CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.	
BC HOUSING CONTRACT ADMINISTRATOR NAME & TITLE Amy Wong, Development Strategies	PHONE NO:	
	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 (<i>BC Housing</i>)		CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.	
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION		PHONE NO:	
BC HOUSING CONTRACT ADMINISTRATOR		FAX NO:	
NAME & TITLE Amy Wong, Development Strategies			
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 <i>ABC Housing Society</i>		POSTAL CODE <i>V1V2B2</i>
	ADDRESS <i>123 Broadway Street, Vancouver, BC</i>		
OPERATIONS INSURED	PROVIDE DETAILS <i>ABC Court – 123 Broadway Street, Vancouver BC V1V2B2</i>		
TYPE OF INSURANCE <i>List each separately</i>	COMPANY NAME, POLICY NO. & BRIEF DESCRIPTION	EXPIRY DATE YYYY/MM/DD	LIMIT OF LIABILITY/AMOUNT
<i>BLANKET ALL PROPERTY – As per Locations Declared ALL RISKS</i> • Replacement Cost Basis • Flood • Earthquake • By-Laws Included	<i>ABC Insurance Company Master Policy No. 1234567</i>	<i>2015/12/31</i>	<i>Property of Every Description \$15,000,000 Rental Income \$1,000,000 Indemnity Period 24 months</i>
<i>BOILER AND MACHINERY INSURANCE - COMPREHENSIVE FORM</i> • Repair or Replacement Cost • By-Laws Included	<i>ABC Insurance Company Master Policy No. 1234567</i>	<i>2015/12/31</i>	<i>\$15,000,000</i>
<i>GENERAL LIABILITY INSURANCE</i> • Occurrence Form • Bodily Injury and Property Damage • Personal Injury • Tenants' Legal Liability • Cross Liability Clause • Non-Owned Automobile	<i>ABC Insurance Company Master Policy No. 1234567</i>	<i>2015/12/31</i>	<i>Per Occurrence \$10,000,000</i>
LOSS PAYABLE:	<i>1st Loss Payee – BCHMC, 1701 -4555 Kingsway, Burnaby, BC V5H 4V8</i>		

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: <i>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.</i>		
SIGNED BY THE AGENT OR BROKER ON BEHALF OF THE ABOVE INSURER(S)	AGENT OR BROKER NAME	DATE SIGNED
	<i>John Smith, XYZ Insurance Co.</i>	
AGENT OR BROKER'S Phone Number: <u>(604) 777-7777</u>	AGENT OR BROKER'S Email Address: <u>JSmith@xyzInsurance.com</u>	

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:

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;

“**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 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;

“**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;

“**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; and

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

APPENDIX "I"

ASSIGNMENT OF PROJECT AGREEMENTS

THIS ASSIGNMENT is dated for reference _____, 20____

BETWEEN:

«BORROWER_NAME»

(Inc. No. «Inc»), of «Borrower_Address», «Borrower_City», B.C.

«Borrower_Postal_Code»

(the "Borrower")

OF THE FIRST PART

AND:

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION,

of Suite 1701 — 4555 Kingsway, Burnaby, B.C. V5H 4V8

(the "Lender")

OF THE SECOND PART

WHEREAS:

A. Pursuant to a forgivable loan commitment letter issued to the Borrower by the Lender dated «LCL_Date», as the same may be amended, modified, extended or restated from time to time (collectively, the "**Loan Commitment Letter**"), the Lender has agreed to make available to the Borrower certain forgivable loans and advances in the amount of «Loan_Amount» (the "**Loan Amount**") for the purpose of financing the development and construction of a project (the "**Project**") on the lands and premises located at «Property_Address», «Property_City» and legally described as:

«PID_Legal_Description» (the "**Lands**").

B. As security for the Loan Amount, interest thereon, commitment fees, and all other fees, costs, expenses, charges and other amounts due by the Borrower which are described in the Loan Commitment Letter, the Borrower has granted a mortgage to the Lender (the "**Mortgage**") which charges the Lands.

C. As a condition precedent to advances of the Loan Amount, the Borrower has agreed to assign to the Lender as additional collateral security, the benefits of any applicable development, zoning, land use and building permissions, exemptions and authorizations and all designs, diagrams, engineering certificates, surveys, drawings, plans and specifications, performance bonds and labour and material payment bonds relating to the Project, if applicable *[NTD: If the standard bonding requirements are to be modified or other sub-trade payment bond is to be added per Excom, mirror the wording as provided by DM/counsel for the LCL. If in doubt, include a remark when sending mortgage package to Legal to request the counsel to review wording in this document.]* (collectively the "**Collateral**") and all contracts and agreements, including, without limitation, service or material supply contracts, relating to the development and construction of the Project (collectively the "**Contracts**" and the parties thereto, are collectively the "**Contractors**").

NOW, THEREFORE, THIS ASSIGNMENT WITNESSES that in consideration of the mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Borrower covenants, declares and agrees with the Lender as follows:

1. The Borrower hereby assigns, transfers and sets over unto the Lender and grants a security interest to the Lender in all of its right, title and interest in and to the Collateral and the Contracts including, without limitation, the benefit of all representations, warranties, conditions, terms and covenants made or contained in the Collateral and the Contracts or implied or expressed by law in relation thereto; and irrevocably appoints the Lender as its attorney and agent with full power and authority to execute all necessary documents in connection with the Collateral and the Contracts and to enforce performance of such conditions, terms and covenants and to demand, sue for and collect damages in connection with any misrepresentation, failure of warranty, or breach of any such condition, term or covenant in the name of and as agent for the Borrower, or in the name of the Lender; to have and to hold unto the Lender until all monies owing and all obligations of the Borrower under the Mortgage have been fully paid and fulfilled.
2. Although it is intended by the Borrower and the Lender that this shall be a present assignment the Lender shall not be entitled, until there shall be default under the Mortgage or under the terms hereof, to exercise the rights assigned to it hereunder or to enforce or sue in respect of any representation, warranty, condition, term or covenant under the Collateral or the Contracts and the other parties thereto shall be entitled to deal with the Borrower until receipt of written notice from the Lender stating that they should no longer deal with the Borrower.
3. Notwithstanding any variation of the terms of the Mortgage or any agreement or arrangement with the Borrower or any extension of time for payment or any release of any security this Assignment shall continue as collateral security until the whole of the monies secured by the Mortgage shall be fully paid and all obligations of the Borrower under the Mortgage have been satisfied.
4. The Borrower shall be permitted to enjoy the benefits of the Collateral and the Contracts unless and until default shall be made in the payment of any monies secured by the Mortgage or in the keeping or observance or performance of any covenant, proviso or condition contained herein or in the Mortgage and in the case of such default the Lender or its agent may but shall not be bound to give written notice to the other parties to the Collateral and the Contracts requiring them to deal directly with the Lender, and the Borrower covenants and agrees, at the request of the Lender, to join with the Lender in such notice and hereby irrevocably appoints the Lender as its attorney to join the Borrower in such notice.
5. The Lender may waive any default or breach of covenant and shall not be bound to exercise its rights hereunder or to serve any notice upon any other party hereto upon the happening of any default or breach of covenant but any such waiver shall not extend to any subsequent default or breach of covenant.

