

Community Real Estate
183 Terminal Avenue
Vancouver, BC V6A 4G2
Please reply to: James Graham
Direct Line: 604.877.7569
FAX: 604.709.5839

September 16, 2024

Capital Region Housing Corporation
631 Fisgard Street,
Victoria, B.C. V8W 1R7

ATTENTION: Mr. Nathaniel Morbey, Senior Financial Advisor, Regional Housing

Dear Sir:

RE: Replacement of the Collateral Security for the First Mortgage Financing of “Vergo”, an 18-unit residential rental townhouse complex located at 3808 Carey Road, Saanich, B.C.

Please be advised that Vancouver City Savings Credit Union has approved this amending letter agreement (the “**Amendment**”) to the commitment letter dated July 5, 2012, approved by the Borrower on July 10, 2012, (which commitment letter together with all attached Schedules thereto and renewal letters in respect thereof is referred to as the “**Original Commitment Letter**”, and collectively with this Amendment is the “**Commitment Letter**” for all other references in the Original Commitment Letter and the Amendment as applicable).

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Original Commitment Letter.

The Original Commitment Letter is amended as follows:

4. Collateral Property:

A collateral 2nd mortgage charge in the amount of \$1,250,000 will be registered over land and premises situate at 1132 Johnson Street, Victoria, B.C. (the “Collateral Property”), a 38 unit residential development known as “Village on the Green”.

the above shall be deleted and replaced by:

The collateral 2nd mortgage charge in the amount of \$1,250,000 registered over land and premises situate at 1132 Johnson Street, Victoria, B.C. (the “Collateral Property”) shall be discharged and replaced by a collateral 1st mortgage charge in the amount of \$1,250,000 registered over land and premises situate at 210 Island Highway, View Royal, B.C., a 17-unit residential rental townhouse development known as “Portage Place” (the “New Collateral Property”).

11. Legal Description:

Lot A, Plan 40972 Victoria Land District OF LOTS 1029/1030/1031/1032/1040/1041 and 1042. PID 000-417-971 (for the Collateral Property).

the above shall be deleted and replaced by:

Lot F, Section 3, Esquimalt District, Plan 13732 [PID 000-007-269] (for the New Collateral Property)



12. Security:

Registered \$1,250,000 collateral mortgage creating a second fixed financial charge over all the legal and beneficial fee simple interest the Collateral Property, together with a secondary Assignment of Rents and secondary GSA, subject only to a Citizens/Vancity first fixed financial charge not greater than \$2,450,000. No registered subsequent debt is permitted on title without Citizen's prior written consent.

and;

The subject mortgage and the existing \$2,450,000 mortgage over the Collateral Property and the Existing Collateral Property are to be cross-defaulted.

and;

Full replacement cost "all risk" insurance including business interruption and flood/earthquake coverage, indicating Vancity as first loss payee and mortgagee under a Standard Mortgage Clause, together with liability coverage at least equal in scope to a Commercial General Liability form, and in the minimum amount of \$5,000,000 per occurrence.

the above shall be deleted and replaced by:

Registered \$1,250,000 collateral mortgage creating a first fixed financial charge over all the legal and beneficial fee simple interest in the New Collateral Property, together with an Assignment of Rents and Site-Specific Security Agreement in respect of the New Collateral Property. No registered subsequent debt is permitted on title without the Lender's prior written consent.

and;

Evidence of insurance on the Property and New Collateral Property in accordance with the Lender's insurance requirements as set in the attached Schedule "A".

SCHEDULE "A":

Schedule "A" hereto shall be added to and form part of the Commitment Letter.

CONDITIONS PRECEDENT TO THIS AMENDMENT:

- a) Security documentation and resolutions, approved by the Lender's solicitors, and registered where required.
- b) Insurance policy review for both the Property and New Collateral Property by the Lender's consultant.
- c) Receipt by the Lender of an Amendment Fee of \$1,000.
- d) Satisfaction of all conditions set out in Schedule "A".

THE LENDER'S SOLICITORS:

Leslie Tucker, Koffman Kalef LLP
Phone No.: 604-891-3611 Fax No.: 604-891-3788 Email: lat@kkbl.com

All other representations, terms, agreements and conditions set forth in the Original Commitment Letter not amended herein remain the same and are in full force and effect.

