

**RENTAL DEVELOPMENT PROGRAM
PROJECT DEVELOPMENT AND OPERATING AGREEMENT**

THIS AGREEMENT made as of the 5th day of July, 2018.

BETWEEN:

SASKATCHEWAN HOUSING CORPORATION,
a crown corporation having its head office at the City of
Regina, in the Province of Saskatchewan
("SHC")

- and -

SPONSOR'S LEGAL NAME,
a body corporate incorporated pursuant to the laws of the
Province of Saskatchewan, having an office at the City of
Saskatoon, in the Province of Saskatchewan
(the "Sponsor")

WHEREAS the Rental Development Program (the "Program") was established to assist in the development of affordable rental housing for low to moderate-income households in Saskatchewan;

AND WHEREAS the Sponsor has been approved by SHC as an eligible sponsor under the Program to undertake the development of a rental housing project, subject to satisfying the funding conditions set out in SHC's conditional letter of approval dated **Month <>, 2018**, as amended from time to time (the "Conditional Letter of Approval");

AND WHEREAS SHC has agreed, subject to the terms and conditions contained in this Agreement, to provide the Sponsor with financial assistance to develop the rental housing project described in the Conditional Letter of Approval.

NOW THEREFORE, the parties agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Definitions: In this Agreement, the following words and phrases have the following meanings:

- (a) "Affordable Housing Units" means the 10 units within the Project designated by the Conditional Letter of Approval for rental to Eligible Households;
- (b) "Agreement" means this Project Development and Operating Agreement together with each of the schedules attached to the Agreement and any amendments to such schedules;

- (c) “Capital Cost” means the actual cost of all materials and services required to acquire, develop, design, construct or improve and finance the Project;
- (d) “Capital Funding” means the funding, from all sources, required to finance the Capital Cost, as described in the Conditional Letter of Approval;
- (e) “Conditional Letter of Approval” has the meaning set out in the recitals to this Agreement;
- (f) “Eligible Household” means a household with a gross annual household income (calculated in the manner set forth in the attached Schedule B) equal to or less than the Saskatchewan Household Income Maximum, and no other principal place of residence in Canada;
- (g) “Event of Default” has the meaning given in section 10.1 of this Agreement;
- (h) “Lands” means the lands described in the attached Schedule A;
- (i) “Maximum Rent” has the meaning given in section 4.2 of this Agreement;
- (j) “Program” has the meaning set out in the recitals to this Agreement;
- (k) “Project” means the rental housing project situated on the Lands, as described in the Conditional Letter of Approval;
- (l) “Project Loan” has the meaning given in section 2.1 of this Agreement; and
- (m) “Saskatchewan Household Income Maximums” means the maximum, gross annual income that a household may have at the time of initial occupancy of an Affordable Housing Unit, as established by SHC from time to time (the current Saskatchewan Household Income Maximums are set out in Schedule B);
- (n) “Security” has the meaning given to that term in section 2.8 of this Agreement.

1.2 Sections and Headings: The division of this Agreement into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.3 Number and Gender: In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- (a) words in the singular number include the plural and such words shall be construed as if the plural had been used;
- (b) words in the plural include the singular and such words shall be construed as if the singular had been used; and

- (c) words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

1.4 Conflicts Between Documents: If there is a conflict between the provisions of this Agreement and the Security, the provisions of this Agreement shall prevail and, in such case the Sponsor shall not be required to comply with the inconsistent provisions of the Security.

1.5 Schedule Amendments: Schedules B and C attached to this Agreement may be amended or replaced from time to time by SHC at its sole discretion by SHC giving written notice to that effect to the Sponsor.

ARTICLE 2 – PROJECT FINANCING

2.1 Description of Loan: SHC establishes in favour of the Sponsor a demand loan in an aggregate amount not to exceed \$xxx,000.00 (the “Project Loan”), to be used by the Sponsor to develop and construct or improve the Project, as set out in the Conditional Letter of Approval.

2.2 Forgiveness of Project Loan:

- (a) Provided that an Event of Default has not occurred, SHC shall forgive the Project Loan annually over a period of 13 years, in accordance with the loan forgiveness summary attached hereto as Schedule D, commencing on the first anniversary of the first day of the second month following the date that construction of the project has achieved substantial completion as evidenced by the issuance of a duly authorized Certificate of Substantial Performance in accordance with *The Builders’ Lien Act* (Saskatchewan). If the maximum aggregate amount of the Project Loan is not advanced to the Owner, then SHC shall recalculate the Project Loan forgiveness and provide a Revised Project Loan Forgiveness Schedule to the Owner.
- (b) Upon the occurrence of an Event of Default, no further forgiveness of the Project Loan shall be granted by SHC unless such Event of Default has been cured to the satisfaction of SHC in a timely fashion and SHC has not otherwise demanded payment pursuant to section 2.4 of this Agreement.

2.3 Interest on Project Loan: From and after the occurrence of an Event of Default, the Sponsor shall pay interest on the principal amount from time to time outstanding under the Project Loan at a per annum rate equal to 5.34%.

2.4 Payment of Principal and Interest: Upon the occurrence of an Event of Default, the principal amount and interest from time to time outstanding under the Project Loan shall be repayable by the Sponsor to SHC **ON DEMAND**.