6. Nothing herein contained shall be deemed to have the effect of making the Lender responsible for the performance of any of the covenants, provisions, stipulations, terms or conditions under the Collateral or the Contracts or oblige it to exercise the rights assigned to it hereunder and that the Lender shall not by virtue of these presents be deemed to be a mortgagee in possession of the Lands and the Lender shall not be under any obligation to take any action or exercise any remedy to enforce the performance of the obligations and liabilities under or in respect of the Collateral or the Contracts of the other parties thereto.
7. The Borrower shall not, without the consent in writing of the Lender:
 - (a) assign, pledge, or hypothecate the Collateral or the Contracts other than to the Lender and shall not do or omit to do or permit any act to be done which either directly or indirectly has the effect of waiving, releasing, reducing or abating any rights, remedies or obligations of any party thereunder or in connection therewith; and
 - (b) terminate, accept a surrender of, or agree to any modification or amendment to any of the Collateral or any of the Contracts which would materially adversely change the obligations of the Borrower thereunder.
8. The Borrower hereby agrees to execute such further assurances as may be reasonably required by the Lender from time to time to perfect this Assignment.
9. This Assignment is taken by way of additional security only, and neither the taking of this Assignment nor anything done in pursuance hereof shall in any way prejudice or limit the rights of the Lender or the obligations of the Borrower under the Mortgage or any security collateral thereto.
10. The rights and remedies given to the Lender hereunder shall be in addition to and not in substitution for and shall not in any way derogate from or delay or prejudice any rights or remedies to which the Lender may be entitled under the Mortgage or any security collateral thereto or by law.
11. Such of the Collateral and the Contracts as are now in existence are in full force and effect.
12. To the best of the Borrower's knowledge, there is currently no default by any party to the Collateral or the Contracts under any term, condition or covenant required to be performed by it under such of the Collateral and the Contracts as are now in existence.
13. The Borrower has to date observed and performed all of its obligations under such of the Collateral and the Contracts as are now in existence and will continue hereafter to observe and perform all of its obligations under the Collateral and the Contracts.
14. The Borrower now has a good right, full power and absolute authority to assign the Collateral and the Contracts and the benefits thereof in the manner aforesaid according to the true intent and meaning of this Assignment.

15. Any notice, request, demand, consent, approval or other communication (“**Notice**”) which a party is required or may desire to give to another party hereunder shall be in writing and shall be given by personal delivery or transmitted by facsimile, telex or other telegraphic or electronic communication which results in a written or printed notice being given to the intended recipient at its address first written above, and if to the Borrower to the attention of the President and if to the Lender to the attention of the Senior Manager, or to such other address or person as may from time to time be designated by notice in writing.

Any Notice given in connection with this Assignment, if delivered, shall be deemed to have been given on the day of delivery. Any Notice sent by facsimile, telex or other telegraphic or electronic communication shall be deemed to have been given on the business day next following the date of transmission.

16. The expressions the “Borrower” and the “Lender” wherever used in these presents shall include and this Assignment shall be binding upon and enure to the benefit of the successors and assigns of the Borrower and the Lender respectively. Wherever the singular or masculine is used throughout this Assignment the same shall be construed as meaning the plural or the feminine or body corporate or politic wherever the context or the parties hereto so require.
17. This Assignment shall be governed by and constructed in accordance with the laws of the Province of British Columbia.
18. **Joint and Several - The word "Borrower", as used herein, shall include the plural as well as the singular, and reference herein to a person shall include reference to a corporation or any other legal entity. Words used in the neuter shall include the masculine and feminine genders, and words used in the singular include the plural and vice versa. If there is more than one Borrower, the obligations hereunder imposed upon each party comprising the Borrower shall be joint and several. [NTD: remove if Borrower is one entity only]**

[Remainder of this page has been intentionally left blank]

19. This Assignment may be executed in counterparts and when each party has executed a counterpart each of such counterparts shall be deemed to be an original and all of such counterparts when taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF this Assignment has been executed the day and year first above written.

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

Name:

Title:

Name:

Title:

**BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION,**
by its authorized signatory(ies):

Pooi Ching Siew

Director, Lending Services

EXPLANATION NOTE OF

NOTICE & ACKNOWLEDGEMENT RE. ASSIGNMENT OF PROJECT AGREEMENTS

This Notice and Acknowledgement form (APPENDIX “II”) is to be signed by persons such as a prime or general contractor/or a consultant (as “Contractor”) {NTD : DELETE “or a consultant” if the Notice & Acknowledgement Form is to be executed only by the prime or general contractor} who has a contract or agreement in place with the Borrower to provide, including without limitation, services or materials relating to the development and construction of the Project on the Land (the “Contract”). The key purpose of the Notice & Acknowledgement is for the Contractor to acknowledge to BCHMC that, as security for the funds being advanced from BCHMC to the Borrower for the development and construction of the Project, the Borrower has assigned its rights and interest in the Contract by way of the Assignment of Project Agreements attached as Appendix “I”, but also to agree that the Contractor is free to deal with the Borrower under the Contract until they receive notice from BCHMC otherwise – after which they will deal with BCHMC or as BCHMC directs.

APPENDIX "II"

NOTICE AND ACKNOWLEDGEMENT

Re: ASSIGNMENT OF PROJECT AGREEMENTS

THIS ACKNOWLEDGEMENT AGREEMENT is dated for reference the ____ day of _____, 20____.

BY _____, having a registered and records office and postal address at _____, BC,

("the Contractor")

AND **BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION**, having an office and postal address at 1701 - 4555 Kingsway, Burnaby, British Columbia, V5H 4V8 ("BCHMC")

BACKGROUND:

BCHMC has agreed to make a forgivable construction mortgage loan (the "Loan") to «BORROWER_NAME» (the "Borrower") securing the Borrower's interest in certain lands located at «Property_Address», «Property_City», legally described as:

«PID_Legal_Description» (the "Land");

The Borrower intends to construct the improvements (the "Project") on the Land and has entered into an agreement with the Contractor, dated the ____ day of _____, 20____ (the "Construction Contract"), whereby the Contractor will perform the activities set forth in the Construction Contract relating to the construction of the Project on the Land;

The Borrower has pursuant to an Assignment of Project Agreements (the "Assignment") dated for reference the ____ day of _____, 20____ a copy of which is attached as Appendix "I" assigned to BCHMC as collateral security to the Loan among other things all of the Borrowers' interest and right in and to the Construction Contract.

AGREEMENTS:

For the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which the Contractor acknowledges, the Contractor acknowledges, confirms and agrees as follows:

The Contractor confirms that the Construction Contract is assignable and acknowledges notice of and that it is aware of the terms of the Assignment and that it may continue to deal with Borrower under the terms of the Construction Contract until notified otherwise by BCHMC after which it will deal with BCHMC or as otherwise directed by BCHMC. The Contractor further agrees that it will not agree to amend the Construction Contract in a material respect without the written consent of BCHMC.

The **Contractor** acknowledges and confirms that BCHMC has incurred no obligations nor liabilities whatsoever to the **Contractor** by virtue of the Assignment.

IN WITNESS WHEREOF the **Contractor** has executed this Acknowledgment Agreement as of the day and year first above written.

_____)
(Insert Name of Contractor))
by its authorized signatory:)
)
)
_____)
Authorized Signatory)



1. Application

«BCH_Solicitor»
«BCH_Solicitor_Firm»

File No.: _____
 BCHMC No.: «File»/«PR»/«BU» «Initial»

2. Description of Land

PID/Plan Number Legal Description
 «PID_Legal_Description»

3. Borrower(s) (Mortgagor(s))

«Borrower_Name»	Inc.# «Inc»
«Borrower_Address»	
«Borrower_City», «Borrower_Province» «Borrower_Postal_Code»	

4. Lender(s) (Mortgagee(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION SUITE 1701 - 4555 KINGSWAY BURNABY BC V5H 4V8

5. Payment Provisions

Principal Amount «Loan Amount»	Interest Rate SEE SCHEDULE	Interest Adjustment Date N/A
Interest Calculation Period SEMI-ANNUALLY	Payment Dates N/A	First Payment Date ON DEMAND
Amount of each periodic payment N/A	Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum	Last Payment Date ON DEMAND
Assignment of Rents which the applicant wants registered? No	Place of payment SAME AS LENDER ADDRESS IN #4 ABOVE	Balance Due Date ON DEMAND

6. Mortgage contains floating charge on land?

No

7. Mortgage secures a current or running account?

No

8. Interest Mortgaged

Other: of Lease with ___ registration numbers lower than this mortgage

9. Mortgage Terms:

Part 2 of this mortgage consists of:

(c) Express Mortgage Terms (annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms.



10. Additional or Modified Terms

N/A

11. Prior Encumbrances Permitted by Lender

SEE SCHEDULE

12. Execution(s)

This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of those terms.

Witnessing Officer Signautre

Execution Date

Borrower / Party Signature(s)

YYYY-MM-DD

«Borrower_Name»

By their Authorized Signatory

Print Name:

Print Name:

Officer Certificate

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

Electronic Signature

Your electronic signature is a representation that you are a designate authorized to Certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c 250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

--

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5. PAYMENT PROVISIONS:**

Interest Rate:

If an Event of Default occurs, interest is payable on the balance of the Principal Amount outstanding under the Loan as at the date of the Event of Default at a rate equal to the Prime Rate plus Two Percent (2.00%) per annum (the "Interest Rate"), compounded semi-annually, not in advance, until the Principal Amount and any other money owed by the Borrower under the Mortgage have been paid in full. "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 will charge on loans denominated in Canadian dollars made in Canada.

