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Saskatoon, Canada S4P 3V6

306-933-6292
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[Date]

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

Dear [First Name] [Last Name]:

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

On behalf of Canada Mortgage and Housing Corporation (CMHC) and SHC, we are pleased to advise that your proposal for Program funding has received conditional approval as provided below. This conditional approval is granted based on a review of all information available to SHC, including the representations and commitments made in the application by <the Sponsor>. This conditional approval is not transferable.

Project Purpose

The purpose of the project is to [*develop and construct or acquire and renovate - how many units – what type, for defined client group (“the Client”) <under the SHIM /SHIM- Disability >,to include services as defined within this agreement etc.*] (the Project).

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. <>

Project Loan

Subject to the Sponsor's fulfillment of the loan conditions ("Loan Conditions") to SHC's satisfaction, SHC will provide a one-time conditional forgivable project loan (the Project Loan), in an amount up to but not to exceed <insert amount>, which shall be used solely for the purpose of undertaking the development of the Project. Any Sponsor equity, other in-kind contributions, and GST rebates must be used to reduce the capital cost for the Project.

Subject to approval by SHC of final capital and operating budgets, the capital cost for the Project is estimated at \$<>, to be funded as follows:

| | |
|---|------|
| Project Loan: | \$<> |
| Loan from Municipality: | \$<> |
| Private Lender Financing (Mortgage/Investment): | \$<> |
| Sponsor'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 Sponsor.

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

Loan Conditions

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

A. Pre-Development Requirements

Unless granted an extension by SHC in writing, the Sponsor must complete the following pre-development requirements to the satisfaction of SHC prior to the development of the Project.

1. The Sponsor must provide SHC with confirmation of its private lender financing and/or any other source(s) of capital funding to be obtained by the Sponsor for the Project, including the municipality's financial commitment to the Project (if applicable). Confirmation of Sponsor's private lender financing and/or any other source(s) of capital funding must be submitted to SHC by <>.
2. The Sponsor must provide SHC with copies of all consulting contracts for the Project.
3. The Sponsor must provide SHC with copies of the Sponsor's incorporation documents comprising a copy of the Sponsor's Profile Report, Certificate of Incorporation, Articles of Incorporation, bylaws and other applicable constating documents in force and a current Certificate of Status confirming that the Sponsor is registered as a corporation and remains in good standing.
4. The Sponsor must provide SHC with a copy of the borrowing resolution passed by the Sponsor's board of directors approving the borrowing of the Project Loan and the granting of the Project Loan security.
5. The Sponsor must provide SHC with evidence that a property management team registered with the Saskatchewan Real Estate Commission is in place for the Project.
6. The Sponsor must provide SHC with preliminary and updated capital and operating budgets for the Project by <>.
7. The Sponsor must provide SHC with a communication and engagement plan identifying potential community concerns and strategies to alleviate the concerns and gain community support if required.
8. For the acquisition <and renovation> of tenanted buildings – the Sponsor must provide a possession and occupancy plan, identifying tenants' transition from existing units to alternative comparable units. Such plan should contain a reasonable timeframe for completion. Loan forgiveness will commence only after all units are occupied by eligible tenants and all renovations complete.

SHC recommends that the final plans undergo a code review by a certified professional.

B. Development Requirements

Once all of the above pre-development requirements have been satisfied, or extension has been received from SHC in writing for meeting the outstanding pre-development requirements, and **prior to commencement of the Project**, the Sponsor must complete the following Project development requirements to the satisfaction of SHC.

Requirements Prior to Tender of the Project

Unless granted an extension by SHC in writing, the Sponsor must complete the following development requirements to the satisfaction of SHC prior to the tender of the Project.

9. SHC's approval is required prior to the purchase of any property for the purpose of the Project. Purchase of a property without SHC's approval may render this conditional approval null and void.
10. The Sponsor must be the registered owner of the Property. If the Sponsor is not the registered owner of the Property, the Sponsor must enter into a sales or option agreement for acquisition of the Property. Prior to entering into such agreement, the Sponsor 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 contain a condition that the purchase is conditional upon loan approval by SHC and availability of Project financing.
11. The Sponsor must obtain a professional market appraisal of the Property issued by a member of the Appraisal Institute of Canada. The acquisition costs of land and/or building(s) may not exceed its current appraised value.
12. The Sponsor must provide a Phase I Environmental Assessment for the Property stamped by an engineer or architect eligible to provide the service in the Province of Saskatchewan confirming suitability of the Property for its intended use.
13. The Sponsor must provide a Geotechnical Report for the Property stamped by an engineer or architect eligible to provide the service in the Province of Saskatchewan confirming suitability of the site for its intended use.
14. For the acquisition <and renovation> of an existing building, the Sponsor must:
 - a. provide a real property report from a qualified land surveyor, verifying the location of the building relative to the parcel boundaries. The qualified land surveyor must be a member of the Saskatchewan Land Surveyors Association;
 - b. obtain a property inspection report by an independent inspector licensed to practice in the province of Saskatchewan;
 - c. provide SHC with the projected rent roll and its market evaluation to ensure rents are affordable;
 - d. identify and bear the responsibility for additional renovations beyond the approved scope of work identified by SHC. For clarity, SHC's priority is to identify health and safety items.
15. The Sponsor must comply with the attached Plans and Specification Requirements and Minimum Energy Efficiency Requirements.