2.5 Interest Calculations: Interest on the Project Loan shall be calculated upon the daily outstanding balance of the Project Loan from (and including) the date of the occurrence of an Event of Default to (but excluding) the date the Project Loan is repaid in full or, at the sole discretion of SHC, the Event of Default has been cured to the satisfaction of SHC. The rate of interest per annum payable is expressed on the basis of a 365 or 366 day year, as applicable. The interest payable in respect of the Project Loan and in respect of any other amounts due under this Agreement shall be compounded semi-annually not in advance, and all interest shall be payable both before and after judgment on the amount outstanding from day to day until payment is made.

2.6 Application of Payments: All payments received under this Agreement shall be applied:

- (a) first, to the payment of any costs, charges or expenses together with any interest with respect to such costs, charges or expenses payable under this Agreement, or under any Security relating to this Agreement;
- (b) second, to the payment of all interest payable under the Project Loan; and
- (c) third, to the repayment of the principal amount of the Project Loan.

2.7 Prepayments: Unless otherwise agreed by SHC, the Sponsor shall have no right to prepay the Project Loan prior to the 10th anniversary of the date that construction of the Project has been completed, as evidenced by the issuance of a Certificate of Substantial Performance in respect of the Project as contemplated by section 2.2. Thereafter, the Sponsor may at any time prepay all or a portion of the outstanding principal amount of the Project Loan together with accrued interest, if any, without notice or penalty.

2.8 Security: As security for the payment of all amounts required to be paid under this Agreement and the performance of all of the Sponsor's obligations under this Agreement, the Sponsor shall provide, at SHC's option, the following security in a form satisfactory to SHC (the "Security"):

- (a) a collateral mortgage charging the Lands with the principal amount of the Project Loan; and
- (b) such other security as SHC may from time to time reasonably require to confirm or clarify its charge, mortgage and security interest in the Project.

2.9 Conditions Precedent: Prior to SHC advancing any portion of the Project Loan, each of the conditions precedent listed below must be complied with or satisfied in form and substance acceptable to SHC and all documents delivered must be in form and substance acceptable to SHC:

- (a) The Sponsor shall have satisfied the conditions set out in the Conditional Letter of Approval.

- (b) The Sponsor shall have contributed (or have satisfied SHC that it will contribute) the minimum equity required by the Conditional Letter of Approval towards the Project, representing the Sponsor's minimum share of the Capital Funding for the Project.
- (c) The Security required by SHC shall have been executed and delivered and all registrations, acknowledgements, postponements and discharges of encumbrances necessary or desirable shall have been completed in order to establish the intended priority of the Security against the Project.
- (d) SHC shall have received the following:
 - (i) a certified copy of the directors' resolution of the Sponsor approving the borrowing of the funds contemplated by this Agreement, the execution and delivery of this Agreement and the Security;
 - (ii) a certified copy of the insurance policy or policies maintained by the Sponsor evidencing the insurance required by this Agreement and the Security;
 - (iii) a copy of the Sponsor's Certificate of Incorporation, Articles of Incorporation, bylaws and other applicable constating documents in force;
 - (iv) a current Certificate of Good Standing confirming that the Sponsor is registered as a corporation and remains in good standing; and
 - (v) such other documents as SHC may reasonably require.

2.10 Project Loan Advances:

- (a) No advances shall be made under the Project Loan until the conditions precedent outlined in section 2.9 of this Agreement have been satisfied in form and substance acceptable to SHC. The Project Loan shall thereafter be advanced to the Sponsor based on the construction progress in respect of the Project. The Sponsor will submit periodic advance requests to SHC. Prior to SHC making each advance, each of the following conditions precedent must be complied with or satisfied in form and substance acceptable to SHC.
 - (i) To support each advance request, SHC will require a progress certificate and a capital budget variance report in a form acceptable to SHC, together with all necessary and appropriate supporting documentation and calculations, with respect to the amount of such advance.
 - (ii) SHC must be satisfied, in its sole discretion, that the financial position of the Sponsor is acceptable and has not suffered any adverse material change.

- (iii) Each advance of the Project Loan will be subject to verification by SHC (by inspection or otherwise) as to the value of the work completed on the Project at the time of the draw request.
 - (iv) Each advance of the Project Loan may be advanced on such other conditions as SHC may reasonably require including that all necessary builders' lien and other encumbrance searches are satisfactorily conducted prior to the release of funds.
- (b) SHC has the right to withhold all or a portion of a requested advance, if:
- (i) a builders' lien has been registered against the Project;
 - (ii) a stop work order has been issued;
 - (iii) the Sponsor is in breach of this Agreement; or
 - (iv) there are insufficient funds in place to complete construction or improvement of the Project.

2.11 Termination of Sponsor's Obligations: Upon either the repayment of the Project Loan or forgiveness of the Project Loan in its entirety in accordance with the terms of this Agreement and provided further that there are no outstanding uncured Events of Default, the Sponsor shall have no further obligations under this Agreement except for those obligations arising under Articles 6 and 13 of this Agreement, which obligations shall survive the repayment or forgiveness of the Project Loan. Regarding Article 6, the rights and obligations which survive are in respect of the fiscal years or periods prior to the repayment or forgiveness of the Project Loan.