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:*

LEASE IN FAVOUR OF THE BORROWER FILED IN THE LAND TITLE OFFICE ON THE SAME DAY PRECEDING THIS MORTGAGE.

COVENANT IN FAVOUR OF THE COMMISSION FILED IN THE LAND TITLE OFFICE ON THE SAME DAY PRECEDING THIS MORTGAGE.

COVENANT IN FAVOUR OF THE COMMISSION FILED IN THE LAND TITLE OFFICE ON THE SAME DAY PRECEDING THIS MORTGAGE.

OPTION TO PURCHASE IN FAVOUR OF THE PROVINCIAL RENTAL HOUSING CORPORATION FILED IN THE LAND TITLE OFFICE ON THE SAME DAY PRECEDING THIS MORTGAGE.

MORTGAGE IN FAVOUR OF THE COMMISSION FILED IN THE LAND TITLE OFFICE ON THE SAME DAY PRECEDING THIS MORTGAGE

ASSIGNMENT OF RENTS IN FAVOUR OF THE COMMISSION FILED IN THE LAND TITLE OFFICE ON THE SAME DAY PRECEDING THIS MORTGAGE

[NTD: remove any item not applicable. Remove section 11 in its entirety if no prior encumbrance is permitted. In this case, also update P.2 of Form B under section 11 from "SEE SCHEDULE" to "N/A".]

MORTGAGE TERMS – PART 2

This Mortgage made pursuant to the Land Transfer Form Act and any amendment thereto.

1. Interpretation

(1) In these mortgage terms

“Borrower” means the person or persons named in the Mortgage Form as a Borrower;

“Borrower Mailing Address” means the postal address of the Borrower set out in the Mortgage Form or the most recent postal address provided in a written notice given by the Borrower to the Lender under these mortgage terms;

“Borrower’s Promises and Agreements” means any one or more of the Borrower’s obligations, promises and agreements contained in the Mortgage, the Operating Agreement (if applicable) and in the Loan Commitment Letter;

“Commencement Date” means the first day of the calendar month next following the registration date of the mortgage;

“Commission” means British Columbia Housing Management Commission or its successors in function;

“Court” means a court or judge having jurisdiction in any matter arising out of the Mortgage;

“Event of Default” includes each of the events of default listed in section 9(1);

“First Advance” means the first advance of the Principal Amount made by the Lender;

“First Mortgage” means the mortgage in favour of **◆**; *[NTD: remove if not applicable]*

“Interest” means interest at the interest rate shown on the Mortgage Form;

“Interest Calculation Period” means the period or periods for the calculation of Interest shown on the Mortgage Form;

“Interest Rate” means the interest rate shown on the Mortgage Form;

“Land” means all the Borrower’s present and future interest in the land described in the Mortgage Form including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land;

“Landlord” means the landlord named in the Lease if the Borrower’s interest in the Land is a leasehold interest;

“Lease” means the lease of the Land granted to the Borrower by the Landlord if the Borrower’s interest in the Land is a leasehold interest;

“Lender” means the person or persons named in the Mortgage Form as a mortgagee and includes any person to whom the mortgagee transfers the Mortgage;

“Lender Mailing Address” means the postal address shown on the Mortgage Form or the most recent postal address provided in a written notice given by the Lender to the Borrower under these mortgage terms;

MORTGAGE TERMS – PART 2

“**Loan Commitment Letter**” means the Loan Commitment Letter dated «LCL_Date» between the Borrower and the Lender, as may be further amended, supplemented or replaced from time to time;

“**Maturity Date**” means the balance due date shown on the Mortgage Form and is the date on which all unpaid Mortgage Money becomes due and payable, or such earlier date on which the Lender can lawfully require payment of the Mortgage Money;

“**Mortgage**” means the combination of the Mortgage Form and these mortgage terms;

“**Mortgage Form**” means Form B under the Land Title (Transfer Forms) Regulation and all schedules and addenda to the Form B;

“**Mortgage Money**” means the Principal Amount, Interest and any other money owed by the Borrower under the Mortgage, the payment of which is secured by the Mortgage;

“**Operating Agreement**” means the agreement entered into by the Borrower, the Commission and Canada Mortgage and Housing Corporation (if applicable);

“**Place of Payment**” means the place of payment shown on the Mortgage Form or any other place specified in a written notice given by the Lender to the Borrower under these mortgage terms;

“**Principal Amount**” means the Principal Amount shown on the Mortgage Form. In the event that the cost to complete the Project does not require that the Principal Amount be fully advanced, then the Principal Amount will be reduced so that it is equal to the amounts advanced by BCHMC to complete the Project;

“**Prior Charge**” means a charge registered against title to the Land in priority to the Mortgage, **[including but not limited to the First Mortgage and the Second Mortgage];** **[NTD: remove reference to First Mortgage and/or Second Mortgage if not applicable]**

“**Project**” means the construction and development or renovation of housing units located on the Land;

“**Receiver**” means a receiver or receiver manager appointed by the Lender under the Mortgage;

“**Second Mortgage**” means the mortgage in favour of ♦; **[NTD: remove reference to Second Mortgage if not applicable]**

“**Taxes**” means all taxes, rates and assessments of every kind which are payable by any person in connection with the Mortgage, the Land or its use and occupation, or arising out of any transaction between the Borrower and the Lender, but does not include the Lender’s income tax; and

“**Term**” means «Term» years from the Commencement Date. **[NTD: if a term expiry date is inserted, remove “years from the Commencement Date”.]**

(2) In the Mortgage, the singular includes the plural and vice versa.

2. What the Mortgage Does

(1) In return for the Lender agreeing to lend the Principal Amount to the Borrower, the Borrower grants and mortgages the Land to the Lender as security for repayment of the Mortgage Money and for performance of all the Borrower’s Promises and Agreements.

MORTGAGE TERMS – PART 2

- (2) If the Borrower's interest in the Land, and the Mortgage is of, a leasehold interest, the grant in subsection (1) shall be construed as a charge of the unexpired term of the Lease less one day.
- (3) The Mortgage shall be a charge on the Land and the Borrower releases to the Lender all the Borrower's claim to the Land until the Principal Amount has been forgiven in its entirety or the Borrower has paid the Mortgage Money to the Lender, in accordance with these mortgage terms and whichever may be applicable, and has performed all of the Borrower's Promises and Agreements.
- (4) The Borrower may continue to remain in possession of the Land as long as the Borrower performs all of the Borrower's Promises and Agreements.
- (5) When the Principal Amount has been forgiven in its entirety or the Borrower has paid the Mortgage Money and performed all the Borrower's Promises and Agreements under the Mortgage and the Lender has no obligation to make any further advances or readvances, the Lender will no longer be entitled to enforce any rights under the Mortgage and the Borrower will be entitled, at the Borrower's cost, to receive a discharge of the Mortgage. The discharge must be signed by the Lender and must be registered by the Borrower in the Land Title Office to cancel the registration of the Mortgage against the Land.

3. Payment of the Mortgage Money

- (1) If an Event of Default occurs:
 - (a) the balance of the Principal Amount outstanding plus Interest as set out in subsection 5 of the Mortgage Form shall forthwith become due and payable to the Lender; and
 - (b) the Borrower promises to pay the full amount of the Mortgage Money to the Lender at the Place of Payment in accordance with the payment provisions set out in the Mortgage Form, or at such other place as the Lender may designate.

4. Loan Forgiveness Conditions

- (1) If the Borrower uses the Land only for the specific purpose as set out in Appendix "A" and an Event of Default does not occur, 1/«Forgiveness_Period»th of the Principal Amount will be forgiven each year, commencing on the «Anniversary_Forgiveness_Start» anniversary of the Commencement Date, until the Principal Amount is completely forgiven.

5. Loan Commitment Letter

The Borrower covenants and agrees with the Lender to faithfully observe and perform all of the Borrower's covenants, provisions, terms, and conditions of the Loan Commitment Letter, and that the Loan Commitment Letter shall be read with and form part of this Mortgage as if embodied herein; provided further that any breach or default of the Loan Commitment Letter by the Borrower shall constitute a default under this Mortgage. To the extent that any provisions of the Loan Commitment Letter conflict with any provisions of this Mortgage, the Lender shall in its sole discretion determine which provisions prevail.

