

File: «File»/«Proj\_Ref»/«BU»

«LCL\_Date»

«Not\_for\_Profit»

«Mailing\_Address»

«City», BC, «Postcode»

Dear Sir or Madam:

Re: Loan Commitment Letter

Forgivable Mortgage charging the «Mortgaged\_Interest» interest of «Not\_for\_Profit» in  
«Civic\_Address»

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British Columbia Housing Management Commission (“**BCHMC**”) is pleased to confirm that it will make available to «Not\_for\_Profit» a «Mortgage\_Ranking\_» priority forgivable mortgage loan for the capital improvement of a «**No\_of\_Units**» unit project (the “**Project**”) on the following lands and premises, subject to the terms and conditions contained in this Loan Commitment Letter, and subject to all legal matters and documentation being to the complete satisfaction of BCHMC and its solicitors:

Civic Address:

Legal Description:

«Civic\_Address»

PID «PID» «Legal\_Description»

(the “**Property**”).1. Borrower«Not\_for\_Profit» (the “**Borrower**”).2. Schedules

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

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

3. Loan Amount

- 3.1. Demand non-revolving loan of «**Loan**» (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

10 years from the Commencement Date.

5. Availability of Advances

- 5.1. So long as there are no Events of Default which are continuing and upon satisfaction of the conditions precedent to the availability of advances set out in Section 10 below, the Loan will be made available to the Borrower by way of direct advances from time to time but not more frequently than once per month and on a work in place and cost expended basis.
- 5.2. The First Advance must be made on or before «First\_Advance\_date».
- 5.3. 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 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.
- 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.

8. Loan Forgiveness Conditions

The financial assistance is available exclusively to the Borrower for the capital improvement 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 1/10 each year, commencing on the first anniversary of the Commencement Date, until the Loan is completely forgiven.

9. 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 (the "Security Documents") completed and, where necessary, registered in a form and manner satisfactory to BCHMC and its solicitors:

- 9.1. borrowing resolution from the Borrower;
- 9.2. special resolution of the members of the Borrower (if required by the Borrower's Constitution or Bylaws);
- 9.3. a section 219 covenant in favour of BCHMC charging the interest of the Borrower to the Property;
- 9.4. «Loan» «Mortgage\_Ranking\_» priority mortgage from the Borrower in favour of BCHMC charging the interest of the Borrower to the Property;

- 9.5. 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, 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 9.5(a) and (b) above;
- 9.6. if the Borrower's interest in the Property is leasehold, estoppel certificate from the landlord of the Property; and
- 9.7. all such other certificates, documents, opinions, priority agreements and consents as BCHMC or its solicitors reasonably require.

10. Conditions Precedent to the Availability of Advances

- 10.1. 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, executed and delivered by the Borrower;
  - (b) the Security Documents completed and, where necessary, registered at all appropriate registration offices;
  - (c) if applicable, the Operating Agreement, executed and delivered by the Borrower;
  - (d) confirmation of insurance arranged by the Borrower conforming to BCHMC's requirements as specified in this Loan Commitment Letter under the heading "Insurance" below;
  - (e) 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;
  - (f) 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 or 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;
- (g) if the Borrower's interest in the Property is leasehold, a copy of the fully executed lease;
- (h) copies of all drawings and specifications for the capital improvement of the Project;
- (i) copies of all municipal building permits and all other approvals by regulatory authorities required for the capital improvement of the Project;
- (j) detailed cost and capital improvement budget and timetable, which will, among other things, confirm the capital costs for the Project for the estimated «**No\_of\_months\_to\_complete**» month capital improvement period is not greater than «**Loan**»;
- (k) waste management plan worksheet and waste diversion target;
- (l) evidence that all property taxes with respect to the Property have been paid in full;
- (m) 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;
- (n) 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;
- (o) 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 (2003) Performance Bond", as the form may be amended or replaced from time to time;

- (p) 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 (2003) Labour and Material Payment Bond”, as the form may be amended or replaced from time to time;
- (q) 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;
- (r) if applicable, confirmation from CRA if the Borrower is registered as a charitable organization or designated as a municipality for the purposes of tax and other rebates; and

10.2. 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 10.1 above, BCHMC will have received at least ten (10) 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 capital improvement work 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.

11. Conditions of Loan

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

11.1. 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) 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 located on the Property or used for the Project;
  - (f) 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
  - (g) 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;
- 11.2. at milestones predetermined by BCHMC, the Borrower's representative appointed by both BCHMC and the Borrower as the prime consultant 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 capital improvement for the Project; and
- 11.3. the Borrower's representative appointed by both BCHMC and the Borrower as prime consultant:
- (a) 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;
  - (b) 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;
  - (c) will provide copies of all plans, specifications, budgets, reports, contracts, appraisals and other information and materials regarding the Project and the Property to BCHMC, including but not limited to:
    - i. completed waste management tracking spreadsheets or monthly update tracking sheets totaling all waste for the Project;
    - ii. revised Approved Budget at milestones predetermined by BCHMC; and
    - iii. revised Project schedule on a monthly basis;

- (d) 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;
- (e) will notify BCHMC immediately of any material delay or interruption in the capital improvement of the Project or if any builders liens are filed or registered against any part of the Property;
- (f) prior to the final advance under the Loan, will provide BCHMC with a final claim form with the certificate of completion and deficiency list and the deficiency holdback amount to be retained; and

12. GST Rebates and Input Tax Credits

- 12.1. 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. A GST tax guide is available on BCHMC's website.
- 12.2. The advances from BCHMC on this project will not include the portion of GST the Borrower is entitled to claim under a rebate. The Borrower is responsible to pay the rebatable portion of GST applicable to the Project. The Borrower will not be required to pay to BCHMC any proceeds from GST rebates recovered from CRA.
- 12.3. If the Borrower is unable to fund the rebatable portion of the GST for this project, the Borrower will advise BCHMC. BCHMC will at its discretion finance and advance the GST under a promissory note. 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. 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. The Borrower will file quarterly GST returns with CRA during the course of the project.

13. Representations and Warranties

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

- 13.1. 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;

- 13.2. 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;
- 13.3. 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;
- 13.4. 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;
- 13.5. 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;
- 13.6. 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; and
- 13.7. no Event of Default has occurred and is continuing.

14. Hazardous Substances

- 14.1. 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.

14.2. 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 capital improvement, 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.

15. 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"):

15.1. 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 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;

15.2. the Borrower has an administrator or a receiver (or the equivalent in any jurisdiction) appointed in respect of it, or any of its assets, or it enters into a liquidation of its assets;

15.3. the Borrower is deemed to be insolvent or ceases to exist; or

15.4. the Borrower is in breach of any of the provisions contained in the Operating Agreement.

16. 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.

17. 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.

18. Builders Liens

18.1. 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).

18.2. 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.

19. Assignment

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

19.2. 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.

20. 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:

20.1. **Coordination** – BCHMC will lead the coordination of official announcements, groundbreaking and opening events and will ensure the Borrower is involved in the planning process and acknowledged in all materials and at all events.

20.2. **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.

20.3. **Event Date Selection** – BCHMC will work with government partners and the Borrower to schedule official event dates to coincide with the timeline of the capital improvement 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.

- 20.4. **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 first hand.
- 20.5. **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.
- 20.6. **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.
- 20.7. **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.
- 20.8. **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.
- 20.9. **Project Signs** – During the capital improvement 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 capital improvement. These signs may be removed at the time of landscaping.
- 20.10. **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.

21. General Provisions

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

- 21.1. 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.
- 21.2. 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.
- 21.3. Time of Essence – Time will be of the essence of this Loan Commitment Letter.
- 21.4. 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.
- 21.5. 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.
- 21.6. 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.

- 21.7. 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.
- 21.8. 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.
- 21.9. 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.
- 21.10. 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.
- 21.11. 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.
- 21.12. 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:

## 22. 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

Per:

Jennifer Iten, CPA  
Director of Finance

THESE TERMS AND CONDITIONS ARE HEREBY ACCEPTED THIS \_\_\_ DAY  
OF \_\_\_\_\_, 20\_\_.

THE BORROWER:

«Not\_for\_Profit», by its authorized  
signatory(ies):

\_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

cc «Project\_Technologist», Project Technologist c/o «AS\_Coordinator», «AS\_Manager»,  
BCHMC



# Schedule "A"

## Insurance Memo

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

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

#### 1. "All Risks" Builders' Risk Policy:

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

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

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

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

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

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

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

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

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

A BCHMC signed government Certificate of Insurance (form as enclosed) is required if Operating Insurance is not purchased through the Group Insurance Program with Marsh. Please ensure that all the requirements as specified in the above "Section B – Operating Insurance Requirements – items 1-9(b)" are in compliance and detailed in the attached Certificate of Insurance form. Please provide completed Certificate of Insurance to BCHMC at #1701 - 4555 Kingsway, Burnaby, B.C. V5H 4V8 (Attention: «Project\_Technologist»), 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 ( <i>BC Housing</i> )		CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.	
<b>BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION</b>		PHONE NO:	
<b>BC HOUSING CONTRACT ADMINISTRATOR</b>		FAX NO:	
NAME & TITLE			
ADDRESS		POSTAL CODE	
1701 - 4555 Kingsway Avenue, Burnaby, BC		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		
	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
<i>LOSS PAYABLE:</i>			

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

AGENT OR BROKER COMMENTS:		
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> )		<b>CONTRACT/PERMIT/LICENCE/IDENTIFICATION NO.</b>	
<b>BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION</b>		PHONE NO:	
<b>BC HOUSING CONTRACT ADMINISTRATOR</b>		FAX NO:	
NAME & TITLE			
ADDRESS 1701 - 4555 Kingsway Avenue, Burnaby, BC		POSTAL CODE V5H 4V8	
CONTRACTOR/SOCIETY NAME			
CONTRACTOR/SOCIETY ADDRESS		POSTAL CODE	

**Contractor/Society Information**

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

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

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

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

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

**Schedule "B"**  
**Order To Pay**

TO: **British Columbia Housing Management Commission** ("BCHMC")  
FROM: «Not\_for\_Profit» (the "Borrower")  
RE: Mortgage (the "Mortgage") in favour of BCHMC which charges the «Mortgaged\_Interest» interest of the Borrower in the following lands and premises: «Civic\_Address», legally described as PID «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. 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

Dated at \_\_\_\_\_, the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

«Not\_for\_Profit»,  
by its authorized signatory(ies):

\_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

## Schedule “C”

### Definitions

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

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

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

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

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

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

“**Construction Contracts**” means the construction contracts in respect of the Project entered into between the Borrower and the Contractors, which construction contracts will be in the form of CCDC 14 2013, as amended from time to time, with BCHMC’s Supplementary General Conditions;

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

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

“**Forgivable Mortgage**” means the mortgage set forth in Section 9.4 to be granted by the Borrower in favour of BCHMC;

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

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

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

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

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

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

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

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

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

## ASSIGNMENT OF PROJECT AGREEMENTS

THIS ASSIGNMENT is dated for reference «LCL\_Date»

BETWEEN:

«**Not\_for\_Profit**»  
(Inc. No. «Incorporation\_number»), of «Mailing\_Address»,  
«City», B.C. «Postcode»

(the “**Borrower**”)

OF THE FIRST PART

AND:

**BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION,**  
of Suite 1701 — 4555 Kingsway, Burnaby, B.C. V5H 4V8

(the “**Lender**”)

OF THE SECOND PART

WHEREAS:

- A. Pursuant to a loan commitment letter issued to the Borrower by the Lender dated «LCL\_Date», as the same may be amended, modified, extended or restated from time to time (collectively, the “**Loan Commitment Letter**”), the Lender has agreed to make available to the Borrower certain loans and advances in the amount of «Loan» (the “**Loan Amount**”) for the purpose of financing the project (the “**Project**”) on the lands and premises located at «Civic\_Address» and legally described as PID «PID», «Legal\_Description» (the “**Lands**”).
- B. As security for the Loan Amount, interest thereon, commitment fees, and all other fees, costs, expenses, charges and other amounts due by the Borrower which are described in the Loan Commitment Letter, the Borrower has granted a mortgage to the Lender (the “**Mortgage**”) which charges the Lands.
- C. As a condition precedent to advances of the Loan Amount, the Borrower has agreed to assign to the Lender as additional collateral security, the benefits of any applicable development, zoning, land use and building permissions, exemptions and authorizations and all designs, diagrams, engineering certificates, surveys, drawings, plans and specifications, performance bonds and labour and material payment bonds relating to the Project (collectively the “**Collateral**”) and all contracts and agreements, including, without limitation, service or material supply contracts, relating to the development and construction of the Project (collectively the “**Contracts**” and the parties thereto, are collectively the “**Contractors**”).

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

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



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

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

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

16. The expressions the “Borrower” and the “Lender” wherever used in these presents shall include and this Assignment shall be binding upon and enure to the benefit of the successors and assigns of the Borrower and the Lender respectively. Wherever the singular or masculine is used throughout this Assignment the same shall be construed as meaning the plural or the feminine or body corporate or politic wherever the context or the parties hereto so require.
17. This Assignment shall be governed by and constructed in accordance with the laws of the Province of British Columbia.

*[Remainder of page intentionally left blank]*

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

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

«**Not\_for\_Profit**», by its authorized  
signatory(ies):

\_\_\_\_\_  
Name:

Title:

\_\_\_\_\_  
Name:

Title:

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

\_\_\_\_\_  
Name:

Title:

SAMPLE

**«Not\_for\_Profit»**  
(the "Borrower")  
CERTIFIED COPY OF

RESOLUTION OF DIRECTORS

"WHEREAS the Borrower is or will be the registered owner of the property at «Civic\_Address» legally described as **PID «PID» «Legal\_Description»** (collectively the "Property") (the "Project") under the British Columbia Housing Management Commission ("BCHMC") Capital Renewal Funding Program and

WHEREAS the Borrower needs to borrow money in order to facilitate the renovation and/or repair of the Project;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of «Loan» by way of a forgivable loan secured by a mortgage as required to facilitate of the Project in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by BCHMC or the lender of the monies, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a mortgage and affordable housing agreement (if applicable); and
3. Any two officers or directors of the Borrower for and on behalf of the Borrower be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of BCHMC or the lender of the monies."

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

WITNESS my hand this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Secretary or President)

STATUTORY DECLARATION  
CANADA  
PROVINCE OF BRITISH COLUMBIA  
IN THE MATTER OF

Representations made by «**Not for Profit**» (the "Borrower") to British Columbia Housing Management Commission (the "Lender") relating to advances of money by the Lender in connection with those lands described as PID «**PID**» «**Legal Description**»

I, (Name) \_\_\_\_\_, (Position) \_\_\_\_\_ of «**Not for Profit**», DO SOLEMNLY DECLARE that:

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

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

NAME & TITLE(S)

NAME & TITLE(S)

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
SIGNATURE

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

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

DECLARED before me at the \_\_\_\_\_ of \_\_\_\_\_  
in the Province of British  
Columbia, this \_\_\_\_ day of  
\_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
A Commissioner for taking Affidavits for British Columbia

LANDLORD ESTOPPEL CERTIFICATE AND ACKNOWLEDGEMENT OF NOTICE

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

Re: «Not\_for\_Profit» (the “**Lessee**”)

PID «PID» «Legal\_Description» (the “**Property**”)

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

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

DATED at \_\_\_\_\_, British Columbia, this \_\_\_ day of \_\_\_\_\_, 20\_\_.

«LANDLORD»

Per:

\_\_\_\_\_  
\_\_\_\_\_

LANDLORD'S CERTIFICATE

To: «Not\_for\_Profit» (the “**Lessee**”)

Re: Lease (the “**Lease**”) granted by the City of Vancouver (the “**Lessor**”) to the Lessee of lands and premises particularly known as PID «PID» «Legal\_Description» (the “**Property**”)

This certificate is given to you pursuant to section 26.01 of the Standard Charge Terms of the Lease. The Lessor confirms, acknowledges and certifies to you as follows:

1. the Lease is unmodified and in full force and effect;
2. the net basic rent of \$ \_\_\_\_\_ has been paid or will become due and owing on the earlier of:
  - (a) the interest adjustment date;
  - (b) ninety (90) days following the issuance of an unconditional occupancy permit for occupation of the buildings pursuant to development permit number \_\_\_\_\_; and
  - (c) that date immediately preceding the expiration of the period of one year from the date of registration of the Lease in the Land Title Office.
3. that to the best of the maker of this statement's information and belief, the Lessor and the Lessee are not in default under the provisions of the Lease.

DATED at Vancouver, British Columbia, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

CITY OF VANCOUVER

Per:

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

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

AND TO: The Lender's Solicitors

Dear Sir or Madam:

RE: **«Not\_for\_Profit» (the “Borrower”)**  
**«Civic\_Address»** legally described as **PID «PID» «Legal\_Description»**  
**(the “Property”)**

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

19. REVIEW

19.1. We have examined the following documentation executed by the Borrower in favour of the Lender each of which is dated ♦, 201♦, unless otherwise indicated:

- (a) a loan commitment letter;
- (b) Form B mortgage; and
- (c) any and all such further and other security required by the Lender,  
(collectively, the “Security Documents”).

19.2. We have also examined the statutes, public records, corporate records, certificates and other documents and made such other searches and examinations that we have considered necessary in order to give the opinions hereinafter expressed. Such examinations have included, without limitation:

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



## 20. OPINIONS

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

### Existence

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

### Power and Capacity

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

### Authorization, Execution and Delivery

20.3. All necessary action has been taken to authorize the execution and delivery by the Borrower of each of the Security Documents and the performance by the Borrower of its obligations under each of the Security Documents.

20.4. A special resolution approving the borrowing from the Lender by the Borrower and the granting of security therefor has been duly authorized by the members of the Borrower in accordance with the Constating Documents of the Borrower.

*[NTD: counsel, please include section 2.4 only if the Borrower is a society and is required to pass a special resolution pursuant to its Constating Documents]*

20.5. Each of the Security Documents has been duly executed and delivered by the Borrower.

20.6. The authorization, execution and delivery of the Security Documents by the Borrower does not breach or result in a default under:

- (a) the Constating Documents of the Borrower;
  - (b) any law, statute, rule or regulation to which the Borrower is subject;
- or

- (c) to the best of our knowledge, any judgment, decree, ruling or order to which the Borrower is subject or any agreement to which it is party or by which it is bound.

#### Transition Application

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

Yours truly,

SAMPLE

BY COURIER

File: «File»/«Proj\_Ref»/«BU»

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

**Attention: Legal Services**

Dear Officers:

**Re: «Not\_for\_Profit» (the "Borrower");  
«Civic\_Address» (the "Property");  
Mortgage in Favour of British Columbia Housing Management Commission ("BCHMC")**

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

1. The Mortgage

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

2. Mortgage Particulars

The Mortgage contains the following particulars:

Principal Amount: Not exceeding «Loan»

Interest Rate: As set out in the Mortgage.

Date of Mortgage: \_\_\_\_\_

Legal Description of the Lands and Premises:

PID «PID» «Legal\_Description»

3. Registration at the Land Title Office

The Mortgage was tendered for registration in the Land Title Office on \_\_\_\_\_ (the "Registration Date") under No. \_\_\_\_\_.

Based on our agent's searches conducted at the Land Title Office on the Registration Date, the Lands and Premises were subject to the following charges and encumbrances:

- \_\_\_\_\_ (the "Existing Mortgage"), if any;
- Mortgage; and,
- \_\_\_\_\_.

We expect that the Mortgage will be registered in the ordinary course of Land Title Office routine effective as of the Registration Date, and we are of the opinion that upon such registration, the Mortgage will constitute a valid a «Mortgage\_Ranking\_» registered charge of the Borrower's interest in the Lands and Premises, subject to the prior registered charges and encumbrances

described above (none of which constitute a defect in title in accordance with guidelines from Canada Mortgage and Housing Corporation).

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

This title opinion is to be read subject to:

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

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

5. Reliance Upon Borrower's Solicitors

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

6. Enclosures

We enclose copies of the following for your records:

- Mortgage bearing registration particulars and an originally signed copy;
- Loan Commitment Letter with completed Schedule "B" (Order to Pay),
- Certified Copy of Resolution of the Directors of the Borrower;
- Statutory Declaration;
- Opinion Letter of the solicitor for the Borrower;
- Property tax information;
- Insurance binder and Certificate of Insurance.

7. State of Title Certificate

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

We trust you will find the foregoing in order.

Yours truly,

Per:

Encl.

cc: «Mortgage\_Administrator», BCHMC

SAMPLE

1. **APPLICATION:** (Name, address, phone number, and signature of applicant, applicant's solicitor or agent.)

**Richard Uhrle**

Boughton Law Corporation  
700 – 595 Burrard Street  
Vancouver, V7X 1S8

Phone No.: 604.687.6789

File No.:

BCHMC No.: «File»/«Proj\_Ref»/«BU»

**Carlos S. Mendes**

Richards Buell Sutton LLP  
700 - 401 Georgia Street West  
Vancouver, BC, V6B 5A1

2. **PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF THE MORTGAGED LAND:\***

(PID)

(LEGAL DESCRIPTION)

«PID»

«Legal\_Description»

3. **BORROWER(S) [MORTGAGOR(S)]:** (including postal address(es) and postal code(s))\*

«Not\_for\_Profit»

«Mailing\_Address»

«City», BC, «Postcode»

4. **LENDER(S) [MORTGAGEE(S)]:** (including occupation(s), postal address(es) and postal code(s))\*

**BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION**

#1701 - 4555 Kingsway, Burnaby, BC V5H 4V8

5. **PAYMENT PROVISIONS\*\*:**

(a) Principal Amount:  «Loan»	(b) Interest Rate:  SEE SCHEDULE	(c) Interest Adjustment Date: N/A	Y	M	D
(d) Interest Calculation Period:  Semi-annually	(e) Payment Dates:  N/A	(f) First Payment Date: ON DEMAND			
(g) Amount of each periodic payment:  N/A	(h) <i>Interest Act</i> (Canada) Statement. The equivalent rate of interest calculated half-yearly not in advance is % per annum:  N/A	(i) Last Payment Date:  ON DEMAND			
(j) Assignment of Rents which the applicant wants registered? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> If YES, page and paragraph number:	(k) Place of payment:  SAME AS LENDER ADDRESS IN #4 ABOVE	(l) Balance Due Date:  ON DEMAND			

\*If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

\*\*If space in any box insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

6. <b>MORTGAGE contains floating charge on land?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	7. <b>MORTGAGE secures a current or running account?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
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8. **INTEREST MORTGAGED:**

Freehold   
 Other (specify)\*

9. **MORTGAGE TERMS:**

Part 2 of this mortgage consists of (select one only):

- (a) Prescribed Standard Mortgage Terms
- (b) Filed Standard Mortgage Terms
- (c) Express Mortgage Terms  (annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in Item 10 or in a schedule annexed to this mortgage.

10. **ADDITIONAL OR MODIFIED TERMS:\***

N/A

11. **PRIOR ENCUMBRANCES PERMITTED BY LENDER:\***

SEE SCHEDULE

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

EXECUTION DATE

OFFICER SIGNATURE(S)

\_\_\_\_\_

(as to both signatures)

Y	M	D

BORROWER'S SIGNATURE(S)

**«Not\_for\_Profit» by its authorized signatory(ies)**

\_\_\_\_\_  
Print Name:

\_\_\_\_\_  
Print Name:

**OFFICER CERTIFICATION:**

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

\*If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

\*\*If space in any box insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

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

**5. PAYMENT PROVISIONS:\*\***

**b) Interest Rate:**

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

**11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:\***

**Please list all premitted existing charges on title**

Covenant in favour of the Commission filed in the Land Title Office on the same day preceding this mortgage.

«Prior\_Encumbrances»



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

## MORTGAGE TERMS – PART 2

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

### 1. Interpretation

(1) In these mortgage terms

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

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

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

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

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

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

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

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

“**First Mortgage**” means the mortgage in favour of ♦;

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

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

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

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

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

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

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

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

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

“**Loan Commitment Letter**” means the Loan Commitment Letter dated «LCL\_Date» between the Borrower and the Lender;

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

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

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

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

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

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

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

“**Prior Charge**” means a charge registered against title to the Land in priority to the Mortgage, [including but not limited to the **First Mortgage and the Second Mortgage**];

“**Project**” means the capital improvement or renovation of housing units located on the Land;

“**Project Commitment Letter**” means the Project Commitment Letter dated «Project\_Commitment\_Letter\_Date» between the Borrower and the Lender;

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

“**Second Mortgage**” means the mortgage in favour of ♦;

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

“**Term**” means 10 years from the Commencement Date.

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

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

**2. What the Mortgage Does**

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

**3. Payment of the Mortgage Money**

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

**4. Loan Forgiveness Conditions**

- (1) If the Borrower uses the Land only for the specific purpose as set out in Appendix "A" and an Event of Default does not occur, 1/10th of the Principal Amount will be forgiven each year, commencing on the first anniversary of the Commencement Date, until the Principal Amount is completely forgiven.

**5. Project Commitment Letter and Loan Commitment Letter**

The Borrower covenants and agrees with the Lender to faithfully observe and perform all of the Borrower's covenants, provisions, terms, and conditions of the Project Commitment Letter and the Loan Commitment Letter, and that the Project Commitment Letter and the

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

Loan Commitment Letter shall be read with and form part of this Mortgage as if embodied herein; provided further that any breach or default of the Project Commitment Letter or the Loan Commitment Letter by the Borrower shall constitute a default under this Mortgage. To the extent that any provisions of the Project Commitment Letter or the Loan Commitment Letter conflict with any provisions of this Mortgage, the Lender shall in its sole discretion determine which provisions prevail.

## **6. Payment of Taxes**

- (1) The Borrower will pay when and as the same shall fall due taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or on the Mortgage or on the Lender in respect of the Mortgage and shall submit to the Lender tax receipts evidencing the payment of the said taxes within 30 days after they become due.
- (2) The Lender may pay the amount of any encumbrance, lien or charge now or to arise or to be claimed upon the Land, including any taxes or other rates on the Land, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Land, and all solicitor's charges for or in respect of the collection of any overdue installments or any other monies, whether any action or other judicial proceedings to enforce such payment has been taken or not.
- (3) The amount so paid by the Lender may, at the option of the Lender, be added to the Principal Amount hereby secured and bear interest at the rate as set out in subsection 5(b) of the Mortgage Form from the date that the money was so spent.

## **7. Promises of the Borrower**

- (1) The Borrower promises:
  - (a) to perform all of the Borrower's Promises and Agreements;
  - (b) to pay all Taxes when they are due and, if required by the Lender to do so, to send to the Lender at the Place of Payment, or at any other place the Lender requires, all notices of Taxes received by the Borrower;
  - (c) to apply for all government grants, assistance and rebates in respect of Taxes;
  - (d) to comply with all terms and conditions of any Prior Charge;
  - (e) to keep all buildings and improvements which form part of the Land in good condition and to repair them as the Lender reasonably requires;
  - (f) to sign any other document that the Lender reasonably requires to ensure that payment of the Mortgage Money is secured by the Mortgage or by any other document the Borrower has agreed to give as security;
  - (g) not to do anything that has the effect of reducing the value of the Land;
  - (h) not to tear down any building or part of a building which forms part of the Land without the written consent of the Lender;

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

- (i) not to make any alteration or improvement to any building which forms part of the Land without the written consent of the Lender;
- (j) if the Borrower has leased or subleased the Land to a tenant or subtenant, as applicable, to keep, if required by the Lender, records of all rents received and of all expenses paid by the Borrower in connection with the Land and, at least annually, have a statement of revenue and expenses for the Land prepared by a professional accountant if the Lender requires and to give a copy of the statement to the Lender if the Lender requires the Borrower to do so;
- (k) to take out and maintain builders' risk insurance for the full cost of construction, and insure against all additional risks and perils as the Lender may from time to time consider advisable and to insure and keep insured against the risk of fire and other risks and losses that the Lender asks the Borrower to insure against, with an insurance company licensed to do business in British Columbia, all buildings and improvements on the Land to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;
- (l) if the Lender requires the Borrower to do so, to assign, transfer and deliver over unto the Lender the policies of insurance or to deliver such policies and receipts or to produce to the Lender at least thirty days before the termination of any insurance, evidence of renewals;
- (m) to pay all of the Lender's costs, including legal fees on a solicitor and client basis, to
  - (i) prepare and register the Mortgage, including all necessary steps to advance and secure the Mortgage Money and to report to the Lender;
  - (ii) collect the Mortgage Money;
  - (iii) enforce the terms of the Mortgage, including efforts to compel the Borrower to perform the Borrower's Promises and Agreements;
  - (iv) do anything which the Borrower has promised to do but has not done;
  - (v) prepare and give the Borrower a discharge of the Mortgage;
  - (vi) to pay any money which, if not paid, would result in a event of default under any charge or encumbrance having priority over the Mortgage or which might result in the sale of the Land if not paid, and
  - (vii) to pay and cause to be discharged any charges or encumbrances described in subsection 7(2)(b) which are not prior encumbrances permitted by the Lender under the Mortgage.
- (n) to develop, use and operate the Land only for the specific purpose as set out in Appendix "A"; and

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

- (o) to observe and perform all of its obligations under any Operating Agreement in force from time to time during the Term.
- (2) The Borrower represents to the Lender that:
  - (a) the Borrower has good and marketable title to the Land and has the right to mortgage the Borrower's interest in the Land to the Lender;
  - (b) the Borrower's title to the Land is subject only to:
    - (i) those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;
    - (ii) any unregistered charges and encumbrances that the Lender has agreed to in writing; and
  - (c) subject to subsection 7(2)(b), the Borrower:
    - (i) has not given any other charge or encumbrance against the Land, and
    - (ii) has no knowledge of any other claim against the Land.
- (3) The Borrower represents to the Lender that no default has occurred under any Prior Charge, and that the Borrower has paid all money now due and owing under any Prior Charge.
- (4) The insurance policy or policies required by subsection 7(1)(k) shall contain a mortgage clause approved by the Lender that states that payment of any loss shall be made to the Lender at the Place of Payment or any other place the Lender requires and, if the Mortgage is not a first mortgage, the amount of any payment made by the insurance company shall be paid to the Borrower's lenders in the order of their priorities.
- (5) The Borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner.

**8. Agreements between the Borrower and the Lender**

- (1) By the Mortgage the Borrower grants and mortgages any additional or greater interest in the Land that the Borrower may later acquire.
- (2) Any money paid to the Lender under the Mortgage shall:
  - (a) before an Event of Default, be applied first in payment of the Principal Amount and secondly in payment of all other money owed by the Borrower under the Mortgage, and
  - (b) after an Event of Default, be applied in any manner the Lender determines.
- (3) The Lender may at any reasonable time inspect the Land and any buildings and improvements which form part of it.
- (4) If the Lender takes possession of the Land the Lender shall not be responsible for maintaining and preserving the Land and need only account to the Borrower for

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- any money which the Lender actually receives in connection with the Mortgage of the Land.
- (5) The Lender may spend money to perform any of the Borrower's Promises and Agreements including, but not limited to, any of the Borrower's promises and agreements under a Prior Charge, which the Borrower has not performed and any money so spent shall be added to the Principal Amount and bear Interest as set out in subsection 5(b) of the Mortgage Form from the date that the money was so spent, and be immediately due and payable to the Lender.
  - (6) Any notice provided by the Borrower to the Lender must be delivered to the Lender personally or sent by registered or certified mail to the Lender Mailing Address or to any other address specified in writing by the Lender to the Borrower from time to time.
  - (7) Any notice provided by the Lender to the Borrower must be delivered to the Borrower personally or sent by registered or certified mail to the Borrower Mailing Address or to any other address specified in writing by the Borrower to the Lender from time to time.
  - (8) Any notice sent by mail is considered to have been received by the recipient 5 days after the date of such mailing.
  - (9) In the event of a mail strike or disruption, any notice to be given by the Borrower to the Lender or vice versa must be delivered.
  - (10) A sale of the Lands does not release the Borrower from the Borrower's Promises and Agreements.
  - (11) If the Borrower has mortgaged other property to the Lender to better to secure payment of the Mortgage Money, the Lender may take all lawful proceedings under any of the mortgages granted in favour of the Lender by the Borrower in any order that the Lender determines.
  - (12) The Lender is under no obligation to advance all or any portion of the Principal Amount to the Borrower notwithstanding that:
    - (a) the Borrower has signed the Mortgage;
    - (b) the Mortgage is registered in the Land Title Office, or
    - (c) the Lender has previously advanced to the Borrower part of the Principal Amount.
  - (13) The Lender may deduct from any advance of the Principal Amount:
    - (a) any Taxes that are due;
    - (b) any Interest that is due and payable to the date of the advance;
    - (c) the legal fees and disbursements to prepare and register the Mortgage including other necessary steps to advance and secure the Mortgage Money and to report to the Lender, and
    - (d) any insurance premium.

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- (14) The Lender's right of consolidation applies to the Mortgage and to any other mortgages given by the Borrower to the Lender. If the Borrower has mortgaged other property to the Lender the Borrower will not have the right, after an Event of Default, to pay off the Mortgage or any mortgage of other property unless the Borrower pays the Lender all money owed by the Borrower under the Mortgage and all of the mortgages of other property.

## **9. Events of Default**

- (1) An event of default occurs under the Mortgage if:
- (a) the Borrower breaches any of the Borrower's Promises and Agreements;
  - (b) the Borrower breaches any promise or agreement which the Borrower has made to the Lender in a mortgage of any other land or other property or in any other agreement the Borrower has made with the Lender notwithstanding that the Borrower may not have breached any of the Borrower's Promises and Agreements;
  - (c) the Borrower has an administrator or a receiver (or the equivalent in any jurisdiction) appointed in respect of it, or any of its assets, or it enters into a liquidation of its assets;
  - (d) the Borrower is deemed to be insolvent or ceases to exist;
  - (e) the Land is abandoned or is left unoccupied for 30 or more consecutive days without the prior written consent of the Lender;
  - (f) the Land or any part of it is expropriated;
  - (g) without the written consent of the Lender the Borrower transfers, sells, or agrees to transfer or sell, or otherwise changes or agrees to change, the legal or beneficial ownership of the Land or any part of the Land;
  - (h) the Borrower gives another mortgage of the Land to someone other than the Lender without the prior written consent of the Lender;
  - (i) the Borrower does not discharge any judgment registered in the Land Title Office against the Land within 30 days after receiving notice of its registration,
  - (j) the Borrower allows any claim of builders lien to remain undischarged on title to the Land for more than 30 days unless the Borrower:
    - (i) diligently disputes the validity of the claim by taking all necessary legal steps to do so;
    - (ii) gives reasonable security to the Lender to pay the claim in full if it is found to be valid; and
    - (iii) authorizes the Lender to use the security to pay the lien in full;
  - (k) the Borrower fails to comply with the provisions of Appendix "A";
  - (l) the Borrower defaults in observing or performing any of its obligations under any Operating Agreement in force from time to time during the Term



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or any event occurs which would entitle the Commission to terminate the Operating Agreement, and the Borrower fails to rectify such default or cure such event within the time limits set out in the Operating Agreement or as otherwise directed by the Lender;

- (m) if the Borrower's interest in the Land is a leasehold interest, and the Borrower defaults in observing or performing any of its obligations under the Lease, or any event occurs which would entitle the Landlord under the Lease to terminate the Lease, and the Borrower fails to rectify such default or cure such event within the time limited therefore under the Lease; or
  - (n) the Borrower defaults in observing and performing any covenant or payment to be made in respect of a Prior Charge registered against the Land.
- (2) If an Event of Default occurs under the Mortgage, an event of default will be deemed to have occurred under any other mortgage or agreement between the Borrower and the Lender.
  - (3) If the Borrower is a corporation, a change in control of the Borrower will be considered to have occurred if there is a change of legal or beneficial ownership of the Land.

#### **10. Consequences of an Event of Default**

- (1) If an Event of Default occurs, all the Mortgage Money then owing to the Lender will, at the option of the Lender, immediately become due and payable.
- (2) If an Event of Default occurs, the Lender may, in any order that the Lender determines, do any one or more of the following:
  - (a) demand payment of all the Mortgage Money;
  - (b) sue the Borrower for the amount of money due;
  - (c) take proceedings and any other legal steps to compel the Borrower to keep the Borrower's Promises and Agreements;
  - (d) enter upon and take possession of the Land;
  - (e) sell the Land and other property by public auction or private sale, or lease the Land on terms decided by the Lender:
    - (i) on 30 days notice to the Borrower if the Event of Default has continued for 30 days, or
    - (ii) without notice to the Borrower if the Event of Default has continued for 60 days or more;
  - (f) apply to the Court for an order that the Land be sold on terms approved by the Court;
  - (g) apply to the Court to foreclose the Borrower's interest in the Land so that when the Court makes its final order of foreclosure the Borrower's interest in the Land will be absolutely vested in and belong to the Lender;

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- (h) appoint a Receiver of the Land;
  - (i) enter upon and take possession of the Land without permission of anyone and make any arrangements the Lender considers necessary to:
    - (i) inspect, lease, collect rents or manage the Land; or
    - (ii) complete the capital improvement or repair of any building on the Land, or
  - (j) take whatever action is necessary to take, recover and keep possession of the Land.
- (3) Nothing in subsection 10(2) affects the jurisdiction of the Court.
- (4) If the Lender sells the Land by public auction or by private sale the Lender will use the amount received from the sale to pay:
- (a) any real estate agent's commission;
  - (b) all adjustments usually made on the sale of Land;
  - (c) all of the Lender's expenses and costs described in subsection 10(6); and
  - (d) the Mortgage Money;
- and will pay any surplus:
- (e) according to an order of the Court if the Land is sold by an order of the Court, or
  - (f) to the Borrower if the Land is sold other than by an order of the Court.
- (5) If the money available to pay the Mortgage Money after payment of the commission, adjustments and expenses referred to in subsections 10(4)(a) to (c) is not sufficient to pay all the Mortgage Money, the Borrower will pay to the Lender on demand the amount of the deficiency.
- (6) The Borrower will pay to the Lender on demand all expenses and costs incurred by the Lender in enforcing the Mortgage. These expenses and costs include the Lender's cost of taking and keeping possession of the Land, the cost of the time and services of the Lender or the Lender's employees for so doing, the Lender's legal fees and disbursements on a solicitor and client basis, unless the Court allows legal fees and disbursements be paid on a different basis, and all other costs and expenses incurred by the Lender to protect the Lender's interest under the Mortgage. These expenses and costs may, at the Lender's discretion, be added to the Principal Amount, be payable on demand and bear Interest until they are fully paid.
- (7) If the Lender obtains judgment against the Borrower as a result of an Event of Default, the remedies described in subsection 10(2) may continue to be used by the Lender to compel the Borrower to perform the Borrower's Promises and Agreements. The Lender will continue to be entitled to receive Interest on the Mortgage Money until the judgment is paid in full.