ARTICLE 3 – PROJECT CONSTRUCTION

3.1 Interpretation: For all purposes of this Agreement, neither the obligations of the Sponsor nor the rights of SHC under this Article 3 shall be compromised or affected by any contract or other arrangement between the Sponsor and SHC or between the Sponsor and any other party whereby SHC or such other party undertakes to carry out the development of the Project on behalf of the Sponsor.

3.2 Construction: The Sponsor shall:

- (a) obtain all necessary licences and permits necessary for the construction or improvement of the Project and provide copies to SHC, prior to commencing construction of the Project;
- (b) construct or improve the Project in a good and workmanlike manner and in accordance with the plans and specifications and capital budget approved by SHC; and
- (c) ensure that the Project is constructed or improved in compliance with all

applicable building codes, regulations, ordinances and zoning requirements and provide SHC with evidence of such compliance as may be requested by SHC.

3.3 Inspection of Project: SHC shall have the right to inspect the Project at anytime during construction. To facilitate SHC's inspection, the Sponsor shall give SHC at least 48 hours' notice when construction has reached each of the following stages of completion, to the extent such stages are applicable:

- (a) closing of the purchase of an existing building;
- (b) piles – while drilling, prior to pouring;
- (c) pouring of the concrete for the foundation;
- (d) installation of weeping tile, after rock cover, prior to backfill;
- (e) completion of rough framing;
- (f) installation of insulation and vapour barrier;
- (g) substantial completion; and
- (h) final inspection.

None of the inspections performed by SHC shall lessen or relieve the responsibility of the Sponsor or its consultants or contractors for constructing or improving the Project in accordance with the requirements of this Agreement. Accordingly, neither the Crown in Right of Saskatchewan, SHC, the Minister responsible for SHC, nor any officer, director, employee, servant or agent of SHC shall be liable to the Sponsor or any consultant or contractor engaged by the Sponsor for any defect in any inspection, any failure to carry out an inspection, any departure from SHC's building standards, or any defect in the Project plans and specifications approved by SHC.

3.4 Construction Stop-Work Orders: SHC has the authority to issue a stop work order at any phase of the Project construction should it become aware of any material construction deficiency. In the event of issuance of a stop work order, SHC shall immediately contact the Sponsor and advise the Sponsor of any deficiencies and the Sponsor shall take appropriate action to remedy the deficiency. Prior to recommencing construction, the Sponsor shall notify SHC and SHC shall have the option to re-inspect prior to the construction re-commencing.

3.5 Construction Insurance: During the construction of the Project, the Sponsor shall:

- (a) ensure that builder's all risk insurance is purchased and maintained on the Project with loss payable to SHC as mortgagee; and
- (b) ensure that commercial general liability insurance is maintained covering all operations of the contractor on an occurrence basis against claims for personal injury (including bodily injury and death) and property damage (including loss of

use). Such insurance shall have a minimum limit of \$2,000,000 for each occurrence and \$2,000,000 for products and completed operations aggregate.

3.6 Builders' Liens: The Sponsor shall:

- (a) maintain and administer from each advance of the Project Loan a holdback, in accordance with *The Builders' Lien Act* (Saskatchewan); and
- (b) maintain the Project free from liens, including builders' liens and upon request provide evidence to SHC, in the form of statutory declarations, that all contractors, sub-contractors and suppliers have been paid in full.

3.7 Post-Construction Deliverables: Following substantial completion of the construction or improvement of the Project, the Sponsor shall deliver to SHC the following documents within 30 days (unless otherwise specified):

- (a) a real property report from a qualified land surveyor, verifying the location of the building relative to the parcel boundaries;
- (b) a statutory declaration of any contractor employed by the Sponsor, certifying that all contractors, subcontractors and suppliers have been paid in full;
- (c) a Certificate of Substantial Performance of the work pursuant to *The Builders' Lien Act* (Saskatchewan);
- (d) a Workers' Compensation Board Clearance Certificate in respect of the general contractor;
- (e) an Occupancy Permit in respect of the Project;
- (f) a Certificate from the Sponsor's prime consultant on the Project confirming that SHC's energy conservation requirements have been met; and
- (g) an audited statement verifying the Capital Cost of the Project and the Capital Funding, within 90 days after completion of the Project.

3.8 Final Capital Cost Settlement: If the Capital Cost of the Project is less than the final approved capital budget for the Project, then any surplus Capital Funding shall be applied first to reduce the principal amount of any commercial mortgage financing for the Project, if any, and second to reduce the principal amount of the Project Loan.

ARTICLE 4 – PROJECT RENTAL CONDITIONS

4.1 Eligible Households: The Sponsor acknowledges and agrees that, for as long as any amount advanced under the Project Loan remains outstanding, the Affordable Housing Units may only be rented to Eligible Households, at rents priced at or below the average market housing rent for comparable housing in the community or area in which the Project is located.

4.2 Maximum Rent: The rents set out in Schedule C attached to this Agreement are the maximum rents (the “Maximum Rent”) that the Sponsor may charge to Eligible Households renting the Affordable Housing Units. The Sponsor agrees not to charge any Eligible Household renting an Affordable Housing Unit rent greater than the Maximum Rent specified in Schedule C. Furthermore, the Sponsor shall not, directly or indirectly, impose on any tenant of an Affordable Housing Unit, without the consent of SHC and the tenant, any mandatory charges in excess of the Maximum Rent for any services or facilities generally made available to the tenants of similar housing projects.

