

ORIGINAL DOCUMENT LODGED FOR
REGISTRATION IN THE V.L.R.O. ON
THE 28 DAY OF JUNE
1933 UNDER No. L 69770

GROUND LEASE

BETWEEN:

CITY OF VANCOUVER

AND

HELEN'S COURT CO-OPERATIVE
HOUSING ASSOC.

Lot "D"
Block 204
District Lot 526
Plan 18606

Space above for Land Title Office Use

NATURE OF CHARGE LEASE		Form 17 Section 152(1) Land Title Act	
		Full name, postal address and telephone of person presenting instrument for registration: LAW DEPARTMENT, CITY OF VANCOUVER 453 West 12th Avenue, Vancouver, B.C. V5Y 1V4 Telephone: 873-7514	
Address of person entitled to be registered as owner if different than shown on instrument:		Solicitor or Agent	
True Value:	Herewith Fees \$		

For Land Title Office Use

THIS AGREEMENT made this 28 day of JUNE in the year of Our Lord one thousand nine hundred and eighty-three

BETWEEN:

CITY OF VANCOUVER
453 West 12th Avenue
Vancouver, British Columbia,
V5Y 1V4

(hereinafter called the "LESSOR")

OF THE FIRST PART

AND:

HELEN'S COURT CO-OPERATIVE HOUSING ASSOC.,
(Inc. No. 1362-CP) a company duly incorporated under the laws of the Province of British Columbia, having its registered office at #1 - 2597 West 1st Avenue, City of Vancouver, Province of British Columbia, V6K 1G8

(hereinafter called the "LESSEE")

OF THE SECOND PART

WHEREAS the LESSOR is the owner of the SAID LANDS (herein defined), together with all buildings and other improvements presently standing thereon;

AND WHEREAS the LESSOR has agreed to lease unto the LESSEE the SAID LANDS for the TERM of forty-one (41) years upon the terms and conditions and subject to the provisos herein contained so that the LESSEE may use, occupy and enjoy the SAID LANDS and the buildings erected thereon;

AND WHEREAS the LESSEE has agreed with the LESSOR to lease the SAID LANDS upon the terms and conditions and subject to the provisos herein contained;

NOW THIS INDENTURE WITNESSES that in consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the LESSEE to be paid, observed and performed, the LESSOR has demised and leased and by these presents does demise and lease unto the LESSEE and the LESSEE does hereby take and rent upon and subject to the terms, conditions and provisos hereinafter expressed the SAID LANDS.

TO HAVE AND TO HOLD the SAID LANDS unto the LESSEE for and during the TERM of forty-one (41) years commencing on the 1st day of June, 1983 and end at 11:59 p.m. on the 31st day of May, 2024.

ARTICLE 1

DEFINITIONS

Section 1.01

The terms defined in this section 1.01 for all purposes of this lease, unless otherwise specifically provided herein, have the meanings hereinafter specified. The terms here defined are:

- (a) "ADDITIONAL RENT" means the amounts, if any, payable by the LESSEE to the LESSOR pursuant to sections 2.02, 3.01, 3.02, 3.03, 3.04, 3.05, 8.10, 8.13, 9.03, 9.04, 18.03 and 27.01;
- (b) "ARCHITECT" means the architect qualified as such pursuant to the laws of the Province of British Columbia who is supervising the design, construction, repair, renovation and reconstruction of the BUILDINGS as the case may be;
- (c) "BASIC RENT" as of any particular time means the net basic rental provided for in this lease as specified in section 2.01 of this lease during the TERM, together with any other and additional amounts which are herein expressed to be added to and make part of BASIC RENT, other than ADDITIONAL RENT;
- (d) "BUILDINGS" means all structures and buildings constructed upon the SAID LANDS or any part thereof by or for the LESSEE and its sub-tenants pursuant to the provisions of this lease, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs thereto and all improvements from time to time constructed upon or affixed or appurtenant to the SAID LANDS;
- (e) "COMMENCEMENT OF CONSTRUCTION" means that a building permit for the BUILDINGS has been issued to the LESSEE by the City of Vancouver and the construction of the foundations of the BUILDINGS have been completed as certified to the LESSOR by the ARCHITECT;
- (f) "DEVELOPMENT PERMIT" means the development permit issued by the City of Vancouver under number 94930;

- (g) "MORTGAGE" means a mortgage or mortgages upon or in respect of the interest of the LESSEE in the SAID LANDS and the BUILDINGS or any part thereof and includes any deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- (l) "MORTGAGEE" means a mortgagee or mortgagees under a MORTGAGE and includes any trustee for bondholders or debenture holders under a deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- (i) "SAID DATE" means the 180th day following the date of substantial completion of the BUILDINGS pursuant to the provisions of section 4.02;
- (j) "SAID LANDS" means those lands in the City of Vancouver in the Province of British Columbia, more particularly known and described as Lot "D", Block 204, District Lot 526, Plan 18606 ;
- (k) "TERM" means the forty-one (41) year period commencing the 1st day of June, 1983 and ending at 11:59 p.m. on the 31st day of May, 2024;
- (l) "TRUSTEE" means a trust company duly authorized to carry on business in the Province of British Columbia and appointed by the Canada Mortgage and Housing Corporation or the LESSOR if Canada Mortgage and Housing Corporation has no interest in the SAID LANDS and the BUILDINGS for the purposes of section 4.03(b) and section 8.07;

Section 1.02

All the provisions of this lease shall be deemed and construed to be conditions as well as covenants as though the words specifically expressing or importing covenants or conditions were used in each separate provision hereof.

Section 1.03

The words "herein", "hereby", "hereunder" and words of similar import refer to this lease as a whole and not to any particular article, section or subsection hereof.

ARTICLE II

PAYMENT OF RENT

Section 2.01 BASIC RENT

Subject to the provisions of sections 2.02 and 18.03(b) the LESSEE covenants and agrees with the LESSOR to pay to the LESSOR as rent, BASIC RENT for the term the sum of one million one hundred thousand dollars (\$1,100,000.00) due and payable on the earlier of the 1st day of March, 1984 or the thirtieth day following the issuance by the City of Vancouver of an occupancy permit authorizing the occupation of the BUILDINGS.

Section 2.02 Adjustment of BASIC RENT in breach of or failure to enter into operating agreement with Canada Mortgage and Housing Corporation

- (a) The LESSOR and the LESSEE covenant and agree each with the other that if on or before the day preceding the SAID DATE the LESSEE and the Canada Mortgage and Housing Corporation (hereinafter in this section referred to as the "Corporation") execute an agreement in the form attached hereto and marked Schedule "A" with such additions, deletions or amendments thereto as the LESSEE and the Corporation agree upon then the LESSOR and the LESSEE shall execute an instrument in writing in a form acceptable for registration in the Vancouver Land Title Office which will modify this lease by substituting for the agreement in the form attached hereto and marked Schedule "A" the agreement executed by the LESSEE and the Corporation and make such other modifications to this lease made necessary by reason of such substitution. Thereafter the LESSEE, at its own expense and as soon as possible following the execution by the parties of such instrument modifying this lease, shall deposit the same for registration in the Vancouver Land Title Office.
- (b) In the event that (i) the LESSEE and the Corporation fail to execute the agreement aforesaid by the SAID DATE, or (ii) having entered into such agreement, commits any breach thereof and as a result and in

accordance with the agreement, the Corporation declares the unpaid principal of the loan in such project due and payable or discontinues all federal assistance on all loans or avails itself of any recourse reserved in any MORTGAGE in favour of the Corporation, or (iii) the LESSEE terminates the agreement, (whichever event occurs first), then in addition to the BASIC RENT paid or payable by the LESSEE under section 2.01, the LESSEE shall pay to the LESSOR as ADDITIONAL RENT a sum equivalent to ten per cent (10%) of the market rental value of the SAID LANDS as may be agreed upon in writing by and between the LESSOR and the LESSEE, calculated from the date of the event which requires the LESSEE to pay such ADDITIONAL RENT to the end of the TERM. If the LESSOR and the LESSEE cannot agree in writing upon the ADDITIONAL RENT to be paid under this section 2.02, then such ADDITIONAL RENT shall be the market rental value of the SAID LANDS for the portion of the TERM aforesaid as determined by arbitration

- (c) Notwithstanding anything to the contrary in this lease contained and notwithstanding anything contained in Schedule "A" hereto as it now exists and as amended, replaced or altered from time to time, and without impairing and without prejudice to the remedies of the LESSOR pursuant to clause 2.02(b) hereof, the provisions of this lease shall take priority in all respects over the said Schedule "A" as it now exists and as amended, altered or replaced from time to time whenever there is a conflict or inconsistency between any or all of the provisions of this lease and any or all of the provisions of the said Schedule "A" and as it is amended, replaced or altered from time to time.

Section 2.03 Determination of market rental value

For the purposes of the determination of the market rental value of the SAID LANDS under section 2.02, the SAID LANDS will be compared with properties of a similar size and location and it will be assumed that:

- (a) the SAID LANDS are bare;

(b) the LESSEE has the right to use the SAID LANDS and the BUILDINGS only for the purposes for which they are permitted to be used under section 5.01 of this lease;

(c) the LESSEE has the right to construct on the SAID LANDS:

(i) such improvements as at the time have been constructed thereon, and

(ii) such improvements as at the time the LESSEE has requested from the LESSOR the right to construct thereon, and for which the LESSOR has given its written authorization to the LESSEE to construction.

Section 2.04 Net Lease

All rent required to be paid by the LESSEE hereunder shall be paid without any deduction, abatement or set-off whatsoever, it being the intention of this lease that all expenses, costs, payments and outgoings incurred in respect of the SAID LANDS, the BUILDINGS and any other improvements on the SAID LANDS or for any other matter or thing affecting the SAID LANDS, shall (unless otherwise expressly stipulated herein to the contrary) be borne by the LESSEE, that the rent herein provided shall be absolutely net to the LESSOR and free of all abatements, set-off or deduction of real property taxes, charges, rates, assessments, expenses, costs, payments or outgoings of every nature arising from or related to the SAID LANDS, the BUILDINGS, or any other improvements on the SAID LANDS, and that the LESSEE shall pay or cause to be paid all such taxes, charges, rates, assessments, expenses, costs, payments and outgoings.

Section 2.05 Collection of Other Amounts Due

Any sums, costs, expenses or other amounts from time to time due and payable by the LESSEE to the LESSOR under the provisions of this lease, including sums payable by way of indemnity, and whether expressed to be rent or not in this lease, may at the option of the LESSOR be treated as and deemed to be BASIC RENT, in which event the LESSOR shall have all remedies for the collection of such

sums, costs, expenses or other amounts, when in arrears, as are available to the LESSOR for the collection of rent in arrears.

Section 2.06 Interest on Amounts in Arrears

When the BASIC RENT, ADDITIONAL RENT or any other amounts payable hereunder by the LESSEE to the LESSOR shall be in arrears, such amount shall bear interest at the rate of three per centum (3%) per annum above the highest prime commercial lending rate of the main branch of the Bank of Montreal carrying on business in the City of Vancouver until paid, and the LESSOR shall have all the remedies for the collection of such interest, if unpaid after demand, as in the case of rent in arrears, but this stipulation for interest shall not prejudice or affect any other remedy of the LESSOR under this lease.

Section 2.07 Financial Statements

Within three months of the expiry of each calendar year of the TERM the LESSEE shall provide to the LESSOR's Supervisor of Properties (or such other of the LESSOR's officers or servants as the LESSOR's Director of Finance shall stipulate) a financial statement duly certified as accurate by a chartered accountant licensed to practise that profession pursuant to the laws of the Province of British Columbia, which statement shall itemize all revenue derived from and all expenses incurred in the operation of the SAID LANDS and the BUILDINGS for the preceding calendar year.

Section 2.08 Inspection of LESSEE's business records

The LESSEE shall preserve and maintain in a proper and businesslike fashion all receipts, invoices, records and accounts relating to all revenue derived from and all expenses incurred in the operation of the SAID LANDS and the BUILDINGS. The LESSEE shall allow the LESSOR's Director of Finance or his nominee to inspect all invoices, receipts, records and accounts relating to the operation of the SAID LANDS and the BUILDINGS.

ARTICLE III

PAYMENT OF TAXES

Section 3.01 Payment of Taxes if Lessor
is not exempt therefrom

Save as otherwise provided in section 3.02, the LESSEE will in each and every year during the TERM not later than the day immediately preceding the date or dates on which real-property taxes and other charges imposed upon real property within the City of Vancouver become due and payable whether monthly, quarterly, twice-yearly or otherwise, pay and discharge or cause to be paid and discharged all taxes, rates, duties, charges and assessments, including school taxes, local improvement rates and other charges which now are or shall or may be levied, rated, charged or assessed against the SAID LANDS, the BUILDINGS, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, whether such taxes, rates, duties, charges and assessments are charged by any municipal, parliamentary, legislative, regional, school or other authority during the TERM and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes, rates, duties, charges and assessments; and any such losses, costs, charges and expenses suffered by the LESSOR may be collected by the LESSOR as ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears. The LESSEE further covenants and agrees that during the TERM, it will deliver to the LESSOR for inspection receipts for payments of all taxes, rates, duties, charges, assessments, including school taxes, local improvement rates and other charges in respect of the SAID LANDS, the BUILDINGS, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein which were due and payable during the TERM within fourteen (14) days following receipt by the LESSEE of each of such receipts for payment. The LESSOR shall, not later than ten (10) days following receipt of any notice including all assessment notices delivered to the LESSOR by any taxing authority, relating to the SAID LANDS, the BUILDINGS, all other structures, all machinery, equipment, facilities and other property of any

nature whatsoever thereon and therein, deliver a copy thereof to the LESSEE. The LESSEE shall have the right from time to time to appeal any assessment of the SAID LANDS or the BUILDINGS, or any other tax, rate, duty, charge or amount referred to in this section 3.01, provided that such appeal shall be at the sole cost and expense of the LESSEE. If in the future, the LESSEE is unable to appeal any assessment of the SAID LANDS, or the BUILDINGS, or any other tax, rate, duty, charge or amount referred to in this section 3.01 except in the name of the LESSOR, then the LESSEE shall have the right to appeal in the name of the LESSOR.