16. Based on the approved preliminary capital budget for the Project and Program requirements, the Sponsor shall cause the Project consultant to prepare the final plans and specifications for the Project for the review of the Sponsor and SHC.
17. The Sponsor 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 the attached Rental Development Project Building Requirements, and must be modest in nature.

Requirements Prior to Commencement of the Work

18. Based upon the plans and specifications reviewed by SHC, the Sponsor must publicly tender the Work.
19. The Sponsor must award the contract to the contractor who submits the lowest qualified bid. SHC reserves the right to determine the lowest qualified bid.
20. The Sponsor must provide final capital and operating budgets for the Project, based on the tender value no later than <> unless otherwise extended by SHC in writing.
21. The Sponsor must enter into a fixed price contract for the Work.
22. Notwithstanding condition 18 above, if the Sponsor can demonstrate, to the satisfaction of SHC, that the Sponsor is qualified to undertake the Work, the Sponsor may act as general contractor for the Project. In this case, the Sponsor must obtain price quotations from a minimum of two arms-length suppliers for all subcontracted material and labour. Where the Sponsor supplies the labour, the price for such work must not exceed industry standards, and must be agreed to in advance by SHC.

C. General Requirements

23. SHC and the Sponsor must enter into a Project Development and Operating Agreement (PDOA), in the form prescribed by SHC. The PDOA may set out conditions in addition to those contained in this Conditional Approval Letter, which must be satisfied in form and substance acceptable to SHC, before the Project Loan will be advanced to the Sponsor. The PDOA will be in a form substantially similar to the attached PDOA template subject to modifications prescribed by SHC. Please review the terms of the template carefully prior to formal acceptance of this Conditional Approval Letter.
24. The Sponsor must grant the security for the repayment of the Project Loan as contemplated by the PDOA, including a collateral mortgage (the SHC Mortgage) charging the Project in the amount of the Project Loan.

25. The SHC Mortgage must register as a first charge against the Property unless the Sponsor obtains private lender financing to fund the capital costs of the Project, in this case the SHC Mortgage must register against the Property subject only in priority to the interests of the Sponsor's private lender for an amount not to exceed the amount of the private lender financing identified in the Project Loan section of this letter. If the SHC Mortgage registers against the Property prior to the Sponsor's private lender interests, SHC agrees to postpone the SHC Mortgage in favour of the interests of the Sponsor's private lender to the extent noted above. All costs associated with the postponement will be the Sponsor's responsibility. The Sponsor must inform SHC of any changes to the Project financing. Any and all changes to the Project financing are subject to SHC approval.
26. The Work must commence not later than <> and be completed by <>, unless otherwise extended by SHC in writing.
27. The Sponsor must house the Client identified in the Project Purpose above for the term of the PDOA.
28. The Sponsor must provide SHC with copies of service provision contracts for "hard-to-house" Clients.
29. The Sponsor must provide services to the Client as agreed upon in the project application and submission and outlined below (the Services):
 - a. <Briefly describe services>
or
<as identified in Schedule E of the PDOA>.
30. The Sponsor must apply to SHC for approval should the Client or Services provided to the Client require change over the life of the PDOA.
31. Maximum rents are set out in Schedule C attached to the PDOA (Maximum Rent). Application to SHC may be made annually to adjust the Maximum Rent. 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 Shelter Rates and other eligible benefits.

When tenanting, the *National Occupancy Standards* developed by the Government of Canada are to be used to determine the maximum number of bedrooms that a household may be allocated.

Project Communications

32. 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 Sponsor if and when an announcement can be made. The Sponsor must not initiate any openings, public and/or media events without the written approval of SHC.
33. If the Sponsor plans any commencement or opening ceremonies, SHC would be pleased to assist the Sponsor in planning the event. The Sponsor must advise SHC at least six (6) weeks prior to the ceremony to allow the opportunity for participation by the federal, provincial, and municipal governments as applicable.

34. Any public statements made about the funding for the Project must acknowledge that funding was cost-shared by the federal, provincial, and municipal governments <as applicable>.
35. The Sponsor acknowledges SHC's right 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. 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.
36. Costs for all publicity matters shall be borne and payable by the Sponsor.

Acceptance of Conditional Approval Letter

Acceptance of this Conditional Approval Letter by the Sponsor, the execution of the PDOA, the execution or registration of any collateral mortgage or the making of any advance on account of the Project Loan will not bind SHC to advance the Project Loan or any unadvanced portion of the Project Loan.

We enclose two copies of this letter. If you are in agreement with the terms and conditions contained in this letter, please acknowledge your agreement by signing both copies, keep one for your records and return one copy to [Name of CPD], Consultant, Project Development. If the signed letter is not returned to us within sixty (60) days from the date of this letter, this conditional approval of your Proposal for Program funding 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]

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

Yours truly,

Doug Schweitzer
Director, Housing Development and Real Estate

Attachments: Affidavit Verifying Corporate Signing Authority, Rental Development Program Building Requirements and Project Development and Operating Agreement template.

cc: Roger Parenteau, Executive Director, Housing Operations
Henri Charpentier, Director, Third Party Operations
[Name of CPD], Consultant, Project Development
<name>, Manager, Technical Services, Living Skies Housing Authority
<name>, Manager, Living Skies Housing Authority

TEMPLATE

[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 Sponsor hereby acknowledges and accepts this Conditional Approval Letter, subject to the terms and conditions outlined.

Dated this _____ day of _____, 20_____.

<Sponsor Name in CAPS>

Per: _____

(c/s)

Per: _____

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

Sworn before me at _____,)
in the Province of _____,)
this _____ day of _____, 20____.) _____
)
)
)
)

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 SHC.

It is recommended that Universal Design principles and applications be included in the project design.

A. Plans and Specification Requirements:

1. Exteriors

- Maintenance-free exterior finishes are recommended, such as pre-finished metal soffit, fascia, eavestrough and downspouts.
- Minimum 5" wide eavestrough on buildings containing three or more units.
- PVC windows for five storeys or less; fibreglass windows if over five storeys.
- Two layers of 30 minute building paper under stucco finishes, where applicable. House wrap air barrier may be used under siding only.
- All entry doors must be a minimum 36" wide.
- Minimum 5% positive grade for at least 2.0m away from the building foundation, and a minimum 2% positive grade for the remainder of the site.

2. Crawlspaces (if applicable)

- Continuous ground-cover, properly sealed and secured at laps and adjacent surfaces, to provide a water-resistant and air-tight seal. For buildings less than 600m², use Permalon X-150 (white). For buildings greater than 600m², use Permalon X-200 FR (white).
- 900mm wide rubber service pathway and beneath that, a 3.0m band of Permalon lapped over and sealed to bottom layer of Permalon ground-cover, to all mechanical equipment in crawlspace.
- Gypsum wallboard is **not acceptable** in crawlspaces; fibreglass type "X" wallboard is recommended.
- Ensure crawlspace is provided with heat from main heating system and is mechanically vented to the exterior.
- Provide a 1.0m deep sump pit, complete with a submersible pump. As a guideline, for a multi-unit building provide one sump pit for every 500m² ensuring there is proper drainage to every sump pit.

B. Minimum Energy Efficiency Requirements:

3. New Construction

- New low-rise buildings that fall under Part 9 of the National Building Code(NBC)¹ must meet the minimum requirements of Section 9.36 Energy Efficiency, NBC. EnergyStar products will be used instead of conventional products.
- Larger multi-unit residential buildings that fall outside of Part 9 of the NBC must be designed to meet the requirements of the National Energy Code of Canada for Buildings 2017 (NECB). EnergyStar products will be used instead of conventional products.

4. Renovation

- In existing low-rise buildings that fall under Part 9 of the NBC, 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 Section 9.36 Energy Efficiency of the NBC. EnergyStar products will be used instead of conventional products.
- In existing high-rise buildings where specific systems or components are to be renovated, retrofitted or replaced, such systems or components must, where practical and applicable, meet or exceed the energy efficiency provisions of the NECB and represent an energy-efficiency improvement. EnergyStar products will be used instead of conventional products.

5. Landscaping

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

6. Building Envelope

- Insulation levels for above- and below-grade exterior walls, attic/roof, windows, and doors must meet the requirements of NECB 2017 or Section 9.36 NBC, whichever is applicable.
- Window frames must have a thermal break.

¹ Part 9 of Division B of the NBC of Canada contains the acceptable solutions of the Code that applies to the design, construction and occupancy of all new buildings and the alteration, reconstruction, demolition, removal, relocation and occupancy of all existing buildings that are 3 storeys or less in height, have a building area of less than 600 m², and are used for one of the following major occupancy categories: residential occupancies, business and personal services occupancy, mercantile occupancies, medium and low hazard industrial occupancies.

- 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 natural-gas fired appliance with an induced draft fan.
- Domestic hot water for detached, semi-detached and townhouse buildings must be EnergyStar induced draft gas appliances.
- 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.

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

Signature

Date

Sponsor