4.3 Adjustment of Rent: Upon not less than 90 days' written notice, and not more than once annually, the Sponsor may apply to SHC to adjust the Maximum Rent to reflect changes in market conditions and rental rates for comparable housing. SHC may, at its sole discretion, approve the change in the Maximum Rent. Any change in the Maximum Rent shall be reflected in an addendum to this Agreement and shall specify the effective date of such adjusted Maximum Rent. Notwithstanding the foregoing, in no event shall the adjusted Maximum Rent exceed the maximum rents established from time to time by SHC for the Saskatchewan Household Income Maximums.

4.4 Selection of Tenants: The Sponsor shall be responsible for selecting only Eligible Households as tenants of the Affordable Housing Units. Consideration should be given to selecting Eligible Households with the lowest gross annual household income. In order to determine the eligibility of prospective tenants and/or to enable SHC to audit and evaluate the Program, the Sponsor shall require all prospective tenants to complete an application form providing the following information:

- (a) number of persons in the household;
- (b) number of dependants in the household;
- (c) marital status of the members of the household;
- (d) verification of household income; and
- (e) such other information as SHC may reasonably require from time to time.

4.5 Human Rights Code: Except as otherwise provided in this Agreement, the Sponsor shall not discriminate against any person on any basis prohibited by the Saskatchewan Human Rights Code or the Canadian Charter of Rights and Freedoms.

ARTICLE 5 – SPONSOR’S ANNUAL REPORTING OBLIGATIONS

5.1 Tenant Information: The Sponsor shall provide SHC with any relevant tenant information prescribed by SHC from time to time (including the information described in section 4.4 of this Agreement and verification of the rent paid) for those tenants occupying Affordable Housing Units in the Project, in order to verify each tenant’s eligibility as an Eligible Household and to enable SHC to audit and evaluate the effectiveness of the Program. The Sponsor shall collate and remit such information to SHC annually, in such format as may be prescribed by SHC from time to time.

5.2 Financial Reporting: The Sponsor shall provide SHC with:

- (a) copies of the annual financial statements of the Sponsor, and accompanying auditors' report or review engagement report, within 90 days after the end of each fiscal year of the Sponsor;
- (b) an annual operating budget for the Project for the ensuing fiscal year, including an estimate of the amount to be set aside for the Maintenance Program outlined by section 7.2(d) of this Agreement, at least 60 days prior to the start of each fiscal year of the Sponsor;
- (c) an annual project data report for the Project, in such format as may be prescribed by SHC from time to time; and
- (d) any other financial information pertaining to the Sponsor which SHC may reasonably request.

The financial statements and annual operating budget shall include such information and details as SHC may reasonably prescribe from time to time.

ARTICLE 6 – FINANCIAL ADMINISTRATION

6.1 Financial Administration: The Sponsor shall keep proper books, records and accounts in respect of the Project in accordance with Canadian generally accepted accounting principles. The Sponsor shall cause the annual financial statements for the Project to be audited or reviewed by a professional accountant chosen by the Sponsor and acceptable to SHC.

6.2 SHC Audit: The Sponsor shall allow SHC, or its representatives, agents or employees, to inspect the books, records and accounts in respect of the Project at all reasonable times and to take extracts from such books, records and accounts. Furthermore, on the written request of SHC, the Sponsor shall furnish particulars of all transactions and produce original copies of invoices and receipts in respect of the transactions and operations related to the Project, as SHC may require.

6.3 Maintenance of Financial Records: All documents, vouchers, records and accounts that pertain to the operation or administration of the Project shall remain in possession of the Sponsor in the municipality where the Project is situated for not less than seven years or for such longer time as may be prescribed by law.

ARTICLE 7 – MANAGEMENT OF THE PROJECT

7.1 No Ongoing Financial Assistance: The Sponsor shall be responsible for all costs and expenses associated with owning, operating, maintaining and repairing the Project, including the Affordable Housing Units. SHC shall have no obligation to provide any future or ongoing funding to the Sponsor for the Project.

7.2 Sponsor's Management Covenants: For as long as any amount advanced under the Project Loan remains outstanding, the Sponsor shall, at its sole cost and expense:

- (a) manage and maintain the Project, including the Affordable Housing Units within the Project, in good and substantial repair in accordance with good industry standards; without limiting the generality of the foregoing, the Sponsor shall provide for the regular cleaning, maintenance, repair, modernization, improvement and regeneration of the Project;
- (b) maintain adequate supervisory and janitorial staff to ensure compliance with the Sponsor's obligations set out in this Agreement;
- (c) pay all financing charges and other expenses related to the Project, including, without limitation, realty taxes, water and sewer charges, electrical and power charges, heating charges and insurance premiums as they become due and any other expenses which are necessary to maintain or operate the Project;
- (d) develop and implement a long-term Maintenance Program for the Project consistent with good industry standards, which has been reviewed and approved by SHC from time to time;
- (e) purchase and maintain all risk property insurance for the Project on a replacement cost basis with loss payable to SHC as mortgagee;
- (f) purchase and maintain commercial general liability insurance covering the Project on an occurrence basis against claims for personal injury (including bodily injury and death) and property damage (including loss of use) with a minimum limit of \$2,000,000 per occurrence;
- (g) maintain its corporate existence in good standing and keep in good standing, all licences, approvals, consents and authorizations necessary to enable the Sponsor to own and operate the Project;
- (h) promptly notify SHC in writing of any material adverse change in the Project or the Sponsor, financial or otherwise;
- (i) promptly notify SHC in writing if any material litigation, arbitration, action, suit or other proceeding is commenced or, to the knowledge of any officer or director of the Sponsor, is threatened; and
- (j) maintain the Project in good standing, free and clear of all encumbrances, including all builders' liens, except encumbrances permitted by SHC and confirmed by SHC in writing.

7.3 Compliance With Laws: The Sponsor shall ensure that it and the Project complies with all present and future laws, orders, rules, regulations and requirements of all federal, provincial and local governments, boards or any other body exercising jurisdiction in respect of the Project together with the requirements of any insurers providing insurance coverage for the Project. For

greater certainty, the Sponsor shall abide by the provisions of *The Residential Tenancies Act*, (Saskatchewan).

7.4 Damage or Destruction: If the Project is damaged or destroyed, the Sponsor shall promptly repair or rebuild the Project so that the Project is suitable for occupancy, unless otherwise directed by SHC.

7.5 SHC Inspection Rights: The Sponsor shall, upon not less than 24 hours' prior written notice, permit SHC to enter and view the Project and will, at the request of SHC, give written notice to the tenants of the Affordable Housing Units, of SHC's intention to enter and inspect the units to view the state of repair.

7.6 Negative Covenants: For so long as any portion of the Project Loan remains outstanding, the Sponsor shall not, without the prior written consent of SHC:

- (a) transfer, assign, sublease, sell, mortgage, charge or otherwise dispose of the Project or any interest in the Project;
- (b) cause or permit any third party interest to be registered against the Project;
- (c) reduce the number or size of Affordable Housing Units within the Project;
- (d) enter into any transaction (including by way of restructuring, reorganization, consolidation, amalgamation, merger, liquidation, transfer, sale or otherwise) whereby all or substantially all or a material portion of the Project would become the property of any other person or, in the case of any such amalgamation, of a continuing entity resulting from such amalgamation;
- (e) enter into or continue agreements or arrangements which, in any way, in the opinion of SHC, will divert assets or revenues of the Project in such a manner or such result as will prejudice, derogate from, or reduce the effectiveness of the Security or the operation of the Project; or
- (f) change or enter into any agreement to change the shareholders or directors of the Sponsor.

ARTICLE 8 – INSURANCE

8.1 Policies: The Sponsor shall maintain policies of insurance as are customary and prudent for a development such as the Project together with such policies as are specifically required by the terms of this Agreement.

8.2 Form of Policies: All such policies shall be in a form and amount acceptable to SHC, shall be written through an insurer licensed in Saskatchewan and shall provide 30 days' advance written notice to SHC of cancellation or any material change. The policies shall show SHC as a mortgagee and shall be subject to a mortgage clause and a loss payable clause, each satisfactory to SHC.

8.3 Copy of Policy: The Sponsor shall promptly provide SHC with a certified copy of each insurance policy and with evidence of renewals of each insurance policy as soon as practically available.

8.4 Notice of Loss: In the event of the occurrence of any partial or complete loss, damage or destruction to the Project, or other improvements or property on the Lands, the Sponsor shall give SHC prompt written notification, and shall, at its sole cost and expense, provide SHC with all necessary proofs of loss and do or cause to be done all such acts and things as may be necessary or advisable to obtain prompt payment of all insurance proceeds.

8.5 Application of Proceeds: In the event of an insured property loss, the Sponsor shall consult with SHC and shall apply any insurance proceeds received either to the repair or replacement of the damaged assets or repayment of amounts owing under this Agreement, as directed by SHC, acting reasonably.

ARTICLE 9 – REPRESENTATIONS AND WARRANTIES

9.1 Representations of the Sponsor: The Sponsor represents and warrants to SHC that:

- (a) the Sponsor is a valid and subsisting corporation in good standing under the laws of Saskatchewan and is duly qualified to carry on business in Saskatchewan;
- (b) the Sponsor has all necessary power and authority to carry on its business, hold its properties and assets and to execute, deliver and perform its obligations under this Agreement;
- (c) the application for funding and all other material or information submitted by the Sponsor to SHC is complete and accurate in all material respects and, to the best knowledge of the Sponsor, there is no fact which the Sponsor has not disclosed to SHC in writing which materially and adversely affects or is reasonably likely to affect materially and adversely the Sponsor or its operations, properties, prospects, profits or condition (financial or otherwise) taken as a whole, or the ability of the Sponsor to perform its obligations under this Agreement;
- (d) the financial statements, certificates and other information concerning the Sponsor's financial condition or the Project provided to SHC represent fairly the financial position of the Sponsor, in accordance with generally accepted accounting principles and there has been no material adverse change, since the date of such financial statements, certificates or other information;
- (e) no litigation, arbitration or administrative proceeding is current, pending or threatened so far as the Sponsor is aware, in respect of the Sponsor which, if determined adversely to the Sponsor, would have a material adverse effect on the Sponsor or the Project;
- (f) there are no outstanding judgments, writs of execution, work orders, injunctions or administrative or regulatory directives against or affecting the Sponsor or the

Project or any pending orders of that nature that might reasonably have a material adverse impact upon the prospects of the Sponsor or the Project; and

- (g) all Capital Funding necessary to complete development of the Project has been secured and the Sponsor has adequate financial resources to finance any cost over-runs incurred in connection with completion of the Project.