Notwithstanding anything herein contained, the LESSEE shall be responsible only for payments referred to in this section 3.01 as and from the forty-fifth day after the day upon which Canada Mortgage and Housing Corporation committed itself to insure a MORTGAGE of this lease.

Section 3.02 Payment of Taxes if LESSOR
is exempt therefrom

The LESSEE covenants and agrees with the LESSOR that if during the TERM, the SAID LANDS, the BUILDINGS, all other structures, all machinery, equipment and facilities thereon and therein and any other property of any nature whatsoever thereon and therein are by the provisions of the Vancouver Charter, S.B.C. 1953, Chapter 55, as amended from time to time, or any other municipal, parliamentary, legislative or regional enactment exempt from taxation in whole or in part by reason of the LESSOR'S ownership of the SAID LANDS and they would otherwise have been subject to taxation, then the LESSEE shall in each and every year during the TERM that such exemption occurs pay to the LESSOR as ADDITIONAL RENT, in like manner and time as taxes are to be paid pursuant to section 3.01, an amount equal to the amount that but for such exemption would have been paid by the LESSEE pursuant to section 3.01 for taxes, rates, duties, charges, assessments, including school taxes and local improvement rates, and other charges. For such purpose in each year during the TERM the following provisions shall apply:

- (a) if the City of Vancouver or any municipal, parliamentary, legislative, regional or other authority having the authority so to do passes a

by-law or by-laws in advance of the passing of a rating by-law or preparation of the real-property tax roll for the current year providing for the payment of real-property taxes and other charges imposed or to be imposed upon real property within the City of Vancouver by monthly, quarterly or twice-yearly instalments shall be a percentage of the amount of real-property taxes payable on the real-property roll for the immediately preceding year, the LESSOR shall deliver to the LESSEE an advance tax statement or statements of the amount or amounts owing under such by-law or by-laws from time to time in respect of the SAID LANDS, the BUILDINGS and all other structures, all machinery and equipment and facilities and other property of any nature whatsoever thereon and therein; and

- (b) after the passing of a rating by-law or rating by-laws (as the case may be) by the City of Vancouver or any municipal, parliamentary, legislative, regional or other authority having the authority so to do, establishing the rate or rates to be levied on real property within the City of Vancouver, for the current year, the LESSOR shall determine the ADDITIONAL RENT by applying the rate or rates of levy established by such rating by-law or rating by-laws (as the case may be) to all, or such portion of the assessed value of the SAID LANDS, the BUILDINGS and all other structures, all machinery, equipment and facilities and other property of any nature whatsoever thereon and therein as the said rate or rates of levy are applied to other taxpayers in the City of Vancouver in like case, and the LESSOR shall deliver to the LESSEE a statement of the amount payable under this section 3.02 after deducting all real-property taxes and other charges paid in advance for the current year.

The LESSEE shall have the right from time to time to appeal any assessment of the SAID LANDS or the BUILDINGS or any other tax, rate, duty, charge or amount referred to in this section 3.02, provided that such appeal shall be at the sole cost and expense of the LESSEE. If in the future, the LESSEE is unable to appeal any assessment of the SAID LANDS or the BUILDINGS, or any other tax, rate, duty, charge or amount referred to in this section 3.02, except in the name of the LESSOR, then the LESSEE shall have the right to appeal in the name of the LESSOR.

Notwithstanding anything herein contained, the LESSEE shall be responsible only for the payments referred to in this section 3.02 as and from the forty-fifth day after the day upon which Canada Mortgage and Housing Corporation committed itself to insure a MORTGAGE of this lease.

Section 3.03 Delinquent Taxes

If the LESSEE shall in any year during the TERM fail to pay the taxes under section 3.01 when due, the LESSEE shall pay interest on such overdue taxes at the percentage rate or rates lawfully established and payable by all other landowners in the City of Vancouver not exempt from real property taxes for the whole of the time that such taxes or any portion thereof remain overdue.

Section 3.04 Payment for Utility Services

The LESSEE covenants with the LESSOR to pay for or cause to be paid when due all charges for gas, electricity, light, heat, power, telephone, water and other utilities and services used in or supplied to the SAID LANDS and the BUILDINGS throughout the TERM and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such charges, and any such loss, costs, charges and expenses which relate to such charges suffered by the LESSOR may be collected by the LESSOR as ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears.

Section 3.05 Business Tax and License Fees

The LESSEE covenants with the LESSOR to pay for or cause to be paid when due every tax and permit and license fee in respect of any and every business carried on, upon or in the SAID LANDS, and the BUILDINGS, in respect of the use or occupancy thereof by the LESSEE (and any and every sublessee, permittee and licensee) other than such taxes as corporate income, profits or excess profit taxes assessed

upon the income of the LESSEE (or such sublessee, permittee and licensee) whether such taxes or permit and license fees are charged by any municipal, parliamentary, legislative, regional or other authority during the TERM and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such charges, and any such loss, costs, charges and expenses which relate to such charges suffered by the LESSOR may be collected by the LESSOR as ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears.

ARTICLE IV

CONSTRUCTION OF BUILDINGS

Section 4.01 LESSEE to construct BUILDINGS

The LESSEE shall construct the BUILDINGS, together with other facilities ancillary thereto and connected therewith on the SAID LANDS in substantial accordance with the drawings, elevations, specifications (including materials to be used), location on the SAID LANDS and exterior decoration and design all upon which the issuance of the building permits by the City of Vancouver are based, in compliance with the requirements of the DEVELOPMENT PERMIT and as approved by the LESSOR. No changes shall be made to the drawings, specifications, location, exterior decoration or design aforesaid or the requirements of the DEVELOPMENT PERMIT without the approval of the LESSOR.

Section 4.02 Substantial Completion of BUILDINGS

For the purposes of this Article IV, the BUILDINGS shall be deemed to have been substantially completed when the ARCHITECT of the LESSEE has certified to the LESSOR that with respect to the BUILDINGS:

- (a) all work of a structural nature has been properly completed;
- (b) all building equipment and services, including elevators (if any), heating systems and air-conditioning systems (if any), and utilities have been completed and are operating properly and available for use by tenants; all lobbies, stairwells and other areas intended for the common use of tenants are completed except for work of a superficial nature, which is both minor in character and of a type which, owing to the likelihood of damage, is reasonably to be deferred until the BUILDINGS are partially or substantially occupied by tenants;
- (c) all building by-laws and regulations of the City of Vancouver have been complied with by the LESSEE;

- (d) all rentable space is completed for occupancy by tenants except for work of a superficial nature which is dependent upon individual tenants' requirements as yet unascertained and work which is reasonably and customarily allocated to tenants to complete;
- (e) all areas are clean and all surplus building material and rubbish removed;
- (e) the BUILDINGS are in a condition in which they can be occupied by tenants, and any work that is still unfinished is such as can be completed promptly and is work to whose incompleteness a reasonable tenant would not object;
- (f) the BUILDINGS shall have been constructed in all respects in a good and workmanlike manner and in accordance with the drawings and specifications, location on the SAID LANDS and the exterior decoration and design approved by the LESSOR.

Section 4.03 Fire and Liability Insurance during
Construction of BUILDINGS

- (a) The LESSEE shall effect or shall cause its contractor or contractors to effect prior to the COMMENCEMENT OF CONSTRUCTION of the BUILDINGS, or any of them, and shall maintain and keep in force until the insurance required under Article VIII shall have been effected, insurance:
 - (i) protecting both the LESSEE, the LESSOR and the LESSOR's servants and agents (without any rights of cross claim or subrogation against the LESSOR or its servants or agents) against claims for bodily injury, death or property damage or other third party or public liability claims arising from any accident or occurrence upon, in or about the SAID LANDS and from any cause, including the risks occasioned by the construction of the BUILDINGS, and to an amount reasonably satisfactory to the LESSOR for any bodily injury, death, property or other claims in respect of any one accident or occurrence; and

(ii) protecting both the LESSEE and the LESSOR from loss or damage (without any rights of cross claim or subrogation against the LESSOR or its servants or agents) to the BUILDINGS and all fixtures, equipment, improvements and building materials on the SAID LANDS from time to time both during and after construction (but which may be by policies effected from time to time covering the risk during different phases of construction of the BUILDINGS) against fire, earthquake and all other perils from time to time customarily included in the usual all risks builders' risk form of policy applicable to similar properties during construction and effected in the Province of British Columbia by prudent owners, and such other perils as the LESSOR may reasonably require to be insured against to the full insurable value thereof at all times and in any event in the amount sufficient to prevent the LESSOR or the LESSEE being deemed a co-insurer.

(b) The proceeds of insurance which may become payable under any policy of insurance effected pursuant to this section 4.03 shall be payable to the TRUSTEE and shall be available to finance repair and reconstruction.

(c) All the provisions of Article VIII respecting insurance which are of general application shall apply to the insurance during construction of the BUILDINGS required by this section 4.03.

ARTICLE V

USE OF BUILDINGS

Section 5.01 Only Residential Use

The LESSEE covenants and agrees with the LESSOR that neither the SAID LANDS nor the BUILDINGS nor any part of the SAID LANDS or the BUILDINGS shall be used for any purposes except that of self-contained residential accommodation, together with other facilities ancillary thereto and connected therewith as set forth in the DEVELOPMENT PERMIT, subject always to By-law No. 3575, being the Zoning and Development By-law of the City of Vancouver, and any and all subsequent amendments to such by-law and any development permits, building permits and other permits issued in respect of the SAID LANDS and BUILDINGS from time to time pursuant to the Vancouver Charter or any other statutory authority or any by-laws, resolutions or regulations of the City of Vancouver. Neither the SAID LANDS nor the BUILDINGS nor any part of the SAID LANDS or the BUILDINGS shall be used for business, trade or manufacture without the approval of the LESSOR, which approval the LESSOR may arbitrarily withhold.

Section 5.02 Landscaping

Within six months of the completion of construction of the BUILDINGS, the LESSEE shall landscape the SAID LANDS to the satisfaction of the LESSOR and thereafter the LESSEE shall keep and maintain the landscaping of the SAID LANDS to a standard acceptable to a skilled gardener.

Section 5.03 No Strata Title Subdivision

The LESSEE covenants that it shall refrain from subdividing the SAID LANDS pursuant to the Condominium Act, Chapter 61, R.S.B.C. 1979, and amendments thereto and re-enactments thereof.

ARTICLE VI

Section 6.01 Management of BUILDINGS

The LESSEE shall operate, manage and maintain the BUILDINGS or shall cause the BUILDINGS to be operated, managed and maintained in a good, efficient and businesslike manner and (in addition to performing all its other covenants under this lease) shall properly and adequately supervise the BUILDINGS, shall supply or cause to be supplied heat and other necessary building services to lessees and occupants whenever reasonably required, shall keep the BUILDINGS and the adjacent landscaping and all other improvements upon the SAID LANDS neat and clean, shall impose and enforce regulations relating to the use and occupancy of space in the BUILDINGS, shall generally manage the BUILDINGS as would a prudent owner, and shall provide all necessary security services.

Section 6.02 LESSEE's Rental Policy

The LESSEE covenants and agrees that, subject to sections 5.01 and 6.01, at no time shall it charge for the rental housing accommodation rentals in excess of what is necessary:

- (a) To recover the LESSEE's costs and expenses to operate and manage the SAID LANDS and the BUILDINGS;
- (b) To repay all principal monies and interest thereon borrowed or to be borrowed by the LESSEE to pay BASIC RENT, ADDITIONAL RENT and all other sums payable under this lease;
- (c) To repay all principal monies and interest thereon borrowed or to be borrowed by the LESSEE to pay for the construction of the BUILDINGS and all expenses necessarily incidental thereto;
- (d) To pay for all costs, charges and expenses related to the borrowings referred to in this section 6.02; and
- (e) To make adequate provision for subsidizing or financially assisting any or all of the LESSEE's existing or future non-profit residential projects situate upon land owned by the LESSOR.

ARTICLE VII

TERMINATION OF LEASE ON FAILURE
TO COMMENCE CONSTRUCTION OF BUILDINGS

Section 7.01 Deadline for foundations

The LESSEE agrees with the LESSOR that, subject always to section 12.01, if COMMENCEMENT OF CONSTRUCTION has not taken place on or before the 1st day of March, 1984 or such later date as the LESSOR approves in writing (such approval not to be unreasonably withheld by the LESSOR), the LESSOR shall have the right and option at any time thereafter to terminate this lease and in such event this lease shall terminate and be of no further force or effect.

In the event of a dispute between the LESSOR and the LESSEE as to whether or not COMMENCEMENT OF CONSTRUCTION has taken place within the time limit set forth in this section (or as extended by the operation of section 12.01, as the case may be), the LESSOR and the LESSEE agree to submit the dispute to arbitration in accordance with the provisions of Article XXIII.

ARTICLE VIII

INSURANCE

Section 8.01 Insurance

At all times during the TERM immediately following the substantial completion of construction of the BUILDINGS, in accordance with the provisions of section 4.02, the LESSEE shall at its own cost and expense insure and keep insured or cause to be insured and kept insured the BUILDINGS in one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the commercial building form of insurance coverage applicable to similar properties as the SAID LANDS and the BUILDINGS in effect in the Province of British Columbia by prudent owners from time to time during the TERM including, without restricting the generality of the foregoing, the hazards of lightning, earthquake, explosions, wind storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke and vehicle damage to the extent that insurance against such risk or peril or any of them may be obtained in an amount equal to the full replacement value thereof.