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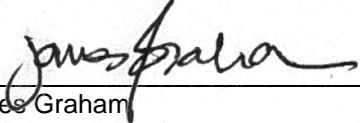
This Amendment may be executed in any number of counterparts, each of which will constitute an original, but all of which together will constitute one and the same document, and as such will not affect the obligations of the parties under this Amendment.

Time remains of the essence.

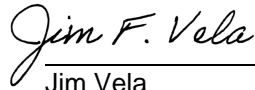
Yours very truly,

VANCOUVER CITY SAVINGS CREDIT UNION

by its authorized signatories



James Graham
Senior Account Manager
Community Real Estate



Jim Vela
Manager
Community Real Estate



BORROWER'S ACCEPTANCE

Agreed and accepted this _____ day of September 2024.

BORROWER:

Capital Region Housing Corporation

By its authorized signatories

Name/Title:

Name/Title:

Please provide the Borrower's solicitor contact information:

Name:	
Law Firm:	
Address:	
Phone Number:	



SCHEDULE "A" - FURTHER TERMS AND CONDITIONS

A. Disbursement of Funds:

Not Applicable.

B. Appraisal:

Not Applicable.

C. Survey:

Not Applicable.

D. Insurance:

Property:

It is a condition of the Commitment Letter and the advance of the Loan that the Borrower insure or cause the Property and New Collateral Property to be insured, and keep insured for its full insurable "replacement value/cost" without deduction for foundations and footings, on an all-risk or broad form basis with extended risks including flood, earthquake, sewer back-up coverage, by-law extensions, loss of rental income coverage (minimum 12 month period of indemnity), without any "same or adjacent site" restriction. There must either be a Stated Amount clause to waive the coinsurance condition or confirmation that there is no coinsurance applicable to the building(s).

Boiler & Machinery:

Boiler & Machinery coverage on a comprehensive repair or replacement cost basis and including By-law extensions and rental income coverage with a minimum 12-month period of indemnity, or such other period of indemnity as may be reasonably required by the Lender.

Liability:

Commercial General Liability coverage in a minimum amount of \$10,000,000 per occurrence must be in place. The foregoing liability insurance may be satisfied by a combination of primary, umbrella or excess policies. The Liability policy must show the Lender as an "Additional Insured".

General:

Signed Certificates of Insurance or Signed Binders of Insurance will suffice as satisfactory evidence of insurance at time of funding the Loan. A certified copy of insurance (the "Policy") shall be supplied to the Lender as soon as it is available from the insurers.

The Policy shall remain in full force and effect throughout the Term of the Loan, or any renewal thereof. The Policy must be satisfactory to the Lender and its insurance consultant. The cost of the insurance review will be for the sole account of the Borrower.

The Policy must show the Lender as first loss payee and mortgagee, include a Standard Mortgage Clause, and shall provide at least 30 days prior written notice of cancellation to the Lender, except for non-payment when statutory conditions may apply. The Policy shall be permitted to contain reasonable deductibles.

The insurance requirements contained herein are a minimum guide and in no way represents an opinion as to the full scope of insurance coverage a prudent Borrower would arrange to adequately protect its interest, and/or the interests of the Lender. The Lender may require the Borrower to obtain additional insurance coverage, acting reasonably. The Lender reserves the right to require an updated insurance consultant review at time of Loan renewal or every 5 years, whichever is earlier.

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E. Property Taxes:

If applicable, property taxes shall be in a current position at the time of the initial loan advance. The Borrower agrees to provide the Lender with a paid receipted tax bill by August 1st of each calendar year. The Lender reserves the right to collect 1/12th of the estimated annual property taxes with the regular monthly payment of principal and interest.

F. Sale of Property:

The whole of the amount outstanding on the Loan, including interest, shall be due and payable at the option of the Lender if the Borrower sells, agrees to sell, transfers, or otherwise disposes of its interest in the Property or the New Collateral Property.

G. Change of Control of the Borrower:

If the Borrower is a corporation, the whole of the amount outstanding on the Loan, including interest shall be due and payable, at the option of the Lender, if there is in the opinion of the Lender, an effective change of control of the Borrower after the date hereof.