ARTICLE 10 – EVENTS OF DEFAULT

10.1 Events of Default: The occurrence of any of the following events constitutes an “Event of Default”:

- (a) if the Sponsor fails to pay to SHC any amount of principal, interest, costs, charges or expenses or other amounts when due under this Agreement, the Security or under any prior or subsequent loan or other obligation to SHC or any other party;
- (b) if the Sponsor sells, conveys, transfers or enters into an agreement for sale or transfer of the Project, or if the Sponsor grants a mortgage against the Project or permits any encumbrance to be registered against the Project, without the prior written consent of SHC;
- (c) if the Sponsor defaults in the performance of any term, condition or covenant of any mortgage or other encumbrance registered against the Project;
- (d) if any representation or warranty contained in the Sponsor’s application under the Program, this Agreement or in the Security or in any certificate or other document delivered pursuant to this Agreement, the Program or the Security shall be false or incorrect or lacking in any material facts so as to make it materially misleading;
- (e) if the Sponsor defaults in the performance of any other term, condition or covenant contained in the Conditional Letter of Approval, this Agreement or in the Security or under any prior or subsequent loan or other obligation to SHC;
- (f) if the report of the auditors or accountant on any annual or other financial statements delivered by the Sponsor shall be qualified in any way, which SHC acting reasonably deems to be materially adverse;
- (g) if construction or completion of the Project is materially delayed, suspended or terminated without the prior written approval of SHC or SHC reasonably believes that the estimated cost to complete the Project is over-budget or otherwise exceeds the remaining Capital Funding available to complete the Project;
- (h) if the Sponsor becomes insolvent or bankrupt or subject to or takes advantage of any law relating to bankruptcy, insolvency or for the relief of debtors, or makes a general assignment for creditors or otherwise acknowledges its insolvency;
- (i) if any of the Security shall, at any time after being executed and delivered, for any reason (other than with the written consent of SHC) cease to constitute a valid,

binding and enforceable obligation of the Sponsor or other issuer of such Security, as the case may be;

- (j) if an order is made or an effective resolution passed for the winding up, liquidation or dissolution of the Sponsor;
- (k) if any person takes possession of any property of the Sponsor (whether by appointment of a receiver, receiver and manager or otherwise) which is, in the opinion of SHC, a substantial part of the property of the Project, or if a distress or execution or any similar process be levied or enforced against such property;
- (l) if this Agreement or any provision of this Agreement shall, at any time after being executed and delivered by the Sponsor, for any reason (other than in accordance with their respective terms or the consent of SHC) cease to be in full force and effect or shall be declared to be null and void, or the validity or enforceability of this Agreement shall be denied or contested by the Sponsor;
- (m) if the Sponsor ceases to operate the Project; or
- (n) if the Project is damaged or destroyed such that the Project is not suitable for occupancy and which damage cannot reasonably be repaired within ninety (90) days.

10.2 Remedies: Upon the occurrence of an Event of Default, SHC may, in its sole and absolute discretion, terminate its commitment to make any advance under the Project Loan or declare the Project Loan to be immediately due and payable or take any other action against the Sponsor permitted under this Agreement or under the Security or at law or in equity. All remedies available to SHC are cumulative and not exclusive, and may be taken at such time and in such manner as SHC may in its sole and absolute discretion deem appropriate, all without demand, notice or any other action whatsoever, all of which are expressly waived by the Sponsor to the fullest extent permitted by law. Notwithstanding the generality of the foregoing, in the case of an Event of Default mentioned in section 10.1(a), (c) or (e) of this Agreement, SHC shall provide the Sponsor with written notice of such Event of Default and the opportunity to cure such default within 10 days of receiving such notice, to the reasonable satisfaction of SHC, before declaring the Project Loan to be immediately due and payable.

ARTICLE 11 – SALE OF PROJECT

11.1 Sale of Project: The Sponsor acknowledges that providing affordable housing in Saskatchewan is the prime objective of SHC and that the Sponsor's representations to SHC that the Sponsor is willing and able to provide affordable housing to Eligible Households as contemplated by the Conditional Letter of Approval and this Agreement while the Project Loan is outstanding, is the sole reason why SHC has agreed to enter into this Agreement with the Sponsor. Accordingly, the Sponsor agrees that it shall not transfer, assign, sublease, sell or otherwise dispose of the Project, in whole or in part while the Project Loan is outstanding, without the prior written consent of SHC. Without limiting the generality of the foregoing, SHC may withhold the consent to any proposed disposition unless the prospective purchaser qualifies with SHC as an eligible housing organization according to the qualifying criteria established by

SHC at the time of such proposed disposition and the prospective purchaser agrees to assume all the duties and obligations of the Sponsor pursuant to this Agreement.

ARTICLE 12 – PUBLICITY

12.1 SHC’s Right to Publicize: The Sponsor acknowledges the right of SHC to publicize the Project in whatever form SHC deems best, including the nature of the involvement of SHC in the Project, and agrees to co-operate with SHC, at the request of and as directed by SHC, in all publicity matters. Without restricting the generality of the foregoing, the Sponsor acknowledges and agrees as follows.

- (a) During the course of construction on the Project, SHC may, at its sole discretion, supply, erect and maintain a sign stating that the Project is being financed by SHC and the Government of Saskatchewan, together with such other information as SHC shall decide upon. Upon the completion of the Project, a sign or plaque, in a form prepared by SHC, shall be permanently affixed to the Project at a place designated by SHC, and the Sponsor covenants and agrees that the Sponsor will not cover up, disguise, alter or permit damage to such sign or plaque.
- (b) At SHC’s sole discretion, a ceremony or ceremonies will be held for the initial ground breaking at or near the beginning of construction on the Project and, for the opening of the Project, at or near the time the construction on the Project has been substantially performed. SHC shall have control of the conduct of such ceremonies and may invite those persons and make use of such part of the Project for the ceremonies as SHC sees fit.

12.2 Sponsor’s Publicity: The Sponsor shall not make any public statement about the Project funding without the prior written consent of SHC, which consent may be arbitrarily withheld. Any such public statement must acknowledge that Project funding was provided under the Program, which is cost-shared by the federal, provincial and municipal governments.

12.3 Cost of Publicity: At the discretion of SHC, all costs for all publicity matters shall be borne and payable by the Sponsor.

ARTICLE 13 – CONFIDENTIALITY

13.1 SHC Responsibility: SHC shall be responsible for personal and/or confidential information under its control relating to the Project and the tenants and prospective tenants of the Affordable Housing Units, in accordance with the legal requirements and information security policies to which SHC must adhere.

13.2 Sponsor Responsibility: The Sponsor shall be responsible for personal and/or confidential information under its control relating to the Project and the tenants and prospective tenants of the Affordable Housing Units, in accordance with the legal requirements and information security policies to which the Sponsor must adhere, or, if such requirements and policies do not exist, as required by SHC from time to time.

13.3 Sponsor Indemnity: The Sponsor will indemnify and save harmless SHC from any actions, causes of action and liabilities of any form or kind arising out of or relating to the breach of the Sponsor's obligations under section 13.2 of this Agreement.

ARTICLE 14 – MISCELLANEOUS

14.1 Authority: The Project Loan and the collateral mortgage described in section 2.8(a) of this Agreement are made pursuant to *The Saskatchewan Housing Corporation Act* (Saskatchewan).

14.2 Notice: Any notices, documents or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently delivered only by receipt of correspondence by prepaid registered mail, prepaid courier or personal delivery addressed to the party as follows:

If to the Sponsor:

Sponsor Name
Sponsor Address
City, Saskatchewan
Attention: title

If to SHC:

Saskatchewan Housing Corporation
11th Floor, 1920 Broad Street
REGINA SK S4P 3V6
Attention: Director, Housing Development and Real Estate

Each party shall be entitled to specify a different address by giving proper written notice to the other.

14.3 Reliance: All covenants, agreements, indemnities, representations and warranties of the Sponsor made in this Agreement or in the Security or in any certificate or other document delivered pursuant to the Program, the provisions of this Agreement or the Security, shall be deemed to have been relied upon by SHC and, notwithstanding any investigation previously made or which may in the future be made by SHC, shall survive the execution and delivery of this Agreement and the Security until all amounts owing pursuant to this Agreement have been paid in full.

14.4 Further Assurances: The Sponsor, whether before or after default, shall do, execute, deliver or cause to be done, executed and delivered all such further acts, documents and things as SHC may require for the purposes of giving effect to this Agreement and the Security including, without limitation, for the purpose of exercising all powers, authorities and discretions hereby conferred upon or acquired by SHC.

14.5 Invalidity of Provisions: Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part by

a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

14.6 Amendment: No amendment or waiver of this Agreement shall be binding unless executed in writing by SHC. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

14.7 Independent Contractor: The Sponsor shall be an independent contractor and neither it nor any of its employees shall be an agent or representative of SHC. Nothing in this Agreement shall create a partnership between SHC and the Sponsor.

14.8 Assignment: The Sponsor may not assign or transfer all or any part of any of its rights or obligations in respect of the Project Loan or under this Agreement without the prior written consent of SHC.

14.9 Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the Province of Saskatchewan.

14.10 Enurement: This Agreement and the Security shall enure to the benefit of and be binding on the parties hereto, their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first written above.

SASKATCHEWAN HOUSING CORPORATION

Per: _____

(c/s)

Per: _____

SPONSOR LEGAL NAME.

Per: _____

(c/s)

Per: _____

SCHEDULE A

Description of Lands

Civic Address: XXX XXXXXXX X XXXX
City, Saskatchewan

Legal Description: Surface Parcel #xxxx
Reference Land Description:
Lot x, Block x, City, Plan xxxxxx, Extension xx
As described on Certificate of Title xxxxxxxx, description

Surface Parcel # xxxxx
Reference Land Description:
Lot x, Block xx, City, Plan xxxxxx, Extension xx
As described on Certificate of Title xxxxxxxx, description xx

Surface Parcel #xxxx
Reference Land Description:
Lot x, Block xx, City, Plan xxxxxx, Extension xx
As described on Certificate of Title xxxxxxxx, description xx

SCHEDULE B
INCOME SCHEDULE

A. Income

Income of the household is defined in the following manner:

1. Include moneys received on a regular basis, and not on the exclusion list. This includes all moneys received in any form that are not repayable, directed, a rebate or credit and all moneys received daily, weekly, monthly, quarterly, semi-annually, or recurring yearly. For example:
 - salary, wages, commission, rents, investment income, part-time earnings, tips, self-employment income, spousal support and child maintenance payments received;
 - Employment Insurance Benefits;
 - Old Age Security Pension, Guaranteed Income Supplement, Pensions, withdrawals from RRSPs when made on regular basis (e.g. annual), or annuities;
 - training allowances, Provincial Training Allowance (PTA)/Provincial Youth Allowance (PYA); forgivable student loans, potentially forgivable student loans, student grants & student bursaries.

2. Exclude the following from income, for each household member, where applicable:
 - Sask. Employment Supplement (SES), Sask. Supplemental Health Benefit (SHB), Federal and Provincial child tax benefits;
 - Canadian Child Tax Benefit (CCTB);
 - Working Income Tax Benefit and Working Income Tax Benefit Disability Supplement (WITB);
 - Saskatchewan Low-Income Tax Credit;
 - Saskatchewan Rental Housing Supplement;
 - repayable student loans;
 - expenses for child care, transportation (if commuting to another community) and special needs which are included in Government sponsored training allowances;
 - Saskatchewan Seniors Income Plan (SIP);
 - one-time RRSP withdrawals (i.e. not made on a regular basis);
 - foster children allowances, Social Services supplement assistance grants;
 - living out or traveling allowances of any household member;
 - lump sum payments received from insurance settlements, insurance company demutualization, inheritance, disability awards, sale of effects, capital gains, recaptured depreciation;
 - GST refunds;
 - earned income, of children or dependants, if such children or dependants are in full-time attendance at school;
 - room and board paid to the household will not be considered as part of the total household income;
 - amounts paid for spousal support.

3. A child is a person related by blood, marriage or adoption to other members of the household, and is 25 years of age or less or a member of the household who is mentally or physically infirm, who is living as a member of the household and who is wholly dependent on the head of the household for the necessities of life. A dependant 25 years of age or less is considered to be equal to a child for the purposes of income calculation.

B. Bedroom Count

The National Occupancy Standards are used to establish the number of bedrooms that are suitable for a household based on the total number of family members, their gender, age, and marital status. This is not the actual number of bedrooms in the house or suite, but rather a formula that determines suitability in relation to family size. The Bedroom Count is used to determine the level of maximum income for the household (see D below). The standard formula to determine Bedroom Count is:

- A maximum of two and a minimum of one person per bedroom;
- Household members 18 years of age and older require a separate bedroom unless married or co-habiting as spouses;
- Parents/couples occupy a bedroom separate from their children; and
- Children aged five and older of the opposite sex do not share a bedroom.

C. Verification of Income

1. All applicable sources of income must be verified and confirmed; for example:
 - a statement signed by the employer that indicates gross pay and the actual pay periods;
 - photocopies of pension cheques or pay stubs;
 - in the case of self-employed persons, a copy of the most recent income tax return certified by the Canada Revenue Agency (CRA) that includes the schedule of income and expenses.
 - other evidence satisfactory to SHC.
2. If a member of the household is self-employed, the work-related earnings of this household member will be the annual net income for the business, as defined by CRA, plus any capital cost allowance used in the determination of that net income.
3. For purposes of verifying total household income, the household head(s) must complete a tenant income declaration/consent form, as prescribed by SHC from time to time, at the time of initial occupancy and thereafter as requested by SHC.
4. Eligible tenants must have a total household income less than or equal to the maximums in the scale set out in D below.

**D. Saskatchewan Household Income Maximums
(Maximum based on Bedroom Count)**

<u>One Bedroom</u>	<u>Two Bedroom</u>	<u>Three Bedroom</u>	<u>Four + Bedroom</u>
\$36,500	\$44,000	\$55,500	\$66,500

**Saskatchewan Household Income Maximums for Disabilities
(Maximum based on Bedroom Count)**

<u>One Bedroom</u>	<u>Two Bedroom</u>	<u>Three Bedroom</u>	<u>Four + Bedroom</u>
\$42,000	\$50,600	\$63,800	\$76,500

For purposes of determining if a household qualifies for the Saskatchewan Household Income Maximums for Disabilities, a member of the household must have a sustained or permanent physical disability that has a housing related impact or a cognitive disability. The household member with the disability must be able to live independently, either alone or with family support.

SCHEDULE C

Maximum Rents

Type of Unit

Maximum Rent

SCHEDULE D

Attach Copy of the Program Loan Forgiveness Schedule marked as Schedule D