Section 8.02 Pressure Vessel Insurance

At all times during the TERM immediately following the substantial completion of the construction of the BUILDINGS in accordance with the provisions of section 4.02, the LESSEE shall at its own cost and expense maintain in respect of the BUILDINGS pressure vessel insurance with one or more companies entitled to do business in the Province of British Columbia protecting the LESSOR and the LESSEE in respect of all boilers and such other pressure vessels as the LESSEE may from time to time deem it necessary to insure in amounts to be designated by the LESSEE and approved by the LESSOR, such approval not to be unreasonably withheld; such insurance shall also cover loss or damage caused by rupture of steam pipes.

Section 8.03 Deductible Amounts

Any of the policies of insurance referred to in section 4.03 or 8.01 hereof may, with the approval of the LESSOR, which approval shall not be unreasonably withheld, provide that the amount payable in the event of any loss shall be reduced by a deductible amount, such amount to be designated by the LESSEE and approved by the LESSOR, such approval not to be unreasonably or arbitrarily withheld, and the LESSEE shall be a co-insurer to the extent of the amount so deducted from the insurance monies paid in the event of any loss, and the said amount shall, for the purposes of section 8.07 hereof, be included as part of the insurance monies payable and paid.

Section 8.04 Co-insurance Clauses

If any of the policies of insurance referred to in section 4.03 and 8.01 or 8.02 hereof shall contain any co-insurance clauses the LESSEE shall maintain at all times a sufficient amount of insurance to meet the requirements of such co-insurance clauses so as to prevent the LESSOR or the LESSEE from becoming a co-insurer under the terms of such policy or policies and to permit full recovery in the event of loss.

Section 8.05 Indentity of Insured

Any and all policies of insurance referred to in section 4.03 and 8.01 and 8.02 hereof shall be written in the name of the LESSEE and the LESSOR as the insured with loss payable to the LESSOR, the LESSEE and the MORTGAGEE as their respective interests may appear, subject to the provisions of section 8.07 hereof, and shall contain a waiver of subrogation clause to the effect that any release from liability entered into by the LESSEE prior to any loss, shall not affect the right of the LESSEE or the LESSOR to recover. Each policy of insurance referred to in sections 4.03 and 8.01 and 8.02 hereof shall contain a provision or shall bear an endorsement that the insurer will not cancel such policy without first giving the LESSOR at least fifteen (15) days' notice in writing of its intention to cancel.

Section 8.06 Release of LESSOR from Liability
for Insured Loss or Damage

The LESSEE hereby releases the LESSOR, its servants, agents, successors and assigns, from any and all liability for loss or damage caused by any of the perils against which the LESSEE shall have insured or pursuant to the terms of this lease is obligated to insure the BUILDINGS; or any part thereof, unless such loss or damage may have arisen out of the negligence of the LESSOR or its servants or agents and the LESSEE hereby covenants to indemnify and save harmless the LESSOR and its servants and agents from and against all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to such insured loss or damage.

Section 8.07 Payment of Loss under the Insurance Policies
referred to in sections 8.01 and 8.02

The insurance monies payable under any or all of the policies of insurance referred to in sections 8.01 or 8.02 hereof, shall, notwithstanding the terms of the policy or policies, be paid to the TRUSTEE on behalf of the LESSOR, the LESSEE and the MORTGAGEE. The LESSOR and the LESSEE agree that the TRUSTEE shall, subject to section 10.05, pay for all restoration, reconstruction or replacement of the loss or damage in respect of which such insurance monies were paid to the TRUSTEE, out of the insurance monies against certificates of the ARCHITECT engaged by the LESSEE or such other person as the LESSOR and the LESSEE may agree upon who is in charge of such restoration, reconstruction or replacement, and after receiving such other certificates, evidence or opinions as the TRUSTEE shall require for the purpose of being satisfied that such restoration, reconstruction or replacement is being properly carried out.

Should the LESSEE fail to effect the restoration, reconstruction or replacement of the loss or damage in respect of which the insurance monies were paid to the TRUSTEE, without unreasonable delay, the LESSOR shall be entitled to effect such restoration, reconstruction or replacement and the TRUSTEE shall pay such insurance monies to the LESSOR in the same manner the TRUSTEE would have done had the LESSEE effected such restoration, reconstruction or replacement.

Section 8.08 Workers' Compensation Coverage

At all times during the TERM, the LESSEE shall at its own expense procure and carry or cause to be procured and carried and paid for full workers' compensation coverage in respect of all workers, employees, servants and others engaged in or upon any work, non-payment of which would create a lien on the SAID LANDS or the BUILDINGS.

Section 8.09 Comprehensive General Liability

At all times during the TERM, the LESSEE shall at the LESSEE's expense maintain in one or more companies duly authorized to carry on business within the Province of British Columbia, comprehensive general liability insurance against claims for bodily injury, death or property damage or loss arising out of all operations of the LESSEE, indemnifying and protecting the LESSOR, the LESSOR's servants and agents and the LESSEE to limits from time to time on a reasonable basis which is approved by the LESSOR, such approval not to be unreasonably or arbitrarily withheld.

Section 8.10 Payment of Insurance Premiums

The LESSEE shall pay all the premiums under the policies of insurance referred to in this Article VIII as they become due and payable and in default of payment by the LESSEE, the LESSOR may pay the same and add the amount so paid to the ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of ADDITIONAL RENT as rent in arrears.

Section 8.11 Copies of Insurance Policies

Certified copies of all policies of insurance referred to in this Article VIII shall be delivered to the LESSOR accompanied by evidence satisfactory to the LESSOR that the premiums thereon have been paid.

Section 8.12 Obligation of Canada Mortgage and Housing Corporation or an approved lender under the National Housing Act respecting insurance

Notwithstanding anything contained in this lease, if the LESSEE assigns or sublets this lease or the leasehold interest of the LESSEE in the SAID LANDS or the BUILDINGS or any portion of the SAID LANDS or BUILDINGS by way of MORTGAGE as provided in section 18.04 hereof, and the MORTGAGEE in whose favour the MORTGAGE is made is either the Canada Mortgage and Housing Corporation or an approved lender who, under the provisions of the National Housing Act, 1979, R.S.C., Chapter N-10, has made an insured loan to the LESSEE for the purpose of assisting the LESSEE in the construction of the BUILDINGS, and if the LESSOR has given to such MORTGAGEE notice of default or contingency or notice of the bankruptcy or insolvency of the LESSEE entitling the LESSOR to re-enter or terminate or forfeit this lease, and such MORTGAGEE commences to cure the default or contingency, then upon such MORTGAGEE curing the default or contingency and if such MORTGAGEE attorns as tenant to the LESSOR, then during the period that such MORTGAGEE is the tenant of the LESSOR hereunder pursuant to Article XXI, such MORTGAGEE shall not be under any obligation to take out and keep in force any of the insurance required to be taken out and kept in force under sections 4.03, 8.01, 8.02 or 8.09; provided however that the provisions of this section 8.12 shall not relieve such MORTGAGEE from any of the other covenants, conditions or agreements under this lease.

Section 8.13 Insurance may be maintained by LESSOR

The LESSOR and the LESSEE agree that should the LESSEE at any time during the TERM fail to insure or keep insured the BUILDINGS against loss or damage by fire and other perils as required under section 8.01 or fail to maintain in respect of the BUILDINGS, pressure vessel insurance as required under section 8.02, or fail to maintain insurance against claims for personal injury, death or property damage or loss as required under section 8.09, then in any of such events, the LESSOR, although not obliged to do so, may obtain and maintain such insurance in such amount or amounts with such deductible amounts and for such period or periods of time as the LESSOR deems advisable, and the LESSEE shall pay to the LESSOR as

ADDITIONAL RENT upon the LESSOR obtaining any of such insurance and thereafter annually during the TERM within thirty (30) days after receipt of any invoice from the LESSOR the amount equal to the premiums charged to the LESSOR by the insurance companies with whom the LESSOR has placed such insurance. The LESSOR shall submit to the LESSEE annually a statement of the amount or amounts payable by the LESSEE under this section 8.13 as the cost of such insurance for the next ensuing year and upon receipt of payment therefor shall apply the same on account of the premiums of such insurance with the loss, if any, thereunder payable to the LESSOR, the LESSEE and any MORTGAGEE as their interests may appear.

ARTICLE IX

REPAIRS AND MAINTENANCE

Section 9.01 LESSOR not obliged to Repair

The LESSOR shall not be obliged to furnish any services or facilities or to make repairs or alterations in or to the SAID LANDS or the BUILDINGS, the LESSEE hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the SAID LANDS and the BUILDINGS.

Section 9.02 Repairs by the LESSEE

The LESSEE at the LESSEE's cost and expense shall during the TERM, put and keep in good order and condition or shall cause to be put and kept in good order and condition the SAID LANDS and the BUILDINGS (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS), and the appurtenances and equipment thereof, both inside and outside, including, but not limited to fixtures, walls, foundations, roofs, vaults, elevators (if any) and similar devices, heating and air conditioning equipment, sidewalks, yards and other like areas, water and sewer mains and connections, water, steam, gas and electric pipes and conduits, and all other fixtures in appurtenances to the SAID LANDS and the BUILDINGS and machinery and equipment used or required in the operation thereof, whether or not enumerated herein, and shall, in the same manner and to the same extent as a prudent owner, make any and all necessary repairs, replacements, alterations, additions, changes, substitutions and improvements, ordinary or extra-ordinary, foreseen or unforeseen, structural or otherwise, and keep the BUILDINGS and aforesaid fixtures, appurtenances and equipment fully usable for all the purposes for which the BUILDINGS were erected and constructed and the aforesaid fixtures, appurtenances and equipment were supplied and installed. Such repairs shall be in all respects to a standard at least substantially equal in quality of material and workmanship to the original work and material in the BUILDINGS. The LESSEE shall not commit or suffer waste or injury to the SAID LANDS or the BUILDINGS or any

part thereof (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS) and shall not use or occupy or permit to be used or occupied the SAID LANDS or the BUILDINGS or any part thereof for any illegal or unlawful purpose or in any manner which will result in the cancellation of any insurance, or in the refusal of any insurer to issue any insurance as requested. The LESSEE shall not injure or disfigure the SAID LANDS or the BUILDINGS or permit the same to be injured or disfigured in any way; and at the expiration or other termination of this lease, the LESSEE shall, except as otherwise expressly provided herein, surrender and deliver up the SAID LANDS with the BUILDINGS, and the aforesaid fixtures, appurtenances and equipment thereof, or any replacements thereof or substitution therefor, in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS). The LESSEE accepts the SAID LANDS "as is" knowing the condition thereof, and agreeing that the LESSOR has made no representation, warranty or agreement with respect thereto, except as otherwise expressly provided herein.

Section 9.03 Repairs by LESSOR

The LESSEE covenants and agrees with the LESSOR that if the LESSEE does not put and keep in good order and condition or cause to be put and kept in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS) the SAID LANDS and the BUILDINGS and the appurtenances and equipment thereof, both inside and outside, all as more particularly required by the provisions of section 9.02, the LESSOR, through its agents, servants, contractors and subcontractors, may but shall not be obliged to enter (without hindrance by the LESSEE) upon those parts of the SAID LANDS and the BUILDINGS required for the purpose of making the necessary repairs required to put the SAID LANDS and the BUILDINGS in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the

BUILDINGS or the foundation or structure of the BUILDINGS); provided that the LESSOR will make such repairs, only after giving the LESSEE sixty (60) days' written notice of its intention so to do, except in the case of an emergency when no notice shall be required. Any amount paid by the LESSOR in making such repairs, to the SAID LANDS and BUILDINGS or any part or parts thereof, together with all costs and expenses of the LESSOR shall be reimbursed to the LESSOR by the LESSEE on demand, together with interest at the rate of three (3%) per cent per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver, from the date incurred until paid and may be recovered by the LESSOR as ADDITIONAL RENT.

Section 9.04 Removal of Ice and Snow from Sidewalks

The LESSEE covenants and agrees with the LESSOR that if the LESSEE at any time during the TERM fails to keep the public sidewalk adjacent to the SAID LANDS reasonably clean from ice and snow during the times and to the extent required of an owner under the provisions of the City of Vancouver Street and Traffic By-law and amendments thereto, the LESSOR through its agents, servants, contractors and subcontractors may remove such ice and snow and the LESSOR shall not be required to give the LESSEE any notice of its intention so to do. Any costs and expenses incurred by the LESSOR in removing such ice and snow shall be reimbursed to the LESSOR by the LESSEE on demand, together with interest at the rate of three (3%) per cent per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver, from the date incurred until paid and may be recovered by the LESSOR as ADDITIONAL RENT.

ARTICLE X

DAMAGE OR DESTRUCTION

Section 10.01 Rent not to abate

Subject to the provisions of sections 10.05 and 10.06, the partial destruction or damage or complete destruction by fire or other casualty of the BUILDINGS shall not terminate this lease or entitle the LESSEE to surrender possession of the SAID LANDS or the BUILDINGS or to demand any abatement or reduction of the BASIC RENT or ADDITIONAL RENT or other charges payable under this lease, any law or statute now or in the future to the contrary notwithstanding.

Section 10.02 LESSEE's obligations when BUILDINGS
damaged or partially destroyed

Subject to the provisions of section 10.05 and 10.06, the LESSEE covenants and agrees with the LESSOR that in the event of damage to or partial destruction of the BUILDINGS, the LESSEE shall either (a) replace any part of the BUILDINGS destroyed with a new structure in accordance with any agreement which may be made by the LESSEE with the LESSOR, or (b) in the absence of any such agreement, repair or replace such damage or destruction to a standard comparable to the structure being repaired or replaced (as the case may be).

Section 10.03 LESSEE's obligations when BUILDINGS
completely or substantially destroyed

Subject to the provisions of sections 10.05 and 10.06, the LESSEE covenants and agrees with the LESSOR that in the event of complete or substantially complete destruction of the BUILDINGS, the LESSEE shall either (a) reconstruct or replace the BUILDINGS with a new structure or structures in accordance with any agreement which may be made by the LESSEE with the LESSOR, or (b) in the absence of any such agreement, replace the BUILDINGS with a new structure or structures comparable to the structure or structures being replaced.

