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Regina, Canada S4P 3V6

306-787-4098
1-800-667-7567 (Toll Free)
306-798-3110 (Fax)

[Date]

[First Name] [Last Name], [Title]
[Sponsor's Name]
[Address]
[CITY/TOWN SK Postal Code]

Dear [Mr./Ms.] [Last Name]:

**RE: Rental Development Program (Program)
 Conditional Letter of Approval between
 Saskatchewan Housing Corporation (SHC) and
 [Name of Sponsor] (Owner)**

On behalf of Canada Mortgage and Housing Corporation (CMHC) and SHC, we are pleased to advise that your proposal for Program funding has been approved as hereinafter provided.

Project Purpose

The purpose of the project is to *[develop or acquire and renovate - how many units – what type, for defined client group, to include services as defined within this agreement etc.]* (the Work).

Project Location(s)

The project is to be located on the following property (the Property):

Civic Address: <>
 <>, Saskatchewan

Legal Description: Surface Parcel #<>
 Lot <>, Block <>, Plan <>, Ext. <>

Capital Loan

SHC will provide a one-time conditional forgivable capital loan (the Program Loan), in an amount up to but not to exceed the amount noted below, which shall be used solely for the purpose of undertaking the development of the project, **pending approval by SHC of final capital and operating budgets**. Any Owner equity, other in-kind contributions, and GST rebates must be used to reduce the capital cost.

The capital cost for the project is estimated at \$<>, to be funded as follows:

Program Loan:	\$<>
Loan from Municipality:	\$<>
Private Lender Financing (Mortgage/Investment):	\$<>
Owner's Cash Equity:	\$<>
Other <specify, i.e., land>:	\$<>

Any increase in the capital cost for the project or any shortfall in funding will be the sole responsibility of the Owner.

SHC will not provide any ongoing operating funding to the project.

Loan Conditions

SHC's approval to provide the Program Loan is subject to the following conditions. **If the Owner fails to satisfy all of the conditions to the satisfaction of SHC, then SHC may, at its sole discretion, cancel its commitment to provide the Program Loan and in that event this Conditional Letter of Approval shall be deemed null and void.**

Pre-Development Requirements

The Owner must complete the following pre-development requirements, to the satisfaction of SHC.

1. The Owner must provide SHC with confirmation of its private lender financing and/or any other source(s) of capital funding to be obtained by the Owner for the project, including the municipality's financial commitment to the project (if applicable).

2. The Owner must provide SHC with copies of all consulting contracts for the project.
3. The Owner must provide SHC with copies of the Owner's Incorporation Documents.
4. The Owner must provide SHC with a copy of the Borrowing Resolution passed by the Owner's Board of Directors approving the borrowing of the Program Loan and the granting of the Program Loan security. The Owner must provide SHC with evidence that a property management team is in place for the project.
5. All units receiving funding must be provided to designated target groups with gross annual incomes at or below the applicable Saskatchewan Household Income Maximums (SHIM) rate established by SHC from time to time.
6. The Owner must provide SHC with the rent roll and its market evaluation to ensure rents are affordable. The provision of any support services to project occupants must remain optional and cannot be included in the basic rental charge.
7. The Owner must provide SHC with preliminary and updated capital and operating budgets for the project.
8. SHC recommends that the final plans undergo a code review by a certified professional.

Development Requirements

Once all of the above pre-development requirements have been satisfied and **prior to commencement of the Work**, the Owner must complete the following project development requirements to the satisfaction of SHC.

Requirements Prior to Tender of the Work

1. The Owner must be the registered owner of the Property. If the Owner is not the registered owner of the Property, the Owner must enter into a sales or option agreement for acquisition of the Property. Prior to entering into such agreement, the Owner must ensure that the Property is suitable for the project based on the households to be served, capital and operating cost projections, and any environmental issues or site restrictions, such as zoning approvals. All sales and option agreements must be conditional upon the approval of SHC and project financing.
2. The Owner must obtain a professional market appraisal of the Property. The acquisition costs of land and/or building(s) may not exceed its current appraised value.