6. Payment of Taxes

- (1) The Borrower will pay when and as the same shall fall due taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or on the Mortgage or on the Lender in respect of the

MORTGAGE TERMS – PART 2

Mortgage and shall submit to the Lender tax receipts evidencing the payment of the said taxes within 30 days after they become due.

- (2) The Lender may pay the amount of any encumbrance, lien or charge now or to arise or to be claimed upon the Land, including any taxes or other rates on the Land, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Land, and all solicitor's charges for or in respect of the collection of any overdue installments or any other monies, whether any action or other judicial proceedings to enforce such payment has been taken or not.
- (3) The amount so paid by the Lender may, at the option of the Lender, be added to the Principal Amount hereby secured and bear interest at the rate as set out in subsection 5 of the Mortgage Form from the date that the money was so spent.

7. Promises of the Borrower

- (1) The Borrower promises:
 - (a) to perform all of the Borrower's Promises and Agreements;
 - (b) to pay all Taxes when they are due and, if required by the Lender to do so, to send to the Lender at the Place of Payment, or at any other place the Lender requires, all notices of Taxes received by the Borrower;
 - (c) to apply for all government grants, assistance and rebates in respect of Taxes;
 - (d) to comply with all terms and conditions of any Prior Charge;
 - (e) to keep all buildings and improvements which form part of the Land in good condition and to repair them as the Lender reasonably requires;
 - (f) to sign any other document that the Lender reasonably requires to ensure that payment of the Mortgage Money is secured by the Mortgage or by any other document the Borrower has agreed to give as security;
 - (g) not to do anything that has the effect of reducing the value of the Land;
 - (h) not to tear down any building or part of a building which forms part of the Land without the written consent of the Lender;
 - (i) not to make any alteration or improvement to any building which forms part of the Land without the written consent of the Lender;
 - (j) if the Borrower has leased or subleased the Land to a tenant or subtenant, as applicable, to keep, if required by the Lender, records of all rents received and of all expenses paid by the Borrower in connection with the Land and, at least annually, have a statement of revenue and expenses for the Land prepared by a professional accountant if the Lender requires and to give a copy of the statement to the Lender if the Lender requires the Borrower to do so;
 - (k) to take out and maintain builders' risk insurance for the full cost of construction, and insure against all additional risks and perils as the Lender may from time to time consider advisable and to insure and keep insured against the risk of fire and other risks and losses that the Lender asks the Borrower to insure against, with an insurance company licensed to do business in British Columbia, all buildings and improvements on the Land

MORTGAGE TERMS – PART 2

- to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;
- (l) if the Lender requires the Borrower to do so, to assign, transfer and deliver over unto the Lender the policies of insurance or to deliver such policies and receipts or to produce to the Lender at least thirty days before the termination of any insurance, evidence of renewals;
 - (m) to pay all of the Lender's costs, including legal fees on a solicitor and client basis, to:
 - (i) prepare and register the Mortgage, including all necessary steps to advance and secure the Mortgage Money and to report to the Lender;
 - (ii) collect the Mortgage Money;
 - (iii) enforce the terms of the Mortgage, including efforts to compel the Borrower to perform the Borrower's Promises and Agreements;
 - (iv) do anything which the Borrower has promised to do but has not done;
 - (v) prepare and give the Borrower a discharge of the Mortgage;
 - (vi) to pay any money which, if not paid, would result in an event of default under any charge or encumbrance having priority over the Mortgage or which might result in the sale of the Land if not paid, and
 - (vii) to pay and cause to be discharged any charges or encumbrances described in subsection 7(2)(b) which are not prior encumbrances permitted by the Lender under the Mortgage.
 - (n) to develop, use and operate the Land only for the specific purpose as set out in Appendix "A"; and
 - (o) to observe and perform all of its obligations under any Operating Agreement in force from time to time during the Term.
- (2) The Borrower represents to the Lender that:
- (a) the Borrower has good and marketable title to the Land and has the right to mortgage the Borrower's interest in the Land to the Lender;
 - (b) the Borrower's title to the Land is subject only to:
 - (i) those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;
 - (ii) any unregistered charges and encumbrances that the Lender has agreed to in writing; and
 - (c) subject to subsection 7(2)(b), the Borrower:
 - (i) has not given any other charge or encumbrance against the Land, and
 - (ii) has no knowledge of any other claim against the Land.

MORTGAGE TERMS – PART 2

- (3) The Borrower represents to the Lender that no default has occurred under any Prior Charge, and that the Borrower has paid all money now due and owing under any Prior Charge.
- (4) The insurance policy or policies required by subsection 7(1)(k) shall contain a mortgage clause approved by the Lender that states that payment of any loss shall be made to the Lender at the Place of Payment or any other place the Lender requires and, if the Mortgage is not a first mortgage, the amount of any payment made by the insurance company shall be paid to the Borrower's lenders in the order of their priorities.
- (5) The Borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner.

8. Agreements between the Borrower and the Lender

- (1) By the Mortgage the Borrower grants and mortgages any additional or greater interest in the Land that the Borrower may later acquire.
- (2) Any money paid to the Lender under the Mortgage shall:
 - (a) before an Event of Default, be applied first in payment of the Principal Amount and secondly in payment of all other money owed by the Borrower under the Mortgage, and
 - (b) after an Event of Default, be applied in any manner the Lender determines.
- (3) The Lender may at any reasonable time inspect the Land and any buildings and improvements which form part of it.
- (4) If the Lender takes possession of the Land the Lender shall not be responsible for maintaining and preserving the Land and need only account to the Borrower for any money which the Lender actually receives in connection with the Mortgage of the Land.
- (5) The Lender may spend money to perform any of the Borrower's Promises and Agreements including, but not limited to, any of the Borrower's promises and agreements under a Prior Charge, which the Borrower has not performed and any money so spent shall be added to the Principal Amount and bear Interest as set out in subsection 5 of the Mortgage Form from the date that the money was so spent, and be immediately due and payable to the Lender.
- (6) Any notice provided by the Borrower to the Lender must be delivered to the Lender personally or sent by registered or certified mail to the Lender Mailing Address or to any other address specified in writing by the Lender to the Borrower from time to time.
- (7) Any notice provided by the Lender to the Borrower must be delivered to the Borrower personally or sent by registered or certified mail to the Borrower Mailing Address or to any other address specified in writing by the Borrower to the Lender from time to time.
- (8) Any notice sent by mail is considered to have been received by the recipient 5 days after the date of such mailing.
- (9) In the event of a mail strike or disruption, any notice to be given by the Borrower to the Lender or vice versa must be delivered.

MORTGAGE TERMS – PART 2

- (10) A sale of the Lands does not release the Borrower from the Borrower's Promises and Agreements.
- (11) If the Borrower has mortgaged other property to the Lender to better to secure payment of the Mortgage Money, the Lender may take all lawful proceedings under any of the mortgages granted in favour of the Lender by the Borrower in any order that the Lender determines.
- (12) The Lender is under no obligation to advance all or any portion of the Principal Amount to the Borrower notwithstanding that:
 - (a) the Borrower has signed the Mortgage;
 - (b) the Mortgage is registered in the Land Title Office, or
 - (c) the Lender has previously advanced to the Borrower part of the Principal Amount.
- (13) The Lender may deduct from any advance of the Principal Amount:
 - (a) any Taxes that are due;
 - (b) any Interest that is due and payable to the date of the advance;
 - (c) the legal fees and disbursements to prepare and register the Mortgage including other necessary steps to advance and secure the Mortgage Money and to report to the Lender, and
 - (d) any insurance premium.
- (14) The Lender's right of consolidation applies to the Mortgage and to any other mortgages given by the Borrower to the Lender. If the Borrower has mortgaged other property to the Lender the Borrower will not have the right, after an Event of Default, to pay off the Mortgage or any mortgage of other property unless the Borrower pays the Lender all money owed by the Borrower under the Mortgage and all of the mortgages of other property.