H. Prohibited Businesses

The Borrower shall not operate, nor allow any tenant to operate a business on the Property or the New Collateral Property that:

- a) is sexually exploitive or that is inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; or
- b) is engaged in or associated with illegal activities.

I. Cancellation:

The Lender may cancel this Commitment Letter if:

- a) there is in the opinion of the Lender, acting reasonably, a material adverse change in the risk to the Lender; or
- b) the Borrower, or any agent of the Borrower, or any officer or director of the Borrower if the Borrower is a corporation, shall have made any material misrepresentation in connection with the Loan, or in the application for the Loan; or
- c) the Conditions Precedent have not been satisfied (or waived by the Lender) and the Loan has not been advanced within **60 days** of the date of this Commitment Letter.

J. Documentation:

The preparation of all Security and any other documentation in connection with the Loan, including registration thereof, shall be done by the solicitors for the Lender. Prior to any advance under the Loan, the Lender's solicitors must be satisfied that the applicable constating documents of the Borrower permit the mortgage transaction and the grant of Security.

K. Solicitor's Opinion:

The whole of these arrangements shall be subject to the solicitors for the Lender being satisfied as to the title of the Property and the New Collateral Property, the form and content of the Security documents, the corporate status of the Borrower if the Borrower is a corporation, and as to all legal matters pertaining to the Loan and compliance with the conditions herein, subject always to the right of the solicitors for the Lender to require an opinion from the solicitors for the Borrower pertaining to any of the aforesaid.



L. Joint Obligations:

If the Borrower is comprised of more than one person, the obligations of the Borrower herein shall be joint and several obligations of all and each of the persons comprising the Borrower, and every reference to the Borrower shall be deemed to be a reference to all and each of the persons comprising the Borrower.

M. No Assignment:

The Commitment Letter may not be transferred or assigned by the Borrower.

N. Non-merger:

Neither the execution nor registration of the mortgage nor the advance of the Loan or any part thereof will relieve the Borrower from any obligation or conditions herein. If the provisions of the mortgage or any other documents executed pursuant hereto conflict with the provisions hereof, the provisions of the mortgage or other document shall prevail.

O. Commencement of Interest Computation:

Interest on the Loan shall commence to accrue as and from the day the proceeds of the Loan are forwarded to the solicitors for the Lender, notwithstanding that the proceeds may not actually be received by the Borrower on that day.

P. Independent Legal Advice:

Independent legal advice is required in all cases where there is a Covenantor(s) involved in the Loan unless the Lender's solicitors are satisfied that independent legal advice is not necessary.

Q. Hazardous Substances Indemnity:

In addition to any liability imposed on the Borrower under any instrument evidencing or securing the Loan indebtedness, the Borrower shall be liable for any and all of the Lender's costs, expenses, damages or liabilities, including, without limitation, all reasonable attorney's fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property or the New Collateral Property of any hazardous or noxious substances, and such liability shall be evidenced in a manner satisfactory and sufficient in the opinion of the Lender and its counsel, to survive foreclosure of its mortgage or a deed in lieu thereof or any exercise by the Lender of any remedies available to it for any default under the mortgage Loan.

R. Annual Reporting Requirements:

The Lender performs an "Annual Review" on each commercial loan in its portfolio. As such, upon written request by the Lender, the Borrower will provide updated information each year during the Term of the Loan including, but not limited to, financial statements, tenancy schedule, lease(s), and confirmation of adequate insurance coverage and payment of property taxes. For greater certainty, non-compliance of this section shall be deemed an Event of Default under the Commitment Letter and the Security.

S. Outstanding Work Orders:

There shall be no outstanding work orders/deficiencies affecting the Property or the New Collateral Property during the Term.

T. Syndication:

The Lender shall have the right to syndicate, sell, assign or transfer all or any portion of the Loan in its sole discretion, whether directly or by way of securitization (each person to whom the Loan is so syndicated, sold, assigned or transferred, a "Participant"). The Borrower and Covenantor(s), as applicable, (i) hereby authorize the Lender to release any information in the Lender's file regarding the Borrower and Covenantor(s), as applicable, to a potential Participant, and (ii) shall enter into such



agreement with the Lender and each such Participant as the Lender may request at any time and from time to time in connection with any such syndication, sale or assignment.