3. The Owner must provide a Phase I Environmental Assessment for the Property confirming suitability of the Property for its intended use.
4. The Owner must provide a Geotechnical Report for the Property confirming suitability of the site for its intended use.
5. The Owner must notify SHC of any employment training initiatives involved with the project.
6. The Owner shall furnish particulars and report on apprenticeship activity to SHC satisfaction.
7. The Owner must comply with the attached minimum energy efficiency and/or modelling requirements.
8. Based on the approved preliminary capital budget for the project and Program requirements, the Owner shall cause the project consultant to prepare the final plans and specifications for the project for the review of the Owner and SHC.
9. The Owner must provide SHC with documents outlining the scope of the Work, including but not limited to construction documents (plans and specifications). All work must conform to SHC's design and specification requirements, and must be modest in nature.
10. Based upon the plans and specifications reviewed by SHC, the Owner must publicly tender the Work.
11. The Owner must provide final capital and operating budgets for the project, based on the tender value.
12. The Owner must provide SHC with evidence that adequate insurance is in place for the project for the periods before, during, and after the construction of the Work, with loss payable to SHC.

Requirements Prior to Commencement of the Work

The Owner must enter into a fixed price contract for the Work. The Work must be publicly tendered and the Owner must award the contract to the contractor who submits the lowest qualified bid. SHC reserves the right to determine the lowest qualified bid. Notwithstanding condition 11 above, if the Owner can demonstrate, to the satisfaction of SHC, that the Owner is qualified to undertake the Work, the Owner may act as general contractor for the project. In which case, the Owner must obtain price quotations from a minimum of two arms-length suppliers for all subcontracted material and labour. Where the Owner employs its own forces, the price for such work cannot exceed industry standards, and must be agreed to in advance by SHC.

Requirements after Completion of the Work

13. Upon completion of the Work, the Owner must provide SHC with a copy of a Real Property Report and Property Title for the project, and such other documentation as may be required by SHC, to verify that there are no unacceptable encroachments and/or encumbrances against the project.
14. Upon completion of the Work, the Owner must ensure that adequate insurance, with loss payable to SHC, is obtained for the project and remains in place until such time as the Program Loan has either been forgiven or repaid in full, and must provide SHC with evidence of such insurance coverage.

General Requirements

1. SHC and the Owner must enter into a Project Development and Operating Agreement, in the form prescribed by SHC. The Project Development and Operating Agreement may set out additional conditions precedent which must be satisfied in form and substance acceptable to SHC, before the Program Loan will be advanced to the Owner.
2. The Owner must grant the security for the repayment of the Program Loan as contemplated by the Project Development and Operating Agreement, including a collateral mortgage (the SHC Mortgage) charging the project in the amount of the Program Loan.

3. The SHC Mortgage must register as a first charge against the Property unless the Owner obtains private lender financing to fund the capital costs of the project, in which case the SHC Mortgage must register against the Property subject only in priority to the interests of the Owner's private lender for an amount not to exceed the amount of the private lender financing identified in the Capital Loan section of this letter. If the SHC Mortgage registers against the Property prior to the Owner's private lender interests, SHC agrees to postpone the SHC Mortgage in favour of the interests of the Owner's private lender to the extent noted above. All costs associated with the postponement will be the Owner's responsibility. The Owner must inform SHC of any changes to the project financing. Any and all changes to the project financing are subject to SHC approval.
4. The Work must commence not later than <Month day, year> and be completed by <Month day, year>.
5. The Owner must house the Client identified in the Project Purpose within this agreement for the term of the Project Development and Operating Agreement.
6. The Owner must provide SHC with copies of service provision contracts for "hard-to-house" Clients.
7. The Owner must provide services to the Client as agreed upon in the project application and submission and outlined below:
 - a. Briefly describe services.
8. Should the Client or services provided require change over the life of the agreement, the Owner must apply to SHC for approval.
9. Maximum rents are set out in Schedule C attached to the Project Development and Operating Agreement. Application to SHC may be made to adjust the Maximum Rent annually. SHC may at its sole discretion approve changes to Maximum Rent, however, consideration will be given to the affordability of the rent changes to the targeted client. "Hard-to-house" clients typically do not reach the maximum income levels as indicated under SHIM-Moderate. Rent levels are required to be appropriate and affordable to targeted clients based on their actual and known incomes or fall within the Saskatchewan Assistance Program and other eligible benefits.
10. When tenanting, consideration must be given to National Occupancy Standards.
- ~~10. All units must be tenanted according to National Occupancy Standards. Please see attached for further clarification.~~

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Project Communications

SHC's approval to provide Program funding must remain confidential until such time as an official announcement of the funding is made. SHC will advise the Owner if and when an announcement can be made. The Owner must not initiate any openings, public and/or media events without the written approval of SHC.

