

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

3. Loan Amount

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

4. Term

«Term» *[e.g. 35 years]*

5. Availability of Advances

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

6. Repayment

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

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

7. Interest Rate

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

8. Loan Forgiveness Conditions

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

9. Repayable Mortgage

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

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

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

10. Security

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

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

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

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

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

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

OR

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

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

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

11. Conditions Precedent to the Availability of Advances

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

- (a) this Loan Commitment Letter, (including Schedule "B" Order to Pay) executed and delivered by the Borrower;
- (b) the Security Documents completed and, where necessary, registered at all appropriate registration offices;
- (c) the discharge of Mortgage _____ and Assignment of Rents _____ and related Personal Property Security Act ("PPSA") security agreement registration and the discharge of Mortgage _____ and Assignment of Rents _____ and related PPSA security agreement registration, by way of solicitor's undertakings satisfactory to BCHMC's solicitors, acting reasonably; ***[NTD: Applicable if there are existing mortgage and AOR in favour of a third party. Remove if not applicable]***
- (d) the Contribution Agreement, executed and delivered by the Borrower;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Conditions of Loan

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

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

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

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

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

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

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

13. GST Rebates and Input Tax Credits

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

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

14. Representations and Warranties

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

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

- 14.3. this Loan Commitment Letter and the Security Documents, as may be applicable, constitute or will constitute, upon execution and delivery by the Borrower, valid and binding obligations and are or will be enforceable against the Borrower in accordance with their respective terms;
- 14.4. the execution of this Loan Commitment Letter and the Security Documents, as may be applicable, and the incurring of liability and indebtedness to BCHMC in accordance with this Loan Commitment Letter does not and will not contravene:
 - (a) any Legal Requirements of a government authority;
 - (b) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it is a party; or
 - (c) the constating documents or bylaw documents, as applicable, of the Borrower;
- 14.5. all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Loan and the execution and delivery of the Security Documents;
- 14.6. all financial and other information, budgets, timetables, certificates, plans, specifications and other material provided to BCHMC in connection with the Loan are true and accurate, and the Borrower acknowledges that the Loan is made by BCHMC in reliance on the truth and accuracy of such information and the representations and warranties contained therein;
- 14.7. at Project Completion, all utilities and services necessary for the development and construction of the Project and the operation and use thereof for its intended purpose (including, without limitation, water supply, storm and sanitary sewer, gas, electricity, and telephone facilities) will be installed, connected and available to the Property, and there will be no legal or physical impediments to pedestrian and vehicular access and egress to the Property; and
- 14.8. no Event of Default has occurred and is continuing.

15. Hazardous Substances

- 15.1. To the best of the knowledge of the Borrower, having made due and diligent inquiry, no Hazardous Substance is located on any part of the Property, nor, so far as any of them is aware, due and diligent inquiry having been made, have any such substances been stored or used on the Property prior to the Borrower's ownership, possession or control of the Property. The Borrower agrees to provide written notice to BCHMC immediately upon the Borrower becoming aware that the Property is being or has been contaminated with any Hazardous Substance. The Borrower will not permit any activities on the Property which directly or indirectly could result in the Property or any other property being contaminated with any Hazardous Substance.

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

16. Events of Default

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

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

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

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

17. Taxes

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

18. Insurance

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

19. Builders Liens

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

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

20. Assignment

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

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

21. Authorization to Invest

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

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

22. Equity Contribution by BCHMC

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

23. Communications and Event Protocols

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

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

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

24. General Provisions

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

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

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

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

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

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

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

«BCH Solicitor Firm»

Attention: «BCH Solicitor»

25. Lapse and Cancellation

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

[Remainder of this page has been intentionally left blank]

SAMPLE

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

Yours very truly,

British Columbia Housing Management Commission

Pooi Ching Siew
Director, Lending Services

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

THE BORROWER:

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

Name:
Title:

Name:
Title:

\«initial»

c «Development_Manager», «Dept», BCHMC

Schedule "A"

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

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

1. "All Risks" Builders' Risk Policy:

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

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

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

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

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

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

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

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

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

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

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

NOTE:

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

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



CERTIFICATE OF INSURANCE

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

Part 1 To be completed by BC Housing

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

Contractor/Society Information

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

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

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

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

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

Part 1 To be completed by BC Housing

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

Contractor/Society Information

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

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

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

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

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

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

Schedule "B"
Order To Pay

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

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

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

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

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

Bank Account in the name of: _____

Name of banking Institution: _____

Address (include postal code) of banking Institution: _____

Account Number: _____

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

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

Name:
Title:

Name:
Title:

SAMPLE

Schedule “C”

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“PDF Loan” means a predevelopment funding loan;

PRHC” means Provincial Rental Housing Corporation;

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

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

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

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

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

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

Schedule “D”

Mandatory Construction Contract Terms

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

Compliance with Applicable Laws

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

Approval of Subcontractors

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

Applications for Payment

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

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

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

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

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

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

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

Hazardous Substances

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

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

Deficiencies at Substantial Performance

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

Final Payment

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

Builders' Liens

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

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

Delay

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

Unremedied «Borrower_Name» Default

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

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

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

Remedial Rights of «Borrower_Name»

If at any time:

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

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

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

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

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

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

Step-In Rights of BCHMC

Upon the occurrence of any of the following:

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

(each a “**Step-In Trigger**”)

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

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

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

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

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

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

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

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

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

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

Compensation for Step-In Rights

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

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

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

Limitation of Liability for Step-In Rights

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

Assignment

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