Section 10.04 Replacement, repair or reconstruction under section 10.02 or 10.03 to be carried out in compliance with sections 9.02 and 11.01

Any replacement, repair or reconstruction of the BUILDINGS or any part thereof pursuant to the provisions of section 10.02 or 10.03 hereof shall be made or done in compliance with the provisions of sections 9.02 and 11.01 hereof.

Section 10.05 Special provisions where Canada Mortgage and Housing Corporation or an approved lender under the National Housing Act is the MORTGAGEE and the BUILDINGS are damaged or destroyed

- (a) If, during the TERM, the BUILDINGS are damaged or destroyed to the extent of at least twenty-five (25%) per cent of the full replacement cost of the BUILDINGS, and at the time of such damage or destruction the MORTGAGEE in whose favour the MORTGAGE is made is either Canada Mortgage and Housing Corporation or an approved lender under the provisions of the National Housing Act, 1970, R.S.C., Chapter N-10, and such MORTGAGEE notifies the parties that the insurance monies made available by reason of a casualty causing such damage or destruction shall not be applied in repairing, reconstructing or replacing the BUILDINGS, and the right to give such notice is reserved to the MORTGAGEE under the terms of the MORTGAGE, then the LESSEE may decline to repair, reconstruct or replace the BUILDINGS and instead elect to terminate this lease, and such election shall be made to terminate this lease within two (2) months of the date of the BUILDINGS being damaged or destroyed to the extent of at least twenty-five (25%) per cent of the full replacement cost of the BUILDINGS and the LESSEE shall notify the LESSOR of its election forthwith after making the same. If the LESSEE does not elect to terminate this lease within the time limited in this section 10.05(a) for making such election then the LESSEE shall repair, reconstruct or replace the BUILDINGS or any part thereof damaged or destroyed in accordance with section 10.02 or section 10.03 (as the case may be).

- (b) If the MORTGAGEE in whose favour the MORTGAGE is made is either Canada Mortgage and Housing Corporation or an approved lender under the provisions of the National Housing Act, 1970, R.S.C., Chapter N-10, and such MORTGAGEE either becomes the LESSEE hereof by way of assignment or acquire the LESSEE's leasehold interest in the SAID LANDS and the BUILDINGS through foreclosure proceedings or other action under the MORTGAGE and attorns to the LESSOR as tenant and undertakes to be bound by and perform the covenants and agreements of the lease, and subsequently during the TERM the BUILDINGS are damaged or destroyed to the extent of at least twenty-five (25%) per cent of the full replacement cost of the BUILDINGS, the LESSEE may at its option either repair, reconstruct or replace the BUILDINGS so damaged or destroyed or decline to repair, reconstruct or replace the BUILDINGS and instead elect to terminate this lease and such election shall be made to terminate this lease within two (2) months of the date of BUILDINGS being damaged or destroyed to the extent of at least twenty-five (25%) per cent of the full replacement cost of the BUILDINGS and the LESSEE shall notify the LESSOR of its election forthwith after making the same. If the LESSEE does not elect to terminate this lease within the time limited in this section 10.05(b) for making such election then the LESSEE shall repair, reconstruct or repair the BUILDINGS or any part thereof damaged or destroyed in accordance with section 10.02 or section 10.03 (as the case may be). The provisions of this section 10.05(b) shall be applicable to the said Canada Mortgage and Housing Corporation or an approved lender only whenever and so long as one of them, Canada Mortgage and Housing Corporation or the approved lender, is the LESSEE.
- (c) As soon as reasonably possible but not later than six (6) months following the date of termination of this lease by the LESSEE under section 10.05(a) or section 10.05(b), the LESSEE shall demolish and completely remove all buildings, structures, foundations and debris from the SAID LANDS and restore the SAID LANDS to a neat and level condition in a good and workmanlike manner. Any insurance money payable by reason of any fire or other casualty causing such destruction shall notwithstanding the provisions of Article VIII, be distributed as follows:

- (i) firstly, to pay and satisfy the MORTGAGE, if any;
- (ii) secondly, to reimburse the LESSEE for all costs and expenses necessarily incurred by the LESSEE in the demolition and removal of all buildings, structures, foundations and debris from the SAID LANDS and the restoration of the SAID LANDS as aforesaid;
- (iii) thirdly, to pay the balance of the insurance monies, if any, as follows, that is to say,

to the LESSOR a sum which bears to such balance the same ratio as the expired TERM bears to the whole TERM,

to the LESSEE a sum which bears to such balance the same ratio as the unexpired TERM bears to the whole TERM.

- (d) Notwithstanding anything contained herein, in the event the LESSEE terminates this lease in accordance with this section, this section shall nevertheless survive such termination and remain in full force and effect and be binding upon the parties and their respective successors and assigns, so long as the obligation of the LESSEE under section 10.05(c) or any part thereof remains unperformed.
- (e) The LESSEE shall not be entitled to a refund, abatement or reduction of BASIC RENT or ADDITIONAL RENT or other amounts paid or payable hereunder up to the date upon which this lease is terminated under the provisions of this section.
- (f) The provisions of this section 10.05 are subject always to the provisions of section 10.06.

Section 10.06 Destruction or Damage During
Last Two (2) Years of Term

- (a) In the event of complete or substantially complete destruction of the BUILDINGS during the last two (2) years of the TERM the LESSEE may at the option of the LESSEE either reconstruct or replace the BUILDINGS so destroyed or damaged in accordance with section 10.03 hereof or decline to do so and instead elect to

terminate this lease. Such option shall be exercised within two (2) months of the date of the complete or substantially complete destruction of the BUILDINGS and the LESSEE shall notify the LESSOR of its election as soon as reasonably possible after making the same.

(b) As soon as reasonably possible but not later than six (6) months following the date of termination of this lease by the LESSEE, the LESSEE shall demolish and completely remove all buildings, structures, foundations and debris from the SAID LANDS and restore the SAID LANDS to a neat and level condition in a good and workmanlike manner. Any insurance money payable by reason of any fire or other casualty causing such destruction shall notwithstanding the provisions of Article VIII, be distributed as follows:

(i) firstly, to pay and satisfy the MORTGAGE, if any;

(ii) secondly, to reimburse the LESSEE for all costs and expenses necessarily incurred by the LESSEE in the demolition and removal of all buildings, structures, foundations and debris from the SAID LANDS and the restoration of the SAID LANDS as aforesaid;

(iii) thirdly, to pay the balance of the insurance monies, if any, as follows, that is to say,

to the LESSOR a sum which bears to such balance the same ratio as the expired TERM bears to the whole TERM,

to the LESSEE a sum which bears to such balance the same ratio as the unexpired TERM bears to the whole TERM.

(c) Notwithstanding anything contained herein, in the event the LESSEE terminates this lease in accordance with this section, this section shall nevertheless survive such termination and remain in full force and effect and be binding upon the parties and their respective successors and assigns, so long as the obligations of the LESSEE under section 10.06(b) remain unperformed.

(d) The LESSEE shall not be entitled to a refund, abatement or reduction of BASIC RENT or ADDITIONAL RENT or other amounts paid or payable hereunder up to the date upon which this lease is terminated under the provisions of this section.

ARTICLE XI

REPLACEMENT, CHANGES, ALTERATIONS
AND SUBSTITUTIONS

Section 11.01 Replacement, Changes, Alterations
and Substitutions

The LESSEE shall not make or permit to be made any changes, alterations, replacements, substitutions or additions affecting the structure of the BUILDINGS or the exterior appearance of the BUILDINGS without the written approval of the LESSOR thereto, which approval the LESSOR shall not withhold unreasonably. No changes, alterations, replacements, substitutions or additions involving an estimated cost of more than fifty thousand (\$50,000.00) dollars shall be undertaken until the LESSEE shall have submitted or caused to be submitted to the LESSOR drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable) and exterior decoration and design of the proposed changes, alterations, or additions and until the same have been approved in writing by the LESSOR, which approval the LESSOR agrees not to unreasonably withhold.

The LESSEE covenants and agrees with the LESSOR that, subject to Article XII, all changes, alterations, replacements, substitutions and additions undertaken by or for the LESSEE once begun shall be prosecuted with due diligence to completion.

ARTICLE XII

UNAVOIDABLE DELAYS

Section 12.01 Unavoidable Delays

If, by reason of strike, lock-out or other labour dispute, material or labour shortage not within the control of the LESSEE, fire or explosion, flood, wind, water, earthquake, act of God or other similar circumstances beyond the reasonable control of the LESSEE and not avoidable by the exercise of reasonable effort or foresight by the LESSEE, the LESSEE is, in good faith and without default or neglect on its part, prevented or delayed in the COMMENCEMENT OF CONSTRUCTION or in the substantial completion of the BUILDINGS or repair of the BUILDINGS or any part or parts of them which under the terms of this lease the LESSEE is required to do by a specified date or within a specified time, the date or period of time within which the work was to have been completed shall be extended by the LESSOR by a reasonable period of time at least equal to that of such delay or prevention and the LESSEE shall not be deemed to be in default if it performs and completes the work in the manner required by the terms of this lease within such extended period of time or within such further extended period of time as may be agreed upon from time to time between the LESSOR and the LESSEE. If the LESSOR and the LESSEE cannot agree as to whether or not there is a prevention or delay within the meaning of this section or they cannot agree as to the length of such prevention or delay, then such matter shall be determined by reference to arbitration in accordance with Article XXIII.

ARTICLE XIII

BUILDERS' LIENS

Section 13.01 Builders' Liens

The LESSEE shall, throughout the TERM at its own cost and expense, cause any and all builders' liens and other liens for labour, services or materials alleged to have been furnished with respect to the SAID LANDS or the BUILDINGS, which may be registered against or otherwise affect the SAID LANDS or the BUILDINGS, to be paid, satisfied, released or vacated within forty-two (42) days after the LESSOR shall send to the LESSEE and the MORTGAGEE written notice by registered mail of any claim for any such lien, PROVIDED HOWEVER, that in the event of a bona fide dispute by the LESSEE of the validity or correctness of any claim for any such lien, the LESSEE shall not be bound by the foregoing, but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into Court the amount claimed or sufficient security therefor, and such costs as the Court may direct, and registering all such documents as may be necessary to cancel such lien, or providing such other security in respect of such claim as the LESSOR may in writing approve.

Section 13.02 LESSOR may post notices

The LESSOR reserves the right throughout the TERM to enter upon the SAID LANDS and the BUILDINGS for the purpose of affixing to the SAID LANDS or the BUILDINGS notices pursuant to section 13 of the Builders' Lien Act, R.S.B.C. 1979, Chapter 40 and amendments thereto and re-enactments thereof. The form, size and location of posting such notices shall be in the discretion of the LESSOR. The LESSEE shall not suffer, cause nor permit the removal, defacement or obscuring of such notices.

ARTICLE XIV

INSPECTION AND EXHIBITION BY LESSOR

Section 14.01 Inspection by LESSOR

The LESSOR and the LESSEE agree that it shall be lawful for a representative of the LESSOR at all reasonable times during the TERM to enter the SAID LANDS and the BUILDINGS, or any of them and to examine the condition thereof; and, further, that all wants of reparation as required by section 9.02 which upon such views shall be found, and for the amendment of which notice shall be delivered or given by the LESSOR to the LESSEE, the LESSEE shall within sixty (60) days after every such notice or such longer period as provided in section (b) of section 21.01, well and sufficiently repair and make good accordingly.

Section 14.02 Exhibition by LESSOR

During the final twelve (12) months of the TERM, the LESSOR shall be entitled to display upon the SAID LANDS the usual signs advertising the SAID LANDS and BUILDINGS as being available for purchase or letting, provided such signs are displayed in such a manner as not to interfere unreasonably with the LESSEE's use and enjoyment of the SAID LANDS and the BUILDINGS.

ARTICLE XV

OBSERVANCE OF GOVERNMENTAL
REGULATIONS ETC.

Section 15.01 Observance of Governmental
Regulations etc.

The LESSEE covenants with the LESSOR that throughout the TERM the LESSEE will comply with all provisions of law including without limitation, municipal, regional, provincial and federal legislative enactments, zoning and building by-laws, and any municipal, regional, provincial, federal or other governmental regulations which relate to the construction and erection of the BUILDINGS, to the equipment, maintenance, operation and use of the BUILDINGS, and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the BUILDINGS or any part thereof. The LESSEE covenants to comply with all police, fire and sanitary regulations imposed by any municipal, regional, provincial, federal or other governmental authorities and to observe and obey all municipal, regional, provincial, federal and other governmental regulations and other requirements governing the use and occupation of the SAID LANDS or the BUILDINGS.

ARTICLE XVI

RIGHTS OF LESSOR AND LESSEE

Section 16.01 As Landlord and Tenant

All rights and benefits and all obligations of the LESSOR and the LESSEE under this lease shall be rights, benefits and obligations of the LESSOR and the LESSEE respectively in their capacities as LESSOR and LESSEE respectively under this lease.

ARTICLE XVII

INDEMNITY

Section 17.01 Breach, Violation or Non-performance
of covenants by LESSEE

The LESSEE shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of any breach, violation or non-performance of any covenant, condition or agreement in this lease set forth and contained on the part of the LESSEE to be fulfilled, kept, observed and performed.

Section 17.02 Injury, damage or loss of property

Notwithstanding the provisions of Article VIII hereof, the LESSEE shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of:

- (a) any injury to person or persons, including death resulting at any time therefrom, occurring in or about the SAID LANDS or the BUILDINGS; and
- (b) any damage to or loss of property occasioned by the use and occupation of the SAID LANDS or the BUILDINGS.

PROVIDED HOWEVER, that except as otherwise provided in section 8.06 nothing contained herein shall require the LESSEE to indemnify the LESSOR against any action, causes of action, suits, claims or demands for damages arising out of the negligent acts of the LESSOR, its servants, agents or contractors.

Section 17.03 Indemnification survives
termination of lease

The obligations of the LESSEE to indemnify the LESSOR under the provisions of sections 3.01, 3.04, 3.05, 8.06, 17.01 and 17.02 hereof with respect to liability by reason of any matter arising during the TERM shall survive any termination of this lease, anything in this lease to the contrary notwithstanding.

ARTICLE XVIII

SUBLETTING AND ASSIGNING

Section 18.01 Subletting by LESSEE

- (a) Save as expressly provided in section 18.04, the LESSEE shall not, nor will not during the TERM, sublease the SAID LANDS or any part thereof or any structure or any part of any structure erected thereon, to any person, persons or corporation whatsoever, without the consent in writing of the LESSOR, which consent the LESSOR agrees not to arbitrarily withhold; provided however that the LESSEE may from time to time without the consent of the LESSOR enter into subleases with lessees or occupants and prospective lessees or occupants of suites, rooms or apartments in the BUILDINGS, such suites, rooms and apartments to be used by the lessees or occupants for residential purposes only, subject always to section 18.05.
- (b) If required by the LESSOR, a copy of any or all such subleases shall be forwarded to the LESSOR within thirty (30) days after the conclusion of each transaction, together with particulars of registration (if any) in the Vancouver Land Title Office.

Section 18.02 Assignment by LESSEE

Save as expressly provided in sections 18.03 and 18.04, the LESSEE shall not, nor will not during the TERM, assign, transfer or sell or otherwise, by any act or deed, procure the SAID LANDS or BUILDINGS, or any of them, or this lease, to be assigned, transferred or sold to any person, persons or corporation whatsoever without the consent in writing of the LESSOR first had and obtained, which consent the LESSOR may arbitrarily withhold.

Section 18.03 Special provisions respecting the assignment of this lease where the Canada Mortgage and Housing Corporation or an approved lender under the National Housing Act becomes the LESSEE

If the MORTGAGEE in whose favour a MORTGAGE is made is either the Canada Mortgage and Housing Corporation or an approved lender (hereinafter in this section referred to as the "approved lender") who, under the provisions of the National Housing Act, 1970, R.S.C., Chapter N-10, has made an insured loan to the LESSEE for the purpose of assisting the LESSEE in construction of the BUILDINGS, and such MORTGAGEE becomes the LESSEE by way of assignment or acquires the LESSEE's leasehold interest in the SAID LANDS and the BUILDINGS through foreclosure proceedings or other action under the MORTGAGE, and attorns to the LESSOR as tenant and undertakes to be bound by and perform the covenants and agreements of this lease, then the following provisions shall apply:

- (a) The LESSEE shall not assign, transfer or sell its leasehold interest in the SAID LANDS and the BUILDINGS without the consent of the LESSOR, but the LESSOR shall not arbitrarily withhold such consent. Upon the assignment, transfer or sale by the LESSEE of its leasehold interest in the SAID LANDS and BUILDINGS with the consent of the LESSOR the LESSOR shall release and discharge the LESSEE from observance and performance of the covenants and agreements contained in this lease and from any liability arising thereunder save and except liability for any default by the LESSEE in the performance or observance of any of its covenants or agreements contained in this lease occurring or arising during the time the LESSEE did attorn to the LESSOR as tenant under this lease notwithstanding that such default comes to the notice of the LESSOR subsequent to any release or discharge hereunder.
- (b) If the LESSEE assigns its leasehold interest in the SAID LANDS and BUILDINGS to any person, persons or corporation for the purpose of carrying on thereon or therein any activity, business, trade, industry or profession for profit or gain, then in addition to the BASIC RENT paid or payable by the LESSEE under section 2.01, such LESSEE shall pay to the LESSOR as ADDITIONAL

RENT from the proceeds of such assignment a sum equivalent to fifty (50%) per cent of the market rental value of the SAID LANDS for the unexpired portion of the TERM as may be agreed upon in writing by and between the LESSOR and the LESSEE, calculated from the date of the assignment. If the LESSOR and the LESSEE cannot agree in writing upon the ADDITIONAL RENT to be paid under this section 18.03, then such ADDITIONAL RENT shall be the market rental value of the SAID LANDS for the remainder of the TERM as determined by arbitration. For the purposes of the determination of the market rental value of the SAID LANDS, the provisions of section 2.03 shall apply. The proceeds received by the LESSEE from the assignment of its leasehold interest in the SAID LANDS and BUILDINGS to any person, persons or corporation for the purpose of carrying on therein or thereon any activity, business, trade, industry or profession for profit or gain shall be applied firstly in payment of the MORTGAGE together with the MORTGAGEE's taxed costs of foreclosure and any payment for real property taxes, insurance premiums or other similar expenses incurred by the MORTGAGEE pursuant to its MORTGAGE and secondly in payment of the ADDITIONAL RENT calculated as aforesaid, and should the proceeds be insufficient to pay the ADDITIONAL RENT after payment of the MORTGAGE, THE LESSEE shall be relieved from the payment of the unpaid balance of the ADDITIONAL RENT. Any assignment made by the LESSEE of its leasehold interest in the SAID LANDS and BUILDINGS to any person, persons or corporation for the purpose of carrying on therein or thereon any activity, business, trade, industry or profession for profit or gain must be a bona fide transaction for the full market value of the LESSEE's leasehold interest in the SAID LANDS and BUILDINGS:

- (c) The LESSEE shall not assign, transfer or sell its leasehold interest in the SAID LANDS and BUILDINGS to any person, persons or corporation for the purpose of carrying on therein or thereon any business, trade, industry or profession for profit or gain unless:
 - (i) the LESSEE shall first deliver a written bona fide offer to assign its leasehold interest in the SAID LANDS and BUILDINGS to the LESSOR on such terms and conditions as the LESSEE is

willing to accept from such person, persons or corporation;

- (ii) the LESSOR shall have sixty (60) days from delivery of the offer within which to advise the LESSEE whether or not the LESSOR wishes to take an assignment of the LESSEE's leasehold interest in the SAID LANDS and BUILDINGS upon the same terms and conditions as those contained in such offer;
- (iii) if the LESSOR gives notice to the LESSEE that the LESSOR wishes to take an assignment of the LESSEE's leasehold interest in the SAID LANDS and BUILDINGS upon the terms and conditions contained in the offer, such notice shall constitute a binding agreement to assign the LESSEE's leasehold interest in the SAID LANDS and BUILDINGS by the LESSEE to the LESSOR. The agreement to assign shall be completed at such time as may be agreed upon between the LESSOR and LESSEE, and in default of agreement on the sixtieth (60) day following the acceptance of the offer by the LESSOR;
- (iv) if the LESSOR does not give notice to the LESSEE within the said period of sixty (60) days, the LESSEE shall be free to assign its leasehold interest in the SAID LANDS and BUILDINGS upon the same terms and conditions as set forth in the offer or on terms and conditions not more favourable to the assignee;
- (v) if an assignment is not concluded under the terms of the offer, the LESSEE shall be obliged to submit any further offer to the LESSOR by giving written notice thereof to the LESSOR in the manner in this section 18.03 provided.

The provisions of this section 18.03 apply only to the Canada Mortgage and Housing Corporation or an approved lender which has become the LESSEE under this section but not to any assigns of the Corporation or of an approved lender.

Section 18.04 Mortgaging by LESSEE

Subject to Article XIX, the LESSEE may mortgage its leasehold interest in the SAID LANDS and the BUILDINGS (for which purpose the LESSEE may assign or sublet by way of MORTGAGE) without the consent of the LESSOR, for the purpose of financing and refinancing the cost of construction, repairing or replacing the BUILDINGS, but not otherwise; provided however that until and unless the LESSEE has paid the ADDITIONAL RENT provided for in section 2.02(b) or section 18.03(b) the total amount of all MORTGAGES shall not exceed the total amount shown on the "Statement of Final Capital Costs" as approved by Canada Mortgage and Housing Corporation which statement shall be delivered to the LESSOR by the LESSEE within six (6) months of the date of substantial completion of the BUILDINGS as certified by the ARCHITECT.

Section 18.05 Requirements of certain Residential Tenants

The LESSEE covenants and agrees with the LESSOR that at all times during the TERM at least nine (9) of the self-contained dwelling units of the BUILDINGS shall be occupied by residents whose annual world income expressed in terms of the value of the 1982 Canadian Dollar is not greater than the amounts set out on the following table:

Composition of Household	World Income Expressed in 1982 Canadian Dollars
Single adult	\$20,000.00
Childless family	\$20,000.00
Family with dependent child or children	\$30,000.00

For purposes of the preceding table, an adult shall be deemed to be an independent person 19 years of age or older and a dependent child shall be deemed to be a person less than 19 years of age who, in whole or in part, is financially dependent upon his or her parents or guardians with whom he or she is living. When choosing among prospective occupants who qualify according to the requirements set out in the preceding table, the LESSEE shall select occupants in accordance with the following principles:

- A. Subject always to the necessity of administering the BUILDINGS in accordance with sound co-operative principles and subject always to the covenants made by the LESSEE in favour of Canada Mortgage and Housing Corporation in any agreement substantially conforming to the form of agreement set out as Schedule "A" hereof, preference shall be given to those having the lowest annual world income.
- B. As between two or more single people who are otherwise equally deserving in accordance with principle A, preference shall be given to:
- (i) people who are 55 years of age or older, and
 - (ii) people who are receiving from the government of the Province of British Columbia the Handicapped Persons Income Assistance Allowance or some other pension or allowance given solely by reason of the physical disability of the recipient.
- C. As between two or more families whose annual world income does not vary by more than \$2,000.00 when calculated in terms of the value of the 1982 Canadian Dollar, preference shall be given to the family having the most dependent children.
- D. As between two or more families who are otherwise equally deserving in accordance with principles A and C, preference shall be given to:
- (i) families who are headed by people one of whom is 55 years of age or older, and
 - (ii) families having one or more members who receive from the government of the Province of British Columbia the Handicapped Persons Income Assistance Allowance or some other pension or allowance given solely by reason of the physical disability of the recipient.

This section 18.05 shall not apply to Canada Mortgage and Housing Corporation and its assignees, or to any MORTGAGEES of this lease and their assignees or to any receiver appointed at the instance of any of them.

ARTICLE XIX

MORTGAGE

Section 19.01 LESSEE shall be liable for rent and
taxes notwithstanding MORTGAGE

Nothing herein contained shall be construed to prevent or prohibit the assignment or subletting by the LESSEE of this lease or the leasehold interest of the LESSEE in any portion of the SAID LANDS and the BUILDINGS by way of MORTGAGE as provided in section 18.04 hereof, provided however that in the event of and notwithstanding any such assignment or subletting, the LESSEE shall be and remain liable for the payment of all BASIC RENT, ADDITIONAL RENT and taxes and the performance of all the terms, covenants and conditions of this lease.

Section 19.02 MORTGAGE subject to LESSOR's
rights under lease

Subject to the provisions of section 21.02, every MORTGAGE shall be made expressly subject to the rights of the LESSOR under this lease.

ARTICLE XX

BANKRUPTCY OF LESSEE

Section 20.01 Bankruptcy of LESSEE

Subject to the provisions of section 21.02(c), if the TERM shall at any time be seized or taken in execution by any creditor of the LESSEE, or if the LESSEE shall make a general assignment for the benefit of creditors, or if it shall institute proceedings to subject itself to the Winding-Up Act or to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file an application or petition or answer or consent, seeking re-organization or re-adjustment of the LESSEE under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency, or shall consent to the filing of any such application or petition, or shall consent to the appointment of a receiver, or if the LESSEE or its directors shall pass any resolution authorizing the dissolution or winding-up of the LESSEE, or if a receiver, interim receiver, trustee or liquidator of all or any part of the property of the LESSEE shall be appointed or applied for by the LESSEE, or if a judgment, decree or order shall be entered by a court of competent jurisdiction adjudging the LESSEE a bankrupt or insolvent or subject to the provisions of the Winding-Up Act or Bankruptcy Act or determining the proceedings for reorganization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency have been properly instituted, then this lease shall at the option of the LESSOR immediately become terminated.

ARTICLE XXI

DEFAULT BY LESSEE

Section 21.01 Re-entry on certain
defaults by LESSEE

The LESSOR and the LESSEE agree that subject to the provisions of section 21.02, if

- (a) the LESSEE shall default in payment of BASIC RENT or ADDITIONAL RENT or taxes or any other sums required to be paid to the LESSOR by any provision of this lease, and such default shall continue for a period of thirty (30) days after notice thereof given by the LESSOR to the LESSEE; or

- (b) the LESSEE shall default in performing or observing any of its other covenants or obligations under this lease, or any contingency shall occur which by the terms of this lease constitutes a breach hereof or confers upon the LESSOR the right to re-enter or forfeit or terminate this lease, but not termination of this lease pursuant to the provisions of section 7.01 or section 10.05 and the LESSOR shall have given to the LESSEE notice of such default or the happening of such contingency, and at the expiration of sixty (60) days after the giving of such notice the default or contingency shall continue to exist, or in the case of a default or contingency which cannot with due diligence be cured within the period of sixty (60) days aforesaid, the LESSEE fails to proceed promptly after the giving of such notice to cure such default or contingency; or

- (c) this lease shall expire or be forfeited or be terminated by any other provision in it contained, including without restricting the generality of the foregoing the termination of this lease pursuant to the provisions of sections 7.01 or 10.05 herein.

the LESSOR or the LESSOR's agents or employees authorized by the LESSOR may immediately or at any time thereafter re-enter the SAID LANDS and the BUILDINGS without being liable to any prosecution or damages therefor and may repossess and enjoy the SAID LANDS, the BUILDINGS and all

fixtures and improvements on the SAID LANDS except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the BUILDINGS or the SAID LANDS, as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the rents to be paid and the covenants to be performed by the LESSEE up to the date of such re-entry and repossession.

Section 21.02 Notice to and remedies of MORTGAGEE

(a) No re-entry, termination or forfeiture of this lease by the LESSOR shall be valid against the MORTGAGEE who has filed with the LESSOR notice of MORTGAGE in favour of the MORTGAGEE and specified an address for notice under Article XXVIII, unless the LESSOR shall first have given to the MORTGAGEE notice of the default or contingency entitling the LESSOR to re-enter, terminate or forfeit this lease, specifying the nature of that default or contingency, and stating the LESSOR's intention to take such proceedings and requiring the MORTGAGEE:

- (i) to cure the default or contingency specified in the notice within a period of sixty (60) days from the date of receipt of that notice by the MORTGAGEE; or
- (ii) if the default or contingency is other than the failure to pay BASIC RENT or ADDITIONAL RENT or taxes or any other sums required to be paid to the LESSOR by any provision of this lease, and if the default or contingency cannot reasonably be cured within such sixty (60) day period, then to immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or contingency.

and the LESSOR hereby grants the MORTGAGEE access to the SAID LANDS and the BUILDINGS for that purpose. If the default or contingency is cured within the period specified, the MORTGAGEE shall be entitled to continue as tenant for the balance of the TERM remaining at the date of the notice of default or contingency providing that the MORTGAGEE attorns as tenant to the LESSOR and undertakes to

be bound by and to perform the covenants and agreements of this lease; provided however that in the event the MORTGAGEE consists of more than one mortgagee each having a separate charge upon the LESSEE's interest in this lease, and more than one of them wishes to cure the default or contingency specified in the notice aforesaid, then the LESSOR hereby agrees to permit curing of the default or contingency specified as aforesaid, by that mortgagee which is willing to cure and assume as aforesaid and whose charge ranks in priority over the charge or charges held by the other mortgagee or mortgagees willing to cure and assume as aforesaid; except that in the event any MORTGAGEE has commenced a foreclosure action, the provisions of section 21.02(b) shall apply.

(b) In the event the MORTGAGEE commences foreclosure proceedings against the LESSEE, whether or not the LESSEE is in default of the performance of its covenants and agreements with the LESSOR under this lease at the time such foreclosure proceedings are commenced, the LESSOR shall not re-enter, terminate or forfeit this lease after the commencement of foreclosure proceedings on the ground of any default or contingency entitling the LESSOR to re-enter, terminate or forfeit this lease if the MORTGAGEE:

(i) shall first have given to the LESSOR notice of the foreclosure proceedings;

(ii) is actively prosecuting the foreclosure proceedings;

(iii) cures the default within a period of sixty (60) days from the date of receipt of notice from the LESSOR specifying the nature of the default or contingency, or if the default or contingency is other than the failure to pay BASIC RENT or ADDITIONAL RENT or taxes or any other sums required to be paid to the LESSOR by any provision of this lease and if such default or contingency cannot reasonably be cured within such sixty (60) day period, immediately commences to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or contingency;

- (iv) performs and observes all of the LESSEE's covenants and agreements under this lease and without undue delay diligently prosecutes to a conclusion the foreclosure proceedings commenced by the MORTGAGEE.

In the event that the MORTGAGEE acquires title to the LESSEE's interest in the SAID LANDS and BUILDINGS pursuant to the foreclosure proceedings, the MORTGAGEE shall thereupon become subrogated to the rights of the LESSEE under this lease, provided it attorns to the LESSOR as tenant and undertakes to be bound by and perform the covenants and agreements of this lease. Provided however that in the event the MORTGAGEE consists of more than one mortgagee and more than one of them commences foreclosure proceedings, the right to cure any default or contingency granted by this section 21.02(b) to a foreclosing mortgagee shall be deemed granted to them in the order of priority of the charges held by the foreclosing mortgagees.

- (c) If this lease shall be subject to termination or forfeiture pursuant to Article XX by reason of the bankruptcy or insolvency of the LESSEE and the MORTGAGEE has filed with the LESSOR a notice of MORTGAGE in favour of the MORTGAGEE and specified an address for notice under Article XXVIII, the LESSOR shall give to the MORTGAGEE notice of the bankruptcy or insolvency of the LESSEE entitling the LESSOR to terminate or forfeit this lease and stating the LESSOR's intention to take such proceedings and requiring the MORTGAGEE to cure the LESSEE's default and the LESSEE's default shall be deemed to have been sufficiently cured if the MORTGAGEE shall:

- (i) take possession and control of the SAID LANDS and BUILDINGS, or cause a receiver to be appointed under the terms of the MORTGAGEE's charge or by a court of competent jurisdiction, who takes possession and control of the SAID LANDS and BUILDINGS, and the LESSOR hereby grants the MORTGAGEE or such receiver access to the SAID LANDS and BUILDINGS for that purpose;
- (ii) cure every default within a period of sixty (60) days from the date of receipt by the MORTGAGEE of the notice from the LESSOR of the

bankruptcy or insolvency of the LESSEE, or if such default or defaults are other than the failure to pay BASIC RENT or ADDITIONAL RENT or taxes or any other sums required to be paid to the LESSOR by any provision of this lease and if such default or defaults cannot reasonably be cured within such sixty (60) day period, immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or defaults;

- (iii) attorn as tenant to the LESSOR and undertake to be bound by and to perform the covenants and agreements of this lease.

PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee, the right to take possession and control, to cure any default and to assume the lease as aforesaid shall be deemed granted to them in the order of the priority of their respective charges.

- (d) Any re-entry, termination or forfeiture of this lease made in accordance with the provisions of this lease as against the LESSEE shall be valid and effectual against the LESSEE even though made subject to the rights of any MORTGAGEE to cure any default of the LESSEE and to continue as tenant under this lease.
- (e) No entry upon the SAID LANDS or into the BUILDINGS by the MORTGAGEE pursuant to this section 21.02 for the purpose of curing any default or defaults of the LESSEE shall release or impair the continuing obligations of the LESSEE.

Section 21.03 Remedies of LESSOR are cumulative

The remedies of the LESSOR specified in this lease are cumulative and are in addition to any remedies of the LESSOR at law or equity. No remedy shall be deemed to be exclusive, and the LESSOR may from time to time have recourse to one or more or all of the available remedies specified herein, or at law or equity. In addition to any other remedies provided in this lease, the LESSOR shall be entitled to restrain by injunction any violation or attempted or threatened violation by the LESSEE of any of the covenants or agreements hereof.

Section 21.04 Waiver by LESSOR

The failure of the LESSOR to insist upon the strict performance of any covenant or agreement of this lease shall not waive such covenant or agreement, and the waiver by the LESSOR of any breach of any covenant or agreement of this lease shall not waive such covenant or agreement in respect of any other breach. The receipt and acceptance by the LESSOR of rent or other monies due hereunder with knowledge of any breach of any covenant or agreement by the LESSEE shall not waive such breach. No waiver by the LESSOR shall be effective unless made in writing.

Section 21.05 Where the Canada Mortgage and Housing Corporation or an approved lender under the National Housing Act is the MORTGAGEE it may permit the LESSEE to continue as tenant

Notwithstanding section 21.02(a), if Canada Mortgage and Housing Corporation or an approved lender who, under the provisions of the National Housing Act, 1970, R.S.C., Chapter N-10, has made an insured loan to the LESSEE for the purpose of assisting the LESSEE in construction of the BUILDINGS holds a MORTGAGE of the LESSEE's leasehold interest in the SAID LANDS and the BUILDINGS and has cured all defaults and contingencies of which the said Corporation or approved lender has received notice from the LESSOR under section 21.02(a), then the LESSOR will permit the said Corporation or the approved lender to allow the LESSEE to continue as tenant unless the said Corporation has commenced foreclosure proceedings under section 21.02(b).

ARTICLE XXII

COVENANTS OF LESSOR

Section 22.01 Covenant respecting charges
and encumbrances

The LESSOR covenants with the LESSEE that the LESSOR has a good and marketable title in fee simple to the SAID LANDS and that the LESSOR has not at any time heretobefore made, done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the SAID LANDS or any part thereof are charged or encumbered in title or estate, other than the subsisting exceptions and reservations contained in the original grant of the SAID LANDS from the Crown.

Section 22.02 Covenant respecting
authority to lease

The LESSOR covenants with the LESSEE that the SAID LANDS are not required by the LESSOR for municipal purposes and it now has in itself good right, full power and absolute authority to lease the SAID LANDS to the LESSEE in the manner and according to the true intent of this lease.

ARTICLE XXIII

ARBITRATION

Section 23.01 Arbitration

If the LESSOR AND THE LESSEE do not agree as to any of the matters which, if no agreement is reached upon them, are by the provisions hereof to be determined by arbitration, any such disagreement shall be referred to three arbitrators, one of whom shall be chosen by the LESSOR, one by the LESSEE, and the third by the two so chosen and the third arbitrator so chosen shall be the chairman. The award may be made by the majority of the arbitrators appointed. If within fifteen (15) days of such extended time as the parties may agree upon, a party who has been notified of a dispute fails to appoint an arbitrator or the two arbitrators appointed by the parties do not agree upon a third arbitrator, then the party or parties not in default may apply to the Supreme Court of British Columbia for the appointment by the Supreme Court of British Columbia of an arbitrator to represent the party or parties in default or a third arbitrator, or both of such arbitrators. The costs of the reference and award shall be in the discretion of the arbitrators who may direct to and by whom and in what manner those costs or any part thereof shall be paid and may tax or settle the amount of costs to be paid or any part thereof and may award costs to be paid as between solicitor and client. Except as to matters otherwise provided herein, the provisions of the Arbitration Act of British Columbia, R.S.B.C. 1979, Chapter 18 as amended from time to time, shall apply.

If the Canada Mortgage and Housing Corporation or an approved lender who, under the provisions of the National Housing Act, 1970, R.S.C., Chapter N-10, has made an insured loan to the LESSEE for the purpose of assisting the LESSEE in the construction of the BUILDINGS, holds a MORTGAGE of the LESSEE's leasehold interest in the SAID LANDS and BUILDINGS, any notice of a dispute given under this section by one of the parties to the other shall be given at the same time to such MORTGAGEE if it has specified an address for notice under Article XXVIII and such MORTGAGEE so notified shall be given a reasonable opportunity by the parties to participate in the Arbitration proceedings if it considers such proceedings may affect the MORTGAGE security.

ARTICLE XXIV

COVENANTS OF LESSEE RESPECTING
CONDUCT ON DEMISED PREMISES

Section 24.01 Conduct on demised premises

The LESSEE covenants and agrees with the LESSOR that it will not carry on nor do, nor allow to be carried on or done upon the SAID LANDS or in the BUILDINGS any work, business or occupation which may be a nuisance or which is contrary to any law or to any by-law of the City of Vancouver for the time being in force.

ARTICLE XXV

SURRENDER OF LEASE

Section 25.01 Surrender of Lease

At the end of the TERM, either by forfeiture, default or lapse of time, the LESSEE shall surrender the SAID LANDS and the BUILDINGS to the LESSOR in the condition in which they were required to be kept by the LESSEE under the provisions of this lease including without restricting the generality of the foregoing the provisions of sections 10.05(c) and 10.06(b), except as herein otherwise expressly provided.

ARTICLE XXVI

QUIET ENJOYMENT, OWNERSHIP OF TENANT'S FIXTURES
AND OWNERSHIP OF THE BUILDINGS

Section 26.01 Covenant for Quiet Enjoyment

If the LESSEE pays the rent hereby reserved and the other charges, and performs the covenants hereinbefore on the LESSEE's part contained, the LESSEE shall and may peaceably enjoy and possess the SAID LANDS for the TERM, without any interruption or disturbance whatsoever from the LESSOR or any other person, firm or corporation lawfully claiming from or under the LESSOR, provided however that nothing in this section 26.01 shall limit the rights of inspection conferred upon the LESSOR by section 14.01 or the right of the LESSOR to show the SAID LANDS and the BUILDINGS and to post notices pursuant to sections 13.02 and 14.02.

Section 26.02 Ownership of Tenant's Fixtures

The LESSEE may confer upon tenants or occupants of the BUILDINGS the right of property in, or the right to remove, fixtures or improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the BUILDINGS or the SAID LANDS. The LESSEE shall make good, or shall cause such tenants to make good, any damage to the BUILDINGS caused by any removal of the tenants' fixtures.

ARTICLE XXVII

OVERHOLDING

Section 27.01 Overholding

The LESSEE covenants and agrees with the LESSOR that if the LESSEE shall hold over and the LESSOR shall accept rent after the expiration of the TERM, the new tenancy thereby created shall be a tenancy from month to month and not a tenancy from year to year and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month PROVIDED HOWEVER the monthly BASIC RENT payable by the LESSEE shall be the then market rental value of the SAID LANDS and the BUILDINGS as determined from time to time in the bona fide opinion of the LESSOR's Supervisor of Properties or his successor in function and such monthly BASIC RENT shall be paid in advance. The LESSEE shall also pay monthly as ADDITIONAL RENT one-twelfth of the sum payable pursuant to section 3.01 or 3.02 hereof, as the case may be.

ARTICLE XXVII

NOTICE

Section 28.01

All notices, demands and requests which may or are required to be given pursuant to this lease shall be in writing and shall be sufficiently given if served personally upon the party or an executive officer of the party for whom it is intended or mailed prepaid and registered, in the case of the LESSOR addressed to:

City Clerk
City Hall
453 West 12th Avenue
Vancouver, British Columbia
V5Y 1V4

and in the case of the LESSEE addressed to:

Helen's Court Co-operative Housing Assoc.
#1 - 2597 West 1st Avenue
Vancouver, British Columbia
V6K 1G8

or at such other addresses as the parties may from time to time advise by notice in writing. MORTGAGEES hereof shall supply their respective mailing addresses to the LESSOR and the LESSEE. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery if such notice, demand or request is served personally or if mailed as aforesaid on the second business day next following the date of such mailing, PROVIDED HOWEVER that if mailed, should there be between the time of mailing and the actual receipt of the notice a mail strike, slow down of postal service or other labour dispute which affects the delivery of such notice, then such notice shall be deemed to be received when actually delivered.

ARTICLE XXIX

MISCELLANEOUS

Section 29.01 Statements by LESSOR

The LESSOR and the LESSEE agree that at any time and from time to time upon not less than thirty (30) days' prior request by the other party, each will execute, acknowledge and deliver to the other a statement in writing certifying:

- (a) that this lease is unmodified and in full force and effect or if there have been modifications that the same are in full force and effect as modified and identifying the modifications;
- (b) the dates to which the rent and other charges have been paid and the request shall specify the charges in respect of which such information is required; and
- (c) that, so far as the maker of the statement knows, the party who requests the statement is not in default under any provisions of this lease, or, if in default, the particulars thereof.

Section 29.02 Time of the Essence

Time shall be of the essence of this lease, save as herein otherwise specified.

Section 29.03 Formality of Modifications

This lease may not be modified or amended except by an instrument in writing of equal formality herewith executed by the LESSOR and the LESSEE or by the successors or assigns of the LESSOR and the successors or permitted assigns of the LESSEE.

Section 29.04 Captions and Headings

The captions and headings throughout this lease are for convenience and reference only and the words and phrases contained therein shall in no way be held or


deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this lease nor in any way affect this lease.

Section 29.05 Enurement

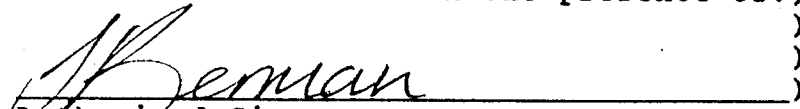

It is further agreed and declared by the LESSOR and the LESSEE that these presents shall extend to, be binding upon and enure to the benefit of the LESSOR and the LESSEE and the successors and assigns of the LESSOR and the successors and permitted assigns of the LESSEE.

IN WITNESS WHEREOF the LESSOR and the LESSEE have hereunto caused to be affixed their respective seals attested by the signatures of their respective proper officers duly authorized for such purpose.

The Common Seal of the CITY OF VANCOUVER)
was hereunto affixed in the presence of:)


_____)
Director of Legal Services)
Authorized Signatory)

The Common Seal of HELEN'S COURT)
CO-OPERATIVE HOUSING ASSOC.)
was hereunto affixed in the presence of:)


_____)
Authorized Signatory)

_____)
Authorized Signatory)

Approved by City Council on
May 31, 1983.

This is the signatory page of a lease between the City of Vancouver as LESSOR and Helen's Court Co-operative Housing Assoc. as LESSEE.

SPECIAL RESOLUTION

The following is a certified copy of a special resolution passed by the Board of Directors of the Helen's Court Co-operative Housing Assoc., at a meeting held on June 13, 1983, at #1-2597 West 1st Avenue, Vancouver, B.C., in accordance with the bylaws of the society.

The Directors of the Helen's Court Co-operative Housing Assoc. resolve to ratify the lease agreement between the City of Vancouver, B.C. and the Helen's Court Co-operative Housing Assoc.

"Resolved that the Board of Directors be authorized to sign the lease documents between the City of Vancouver and the Helen's Court Co-operative Housing Assoc., for the property at 2137 West 1st Avenue, Vancouver, B.C."

Dated this 13th day of June, 1983

at #1 - 2597 West 1st Avenue, Vancouver, BC.

Name of Society Helen's Court Co-operative Housing Assoc.

by *L. van Houten*
Linda van Houten

Relationship to Society President

Space above for Land Title Office Use

NATURE OF CHARGE Modification of Lease registered under No. L 64770		Form 17 Section 152(1) Land Title Act	
		Full name, postal address and telephone of person presenting instrument for registration: LAW DEPARTMENT, CITY OF VANCOUVER 453 West 12th Avenue, Vancouver, B.C. V5Y 1V4 Telephone: 873-7514	
Address of person entitled to be registered as owner if different than shown on instrument:			
True Value:	Herewith Fees Solicitor or Agent	
		\$	

For Land Title Office Use

THIS AGREEMENT made this day of in the year of Our Lord
 one thousand nine hundred and

BETWEEN:

CITY OF VANCOUVER

(herein called the "LESSOR")

OF THE FIRST PART

AND:

HELEN'S COURT CO-OPERATIVE HOUSING ASSOC.
 (Incorporation No. 1362-CP), a company duly incorporated under the laws of the Province of British Columbia, having its registered office at #1-2597 West 1st Avenue, City of Vancouver, Province of British Columbia, V6K 1G8

(herein called the "LESSEE")

OF THE SECOND PART

WHEREAS the LESSOR is the registered owner of all and singular that certain parcel or tract of land and premises situate in the City of Vancouver, in the Province of British Columbia, legally described as:

Lot "D"
 Block 204
 District Lot 526
 Plan 18606

(herein called the "SAID LANDS");

COPY

AND WHEREAS the LESSOR demised the SAID LANDS unto the LESSEE under that certain Indenture of Lease made between the parties on the 28th day of June, 1983 (herein called "the Lease");

AND WHEREAS pursuant to Section 2.02 of the Lease the parties agreed to modify the Lease by substituting a new Schedule "A" thereof;

NOW THEREFORE THIS INDENTURE WITNESSES that the LESSOR and LESSEE hereby covenant, promise and agree each with the other as follows:

1. Schedule "A" of the Lease is hereby expunged.
2. The agreement dated the 15th day of June, 1983, and made between Canada Mortgage & Housing Corporation and the LESSEE, a copy of which is appended to this Modification of Lease, is hereby made Schedule "A" of the Lease in substitution of the Schedule expunged by paragraph 1 of this Modification of Lease.
3. Save as aforesaid, the parties hereby reaffirm the terms of the Lease.

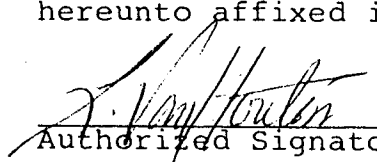
Words herein importing the singular number or the masculine gender only shall include more persons, parties or things of the same kind than one, and females as well as males, and the converse whenever the context requires; also these presents shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto and the owners from time to time of the SAID LANDS.

IN WITENSS WHEREOF the parties hereto have hereunto set their hands and seals as of the day and year first above written.

The Common Seal of the CITY OF VANCOUVER was hereunto affixed in the presence of:

Authorized Signatory

The Common Seal of HELEN'S COURT CO-OPERATIVE HOUSING ASSOC. was hereunto affixed in the presence of:



Authorized Signatory



Authorized Signatory

Approved by Council on
May 31, 1983

SECTION 56.1 AGREEMENT
 ASSISTANCE TO NON-PROFIT COOPERATIVE ASSOCIATIONS

THIS AGREEMENT dated the 15th day of June, 1983

BETWEEN:

CANADA MORTGAGE AND HOUSING CORPORATION

(hereinafter called "the Corporation")

OF THE FIRST PART

- and -

HELEN'S COURT HOUSING CO-OPERATIVE ASSOCIATION

(hereinafter called "the Cooperative")

OF THE SECOND PART

WHEREAS the Cooperative will own and operate a 44 unit ~~new~~ (new/existing) housing project providing accommodation for low and moderate income families and individuals, the majority of whom are members of the Cooperative, in the ~~municipality~~ ^{City} of Vancouver situated on the lands described in Schedule "A".

WHEREAS the Cooperative has/will arrange(d) for the following capital financing for the project:

Source	\$ Amount
Investors Syndicate Group Trust Ltd. 840 - 625 Howe Street, Vancouver, B.C. V7X 1K8	3,413,675

WHEREAS, pursuant to Section 56.1 of the National Housing Act, hereinafter referred to as "the Act", the Corporation may make a contribution for the purpose of enabling an eligible contribution recipient as described in Sub-section 15.1(2) of the Act to meet the costs of rental housing and to reduce the rentals thereof;

WHEREAS the Cooperative is an eligible contribution recipient as defined in Section 56.1 of the Act;

AND WHEREAS the approved capital costs of the shelter component of the project that are eligible for Federal assistance are \$ 3,413,675.

THE CORPORATION hereby agrees to provide Section 56.1 assistance on the following terms and conditions to the Cooperative, and the Cooperative agrees to accept the said assistance and to observe the terms and conditions hereinafter provided.

1. DEFINITIONS

For the purpose of this agreement, the following definitions shall apply:

- (1) "Annual Project Data Report" means the form CMHC 2374 to be attached to, and forming part of, this agreement or such revised or amended form as may be designated by the Corporation from time to time.
- (2) "Economic Occupancy Charge" means the "break-even" occupancy charge established for each unit in the project being the pro rata share of the full amortization of the capital costs and the operating expenses of the shelter component of the project including reserves and before any assistance. Reserves do not include the Subsidy Surplus Fund referred to in paragraph 2(8).

SCHEDULE "A"

- (3) "Family" means a minimum of two people who are related by blood or marriage (including common-law spouses) or, if unrelated, one of whom is dependent on the other on a continuing basis and includes dependents.
- (4) "Federal Assistance" means a contribution made by the Corporation under Section 56.1 of the Act.
- (5) "Fully Serviced Accommodation" for the purpose of the graduated occupancy charge schedule means accommodation for which heat, water, hot water, stove and refrigerator are provided. Domestic electricity is excluded except for the provision of hot water. Adjustments to the Graduated Occupancy Charge Schedule are to be made where any of the above services are not provided or where additional services are provided.
- (6) "Graduated Occupancy Charge Schedule" means the schedule of occupancy charges charged in accordance with the income of the occupant set forth in Schedule "B" of this agreement or such revised or amended schedule of occupancy charges as may be prescribed by the Corporation from time to time, provided that Schedule "B" shall be applied only to income tested occupants.
- (7) "Income" means the gross family income or income of an individual as defined in Schedule "B" attached, or such revised definition as may be provided from time to time by the Corporation.
- (8) "Income Tested Occupants" means those occupants paying at least the occupancy charge determined by the Graduated Occupancy Charge scale, but less than the Regular Occupancy Charge and whose incomes are subject to an annual review.
- (9) "Lower End of Market Occupancy Charge" means the occupancy charge equivalent to the lower end of the range of market rents charged on the private market for similar accommodation in the same area as determined by the Corporation.
- (10) "Non-Shelter Component" means space such as commercial or non-residential community space, personal services and care facilities and other space or facilities not explicitly included in the definition of shelter and Section 56.1 assistance shall not be applied thereto.
- (11) "Non-Income Tested Occupants" means those occupants paying at least the regular occupancy charge and whose incomes are not subject to an annual review.
- (12) "Predetermined Assistance" means the amount of Section 56.1 assistance required to bridge the gap between the reduced principal and interest payment and the full principal and interest payment.
- (13) "Reduced Principal and Interest payment" means:
 - (a) for the first three years of operation, the full amount of principal and interest required to amortize the loan, less the difference between:
 - (i) the total of the approved economic occupancy charge, as established for the first year of operation, and
 - (ii) the total of the approved lower end of market charge, as established for the first year of operation,and
 - (b) for the fourth and subsequent years of operation, an amount equal to the payment established in accordance with paragraph (a), plus 5% of the said amount for the fourth year and plus 5% annually thereafter, compounded, until such time as the payment equals the full amount of principal and interest required to amortize the loan.
- (14) "Regular Occupancy Charge" means the occupancy charge established for each unit in the project and paid by non-income tested occupants. In year one, the charge will be the lower end of market occupancy charge. In subsequent years, the charge per unit will be at least the pro rata share of the sum of project operating costs including replacement reserve and the reduced amount of principal and interest.
- (15) "Shelter Component" means the components of residential accommodation related to living, sleeping, eating and food preparation, sanitary facilities, either shared or otherwise, amenity space approved by the Corporation which may be shared with other occupants of the housing project, and the land or proportionate amount thereof on which the residential accommodation is situated. Amenity space includes appropriate meeting and/or office space for the use of the Cooperative and its members and Section 56.1 assistance may be applied thereto.

- (16) "Subsidy Pool" means in any year the difference between the maximum Section 56.1 assistance available and the predetermined assistance.
- (17) "Subsidy Surplus Fund" means the amount of Federal assistance that may be set aside after meeting the requirements of "predetermined assistance" and "subsidy pool" assistance for income tested occupants.
- (18) "Year of Operation" means the twelve month period from the Interest Adjustment Date or, if there is no NHA loan, a date determined by the Corporation for the purpose of the step-out of the Section 56.1 contributions and each twelve month period thereafter.

2. CONTRIBUTION TO REDUCE COSTS AND RENTALS

- (1) The maximum Federal assistance will be based on 100% of the approved capital costs of the shelter component of the project only and will be equal to the difference between:
 - (a) the amount determined by the Corporation required to amortize the cost of construction, acquisition, repair, rehabilitation, conversion or improvement of the shelter component of the housing project at an interest rate approved by the Corporation over thirty-five years or the life of the project, whichever is less, and
 - (b) the amount required to amortize the cost of the project if the interest rate charged on such cost were two percent per annum calculated semi-annually and not in advance.
- (2) The maximum annual Federal assistance is calculated in accordance with Schedule "E" attached, and is currently estimated at \$ 294,270 . This amount may be adjusted upon receipt of the audited statement of final capital costs.
- (3) The Federal assistance will be paid over the actual amortization period of the loan up to a maximum of 35 years. If there is no loan, the assistance will be calculated on the basis of a 35 year period, or on the basis of the useful life of the project if less than 35 years.
- (4) The Cooperative is required to submit an audited statement of final capital costs within six months of the Interest Adjustment Date of the loan. Any necessary adjustment to the level of federal assistance will be made upon receipt of this audited statement.
- (5) The actual Federal assistance shall be the lesser of the maximum federal assistance or the sum of:
 - (a) the predetermined assistance, and
 - (b) the assistance required to bridge the gap between the total of the actual occupancy charges derived from the graduated occupancy charge scale and the total of the regular occupancy charges, for the units occupied by income tested occupants.
- (6) The Federal assistance will be paid by cheque directly to the Cooperative to coincide with the repayment dates of the mortgages. The assistance will be calculated from the Interest Adjustment Date of the loan, with the first assistance payment being made to coincide with the first payment due under the loans. If there is no loan, the Federal assistance will be calculated from a date to be established by the Corporation and will be paid monthly. The Federal assistance will be paid automatically throughout the second and subsequent years, providing the Annual Project Data Report, CMHC 2374, and audited financial statements for the previous fiscal year shall have been received by the Corporation within four months after the fiscal year-end. Should the Annual Project Data Report, CMHC 2374, and financial statements not be received within four months after the fiscal year-end the Corporation may defer payment of the Federal assistance for the fifth and subsequent months pending receipt of such reports.
- (7) Should the Federal assistance paid in any fiscal year exceed the actual assistance required as established by the Annual Project Data Report, CMHC 2374, and financial statements of the Cooperative, the excess will be refunded by the Cooperative to the Corporation at the time the Annual Project Data Report, CMHC 2374, is submitted, subject to the provisions of paragraph (8) of this section. If not paid at that time the Corporation reserves the right to defer future assistance payments, or to reduce future payments until the excess has been recovered.