If the Owner plans any commencement or opening ceremonies, SHC would be pleased to assist the Owner in planning the event. The Owner must advise SHC at least six weeks prior to the ceremony to allow the opportunity for participation by the federal, provincial, and municipal governments.

Any public statements made about the funding for the project must acknowledge that funding was cost-shared by the federal, provincial, and municipal governments.

Acceptance of Conditional Letter of Approval

Acceptance of this Conditional Letter of Approval by the Owner, the execution of the Project Development and Operating Agreement, the execution or registration of any collateral mortgage or the making of any advance on account of the Program Loan will not bind SHC to advance the Program Loan or any unadvanced portion of the Program Loan.

We enclose three copies of this letter. If you are in agreement with the terms and conditions contained in this letter, please acknowledge your agreement by signing three copies, keep one for your records and return two copies to the writer. If the signed letters are not returned to us within 60 days from the date hereof, the commitment to provide the Program Loan may be cancelled.

If you have any questions or require clarification about the conditions of the funding, please call [*Name of CPD*], Consultant, Project Development at 306-[*direct line*].

[First Name] [Last Name], [Title]

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[Date]

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We look forward to working with you on your valuable housing initiative.

Yours truly,

Doug Schweitzer

Director, Housing Development and Real Estate

Attachments

cc: Tim Gross, Executive Director, Housing Development
Rick Hadubiak, Manager, Technical Services, Living Skies Housing Authority
Rick McCann, Manager, Living Skies Housing Authority
Alex McKay-Argyriou, Manager, Housing Agencies
[Name of CPD], Consultant, Project Development

[First Name] [Last Name], [Title]

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[Date]

Please sign, affix your corporate seal and return a full set of these documents to SHC.

The Owner hereby acknowledges and accepts this Conditional Letter of Approval, subject to the terms and conditions outlined.

Dated this _____ day of _____, 201____.

{Owner Name in CAPS}

Per: _____

(c/s)

Per: _____

If the Owner is a corporation and signs this letter without affixing its corporate seal, the following Affidavit must be completed by one of the signing officers.

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, _____, of _____, in
the Province of _____, make oath and say that:

1. I am an officer [or I and _____ are officers] of
<corporate name> named in this Conditional Letter Approval.
2. I am [or I and _____ are] authorized by the
corporation to execute this Conditional Letter of Approval without affixing a corporate seal.

Sworn before me at _____,)
in the Province of _____,)
this _____ day of _____, 201____.)

A Commissioner for Oaths/Notary Public

in and for the Province of _____

My commission/appointment expires:

_____.

- or - Being a Lawyer.

RENTAL DEVELOPMENT PROGRAM BUILDING REQUIREMENTS

All Rental Development Program projects must be developed in accordance with the zoning and building code requirements of the authority having jurisdiction. In addition all projects must conform to the following minimum requirements of the Saskatchewan Housing Corporation (SHC).

A. Inspections During Construction

SHC officials have the right to inspect the project during the construction period. None of the inspections performed by SHC shall reduce the responsibility of the project owner, contractors or consultants.

Mandatory SHC Inspection Requirements:

- Prior to pouring all concrete to confirm that reinforcing steel has been properly installed.
- Inspect to confirm foundation drainage is in place prior to backfill.
- Inspect rough framing.
- Inspect to confirm proper installation of insulation, vapour barrier and windows.
- Roofing Inspection.
- **Final inspection.**
- Additional random inspections will be carried out at all stages of construction to verify that health, safety and/or program requirements are being met.

B. Plans and Specification Requirements:

Exteriors

- Maintenance free exterior finishes such as: pre-finished metal soffit, fascia, eavestrough and downspouts are recommended.
- Provides a minimum 5" wide eavestrough on buildings containing three or more units.
- Fibreglass or PVC Windows are required.
- Install 60 minute building paper under stucco finishes; house wrap air barrier may be used under siding only.
- Each unit must have a minimum 36" wide entry door.
- Require a minimum 2% positive grade away from the building foundation.

Crawlspaces

Ground Cover

- Install a continuous ground cover (Permalon X-150 (white)) properly sealed and secured at laps and adjacent surfaces to provide a water-resistant and air tight seal.
- Install 900mm wide rubber service pathway and beneath that, a 3.0 metre band of Permalon X-150 lapped over and sealed to bottom layer of Permalon ground cover, to all mechanical equipment in crawlspace.
- Gypsum wallboard is **not acceptable** in crawlspaces, cement board is recommended.
- Ensure crawlspace is provided with heat from main heating system and is mechanically ventilated to the exterior.
- Provide a three foot deep sump pit complete with a submersible pump in all crawl spaces. As a guideline, for a multi-unit building provide one sump pit for every 5,000 sq. ft. ensuring there is proper drainage to every sump pit.

C. *Minimum Energy Efficiency Requirements:*

1. New Construction

- New low rise housing will be designed to achieve a 25% reduction in energy consumption compared to an equivalent building designed to the Model National Energy Code for Houses (MNECH). EnergyStar rated products will be used instead of conventional products where available and practical.
- New larger multi-unit residential buildings will be designed to achieve a 25% reduction in energy consumption compared to an equivalent building designed to the MNECB. EnergyStar rated products will be used instead of conventional products where available and practical.

2. Renovation

- In existing low-rise housing where specific building systems or components are to be renovated, retrofitted or replaced, the building systems or components must, where practical and applicable, meet or exceed the energy efficiency provisions of the MNECH and represent an energy efficiency improvement. EnergyStar rated products will be used instead of conventional products where available and practical.
- In existing high-rise housing where specific building systems or components are to be renovated, retrofitted or replaced, the building systems or components must, where practical and applicable, meet or exceed the energy efficiency provisions of the Minimum Model National Energy Code for Buildings (MNECB) and represent an energy efficiency improvement. EnergyStar rated products will be used instead of conventional products where available and practical.

3. Building Design

- The building design team must incorporate an integrated design process to ensure all energy using systems are designed to provide long term affordability and environmental stewardship.

4. Building Orientation

- Where the design allows for the selection of building orientation, the orientation shall be determined to optimize passive solar gain. The face with the largest glazing area must face south. Sufficient overhangs must be incorporated into the design to allow for solar shading during the summer season.

5. Landscaping

- Consideration must be given to incorporate low-maintenance/low-water landscaping.

6. Building Envelope

- The following minimum insulation levels are required:

Exterior Walls (above grade)	RSI 3.5 (R20)
Exterior Walls (basement or crawlspace)	RSI 2.1 (R12)
Attic/Roof	RSI 8.75 (R50)
Exterior Doors EnergyStar Rated	RSI 1.0 (R5.7)
Windows EnergyStar Rated	Triple glaze, low-e, argon fill (minimum)
- Window frames must have a thermal break.
- The vapour barrier must be continuous. This includes the use of sealed poly-pans around electrical outlets, and lights located in the building envelope.

7. Heating and Ventilation

- Where stand alone gas appliances are used for the purpose of space heating, the primary space heating appliance must be an EnergyStar rated natural-gas fired hi-efficient (minimum 92% efficiency) appliance with an induced draft fan.
- Domestic hot water for detached, semi-detached and townhouse buildings must be provided by EnergyStar rated, induced draft, no pilot gas water heaters.
- Ventilation systems must meet NBC requirements. For detached semi-detached units and townhouse buildings where stand alone heating appliances are used, consideration must be given to the use of a heat recovery ventilator.

- For central heating systems (e.g. multi-unit building), the primary space heating system must be an EnergyStar rated modular boiler system (multiple boilers) with a minimum energy efficiency rating of 85%. The boilers must be sized to include the ventilation system requirements and the outside ventilation air must be heated via a hydronic heating coil piped off the main boiler system. The main ventilation system must be designed to incorporate heat recovery.

8. Lighting

- Interior lighting must be energy efficient in design. Fixtures must be selected that use compact fluorescent lamps or T8 fluorescent lamps with electronic ballast.

9. Electrical Appliances

- It is recommended that electrical appliance be chosen that meet the following minimum Energuide ratings:

Electric Range (30")	800 kWh/yr. (subject to availability)
Electric Range (24")	720 kWh/yr. (subject to availability)
18 ft ³ Two Door Refrigerator EnergyStar Rated	650 kWh/yr.
15 ft ³ Two Door Refrigerator EnergyStar Rated	450 kWh/yr.
Heavy Duty Clothes Washer EnergyStar Rated	810 kWh/yr.
Heavy Duty Clothes Dryer	900 kWh/yr.
Built-In Dishwasher EnergyStar Rated (for Communal Kitchens)	615 kWh/yr.

10. Plumbing Fixtures

- Minimum standard 6.0 liter/flush water closets are required.
- Low-flow faucet aerators are required for bathroom vanities and showers.

We hereby certify and declare that the requirements for the Rental Development Program contained herein will be included within the project.

Signature

Date

Project Proponent