9. Events of Default

- (1) An event of default occurs under the Mortgage if:
 - (a) the Borrower breaches any of the Borrower's Promises and Agreements;
 - (b) the Borrower breaches any promise or agreement which the Borrower has made to the Lender in a mortgage of any other land or other property or in any other agreement the Borrower has made with the Lender notwithstanding that the Borrower may not have breached any of the Borrower's Promises and Agreements;
 - (c) the Borrower has an administrator or a receiver (or the equivalent in any jurisdiction) appointed in respect of it, or any of its assets, or it enters into a liquidation of its assets;
 - (d) the Borrower is deemed to be insolvent or ceases to exist;
 - (e) the Land is abandoned or is left unoccupied for 30 or more consecutive days without the prior written consent of the Lender;
 - (f) the Land or any part of it is expropriated;

MORTGAGE TERMS – PART 2

- (g) without the written consent of the Lender the Borrower transfers, sells, or agrees to transfer or sell, or otherwise changes or agrees to change, the legal or beneficial ownership of the Land or any part of the Land;
 - (h) the Borrower gives another mortgage of the Land to someone other than the Lender without the prior written consent of the Lender;
 - (i) the Borrower does not discharge any judgment registered in the Land Title Office against the Land within 30 days after receiving notice of its registration,
 - (j) the Borrower allows any claim of builders lien to remain undischarged on title to the Land for more than 30 days unless the Borrower:
 - (i) diligently disputes the validity of the claim by taking all necessary legal steps to do so;
 - (ii) gives reasonable security to the Lender to pay the claim in full if it is found to be valid; and
 - (iii) authorizes the Lender to use the security to pay the lien in full;
 - (k) the Borrower fails to comply with the provisions of Appendix “A”;
 - (l) the Borrower defaults in observing or performing any of its obligations under any Operating Agreement in force from time to time during the Term or any event occurs which would entitle the Commission to terminate the Operating Agreement, and the Borrower fails to rectify such default or cure such event within the time limits set out in the Operating Agreement or as otherwise directed by the Lender;
 - (m) if the Borrower's interest in the Land is a leasehold interest, and the Borrower defaults in observing or performing any of its obligations under the Lease, or any event occurs which would entitle the Landlord under the Lease to terminate the Lease, and the Borrower fails to rectify such default or cure such event within the time limited therefore under the Lease; or
 - (n) the Borrower defaults in observing and performing any covenant or payment to be made in respect of a Prior Charge registered against the Land.
- (2) If an Event of Default occurs under the Mortgage, an event of default will be deemed to have occurred under any other mortgage or agreement between the Borrower and the Lender.
 - (3) If the Borrower is a corporation, a change in control of the Borrower will be considered to have occurred if there is a change of legal or beneficial ownership of the Land.

10. Consequences of an Event of Default

- (1) If an Event of Default occurs, all the Mortgage Money then owing to the Lender will, at the option of the Lender, immediately become due and payable.
- (2) If an Event of Default occurs, the Lender may, in any order that the Lender determines, do any one or more of the following:
 - (a) demand payment of all the Mortgage Money;
 - (b) sue the Borrower for the amount of money due;

MORTGAGE TERMS – PART 2

- (c) take proceedings and any other legal steps to compel the Borrower to keep the Borrower's Promises and Agreements;
 - (d) enter upon and take possession of the Land;
 - (e) sell the Land and other property by public auction or private sale, or lease the Land on terms decided by the Lender:
 - (i) on 30 days notice to the Borrower if the Event of Default has continued for 30 days, or
 - (ii) without notice to the Borrower if the Event of Default has continued for 60 days or more;
 - (f) apply to the Court for an order that the Land be sold on terms approved by the Court;
 - (g) apply to the Court to foreclose the Borrower's interest in the Land so that when the Court makes its final order of foreclosure the Borrower's interest in the Land will be absolutely vested in and belong to the Lender;
 - (h) appoint a Receiver of the Land;
 - (i) enter upon and take possession of the Land without permission of anyone and make any arrangements the Lender considers necessary to
 - (i) inspect, lease, collect rents or manage the Land;
 - (ii) complete the construction of any building on the Land, or
 - (iii) repair any building on the Land;
 - (j) take whatever action is necessary to take, recover and keep possession of the Land.
- (3) Nothing in subsection 10(2) affects the jurisdiction of the Court.
- (4) If the Lender sells the Land by public auction or by private sale the Lender will use the amount received from the sale to pay:
- (a) any real estate agent's commission;
 - (b) all adjustments usually made on the sale of Land;
 - (c) all of the Lender's expenses and costs described in subsection 10(6); and
 - (d) the Mortgage Money;
- and will pay any surplus:
- (e) according to an order of the Court if the Land is sold by an order of the Court, or
 - (f) to the Borrower if the Land is sold other than by an order of the Court.
- (5) If the money available to pay the Mortgage Money after payment of the commission, adjustments and expenses referred to in subsections 10(4)(a) to (c) is not sufficient to pay all the Mortgage Money, the Borrower will pay to the Lender on demand the amount of the deficiency.
- (6) The Borrower will pay to the Lender on demand all expenses and costs incurred by the Lender in enforcing the Mortgage. These expenses and costs include the Lender's cost of taking and keeping possession of the Land, the cost of the time

MORTGAGE TERMS – PART 2

and services of the Lender or the Lender's employees for so doing, the Lender's legal fees and disbursements on a solicitor and client basis, unless the Court allows legal fees and disbursements be paid on a different basis, and all other costs and expenses incurred by the Lender to protect the Lender's interest under the Mortgage. These expenses and costs may, at the Lender's discretion, be added to the Principal Amount, be payable on demand and bear Interest until they are fully paid.

- (7) If the Lender obtains judgment against the Borrower as a result of an Event of Default, the remedies described in subsection 10(2) may continue to be used by the Lender to compel the Borrower to perform the Borrower's Promises and Agreements. The Lender will continue to be entitled to receive Interest on the Mortgage Money until the judgment is paid in full.
- (8) If the Lender does not exercise any of the Lender's rights on the happening of an Event of Default or does not ask the Borrower to cure it, the Lender is not prevented from later compelling the Borrower to cure an Event of Default or exercising any of those rights in connection with that Event of Default or any later Event of Default of the same or any other kind.

11. Construction of buildings or improvements

- (1) The Borrower will not construct, alter or add to any buildings or improvements on the Land without the prior written consent of the Lender, and then only in accordance with accepted construction standards, building codes and municipal or government requirements and plans and specifications approved by the Lender, and the Borrower will not allow any improvements to remain unfinished without work being done on them for more than 10 days.
- (2) If the Mortgage is intended to finance any construction, alteration or addition, the Lender may make advances of the Principal Amount to the Borrower based on the progress of construction. Whether any advances will be made and the amount and timing of such advances will be determined by the Lender in its sole discretion.

12. Construction Loan Provision

If the Principal Amount advanced and secured under this Mortgage is to be used in the course and for the purpose of demolishing, repairing, improving and/or constructing improvements upon the Land:

- (1) The Borrower shall construct all buildings and other improvements on the Land in accordance with the applicable building and air space parcel plans and to the satisfaction of all governmental and regulatory authorities having jurisdiction and carry on diligently to completion the buildings and other improvements. All buildings and other improvements now or later on the Land shall form part of the security for the full amount of the money secured by this Mortgage.
- (2) All construction on the Land shall be carried out by reputable contractors having experience which is commensurate to the nature and size of the Project, and such contractors must be prior approved by the Lender in writing, such approval not to be unreasonably withheld.
- (3) Provided that should construction on the Project cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the

MORTGAGE TERMS – PART 2

control of the Borrower excepted), for a period of fifteen (15) consecutive business days, then, at the sole option of the Lender, this Mortgage shall, immediately become due and payable. In the event that construction does cease, then the Lender shall have the right, at its sole option but under no circumstance shall the Lender be obliged, to assume some part or complete control of the construction of the Project in such manner and on such terms as it deems available. The cost and expenses of completion of the Project by the Lender and all expenses incidental thereto together with a management fee of fifteen percent (15%) of the costs and expenses of the construction completed by the Lender will be secured under this Mortgage and bear interest.

- (4) At all times there shall be sufficient funds unadvanced under this Mortgage and retained by the Lender to complete the construction.
- (5) This Mortgage will be advanced in stages as construction upon the Land proceeds or as the conditions as enumerated by the Loan Commitment Letter are complied with.
- (6) All advances which are made from time to time hereunder shall be based on certificates of a duly qualified architect, engineer, quantity surveyor, cost consultant or other consultant(s) retained for the purpose of reviewing and advising the Lender with respect to the Project and the progress thereof, whose fees and costs shall be for the account of the Borrower regardless of by whom such person has been retained. All such certificates shall without limitation certify the value of the work completed and the estimated costs of any uncompleted work and such certificates shall further certify that such completed construction to the date of such certificate shall be in accordance with the applicable building plans and in accordance with all municipal and other governmental requirements of all authorities having jurisdiction pertaining to such construction and that there shall be no outstanding work orders or other requirements pertaining to construction on the Land. Such certificates with respect to any values shall not include materials on the site which are not incorporated into the buildings.
- (7) The Borrower shall pay to the Lender on each occasion when an inspection of the Land is required to confirm construction costs to date and compliance with conditions for further advances, an inspection fee in such reasonable amount as the Lender may charge from time to time for each such inspection and the Lender's solicitors shall be paid their reasonable fees and disbursements for each subsearch and work done prior to each such advance and all such monies shall be deemed to be secured hereunder and the Lender shall be entitled to all right and remedies with respect to collection of same in the same manner as it would have with respect to collection of principal and interest hereunder or at law.
- (8) The Lender shall be entitled to erect at the Lender's expense, a reasonable number of signs at reasonable locations and of reasonable size, and to otherwise publicize the source of the financing during the construction period.
- (9) The Lender may at its sole option, withhold from any advances for which the Borrower may have qualified, such amounts as the Lender, in its sole discretion, considers advisable to protect its position under the provisions of the Builders Lien

MORTGAGE TERMS – PART 2

Act (British Columbia) as amended, so as to secure its priority over all liens, until the Lender is fully satisfied that all lien periods have expired and that there are no liens outstanding. Nothing in this clause shall be construed to make the Lender an “owner” as defined under the Builders Lien Act (British Columbia) as amended, nor shall there be, or be deemed to be, any obligation by the Lender to retain any holdback which may be required to be made by the owner which shall remain solely the Borrower’s obligation. The Borrower hereby covenants and agrees to comply in all respects with the provisions of the Builders Lien Act (British Columbia) as amended.

13. Damage and Destruction

- (1) If and whenever the buildings or improvements on the Land are damaged or destroyed, the Borrower will provide the Lender with immediate notice thereof.
- (2) If, in the opinion of a professional engineer or architect appointed by the Lender, who is at arm’s-length from the Lender, the buildings or improvements are damaged or destroyed in excess of 25% of their insurable value, the Lender may deliver to the Borrower written notice not to repair or replace the improvements. In such case, the Borrower, will apply, or permit to be applied, the proceeds of the insurance referred to in subsection 7(1)(k) to pay:
 - (a) firstly, to the Lender the balance of the Mortgage Money;
 - (b) secondly, to pay the cost of demolishing the buildings or improvements and removing from the Land all debris and waste, and of restoring the Land to an safe, neat, and level condition; and
 - (c) thirdly, to pay the balance, if any, to the Borrower.

14. Leasehold Mortgage

- (1) This section applies if the Borrower’s interest in the Land, and the Mortgage is of, a leasehold interest.
- (2) The Borrower represents to the Lender that:
 - (a) the Borrower’s interest in the Lease is subject only to those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;
 - (b) the Lease is in good standing;
 - (c) the Borrower has complied with all the Borrower’s promises and agreements contained in the Lease;
 - (d) the Borrower has paid all rent that is due and payable under the Lease;
 - (e) the Lease is not in default, and
 - (f) the Borrower has the right to mortgage the Lease to the Lender.
- (3) The Borrower will:
 - (a) comply with the Lease and not do anything that would cause the Lease to be terminated;
 - (b) immediately give to the Lender a copy of any notice or request received from the Landlord;

MORTGAGE TERMS – PART 2

- (c) immediately notify the Lender if the Landlord advises the Borrower of the Landlord's intention to terminate the Lease before the term expires;
 - (d) immediately give a copy of this Mortgage to the Landlord; and
 - (e) sign any other document the Lender requires to ensure that any greater interest in the Land that is acquired by the Borrower is charged by the Mortgage.
- (4) Any default under the Lease is a default under the Mortgage.
 - (5) The Borrower promises to the Lender that the Borrower will not, without first obtaining the written consent of the Lender:
 - (a) surrender or terminate the Lease, or
 - (b) agree to change the terms of the Lease.
 - (6) No dealing by the Lender with the Landlord or with the owner of the equity of redemption of the Land will in any way limit or otherwise prejudice the rights of the Lender against the Borrower or any other person liable for the payment of monies secured hereby.
 - (7) The Lender may perform any promise or agreement of the Borrower under the Lease.
 - (8) Nothing done by the Lender under this section or under sections 10 or 14 (other than the Lender taking actual possession of the Land) will make the Lender a mortgagee in possession.

15. Receiver

- (1) The Borrower appoints both the Lender and any agent of the Lender as the Borrower's attorney to appoint a Receiver of the Land.
- (2) The Lender or the Lender's agent may, if any Event of Default occurs, appoint a Receiver of the Land and the Receiver:
 - (a) will be the Borrower's agent and the Borrower will be solely responsible for the Receiver's acts or omissions;
 - (b) has power, either in the name of the Borrower or the Lender, to demand, recover and receive income from the Land and commence and maintain any action or Court proceeding to collect such income;
 - (c) may provide receipts for income that the Receiver receives;
 - (d) may carry on any business that the Borrower conducted on the Land;
 - (e) may lease or sublease the Land or any part of it on terms and conditions that the Receiver determines;
 - (f) may complete the construction of or repair any building or improvement on the Land;
 - (g) may take possession of all or part of the Land;
 - (h) may manage the Land and maintain it in good condition;
 - (i) has the power to perform, in whole or in part, the Borrower's Promises and Agreements, and

MORTGAGE TERMS – PART 2

- (j) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Land or will increase or preserve the value or income potential of the Land or the Borrower's business on the Land.
- (3) From income received the Receiver may do any of the following in any order the Receiver determines:
- (a) retain a commission of 5% of the gross income or any higher commission approved by the Court;
 - (b) retain enough money to pay or recover the cost to collect the income and to cover other disbursements;
 - (c) pay all Taxes and the cost of maintaining the Land in good repair, completing the construction of any building or improvement on the Land, supplying goods, utilities and services to the Land and taking steps to preserve the Land from damage by weather, vandalism or any other cause;
 - (d) pay any money that might, if not paid, result in a default under any charge or encumbrance having priority over the Mortgage or that might result in the sale of the Land if not paid;
 - (e) pay Taxes in connection with anything the Receiver is entitled to do under the Mortgage;
 - (f) pay Interest to the Lender that is due and payable;
 - (g) pay all or part of the Principal Amount to the Lender whether or not it is due and payable;
 - (h) pay any other money owed by the Borrower under the Mortgage; and
 - (i) pay insurance premiums.
- (4) The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do.
- (5) Any money borrowed by the Receiver, and any Interest charged on that money and all the costs of borrowing, will be added to and be part of the Mortgage Money.
- (6) A Receiver appointed by the Lender may be removed by the Lender and the Lender may appoint another in the Receiver's place.
- (7) The commission and disbursements of the Receiver will be a charge on the Land and will bear Interest at the Interest Rate.
- (8) Nothing done by the Receiver under this section will make the Lender a mortgagee in possession.

16. Strata lot provisions

- (1) This section applies if the Land described in the Mortgage Form, or any part of it, is or becomes a strata lot created under the *Strata Property Act*.
- (2) The Borrower will fulfil all of the Borrower's obligations as a strata lot owner under the *Strata Property Act* and the bylaws, rules and regulations of the strata corporation and will pay all money owed by the Borrower to the strata corporation.
- (3) The Borrower gives to the Lender the right to vote for the Borrower under the bylaws of the strata corporation, but the Lender is not required to do so or to attend or vote at any meeting or to protect the Borrower's Interest.

MORTGAGE TERMS – PART 2

- (4) At the request of the Lender, the Borrower will give the Lender copies of all notices, financial statements and other documents given by the strata corporation to the Borrower.
- (5) The Borrower appoints the Lender to be the Borrower's agent to inspect or obtain copies of any records or other documents of the strata corporation that the Borrower is entitled to inspect or obtain.
- (6) If the strata corporation transfers, charges or adds to the common property, or amends its bylaws without the consent of the Lender, and if, in the Lender's opinion, the value of the Land is reduced, the Mortgage Money shall, at the Lender's option, immediately become due and payable to the Lender on demand.
- (7) Nothing done by the Lender under this section will make the Lender a mortgagee in possession.

17. Subdivision

- (1) If the Land is subdivided:
 - (a) the Mortgage will charge each subdivided lot as security for payment of all the Mortgage Money, and
 - (b) the Lender is not required to discharge the Mortgage as a charge on any of the subdivided lots unless all the Mortgage Money is paid.
- (2) Notwithstanding that the Lender is not required to discharge any subdivided lot from the Mortgage, the Lender may agree to do so in return for payment of all or a part of the Mortgage Money. If the Lender discharges a subdivided lot, the Mortgage will continue to charge the remaining subdivided lot or lots that have not been discharged.

18. General

- (1) The Mortgage binds the Borrower and its successors, executors, administrators and assigns, if applicable.
- (2) Each person who signs the Mortgage as a Borrower is jointly and severally liable for all of the Borrower's Promises and Agreements as though each such Borrower had been the only Borrower to sign.
- (3) If any part of the Mortgage is not enforceable all other parts will remain in effect and be enforceable against the Borrower.
- (4) All Mortgage Money shall be paid by the Borrower to the Lender without any offset, set-off, or deduction whatsoever.

MORTGAGE TERMS – PART 2

Appendix “A”

For the Term of this Mortgage, the Land shall be used for the provision of a minimum of «Unit» affordable housing units to the Eligible Occupants. An “Eligible Occupant” means an individual who meets the eligibility criteria prescribed in the Operating Agreement, whether or not the Operating Agreement is in force, or as the Commission may otherwise prescribe.

END OF DOCUMENT

«BORROWER_NAME»
(the "Borrower")
CERTIFIED COPY OF

RESOLUTION OF DIRECTORS

"WHEREAS the Borrower has leased or will be leasing the property at «Property_Address», «Property_City», BC legally described as:
«PID_Legal_Description» (the "Property") and will be constructing and operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") «Program»; and

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

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of «Loan_Amount», or such other amount as may be approved by the directors, by way of a forgivable loan secured by a mortgage as required to facilitate the leasing and construction of the Project and grant to BCHMC a covenant restricting the use of the Property and Provincial Rental Housing Corporation ("PRHC") an option to purchase the lease in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by PRHC, BCHMC 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 lease, section 219 covenant, option to purchase, HPA covenant, a mortgage, assignment of project agreements (and any assignments, modifications and assumptions thereto as approved by BCHMC), affordable housing agreement (if applicable) and operating agreement or operator agreement; and
3. Any two officers or directors 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 or the lender of the monies."

I, _____, THE UNDERSIGNED, _____ of «Borrower_Name» hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the ___ day of _____, 20__ (and sanctioned by a special resolution of the Borrower if such sanction is required), and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this ___ day of _____, 20__.

Witness

(Secretary or President)

STATUTORY DECLARATION
CANADA
PROVINCE OF BRITISH COLUMBIA
IN THE MATTER OF

Representations made by «**Borrower_Name**» (the "Borrower") to British Columbia Housing Management Commission (the "Lender") relating to advances of money by the Lender in connection with those lands described as: «**PID_Legal_Description**»

I, (Name) _____, (Position) _____ of «**Borrower_Name**», DO SOLEMNLY DECLARE that:

1. The Borrower was duly incorporated on «**Inc_Date**», under Certificate of Incorporation No. «**Inc**» and is in good standing with the Office of BC Registry Services.
2. Neither the incorporation documents of the Borrower nor any agreement that the Borrower has entered into impose any restrictions on the power and capacity of the Borrower to borrow funds from the Lender and to grant a section 219 covenant, option to purchase, HPA covenant, mortgage and assignment of project agreements (collectively, the "Documents") to the Lender.
3. The Borrower is or will be as of the date of registration of the applicable Documents, the legal and beneficial owner of the leasehold interest in the real property described above and any personal property located thereon.
4. There is no action, suit or proceeding pending or threatened against the Borrower before any Court or administrative agency which, if determined against the Borrower, would result in a material adverse change in the property, assets, conditions (financial or otherwise), activities or operations of the Borrower or which would materially adversely affect the Borrower's ability to carry on its activities, or the ability of the Borrower to meet its obligations as contemplated by the loan commitment with the Lender.
5. The Borrower is not in default in the payment of any taxes, rates or assessments having priority over the Documents, and without limiting the generality of the foregoing, all wages, salaries, fees, workers' compensation dues, income tax deductions, holiday pay, Federal and Provincial taxes for which the Borrower is liable have been fully paid.
6. All the persons named hereunder are duly elected or appointed officers and directors of the Borrower holding the respective offices set out opposite their names, and the signatures appearing opposite their respective names are the genuine signatures of such respective persons:

Note: Only those directors and officers that are signing the security documents need to sign below.

NAME & SIGNATURE & TITLE(S)

NAME & SIGNATURE & TITLE(S)

and that each of these persons has been duly elected or appointed and was duly qualified for such office at the time of his or her election or appointment and that since the time of his or her election or appointment each of such persons has continued to be duly qualified for and to hold and now holds such office.

7. The granting of the Documents, and the borrowing of monies in connection therewith, is in pursuance of a purpose of the Borrower as stated in the Constitution of the Borrower.

AND I make this solemn declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

DECLARED before me at the _____ of _____
in the Province of British
Columbia, this ____ day of
_____, 20 ____.

Signature
Print Name: _____

A Commissioner for taking
Affidavits for British Columbia

[To be printed on the Borrower's Solicitor's letterhead]

TO: British Columbia Housing Management Commission (the "**Lender**")

AND TO: The Lender's Solicitors

Dear Sir or Madam:

RE: «Borrower_Name» (the "Borrower")
«Property_Address», «Property_City», BC legally described as
«PID_Legal_Description» (the "Property")

We have acted as counsel for the Borrower in connection with the authorization, execution and delivery by the Borrower of the Security Documents (as defined below) with respect to a forgivable loan to the Borrower from the Lender in the principal amount of **«Loan_Amount»** (the "**Loan**") which has, or will be, secured by, among other things, a mortgage in favour of the Lender which has, or will be, registered against title to the Property.

1. **REVIEW**

1.1. We have examined the following documentation executed by the Borrower in favour of the Lender each of which is dated **◆**, 20**◆**, unless otherwise indicated:

- (a) a loan commitment letter;
- (b) Form B mortgage;
- (c) Assignment of Project Agreements dated for reference **◆**;
- (d) section 219 covenant;
- (e) option to purchase;
- (f) HPA covenant
- (g)
- (h) any and all such further and other security required by the Lender,
(collectively, the "**Security Documents**").

1.2. We have also examined the statutes, public records, corporate records, certificates and other documents and made such other searches and examinations that we have considered

necessary in order to give the opinions hereinafter expressed. Such examinations have included, without limitation:

- (a) the ◆ constitution and bylaws/articles and notice of articles/memorandum and rules/incorporation agreement/letters patent of the Borrower (the “**Constating Documents**”); and *[NTD: counsel, please indicate the appropriate constating documentation]*
- (b) a certified copy of the resolution of the directors of the Borrower dated ◆ *[date of certification]* and executed by ◆ *[name of person certifying true copy]*, as ◆ *[Director, President or Secretary]* of the Borrower, authorizing the execution and delivery of the Security Documents.

2. OPINIONS

Based and relying on and subject to the foregoing, we are of the opinion that:

Existence

- 2.1. The Borrower has been duly incorporated and validly exists as a ◆ society/corporation/cooperative/not-for-profit corporation/board of trade *[NTD: counsel, please indicate the appropriate form of corporate entity]* under the laws of the Province of British Columbia and the Government of Canada, as applicable, and according to the records of the ◆ BC Registrar of Companies/Corporations Canada *[NTD: counsel, please indicate the appropriate entity]*, is in good standing with respect to the filing of annual reports under the ◆ *Societies Act, Business Corporations Act (British Columbia)/Business Corporations Act (Canada)/Canada Corporations Act/Not-for-profit Corporations Act (Canada)/Cooperatives Act (Canada)*. *[NTD: counsel, please indicate the appropriate Act]*

Power and Capacity

- 2.2. The Borrower has full power and capacity to borrow money and grant security therefore, and, in particular, to borrow funds representing the Loan and secure the Loan by the Security Documents, and has the power and capacity to observe and perform the covenants set out in the Security Documents.