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- (8) If the Lender does not exercise any of the Lender's rights on the happening of an Event of Default or does not ask the Borrower to cure it, the Lender is not prevented from later compelling the Borrower to cure an Event of Default or exercising any of those rights in connection with that Event of Default or any later Event of Default of the same or any other kind.

#### **11. Construction of buildings or improvements**

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

#### **12. Damage and Destruction**

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

#### **13. Leasehold Mortgage**

- (1) This section applies if the Borrower's interest in the Land, and the Mortgage is of, a leasehold interest.
- (2) The Borrower represents to the Lender that:
  - (a) the Borrower's interest in the Lease is subject only to those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;
  - (b) the Lease is in good standing;

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

#### **14. Receiver**

- (1) The Borrower appoints both the Lender and any agent of the Lender as the Borrower's attorney to appoint a Receiver of the Land.
- (2) The Lender or the Lender's agent may, if any Event of Default occurs, appoint a Receiver of the Land and the Receiver:
  - (a) will be the Borrower's agent and the Borrower will be solely responsible for the Receiver's acts or omissions;

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- (b) has power, either in the name of the Borrower or the Lender, to demand, recover and receive income from the Land and commence and maintain any action or Court proceeding to collect such income;
  - (c) may provide receipts for income that the Receiver receives;
  - (d) may carry on any business that the Borrower conducted on the Land;
  - (e) may lease or sublease the Land or any part of it on terms and conditions that the Receiver determines;
  - (f) may complete the capital improvement or repair any building or improvement on the Land;
  - (g) may take possession of all or part of the Land;
  - (h) may manage the Land and maintain it in good condition;
  - (i) has the power to perform, in whole or in part, the Borrower's Promises and Agreements, and
  - (j) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Land or will increase or preserve the value or income potential of the Land or the Borrower's business on the Land.
- (3) From income received the Receiver may do any of the following in any order the Receiver determines:
- (a) retain a commission of 5% of the gross income or any higher commission approved by the Court;
  - (b) retain enough money to pay or recover the cost to collect the income and to cover other disbursements;
  - (c) pay all Taxes and the cost of maintaining the Land in good repair, completing the capital improvement of any building or improvement on the Land, supplying goods, utilities and services to the Land and taking steps to preserve the Land from damage by weather, vandalism or any other cause;
  - (d) pay any money that might, if not paid, result in a default under any charge or encumbrance having priority over the Mortgage or that might result in the sale of the Land if not paid;
  - (e) pay Taxes in connection with anything the Receiver is entitled to do under the Mortgage;
  - (f) pay Interest to the Lender that is due and payable;
  - (g) pay all or part of the Principal Amount to the Lender whether or not it is due and payable;
  - (h) pay any other money owed by the Borrower under the Mortgage; and
  - (i) pay insurance premiums.

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- (4) The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do.
- (5) Any money borrowed by the Receiver, and any Interest charged on that money and all the costs of borrowing, will be added to and be part of the Mortgage Money.
- (6) A Receiver appointed by the Lender may be removed by the Lender and the Lender may appoint another in the Receiver's place.
- (7) The commission and disbursements of the Receiver will be a charge on the Land and will bear Interest at the Interest Rate.
- (8) Nothing done by the Receiver under this section will make the Lender a mortgagee in possession.

**15. Strata lot provisions**

- (1) This section applies if the Land described in the Mortgage Form, or any part of it, is or becomes a strata lot created under the *Strata Property Act*.
- (2) The Borrower will fulfil all of the Borrower's obligations as a strata lot owner under the *Strata Property Act* and the bylaws, rules and regulations of the strata corporation and will pay all money owed by the Borrower to the strata corporation.
- (3) The Borrower gives to the Lender the right to vote for the Borrower under the bylaws of the strata corporation, but the Lender is not required to do so or to attend or vote at any meeting or to protect the Borrower's Interest.
- (4) At the request of the Lender, the Borrower will give the Lender copies of all notices, financial statements and other documents given by the strata corporation to the Borrower.
- (5) The Borrower appoints the Lender to be the Borrower's agent to inspect or obtain copies of any records or other documents of the strata corporation that the Borrower is entitled to inspect or obtain.
- (6) If the strata corporation transfers, charges or adds to the common property, or amends its bylaws without the consent of the Lender, and if, in the Lender's opinion, the value of the Land is reduced, the Mortgage Money shall, at the Lender's option, immediately become due and payable to the Lender on demand.
- (7) Nothing done by the Lender under this section will make the Lender a mortgagee in possession.

**16. Subdivision**

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

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part of the Mortgage Money. If the Lender discharges a subdivided lot, the Mortgage will continue to charge the remaining subdivided lot or lots that have not been discharged.

**17. General**

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

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**Appendix "A"**

For the Term of this Mortgage, the Land shall be used for the provision of a minimum of «**No\_of\_Units**» affordable housing units to the Eligible Occupants. An "Eligible Occupant" means an individual who meets the eligibility criteria prescribed in the Operating Agreement, whether or not the Operating Agreement is in force, or as the Commission may otherwise prescribe.

END OF DOCUMENT

SAMPLE