U. Lender's Role:

Nothing contained in this Commitment Letter or any related documentation shall in any way be deemed to be or be construed as creating the relationship of joint venturers, partners, or co-venturers between the Borrower on one part and the Lender or any Participant on the other part.

V. Broker's Role:

It is acknowledged by the Borrower and the Lender that any broker or agency through which this Commitment Letter is transmitted, as applicable under the circumstances, is an independent professional. As such, the broker's role is one of facilitation and provision of advice and service to the Borrower. Fees for these brokerage services are the Borrower's sole responsibility, settlement of which may be considered a precondition to any advance of funds by the Lender.

W. Protection of Personal Information:

The Borrower and Covenantor(s), as applicable, hereby agree that the Lender and any Participant may collect, use, and disclose personal information. The Lender is committed to ensuring the accuracy, confidentiality, and integrity of personal information. The Lender and any Participant may collect, use, and disclose personal information only for the specific purposes of arranging the transaction as contemplated in Section T above, offering financial products and services, ensuring a high standard of service, meeting regulatory and legal requirements, managing and transferring the Lender's assets and liabilities, and verifying identity.

The Lender and any Participant may collect personal information through product and service arrangements made with the Lender, from credit bureaus and other financial institutions, and from any references provided to the Lender. The Lender and any Participant may share the information with credit bureaus, other financial institutions, its employees and business partners, but only as needed to provide the Borrower and Covenantors(s) with products and services. Please note that certain business partners of the Lender or a Participant may be subject to the laws and regulations of other jurisdictions or countries. Only in exceptional circumstances will the Lender disclose information without consent, and only as permitted or required by law. The Lender will not sell information to third parties.

The Lender may share personal information within the Vancity Group of Companies to manage the full relationship, including marketing products and services that may be of interest. At any time, the Borrower and Covenantor(s) can opt out of receiving marketing offers from the Lender or limit the information that is shared for marketing purposes within the Vancity Group of Companies. The Lender has a Corporate Privacy Office which can be contacted at 604-877-8479 or by email at privacy@vancity.com.

X. Credit Report(s):

The Borrower and each Covenantor consent to the Lender obtaining from any credit reporting agency or from any person such information as the Lender may require at any time, and consents to the disclosure at any time of any information concerning the Borrower and any Covenantor to a potential Participant or any credit grantor with whom the Borrower and any Covenantor has financial relations or to any credit reporting agency.

Y. Expenses:

All expenses associated with this Commitment Letter including, but not limited to, legal, appraisal, environmental, inspection, survey and insurance, are for the Borrower's account. The Borrower is solely responsible for the settlement of all expenses whether or not the legal documentation is completed, or any funds are advanced hereunder. At the discretion of the Lender, any unpaid expenses may be deducted from the proceeds of the Loan advance(s).

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Z. Ethical Principles:

Vancity is a financial co-operative with a vision to redefine wealth and is committed to being a social, environmental, and ethical leader. Vancity strives to enhance long-term Borrower and community well-being. Vancity also seeks to work with organizations that demonstrate alignment with Vancity's guiding Ethical Principles for Business Relationships:

- Accountable and sustainable business leadership that engages in cooperative principles and practices.
- Economic and social inclusion for all people.
- Strong and resilient communities.
- Environmental and sustainability leadership.

AA. Counterparts:

The Commitment Letter may be signed in any number of counterparts and, if so executed, each such counterpart shall be deemed to be an original, but all such counterparts shall be read and construed together as if they constituted one original.

BB. Time of Essence:

Time shall be of the essence of the Commitment Letter.



SCHEDULE "B" - INSURANCE BROKER CONTACT AND CONSENT FORM

Please provide the following information by forwarding a completed copy of this form to the Lender along with the accepted Commitment letter:

BORROWER: Capital Region Housing Corporation

SUBJECT PROPERTY ADDRESS:

Property: 3808 Carey Road, Saanich, B.C.

Collateral Property: 210 Island Highway, View Royal, B.C.

INSURANCE BROKER: _____

CONTACT PERSON: _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

I/We hereby authorize the above noted Insurance Broker to release the insurance information required by Vancouver City Savings Credit Union and their insurance consultant for this transaction.

BORROWER:

Capital Region Housing Corporation

By its authorized signatories

Name/Title:

Name/Title: