

## TABLE OF CONTENTS

<b>PART I – INTERPRETATION .....</b>	<b>1</b>
SECTION 1.00 - DEFINITIONS, INTERPRETATION AND APPENDICES .....	1
<b>PART II – THE PROJECT .....</b>	<b>3</b>
SECTION 2.00 - OBLIGATIONS AND UNDERTAKINGS OF THE RECIPIENT .....	3
SECTION 3.00 - COSTS AND FUNDING SOURCES FOR THE PROJECT .....	4
SECTION 4.00 - MHRC LOAN.....	4
SECTION 5.00 - MHRC MORTGAGE.....	4
SECTION 6.00 - MHRC LOAN ADVANCES .....	5
Every Request.....	5
First Request .....	5
Every Request After First Request.....	5
Request Made After Completion of Roof and Eaves .....	6
Final Request .....	6
Inspections, Approvals and Advances .....	6
Inspections .....	6
Unaudited and Audited Statements of Project Costs .....	6
Holdback and Excess Advances.....	7
General .....	7
<b>PART III – OPERATING AND MANAGING THE HOUSING COMPLEX.....</b>	<b>8</b>
SECTION 7.00 - OBLIGATIONS AND UNDERTAKINGS OF THE RECIPIENT RELATING TO THE HOUSING COMPLEX.....	8
SECTION 8.00 - RENTAL OF UNITS .....	8
SECTION 9.00 - REPAYMENT AND CONDITIONS OF FORGIVENESS .....	8
SECTION 10.00 - INSPECTION OF THE HOUSING COMPLEX .....	9
<b>PART IV - GENERAL .....</b>	<b>9</b>
SECTION 11.00 - RECORDS, REPORTS, MONITORING AND AUDITS .....	9
SECTION 12.00 - CONFLICT OF INTEREST POLICY .....	10
SECTION 13.00 - INSURANCE.....	10
SECTION 14.00 - NON-LIABILITY OF MHRC.....	11
SECTION 15.00 - INDEMNIFICATION BY RECIPIENT .....	11
SECTION 16.00 - THIRD PARTY CONTRACTS.....	12
SECTION 17.00 - REPRESENTATIONS AND WARRANTIES.....	12
SECTION 18.00 - EVENTS OF DEFAULT .....	13
SECTION 19.00 - CONSEQUENCES OF DEFAULT .....	14
SECTION 20.00 - PUBLIC ANNOUNCEMENTS .....	14
SECTION 21.00 - TERM OF AGREEMENT .....	14
SECTION 22.00 - GENERAL .....	15
SECTION 23.00 - NOTICES.....	15
<b>PART V - DESCRIPTION OF APPENDICES.....</b>	<b>17</b>

## FINANCIAL ASSISTANCE AGREEMENT

This financial assistance agreement, under the Rental and Co-operative Housing Program, dated for reference \_\_\_\_\_, 20 [insert year]

**BETWEEN:**

**THE MANITOBA HOUSING AND RENEWAL CORPORATION**

(“MHRC”)

- and -

**[NAME OF RECIPIENT]**

(the “Recipient”).

WHEREAS,

- A. With the approval of the Lieutenant Governor in Council, MHRC may make grants and loans to:
- ensure that there is an adequate supply of affordable and accessible housing stock in Manitoba; and
  - stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.
- B. MHRC has established the Rental and Co-operative Housing Program (the “Program”) to support the creation and operation of affordable rental and co-operative housing.
- C. The Recipient has applied for and MHRC has been authorized to provide a forgivable loan under the Program to assist in funding the construction, rehabilitation or conversion of residential housing units in [insert name of place], in Manitoba (later defined as the “Housing Complex”).
- D. On completion of construction, rehabilitation or conversion, the Recipient intends to operate the Housing Complex as a rental property on the terms and conditions set out in this Agreement.

NOW, THEREFORE, the parties agree as follows:

### PART I – INTERPRETATION

#### SECTION 1.00 - DEFINITIONS, INTERPRETATION AND APPENDICES

1.01 Unless the context requires otherwise, in this Agreement:

- (a) **“Actual Project Costs”** means costs of the kind or type itemized and approved by MHRC as set out in Appendix “A”, Part 2 and actually incurred by the Recipient;
- (b) **“Affordable Housing Rental Program Income Limits”** means the income limits set annually by MHRC that are designated as Affordable Housing Rental Program Income Limits posted on the Department of Housing and Community Development website or otherwise published by MHRC;
- (c) **“Affordable Housing Rental Program Rents”** means the rental rates set annually by MHRC that are designated as Affordable Housing Rental Program Rents posted on the Department of Housing and Community Development website or otherwise published by MHRC;
- (d) **“Approved Lender”** means a lender designated as an approved lender at the relevant time by Canada Mortgage and Housing Corporation under the National Housing Act (Canada) for all types of lending in Manitoba or such other lender as MHRC may, in writing, approve;

- (e) **“Assisted Units”** means the [insert the minimum number of units to be rented to Eligible Tenants] Units in the Housing Complex that must be rented to Eligible Tenants;
- (f) **“Construction Contract”** means the contract referenced in clause 2.01(g) that the Recipient has entered into or will enter into to construct, rehabilitate or convert the Housing Complex as described in Appendix “A”, Part 1;
- (g) **“Design Services Contract”** means the contract for services relating to the Project entered into by the Recipient and an architect or an architectural firm;
- (h) **“Eligible Tenant”** means a tenant of the Housing Complex whose total annual gross household income at the time the tenant enters into the lease does not exceed the income limit specified, and updated annually, by MHRC as the Affordable Housing Rental Program Income Limits. The initial income limits to be used are set out in subsection 8.05;
- (i) **“Estimated Project Costs”** means the estimated costs of the Project approved by MHRC as set out in Appendix “A”, Part 2, Column A;
- (j) **“Final Holdback Release”** means either the date MHRC releases the holdback pursuant to subsection 6.14 or 6.15, or the date MHRC provides written notice under subsection 6.16;
- (k) **“Fiscal Year”** means the period beginning on April 1 of any year and ending on March 31 of the immediately following year;
- (l) **“Housing Complex”** means the [insert number of housing units and type of housing complex, e.g. twenty-two (22) unit residential apartment building] and related structures to be constructed or rehabilitated on the Land in accordance with this Agreement, or once it has been so constructed or rehabilitated, as the context may require;
- (m) **“Land”** means the land located at [insert civic address of location of proposed project] , in [insert name of place] , in Manitoba, and legally described in Appendix “A”, Part 1;
- (n) **“MHRC Loan”** means the financial assistance, in the form of a forgivable loan, to be advanced by MHRC to the Recipient as described in section 4.00;
- (o) **“MHRC Mortgage”** means the demand mortgage referred to in subsection 5.01;
- (p) **“Project”** means the design, financing, development and construction, rehabilitation or conversion of the Housing Complex, and acquisition of land or buildings for this purpose if applicable, all as more particularly described in Appendix “A”;
- (q) **“Term”** has the meaning given to it in section 21.00;
- (r) **“Third Party”** means any person, corporation, organization or entity other than MHRC or the Recipient;
- (s) **“this Agreement”** means this document and the Appendices listed in subsection 1.04 of this document;
- (t) **“Total Completion”** means the later of the date on which MHRC verifies that construction or rehabilitation of the Housing Complex has been completed to MHRC’s satisfaction and the date on which an occupancy permit for the completed Housing Complex has been issued or the date of a letter from the relevant municipal authority confirming that it does not issue occupancy permits;
- (u) **“Unavoidable Delay”** means any condition or cause beyond the control of the Recipient which prevents the Recipient from performing its obligations that is not caused by its default or act of commission or omission and not avoidable by the exercise of reasonable effort or foresight by the Recipient, and which delay is not due to financial inability;

- (v) **“Unit”** means apartments or other separate living quarters within the Housing Complex.
- 1.02 Words in the singular include the plural and words in the plural include the singular, as required by the context. The neuter gender includes the masculine and feminine genders as may be required.
  - 1.03 The headings in this Agreement are for convenience of reference only and may not be used to interpret any provision of this Agreement.
  - 1.04 The following appendices form a part of this Agreement:
    - (a) Appendix “A” Part 1: Project Description;  
Part 2: Estimated Project Costs;  
Part 3: Estimated Operating Expenses and Revenues;  
Part 4: Sources of Funding;  
Part 5: Project Timeline and Estimated Cash Flow;
    - (b) Appendix “B” Form of MHRC Mortgage and Schedule to Mortgage;
    - (c) Appendix “C” Form of Audited Statement of Actual Costs;
    - (d) Appendix “D” MHRC’s Conflict of Interest Policy and Guidelines.
  - 1.05 There are no undertakings, representations, or promises, expressed or implied, other than those contained in this Agreement. This document and the attached Appendices contain the entire agreement between the parties, and supersede all prior agreements, arrangements and understandings between the parties.

## **PART II – THE PROJECT**

### **SECTION 2.00 - OBLIGATIONS AND UNDERTAKINGS OF THE RECIPIENT RELATING TO THE PROJECT**

- 2.01 The Recipient agrees and undertakes:
  - (a) to complete the Project as contemplated in Appendix “A”;
  - (b) to ensure, subject to Unavoidable Delay, that Total Completion occurs no later than [insert date] , or such later date as MHRC may, in its sole discretion, agree to in writing;
  - (c) to use the MHRC Loan funds solely to pay for Actual Project Costs;
  - (d) to use reasonable efforts to ensure that the Actual Project Costs are kept to a minimum;
  - (e) to carry out, manage and complete the Project in a professional, safe and prudent manner and in accordance with good business practices;
  - (f) not to substantially change any aspect or component of the Project, except with the prior written consent of MHRC;
  - (g) to enter into a stipulated price contract with a Third Party for the construction or rehabilitation of the Housing Complex;
  - (h) to carry out, manage and complete the Project in accordance with *The Builders’ Liens Act* (Manitoba) and all other applicable laws and regulatory requirements, whether federal, provincial or municipal;
  - (i) to ensure that all statutory liens, builders’ liens and other liens or trust claims relating to the Project are promptly paid, satisfied, released or otherwise discharged; and
  - (j) to obtain such professional advice and services, inspection, certificates and reports as may be necessary to ensure the Project is completed in accordance with this Agreement, and acceptable engineering and construction standards.

### **SECTION 3.00 - COSTS AND FUNDING SOURCES FOR THE PROJECT**

- 3.01 As of the date of this Agreement, the Estimated Project Costs are as set out in Appendix "A", Part 2.
- 3.02 The sources for financing the Actual Project Costs and responsibility for paying them are as set out in Appendix "A", Part 4.
- 3.03 The Recipient's estimated cash flow requirements for the Project are as set out in Appendix "A", Part 4.
- 3.04 The parties acknowledge that the Estimated Project Costs may change after the date of this Agreement. If the total Estimated Project Costs change, the Recipient must, as soon as possible, advise MHRC of the change.
- 3.05 The Recipient shall be solely responsible for any cost over-runs it may experience in the course of undertaking the Project.
- 3.06 The Recipient must obtain MHRC's written consent before borrowing funds that exceed the total amount being financed as set out in Appendix "A", Part 4, items 2 and 3.
- 3.07 The Recipient agrees to provide MHRC with updated Appendix "A" Part 2 and Part 4 and Part 5 acceptable to MHRC, that reflect changes in the total Estimated Project Costs, and the corresponding changes in the amounts being financed and estimated cash flow requirements, promptly after they change.

### **SECTION 4.00 - MHRC LOAN**

- 4.01 MHRC agrees to make a forgivable loan to the Recipient of up to the amount set out in Appendix "A", Part 4, item 4 for the purpose paying Actual Project Costs.
- 4.02 Notwithstanding any other provision of this Agreement, the Recipient must use the entire amount of the Recipient's own contribution in the amount set out in Appendix "A", Part 4, item 1 before making any requests for advance of the MHRC Loan.
- 4.03 Nothing in this Agreement creates any undertaking, commitment or obligation on the part of MHRC to provide additional funding to the Recipient for the Project.
- 4.04 Notwithstanding any other provision of this Agreement, the parties acknowledge and agree that in the event the Recipient realizes actual funding for the Project from sources other than the MHRC in excess of the amounts set out in Appendix "A", the amount of the MHRC Loan shall be adjusted and reduced by the amount of such excess.

### **SECTION 5.00 - MHRC MORTGAGE**

- 5.01 As security for complying with its obligations under this Agreement, the Recipient agrees to grant a demand mortgage of the Land to MHRC securing a principal sum in the maximum amount that MHRC will advance under the MHRC Loan as set out in Appendix "A", Part 4, item 4. The demand mortgage shall be a [first or second] mortgage on the Land. The Recipient agrees to prepare or cause the MHRC Mortgage to be prepared in the form attached as Appendix "B" and register or cause the MHRC Mortgage to be registered in the appropriate Land Titles Office against the title to the Land.
- 5.02 MHRC agrees to postpone the MHRC Mortgage in favour of the Approved Lender in the amount of financing committed by the Approved Lender as set out in Appendix "A", Part 4, item 2 and any increase in that amount consented to by MHRC under subsection 3.06.
- 5.03 MHRC may, but is not required or obligated to, agree to postpone the MHRC Loan for the following purposes:
  - (a) to permit refinancing of a mortgage registered in priority to the MHRC Mortgage to obtain more favourable terms in respect of interest rate, monthly payment, or other reasons agreed to by MHRC;
  - (b) to finance, at rates no greater than current market rates, cost over-runs or the cost of repairs; or

- (c) to facilitate the making of advances on a mortgage registered in priority to the MHRC Mortgage which was not fully advanced at the time of registration of the MHRC Mortgage, if the principal amount of such prior mortgage has not been increased.

5.04 The Parties acknowledge and agree that as contemplated in Clause 18.01(f) hereof, default under the MHRC Mortgage also constitutes default under this Agreement.

## **SECTION 6.00 - MHRC LOAN ADVANCES**

### ***Every Request***

6.01 Every request for MHRC to advance MHRC Loan funds must be in writing and include:

- (a) a written report detailing the status of the Project; and
- (b) an itemized list of Actual Project Costs, incurred between the date of the last request and the current request, with supporting invoices and if applicable, the progress payment certificate issued by the payment certifier attached.

### ***First Request***

6.02 MHRC will not make the first advance until the Recipient provides MHRC with:

- (a) a copy of the signed commitment letter from the Approved Lender committing to finance the amount set out in Appendix "A", Part 4, item 2, and from any other lenders committing to finance an amount set out in Appendix "A", Part 4;
- (b) the results of a Phase I Environmental Site Assessment of the Land and any existing structures, indicating that the Land and any existing structures are safe for the proposed use, and if a Phase II Environmental Site Assessment is recommended in the Phase I assessment, the results of a Phase II Environmental Site Assessment indicating that the Land and any existing structures are safe for the proposed use;
- (c) a copy of the Design Services Contract;
- (d) a copy of the Construction Contract;
- (e) a copy of the performance bond issued by a corporation authorized to carry on a suretyship business in Manitoba, or of an irrevocable letter of credit in favour of the Recipient, securing the performance of the Construction Contract in an amount not less than 50% of the value of the Construction Contract;
- (f) evidence that the MHRC Mortgage has been registered in the appropriate Land Titles Office and that it has the priority of registration called for in subsection 5.01; and
- (g) the certificate of insurance required under subsection 13.06.

### ***Every Request After First Request***

6.03 With every request for advance made after the first request, the Recipient must include a copy of a statutory declaration made by the contractor in form and content satisfactory to MHRC declaring:

- (a) that all sub-contractors, suppliers and other parties retained by the contractor and involved in the Project have been paid in full for work, materials or equipment performed or provided before the date on which the immediately preceding request for advance was made to MHRC by the Recipient except for lien holdback monies properly retained; and
- (b) that the contractor is not aware of any liens that have been registered or trust claims made in relation to the Project up to the date of the request, or that any liens registered or trust claims made in relation to the Project as of the date of the request have been discharged or satisfied or adequate provision for the discharge or satisfaction has been made.

### ***Request Made After Completion of Roof and Eaves***

- 6.04 With the first request for advance made after the roof and eaves of the Housing Complex have been constructed, the Recipient must also include:
- (a) a current building location certificate prepared by a qualified Manitoba land surveyor confirming that there are no encroachments by buildings or other structures from the Land onto adjoining properties nor by buildings or other structures from adjoining properties onto the Land; and
  - (b) either:
    - (i) a Zoning Memorandum or a letter issued by the relevant municipal authority confirming that, based upon the surveyor's building location certificate referred to above, the Land, Housing Complex and all other structures on the Land comply with all applicable zoning by-laws or regulations as to yards and alignments; or
    - (ii) a letter from the relevant municipal authority confirming that there are no current zoning by-laws or regulations in effect with respect to yards and alignments affecting the Land, Housing Complex and all other structures on the Land.

### ***Final Request***

- 6.05 With the final request for advance, or in any event before the last advance is made, the Recipient must provide or have provided a copy of a valid, final and unconditional occupancy permit for the Housing Complex issued by the municipal authority having jurisdiction, or a letter from the municipal authority having jurisdiction confirming that the municipality does not issue occupancy permits, as well as copies of all licences and permits (if any) required by the Recipient for it to operate the Housing Complex.

### ***Inspections, Approvals and Advances***

- 6.06 Every time MHRC receives a request for advance that includes the requisite documentation, MHRC may inspect one or more of the Land, the Housing Complex and the Recipient's Project records to determine if the work completed is consistent with the status report and itemized listing of Actual Project Costs submitted with the request and otherwise complies with this Agreement. If MHRC is satisfied that the work is consistent with the request and is satisfied that the Recipient is not then in breach of or in default of this Agreement, MHRC will approve the request.
- 6.07 If MHRC is not prepared to approve a request for advance, MHRC will advise the Recipient of the deficiencies, concerns, breaches or defaults that the Recipient must correct or address, and will advise the Recipient of the amount of funds being withheld, if any, as permitted by subsection 6.13.
- 6.08 MHRC agrees to make advances as soon as reasonably possible after it approves a request.

### ***Inspections***

- 6.09 MHRC may inspect the Land, the Housing Complex or the Project records at any other times to determine whether or not to approve a request to advance MHRC Loan funds.
- 6.10 The Recipient agrees to cooperate in any inspections, and to grant MHRC and its representatives access at all reasonable times to the Land, the Housing Complex, the Project records, and to the Recipient's premises for these purposes if the premises are not situated on the Land.

### ***Unaudited and Audited Statements of Project Costs***

- 6.11 Thirty days before the date by when Total Completion is required to occur according to clause 2.01(b), the Recipient must provide MHRC with an unaudited statement of the Actual Project Costs incurred to that date, and the Estimated Project Costs still to be incurred, up to Total Completion.

- 6.12 Within 90 days after Total Completion, the Recipient must provide MHRC with an audited statement of the Actual Project Costs as compared to the Estimated Project Costs (“Audited Statement of Costs”), prepared by a chartered professional accountant (CPA) registered for practice in public accounting, who is a member in good standing of a Canadian organization authorized to regulate the profession, in the form attached as Appendix “C”.

***Holdback and Excess Advances***

- 6.13 MHRC may withhold all or part of the MHRC Loan a Recipient requests MHRC to advance until the Recipient corrects deficiencies or addresses concerns identified in an inspection carried out under subsection 6.06 or subsection 6.09.
- 6.14 In addition to any funds held back under subsection 6.13, MHRC will not release the last \$0.00 until the Recipient has:
- (a) provided the Audited Statement of Costs referred to in subsection 6.12 and it is satisfactory to MHRC; and
  - (b) otherwise complied with all of the provisions of this Agreement.
- 6.15 If the Audited Statement of Costs indicates that the net Actual Project Costs are less than the total Estimated Project Costs, or the Recipient has realized additional sources of funding, or both, instead of releasing the last [\$0.00 (same sum as ss.6.14)], MHRC will only release an amount equal to the balance of the net Actual Project Costs then outstanding or the MHRC Loan as adjusted pursuant to subsection 4.04, whichever is lesser amount. In no case shall MHRC be obligated to advance funds in excess of the MHRC Loan amount.
- 6.16 If, when the Audited Statement of Costs is received by MHRC,
- (a) MHRC has already advanced funds that together with all other sources of project funding, total an amount greater than the net Actual Project Costs, set out in the Audited Statement; or,
  - (b) MHRC has advanced an amount of funds greater than the MHRC Loan, as may be adjusted pursuant to subsection 4.04; then,
  - (c) the last \$XXXXX will not be released, and
  - (d) the difference between the amount already advanced from all sources, including MHRC and the net Actual Project Costs; and, any amounts in excess of the MHRC Loan, as may be adjusted, becomes a debt due immediately to MHRC, payable on demand, and may, in MHRC’s sole discretion, be set off against any amounts payable by MHRC to the Recipient under this Agreement or any other contract.

If this is the case, MHRC will provide written notice to the Recipient of the amount due.

***General***

- 6.17 The Recipient may amend a request for advance, but all amendments must be in writing.
- 6.18 At any time during the Term, MHRC may in its sole discretion request any other documentation and information relating to the Project, the Land, the Housing Complex, the tenants of the Housing Complex or the Recipient, including (without limitation) an appraisal as to the value of the Housing Complex, evidence that real property taxes have been paid or that the requisite insurance is in force. The Recipient agrees to provide the requested documentation and information to MHRC.
- 6.19 MHRC may in its sole discretion waive the requirement, or extend the time, to provide one or more of the documents referred to in subsections 6.02, 6.03, 6.04, 6.05, 6.11 and 6.12.



### **PART III – OPERATING AND MANAGING THE HOUSING COMPLEX**

#### **SECTION 7.00 - OBLIGATIONS AND UNDERTAKINGS OF THE RECIPIENT RELATING TO THE HOUSING COMPLEX**

- 7.01 The Recipient agrees and undertakes:
- (a) to operate, manage, maintain and repair the Housing Complex in accordance with this Agreement, all applicable laws and regulations including, without limitation, *The Residential Tenancies Act* (Manitoba), *The Public Health Act* (Manitoba) and *The Human Rights Code* (Manitoba), and good business practices;
  - (b) to rent Assisted Units only to Eligible Tenants unless otherwise agreed to by MHRC in writing, at the rate determined in accordance with this Agreement, in each month of the Term.
- 7.02 The Recipient shall be solely responsible for funding any deficits that it may experience in the course of operating and managing the Housing Complex.
- 7.03 Nothing in this Agreement creates any undertaking, commitment or obligation on the part of MHRC to provide future or ongoing funding to the Recipient to operate or manage the Housing Complex.

#### **SECTION 8.00 - RENTAL OF UNITS**

- 8.01 For every lease entered into until the Housing Complex has been in operation for 12 months following Total Completion, each Unit rented to an Eligible Tenant shall be rented at the monthly rent as approved by MHRC and set out in Appendix "A", Part 3 unless MHRC agrees to another amount. Monthly rent includes the costs of heat, water and sewer services to the Unit.
- 8.02 Subject to subsection 8.03, after the Housing Complex has been in operation for 12 months following Total Completion, the Recipient may only increase the rent for a Unit rented to an Eligible Tenant during the Term such that the amount is in accordance with the Affordable Housing Rental Program Rents in effect at that time.
- 8.03 In addition to any rent increase implemented in accordance with subsection 8.02, MHRC may in its sole discretion approve a further rent increase if:
- (a) the Recipient applies to MHRC for an increase because of extraordinary increases in eligible operating expenses; and
  - (b) the application includes, in respect of the Housing Complex:
    - (i) a description of the increases in eligible operating expenses;
    - (ii) the Recipient's two most recent annual financial statements;
    - (iii) a projected budget for operations; and
    - (iv) any additional information requested by MHRC.
- 8.04 The Recipient agrees to verify and record a prospective tenant's name, household size and composition, and total annual gross household income before permitting the individual to occupy an Assisted Unit. The Recipient must determine whether a prospective tenant is an Eligible Tenant or not and must designate this determination in the record. The Recipient must retain these records and any documentation used to verify a prospective tenant's eligibility, for at least three (3) years following the end of the Term.
- 8.05 As of the date of the Agreement, the income limits to be used in determining the eligibility of a prospective tenant are \$52,253 for households without dependents/children and \$69,671 for households with dependents/children, and are based upon Affordable Housing Rental Program Income Limits.

#### **SECTION 9.00 - REPAYMENT AND CONDITIONS OF FORGIVENESS**

- 9.01 The MHRC Loan shall be repayable by the Recipient to MHRC in 180 equal consecutive monthly instalments commencing on the first day of the month following Final Holdback Release.

- 9.02 In each month of the Term following Final Holdback Release in which Eligible Tenants rent Assisted Units, and if the Recipient is not then in default under this Agreement, MHRC agrees to forgive the entire MHRC Loan instalment payable for that month.
- 9.03 If in any month of the Term following Final Holdback Release the Recipient fails to lease all Assisted Units to Eligible Tenants and in MHRC's opinion, the Recipient has not made reasonable efforts to rent Assisted Units to Eligible Tenants, the Recipient is in default under this Agreement and MHRC may exercise the remedies set out in clauses 19.01 (c) or 19.01 (d).
- 9.04 If, prior to the expiration of the Term, the Recipient leases, sells, conveys or transfers, or agrees to lease, sell, convey or transfer, the Land or the Housing Complex, in whole or in part, or any of the Recipient's interest in the Land or the Housing Complex, to anyone without obtaining prior written approval from MHRC, the full amount of the MHRC Loan then outstanding and unpaid becomes immediately payable. MHRC agrees not to unreasonably withhold its approval but may impose such conditions on its approval as MHRC, in its sole discretion, considers appropriate. This subsection does not require the Recipient to obtain MHRC's prior written consent to rent or agree to rent Units to tenants as contemplated in this Agreement.
- 9.05 For the purposes of subsection 9.04, the Recipient will be deemed to have sold, conveyed or transferred the Land or Housing Complex if:
- (a) ownership of the Land or Housing Complex changes by operation of law (for example, if the Recipient's corporate existence ceases or if the Recipient amalgamates with one or more other corporations); or
  - (b) the Recipient is a share corporation and there is a change in the ownership of the issued shares of the Recipient such that voting control changes hands (voting control meaning the right to exercise more than 50% of all of the voting rights attached to the issued share capital of the Recipient).

## **SECTION 10.00 - INSPECTION OF THE HOUSING COMPLEX**

- 10.01 MHRC may inspect the Housing Complex at any reasonable times to satisfy itself that the Housing Complex is being operated, maintained and repaired in accordance with this Agreement. The Recipient agrees to cooperate in any such inspections, and to grant MHRC and its representatives access at all reasonable times to the Housing Complex and the Land, to records relating to the Housing Complex, and to the Recipient's premises for these purposes if they are not situated on the Land.

## **PART IV - GENERAL**

### **SECTION 11.00 - RECORDS, REPORTS, MONITORING AND AUDITS**

- 11.01 Throughout the Term and for at least three (3) years following the end of the Term, the Recipient agrees to keep:
- (a) the records necessary to properly manage the Project and operate the Housing Complex, including accurate and complete financial and accounting records, prepared in accordance with generally accepted accounting principles; and
  - (b) records of Eligible Tenants including the tenant's name, household size and composition, rent charged, length of tenancy, total annual gross household income, and any documents used to verify a tenant's eligibility.

The Recipient agrees to provide these records to MHRC on MHRC's request.

- 11.02 The Recipient agrees that MHRC and its representatives may inspect and audit all records relating to the Project, Eligible Tenants and the Housing Complex, or this Agreement at all reasonable times. The Recipient agrees to provide reasonable facilities for such inspections and audits, and provide copies of or extracts from any records that MHRC or its representative may reasonably request.
- 11.03 Throughout the Term and for at least three (3) years following the end of the Term, the Recipient agrees to prepare such reports and maintain such statistics relating to the

Housing Complex and tenants of the Units as may be requested by MHRC from time to time to evaluate the Program.

## **SECTION 12.00 - CONFLICT OF INTEREST POLICY**

12.01 The Recipient agrees to have a conflict of interest policy in place at all times while this Agreement is in effect, and to ensure that its conflict of interest policy meets or exceeds the standards and requirements set out in MHRC's Conflict of Interest Policy and Guidelines attached as Appendix "D". The Recipient agrees to abide by its policy and to require all of its officers, employees and agents to abide by such policy as a condition of employment or engagement by the Recipient. The Recipient agrees to provide a copy of its Conflict of Interest Policy on request of MHRC.

## **SECTION 13.00 - INSURANCE**

13.01 The Recipient agrees to purchase and maintain throughout the Term:

- (a) commercial general liability insurance against claims for personal and bodily injury, death, or damage to property of others, arising out of all operations of the Recipient, its officers, employees, contractors or agents that are funded by this Agreement;
- (b) prior to commencement of the construction phase of the Project and until construction is completed, "builder's risk" insurance covering the Housing Complex for the full replacement value in an amount not less than the Estimated Project Costs; and
- (c) from and after completion of the construction phase of the Project, "all risks" property insurance covering the Housing Complex for the full replacement cost.

13.02 Without limiting or restricting the generality of subsection 13.01 above, such insurance must:

- (a) name MHRC, its officers, employees, and agents as Additional Insureds with respect to the commercial general liability insurance coverage relating to the operations performed under this Agreement;
- (b) indicate MHRC's financial interest in the "builder's risks" and "all risks" property insurance coverage as a mortgagee, which insurance coverage shall be subject to the standard mortgage clause approved by the Insurance Bureau of Canada;
- (c) if the Recipient is a non-profit organization, provide \$2,000,000.00 aggregate non-profit organization directors' and officers' liability insurance;
- (d) provide \$2,000,000.00 per occurrence minimum limits of third party liability coverage; and
- (e) contain a clause which states that the insurer will not cancel the policy without giving thirty (30) days' prior notice in writing to MHRC.

13.03 The Recipient agrees that it will not cancel, materially alter, cause or allow the insurance coverage required under this Agreement to lapse without giving 30 days' prior written notice to MHRC.

13.04 The Recipient agrees to waive any rights of subrogation it may have in respect of the insurance coverage referred to in this section, in favour of MHRC.

13.05 It is the responsibility of the Recipient to determine the appropriate amount and terms of the insurance coverage required under clauses 13.01(a), (b) and (c), and whether errors and omissions or professional liability insurance or any other insurance is necessary or advisable but the amounts and terms must be consistent with the requirements of subsections 13.01 and 13.02.

- 13.06 Prior to making the first request for advance of the MHRC Loan, and thereafter on each anniversary of the policy renewal date during the Term, the Recipient must submit a certificate of insurance to MHRC, evidencing the required insurance.
- 13.07 The Recipient must ensure that all of its employees and all contractors, subcontractors and their employees:
- (a) involved in the construction, rehabilitation or conversion are covered by workers' compensation insurance as required under *The Workers Compensation Act* (Manitoba); and
  - (b) working in the Housing Complex or on the Land are covered by workers' compensation insurance as may be required under *The Workers Compensation Act* (Manitoba)
- 13.08 The Recipient must not do or omit to do anything or permit anything to be done or not to be done which will in any way impair or invalidate its insurance coverage.

#### **SECTION 14.00 - NON-LIABILITY OF MHRC**

- 14.01 MHRC's responsibility with respect to the Land, the Project and the Housing Complex is limited to providing financial assistance to the Recipient in accordance with the terms and conditions set out in this Agreement.
- 14.02 MHRC shall not be liable for any injury to or loss or damage suffered by the Recipient, or the Recipient's officers, employees, agents or contractors, including (without limitation) death or economic loss, caused by or in any way related to the performance of this Agreement, the carrying out of the Project or the operation of the Housing Complex.

#### **SECTION 15.00 - INDEMNIFICATION BY RECIPIENT**

- 15.01 The Recipient shall use due care in carrying out the Project, in the performance of its obligations under this Agreement, and in the operation of the Housing Complex to ensure that no person is injured, no property is damaged or lost and no rights are infringed.
- 15.02 The Recipient shall be solely responsible for and shall save harmless and indemnify MHRC, The Government of Manitoba and its Ministers, and their respective officers, employees and agents from and against all claims, liabilities and demands with respect to any injury to persons (including, without limitation, death), damage or loss to or destruction of property, economic loss or infringement of rights caused by, or related to:
- (a) the Project;
  - (b) the performance of this Agreement or the breach of any term or condition of this Agreement by the Recipient, or its officers, employees, agents or contractors;
  - (c) the on-going operation, maintenance or repair of the Housing Complex or any activities related to the operation of the Housing Complex; and
  - (d) any omission or wrongful or negligent act of the Recipient, or its officers, employees, agents or contractors;

together with all costs, expenses and fees associated therewith including, without limitation, legal costs on a solicitor and own client basis, except to the extent that such claims arise, directly from any negligent act or omission of MHRC or its officers, employees or agents while acting within the scope of their employment with or engagement by MHRC. This indemnification shall survive the termination or expiration of this Agreement.

## **SECTION 16.00 - THIRD PARTY CONTRACTS**

16.01 The Recipient shall ensure that any contracts entered into with any Third Party in respect of the Project or the Housing Complex shall:

- (a) be in accordance with good business practices and any requirements which may be reasonably stipulated by MHRC;
- (b) be consistent with the terms and conditions of this Agreement;
- (c) provide that the Third Party shall comply with all applicable legislation and standards, whether federal, provincial or municipal, including, without limitation, labour, environmental, human rights and workers' compensation legislation;
- (d) provide that the Third Party shall be solely responsible for and shall save harmless and indemnify MHRC, The Government of Manitoba and its Ministers, and their respective officers, employees and agents from and against all claims, liabilities, and demands of any kind with respect to any injury to persons (including, without limitation, death) damage or loss to or destruction of property, economic loss or infringement of rights caused by, or related to:
  - (i) the performance of the contract, or the breach of any term or condition of the contract by the Third Party or its officers, employees, agents; and
  - (ii) any omission or wrongful or negligent act or omission of the Third Party or its officers, employees or agents;

together with all costs, expenses and fees associated therewith including, without limitation, legal costs on a solicitor and own client basis, except to the extent that such claims arise directly from any wrongful or negligent act or omission of MHRC, or its officers, employees or agents while acting within the scope of their employment with or engagement by MHRC; and

- (e) provide that the Third Party shall maintain all of its records relating to the contract between the Recipient and the Third Party and that, on MHRC's request the Third Party shall provide MHRC with invoices and any other supporting documentation required by MHRC relating to the contract including, if applicable, verification of the Actual Project Costs itemized in a request for advance made in relation to the Project.

16.02 Upon the request of MHRC, the Recipient shall provide a copy of any contract entered into with a Third Party respecting the Project or the Housing Complex.

16.03 Any Third Party with which the Recipient enters into a contract in relation to the Project or the Housing Complex that is a corporation shall be registered and in good standing under the laws of Manitoba.

## **SECTION 17.00 - REPRESENTATIONS AND WARRANTIES**

17.01 The Recipient represents and warrants that, as of the date of this Agreement:

- (a) it is the registered owner, or is entitled to be the registered owner, of the Land;
- (b) it possesses all rights, interests, powers and expertise necessary to:
  - (i) properly undertake the Project;
  - (ii) properly operate and manage the Housing Complex; and
  - (iii) perform its other obligations under this Agreement;
- (c) to the best of the Recipient's knowledge, the Recipient has funds available from its own sources or through financing arranged by the Recipient, free of any pre-conditions other than as disclosed by the Recipient to MHRC, which, together with the MHRC Loan funds, will be sufficient to cover the cost to complete the Project;

- (d) there are no actions, suits or any legal proceedings pending or, to the knowledge of the Recipient, threatened against or adversely affecting the Recipient which might materially affect the financial condition of the Recipient or its ability to complete the Project; and
- (e) If the Recipient is a corporation:
  - (i) it is a valid and existing corporation, duly registered under *The Corporations Act* (Manitoba) to carry on business in Manitoba;
  - (ii) it has the corporate power and authority to enter into and deliver, and perform the obligations of the Recipient under, this Agreement and the MHRC Mortgage; and
  - (iii) all necessary corporate actions or other proceedings have been taken to authorize the Recipient to enter into and deliver, and perform the obligations of the Recipient under, this Agreement and the MHRC Mortgage.

17.02 The Recipient acknowledges that MHRC has entered into this Agreement relying on the above representations and warranties. The Recipient agrees to advise MHRC of any event, condition or circumstance occurring during the Term that would make a representation or warranty made in subsection 17.01 untrue or misleading if the Recipient were required to make it at the time of the occurrence.

#### **SECTION 18.00 - EVENTS OF DEFAULT**

18.01 The Recipient is in breach of and in default under this Agreement if at any time:

- (a) the Recipient becomes, or is about to become, bankrupt or insolvent, goes into receivership or takes the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
- (b) an order is made or resolution is passed for the dissolution or winding-up of the Recipient or it is otherwise likely to lose its corporate status;
- (c) the Recipient ceases to carry out, manage or complete the Project;
- (d) the Recipient ceases to operate or manage the Housing Complex;
- (e) the Recipient knowingly makes false statements or entries in any invoices, documents or records required to be presented, kept, maintained or provided under this Agreement;
- (f) the Recipient is in default under, or has breached, this Agreement or the MHRC Mortgage;
- (g) the Recipient is in default under any other agreements, present or future, relating to the Project, the Housing Complex or the Land which could adversely affect MHRC's security;
- (h) any creditor of the Recipient attaches or garnishes any Project funds, or seizes or encumbers the Housing Complex, or the Land or any substantial asset used in connection with the Housing Complex, or the Land, or the Project;
- (i) any representation or warranty made by the Recipient is false or misleading in any material respect;
- (j) in the opinion of MHRC, the Recipient has failed to proceed diligently with the Project, including, but not limited to, failure to meet deadlines or milestones stipulated in this Agreement except where such failure is due to Unavoidable Delay;

- (k) in the opinion of MHRC, there is a material adverse change in risk in the Recipient's ability to carry out, manage or complete the Project or to operate or manage the Housing Complex; or
- (l) MHRC is reasonably of the opinion that:
  - (i) the Recipient is not carrying out, managing or completing the Project or managing or operating the Housing Complex, in accordance with the terms and conditions of this Agreement; or
  - (ii) the Recipient has failed to comply with, or is about to fail to comply with, any of its obligations or undertakings under this Agreement.

18.02 The Recipient agrees and undertakes to give MHRC prompt written notice of the occurrence of any event which constitutes or may, with the passage of time, constitute a breach or default under this Agreement.

#### **SECTION 19.00 - CONSEQUENCES OF DEFAULT**

19.01 If the Recipient is in breach of or in default under this Agreement, MHRC may do or require one or more of the following:

- (a) withhold all or part of any advance under this Agreement until the Recipient has remedied the breach, default or failure to the satisfaction of MHRC;
- (b) set off against any advance under this Agreement by MHRC any amount payable by the Recipient to MHRC under this Agreement or under any other contract;
- (c) demand in writing that the Recipient promptly pay any amount due and payable under this Agreement; and
- (d) immediately terminate this Agreement by notice in writing to the Recipient, effective on receipt.

19.02 Upon MHRC providing notice of termination of this Agreement:

- (a) the portion of the MHRC Loan that has not been forgiven shall become immediately due and payable and such amount shall constitute a debt due and owing to MHRC; and
- (b) MHRC shall be under no obligation to make further advances to the Recipient.

#### **SECTION 20.00 - PUBLIC ANNOUNCEMENTS**

20.01 The Recipient shall ensure that any and all communications, publications, advertising and news releases referring to the Project include appropriate acknowledgement, in terms satisfactory to MHRC, of MHRC's contribution. The Recipient shall notify MHRC in advance of any and all such communication activities, publications, advertising and news releases.

20.02 MHRC may make public announcements and hold official ceremonies and special events respecting the Project where such announcements, ceremonies or events are indicated and appropriate, and shall arrange such announcements, ceremonies or events jointly with the Recipient.

20.03 Where directed to do so by MHRC, the Recipient shall erect such signs, including a permanent interior sign or plaque, which signs or plaque shall be maintained by the Recipient until permission for its removal is given by MHRC.

#### **SECTION 21.00 - TERM OF AGREEMENT**

21.01 This Agreement comes into effect on the date it is executed by both parties and shall remain in force for 15 years following Final Holdback Release in accordance with this Agreement, unless terminated earlier in accordance with this Agreement.

## **SECTION 22.00 - GENERAL**

- 22.01 This Agreement shall enure to the benefit of MHRC, its successors and assigns, and be binding upon the heirs, executors, administrators, successors and permitted assigns of the Recipient.
- 22.02 No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.
- 22.03 Any waiver by MHRC of any failure, default or breach under this Agreement by the Recipient shall not be effective unless given in writing by an authorized person and shall not constitute a subsequent waiver of a similar or any other failure, default or breach.
- 22.04 If any provision of this Agreement is for any reason held to be invalid or unenforceable, that provision shall be considered separate and severable from this Agreement, and the other provisions of this Agreement shall remain in force and continue to be binding upon the parties as though the invalid or unenforceable provision had never been included in this Agreement.
- 22.05 If the Recipient is more than one entity, person or individual, the obligations of the Recipient in this Agreement are joint and several obligations of each of them. Liability for a single Recipient's breach can be enforced against all of the Recipients or any one or more of them.
- 22.06 The Recipient shall not assign or transfer this Agreement or any of its rights or obligations under this Agreement without the prior written consent of MHRC, which consent shall not unreasonably be withheld. No assignment or transfer of this Agreement shall relieve the Recipient of any obligations under this Agreement, except to the extent that they are properly performed by the Recipient's permitted assigns or transferees.
- 22.07 Those sections containing obligations and indemnifications that by their very nature are intended to survive the termination or expiration of this Agreement shall survive the expiration or termination of this Agreement.
- 22.08 This Agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba and of Canada as may be applicable. Any disputes in relation to this Agreement that MHRC and the Recipient seek to resolve through the courts shall be brought exclusively in a court of applicable jurisdiction located in Manitoba.
- 22.09 Time is of the essence of this Agreement.

## **SECTION 23.00 - NOTICES**

- 23.01 Any notice or other communication under this Agreement shall be in writing and shall be addressed and personally delivered, sent by prepaid registered mail, or sent by facsimile transmission to the parties as follows:
- (a) To MHRC: The Manitoba Housing and Renewal Corporation  
700 - 352 Donald Street  
Winnipeg, MB R3B 2H8  
Attention: Director, Financial Services  
Facsimile Number: (204) 945-4710
- (b) To Recipient: [insert name of Recipient]  
[insert civic address or post office box number of Recipient]  
[insert name of place, Province and postal code]  
Attention: [insert office or title of person to whom notices are to be directed]  
Facsimile Number: (204) [insert facsimile number]



23.02 Any notice or communication that is:

- (a) delivered, shall be deemed to have been received on the date of the delivery; or
- (b) sent by registered mail, shall be deemed to have been received on the third business day of MHRC following the date of mailing; or
- (c) sent by facsimile transmission, shall be deemed to have been received on the next business day of MHRC following the date of transmission.

23.03 If mail service is disrupted by labour controversy on or within three (3) business days from the date of mailing, the notice or communication shall be delivered or sent by facsimile transmission.

23.04 MHRC or the Recipient may change its own address and other information set out in subsection 23.01 by giving notice in writing to the other party.

THIS AGREEMENT has been executed on behalf of The Manitoba Housing and Renewal Corporation, by its duly authorized representatives, and on behalf of [insert name of Recipient], by its duly authorized representatives, on the dates noted below.

**THE MANITOBA HOUSING AND RENEWAL CORPORATION**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

DATE: \_\_\_\_\_

SIGNED IN THE PRESENCE OF:

**[INSERT NAME OF RECIPIENT]**

\_\_\_\_\_

Witness

Per: \_\_\_\_\_

Signature

\_\_\_\_\_

Position

\_\_\_\_\_

Witness

Per: \_\_\_\_\_

Signature

\_\_\_\_\_

Position

I/we have authority to bind the Recipient.

DATE: \_\_\_\_\_

## **PART V - DESCRIPTION OF APPENDICES**

### **APPENDIX "A"**

PART 1: PROJECT DESCRIPTION	2 pages
PART 2: ESTIMATED PROJECT COSTS	1 page
PART 3: ESTIMATED OPERATING EXPENSES AND REVENUES	1 page
PART 4: SOURCES OF FUNDING AND ESTIMATED CASH FLOW	1 page
PART 5: PROJECT TIMELINE AND ESTIMATED CASHFLOW	1 page

<b>APPENDIX "B" -</b> FORM OF MHRC MORTGAGE AND SCHEDULE TO MORTGAGE	3 pages
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<b>APPENDIX "C" -</b> FORM OF AUDITED STATEMENT OF ACTUAL COSTS	1 page
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<b>APPENDIX "D" -</b> MHRC'S CONFLICT OF INTEREST POLICY AND GUIDELINES	3 pages
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