Authorization, Execution and Delivery

- 2.3. All necessary action has been taken to authorize the execution and delivery by the Borrower of each of the Security Documents and the performance by the Borrower of its obligations under each of the Security Documents.
- 2.4. A special resolution approving the borrowing from the Lender by the Borrower and the granting of security therefor has been duly authorized by the members of the Borrower in accordance with the Constating Documents of the Borrower.

[NTD: counsel, please include section 2.4 only if the Borrower is a society and is required to pass a special resolution pursuant to its Constatng Documents or replace 2.4 with the following:

“There is no requirement for the Borrower to pass a special resolution pursuant to the Constatng Documents of the Borrower in order to validate the authorization, execution and delivery of the Security Documents.”]

<@>[NTD: Alternate section 2.4 to be inserted only if: (a) the Borrower is not a society; or (b) counsel can confirm a special resolution approving the borrowing and the granting of the security therefor is not required upon counsel’s review of the Borrower’s Constatng Documents:

2.4. A special resolution approving the borrowing from the Lender by the Borrower and the granting of security therefor is not required pursuant to the Borrower’s constitution or bylaws.]

- 2.5. Each of the Security Documents has been duly executed and delivered by the Borrower.
- 2.6. The authorization, execution and delivery of the Security Documents by the Borrower does not breach or result in a default under:
- (a) the Constatng Documents of the Borrower;
 - (b) any law, statute, rule or regulation to which the Borrower is subject; or
 - (c) to the best of our knowledge, any judgment, decree, ruling or order to which the Borrower is subject or any agreement to which it is party or by which it is bound.

Transition Application

- 2.7. The Borrower has filed a transition application with the Registrar in accordance with *the Societies Act*, which transition application has been accepted for registration by the Registrar. ***[NTD: to be inserted only if the Borrower is a Society and has filed its transition application with the Registrar]***

Yours truly,

LANDLORD ESTOPPEL CERTIFICATE AND ACKNOWLEDGEMENT OF NOTICE

To: **British Columbia Housing Management Commission** (the "Lender")

Re: **«Borrower_Name»** (the "Lessee")

PID 123-123-123 Block B Range 6 LMP 65478

(the "Property")

This certificate is given to you in connection with your mortgage from the Lessee. **«Landlord»** (the "Lessor") confirms, acknowledges and certifies to you as follows:

1. The Lessee holds a lease (the "Lease") of the Property from the Lessor.
2. The rent due under the Lease will be paid in full the earlier of the interest adjustment date or occupancy of the Property.
3. The Lease is in full force and effect, has not been cancelled or surrendered, and has not been modified or amended since its execution except as follows:
4. To the best information and belief of the maker of the statements contained in this document, the Lessee and the Lessor are not in default under any provision of this Lease except as follows:
5. The Lessor consents to the Lessee granting a mortgage of the Lease to the Lender and acknowledges that in accordance with the Lease the Lessor has received from the Lender a copy of the mortgage of Lease and notice of the Lender's address for notice under the Lease. For greater certainty, the notices, demands and requests which may or are required to be given to the Lender pursuant to the Lease shall be in writing and shall be sufficiently given if served personally upon the Lender or an executive officer of the Lender or mailed prepaid and double registered and addressed to: British Columbia Housing Management Commission, #1701 - 4555 Kingsway, Burnaby, BC V5H 4V8, or such other address as the Lender may from time to time advise by notice in writing.

DATED at _____, British Columbia, this ____ day of _____, 20__.

«LANDLORD»

Per:

BY COURIER

File: «File»/«PR»/«BU»

British Columbia Housing Management Commission
1701 - 4555 Kingsway
Burnaby, BC
V5H 4V8

Attention: Legal Services

Dear Officers:

**Re: «Borrower_Name» (the "Borrower");
leasehold interest in «Property_Address», «Property_City», BC (the "Property");
Mortgage in Favour of British Columbia Housing Management Commission
("BCHMC")**

In connection with the above-described Borrower, we advise as follows:

1. The Mortgage

The Borrower has executed a mortgage (the "Mortgage") in your favour in the form required by you to secure the principal sum and interest. The Mortgage charges the «tenure» interest of the Borrower in those lands and premises described below (the "Lands and Premises").

2. Mortgage Particulars

The Mortgage contains the following particulars:

Principal Amount: Not exceeding «Loan_Amount»

Interest Rate: As set out in the Mortgage.

Date of Mortgage: _____

Legal Description of the Lands and Premises:

«PID_Legal_Description»

3. Registration at the Land Title Office

The lease in favour of the Borrower (the "Lease") was tendered for registration in the Vancouver Land Title Office on _____ under No. _____.

The Section 219 and HPA Covenants (collectively the "Covenant") were tendered for registration in the Vancouver Land Title Office on _____ under No. _____ and _____ respectively.

The Option to Purchase in favour of Provincial Rental Housing Corporation ("PRHC") was tendered for registration in the Vancouver Land Title Office on _____ under No. _____.

The Mortgage was tendered for registration in the «LTO» Land Title Office on _____ (the "Registration Date") under No. _____.

Based on our agent's searches conducted at the Land Title Office on the Registration Date, the Lands and Premises were subject to the following **list of notations, charges and encumbrances (in chronological order)**:

We expect that the Mortgage will be registered in the ordinary course of Land Title Office routine effective as of the Registration Date, and we are of the opinion that upon such registration, the Mortgage will constitute a valid «mortgage_ranking» registered charge of the Borrower's leasehold interest in the Lands and Premises, subject to the prior registered charges and encumbrances described above (none of which constitute a defect in title in accordance with guidelines from Canada Mortgage and Housing Corporation).

*** We have made arrangements to discharge the Existing Mortgage, if any. When we receive discharge particulars of the Existing Mortgage from the solicitors of the Borrower, we will request a State of Title Certificate.

This title opinion is to be read subject to:

- a. all statutory limitations or provisions relating to the ownership of and title to lands in the Province of British Columbia generally, including the provisions of the Land Title Act, the Land Act, the Agricultural Land Commission Act and the Strata Property Act;
- b. any statutory liens or charges having priority; and,
- c. all applicable taxation, bankruptcy and insolvency legislation and laws affecting the rights of creditors generally.

4. Taxes

Based on information received from _____, we advise that real property taxes for the Lands and Premises have been paid for the period ending _____.

5. Reliance Upon Borrower's Solicitors

The Borrower's solicitor has provided us with an opinion in a form which is satisfactory to us with respect to the Borrower's corporate status, its capacity to execute the Mortgage, the authority of its signing officers and the valid authorization, execution and delivery of the Mortgage.

6. Enclosures

We enclose copies of the following for your records:

- Covenant bearing registration particulars and an originally signed copy;
- Option to Purchase bearing registration particulars and an originally signed copy;
- Mortgage bearing registration particulars and an originally signed copy;
- Title Insurance Policy _____ (inclusive of survey, gap coverages and any objectionable title defects); *[NTD: Remove if not applicable.]*
- Loan Commitment Letter with completed Schedule "B" (Order to Pay) and void cheque;
- Assignment of Project Agreements;
- Notice and Acknowledgement re. Assignment of Project Agreements;
- Certified Copy of Resolution of the Directors of the Borrower;
- Statutory Declaration;
- Operating Agreement
- Opinion Letter of the solicitor for the Borrower;
- Property tax information;
- Insurance binder and Certificate of Insurance;
- Copy of the Lease (if applicable);
- Copy of the Landlord Estoppel Certificate *[NTD: Remove if not applicable].*

7. State of Title Certificate

On the Registration Date ******OR** After discharge of the Existing Mortgage we [will] order(ed) a State of Title Certificate confirming registration of the Mortgage and we will forward it to you upon receipt by us.

We trust you will find the foregoing in order.

Yours truly,

Per:

Encl.

c: «Author», BCHMC