- (8) The Cooperative may establish a Subsidy Surplus Fund up to a maximum of \$500 per unit plus interest thereon for each unit in the project where:
- (1) the Cooperative is not in receipt of provincial or municipal shelter assistance, other than an outright capital grant towards the capital cost of the project, and where the maximum Federal assistance is not required in specific years for the purposes set forth in clause 2(5) above, or
 - (2) if the Cooperative is in receipt of provincial or municipal assistance, either on a short-term or long-term basis, the donor agrees that a Subsidy Surplus Fund may be established.
- (9) In instances where contributions from a province or municipality have been received equivalent to the maximum Federal assistance and further assistance is being provided by the province and the Corporation under Section 44 of the Act, the Subsidy Surplus Fund will not be provided.
- (10) The Subsidy Surplus Fund is to be comprised of monies deposited in a special bank account identified for its intended purpose and/or invested in Government bonds or such other securities as may be acceptable to the Corporation.
- (11) The Subsidy Surplus Fund shall only be used to meet future subsidy requirements of income tested occupants over and above the maximum Federal assistance. The interest earned in the Fund is to accrue to and be maintained in the Fund.
- (12) The level of Federal assistance will not be reduced because of capital grants received by the cooperative from any source.
- (13) The level of Federal assistance will increase or decrease according to changes in the interest rate resulting from mortgage roll-over.
- (14) The Cooperative may seek other shelter assistance, over and above the Federal assistance, in order to house lower income occupants. The Corporation shall be advised immediately by the Cooperative of arrangements for such assistance.
- (15) Receipt of such other shelter assistance will not affect the level of Federal assistance but shall be used to house occupants with lower incomes.

3. OCCUPANCY

- (1) A majority of the units in the project must be occupied by members of the Cooperative.
- (2) ~~The Co-operative will allocate individual units in the project in such a manner as to ensure that there will be a blending of incomes within the project in order that the viability of the project and the objectives of~~ *pb*
- (3) In the event that fewer than 15% of the units in the project are occupied by income tested occupants, and there are sufficient funds in the subsidy pool, the Cooperative shall endeavour to fill each vacancy with an income tested occupant. Should the Cooperative consistently fail to provide an average of 15% of the units to low income families, notwithstanding the availability of units, eligible occupants and the necessary subsidy funds, the Cooperative will be considered to be in default and at the discretion of the Corporation the NHA Section 56.1 assistance may be discontinued or the Cooperative may be required to seek the prior approval of the Corporation for the allocation of a vacant unit to a non-income tested occupant. Nothing in this paragraph shall be construed, interpreted or applied to jeopardize the tenure of any member of the Cooperative.
- (4) The operating expenses and the regular occupancy charges for the first year of operation are contained in Schedule "C" and "E" attached. The difference between the two sums will represent the predetermined assistance for the first three years of operation.
- (5) The reduced principal and interest payment established for year number one of operation will remain constant for the first three years of operation. Commencing in year number four of operation the reduced principal and interest payment will increase at the rate of 5% compounded annually until such time as the full principal and interest payment is being made on all units from the Cooperative's income and without need of federal assistance.
- (6) (a) Non-income tested members will pay at least the regular project occupancy charge.
- (b) Non-income tested tenants will pay not more than the lower end of the range of market rents for similar accommodation in the area as established by the Corporation in each year, unless the regular project occupancy charges exceed such lower end of market rents in which case the rents charged may equal the said regular occupancy charges.
- (c) Income tested members and tenants will pay the occupancy charges and rents determined in accordance with sub-section 3(8).

* the program will be maintained *pb*

- (7) In the year one of operation, the regular occupancy charge shall be equivalent to the lower end of the range of market rents for similar accommodation in the area as established by the Corporation. In subsequent years of operation, the total of the regular occupancy charges shall be the sum of project operating costs including replacement reserve and the reduced amount of principal and interest. The latter will remain constant for the first three years of operation and will then increase at the rate of 5% compounded annually until such time as the full principal and interest payment is being made from the Cooperative's income and without need of federal assistance.
- (8) Any occupancy by-law or occupancy agreement which includes leases to tenants, for use with income tested households shall include provisions that:
 - (a) the units are to be allocated at occupancy charges in accordance with the incomes of the occupants, but not less than those set forth in the Graduated Occupancy Charge scale, up to the regular occupancy charge, and to be occupied only by the individuals or families named in the occupancy agreement or the lease;
 - (b) the Cooperative is to obtain evidence of the income of income tested occupants at the time of initial occupancy and on the annual anniversary date as established by the Cooperative thereafter, and that the Cooperative will adjust the amount of occupancy charge to be paid by the occupant in accordance with the change in income;
 - (c) when the occupant's income increases to the point where the schedule of Graduated Occupancy Charge indicates that the occupant should pay the regular occupancy charge, the occupant need not be considered as an income tested occupant and the annual verification need not be carried out;
 - (d) the occupancy charge to be paid by income tested occupants need not be increased more frequently than annually; and
 - (e) the Cooperative may reduce the occupancy charge of an income tested occupant who provides satisfactory evidence that the income of the occupant has decreased since the last annual income review, provided there is sufficient funds in the subsidy pool to do so. The charge shall be reinstated when the income of the occupant increases to its original amount.
- (9) The Cooperative shall take such action as may be prudent and necessary to verify the incomes of income tested occupants.
- (10) Where fully serviced accommodation is not provided to an income tested occupant, the occupancy charge may be reduced by an amount, approved by the Corporation, which represents the cost of services that are described in Schedule "B" attached and that are not provided. Where additional services are provided, the occupancy charge is to be increased by an amount approved by the Corporation.
- (11) Applications for occupancy and occupancy/lease agreements entered into by a prospective income tested occupant shall be signed by at least one of the spouses of a family or by all occupants (except dependants) if the occupants are not a family.

4. SALE

The project or any part thereof shall not be sold or otherwise disposed of during the term of this agreement except with the prior written approval of the Corporation and on such terms and conditions as the Corporation may have approved. The sale of individual units within the project to the occupants thereof is contrary to the principles and objectives of continuing Cooperatives and would only be approved in exceptional circumstances.

5. PROJECT MANAGEMENT

The Cooperative shall ensure efficient management of the project and maintain the project in a satisfactory state of repair. The Corporation shall, upon reasonable notice to the Cooperative, be entitled to inspect the properties and records of the Cooperative, at the Corporation's own expense. Schedule "D" is the preliminary management plan of the Cooperative as submitted to the Corporation as part of the application for Section 56.1 assistance. The Cooperative agrees that it will not, except for the employment of its own staff, enter into a contract for management without first informing the Corporation.

6. COMMERCIAL AND NON-RESIDENTIAL FACILITIES

The Federal assistance is limited to the shelter component of the project only, notwithstanding that the financing may have included non-shelter components such as commercial and/or non-residential space. Where non-shelter components are included, the Cooperative shall lease the space at market rental rates

as established by the Cooperative with the concurrence of the Corporation, or at rates equivalent to the economic rent if it is not reasonable to determine a market rent. No deficit charges in respect of non-residential components are to accrue to the residential space supported by Federal assistance, and any surplus revenue is to be used to reduce the operating costs of the shelter component. In the case of non-profit groups leasing non-shelter components, the space is to operate on a break-even basis. The financial statements are to include a statement of revenue and expenses for shelter and a separate statement for commercial and/or non-residential space.

7. PROHIBITION AGAINST ENCUMBRANCES AND LENDING

- (1) The project, or any part thereof, shall not be mortgaged, charged or otherwise encumbered, without the prior written approval of the Corporation so long as this agreement is in force.
- (2) The Cooperative shall not lend or give away any project funds or guarantee or underwrite the repayment of any obligation by a third party without the prior written approval of the Corporation. The control of members' shares and loans from members shall be the responsibility of the Cooperative in accordance with Cooperative principles and applicable Provincial legislation.

8. CHANGES IN THE ARTICLES OF INCORPORATION

The Cooperative shall not change or alter the instrument of its incorporation previously reviewed and accepted by the Corporation in any way that would alter its non-profit status as defined in Sub-section 15.1(2) of the Act without the prior written approval of the Corporation.

9. BOOKS, ACCOUNTS, AUDIT AND ANNUAL REPORTING

- (1) The Cooperative shall maintain books, records and accounts in a form satisfactory to the Corporation, and shall permit the Corporation to have access to the project and to have a representative of the Corporation inspect such books, records and accounts at any reasonable time.
- (2) The selection of auditors other than those which have a recognized accreditation must be approved by the Corporation.
- (3) The duties of the Cooperative's auditor shall include:
 - (a) verification of the statements of revenue and expenses including details of all revenue broken-down by income tested and non-income tested occupants; and where applicable separate statements of revenues and expenses of the shelter and non-shelter components of the project;
 - (b) verification of a balance sheet;
 - (c) confirmation that the Cooperative:
 - (i) has requested and obtained verification of the incomes of income tested occupants in accordance with sub-paragraph 3(8)(b) and paragraph 3(9) above;
 - (ii) has applied an occupancy charge-to-income ratio for income tested occupants in accordance with sub-paragraph 3(8)(a) above;
 - (iii) has adjusted the occupancy charges for income tested occupants in accordance with paragraph 3(8) above;

(Provided that the foregoing confirmation may be undertaken on a sample basis.)

 - (d) the provision of a statement to the effect that the Replacement Reserve Fund and the Subsidy Surplus Fund have been properly funded and maintained and that all interest accruing to the Subsidy Surplus Fund has been recorded and forms part of the Fund; and
 - (e) the provision of an auditor's report.
- (4) The Cooperative will submit to the Corporation the audited financial statement and supporting data referred to in (3) above, along with proof that a majority of occupants are members of the Cooperative and a list of the names and addresses of the current officers of the Cooperative, within four months after the end of each fiscal year.
- (5) The Cooperative will, for statistical purposes, provide explanations of information contained in the Annual Project Data Report, CMHC 2374, as required by the Corporation.

10. LOAN REPAYMENT

The Cooperative shall make to the lender promptly on the due dates the payments that are required to be made in order to pay the interest and to amortize each loan during the amortization period. Failure of the Cooperative to make the said payments on the due dates shall constitute a breach of this agreement.

11. REPLACEMENT RESERVE

A replacement reserve fund shall be established for the purposes outlined by Schedule "F". The said reserve fund shall be comprised of monies deposited in a special bank account identified for its intended purposes and/or invested in Government bonds or such other securities as may be acceptable to the Corporation. The annual contribution to, and the maximum level of the fund will be determined by the Corporation in consultation with the Cooperative.

12. DISCRIMINATION

The Cooperative agrees that it will not in the provision of accommodation discriminate against an applicant for occupancy or for lease by reason of race, national or ethnic origin, colour, religion, age, sex, marital status, conviction for which pardon has been granted or by reason of children forming part of the family.

13. DEFAULT

The Corporation shall have the right, in the event of the Cooperative committing a breach of this agreement, to discontinue Federal assistance and to demand repayment to the Corporation of all funds in the Subsidy Surplus Fund.

14. RESIDENTIAL REHABILITATION ASSISTANCE

If the Cooperative has received or at any time during the term of this agreement receives RRAP assistance under Section 34.1 of the Act, and if the Cooperative commits a breach of this agreement, the Corporation shall have the right to declare the unearned balance of the forgivable loan due and payable forthwith together with interest accruing from the date of such default until paid.

15. PREPAYMENT - LOANS

The Cooperative agrees to notify the Corporation immediately of any change in the mortgage payments applicable to a loan and to advise the Corporation of prepayment of all or any part of such loan.

16. MORTGAGE RENEWALS

The Cooperative agrees to notify the Corporation immediately of revised terms and conditions of each mortgage resulting from renewal thereof.

17. AMENDMENTS TO AGREEMENT AND SCHEDULES

With the exception of Schedule "B" and the attached CMHC 2374, this agreement or any of the schedules attached hereto and forming part of this agreement may be amended by the parties. Any such amendment shall not be effective unless it is in writing and signed by the parties. Schedule "B" and the attached CMHC 2374 may be amended by the Corporation alone and notice thereof shall be given to the Cooperative.

18. NON-DISCRIMINATION

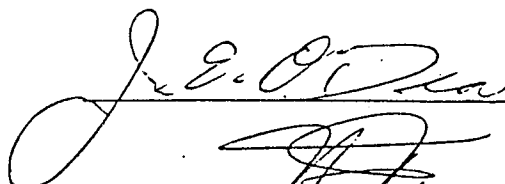
Except as provided in 3(6)(a) and (b) above, the Cooperative shall not differentiate between members and non-members in matters relating to prices, including rents and occupancy charges for accommodation or other things, facilities or services provided in respect of or incidental to any housing project or its occupancy, or in relation to the allocation, crediting or payment by the Cooperative of surplus, if any.

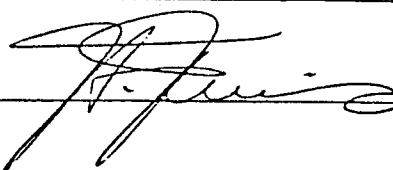
19. SOLE AGREEMENT


THIS AGREEMENT, with its Schedules and attached CMHC 2374, contains the whole agreement between the Corporation and the Cooperative pertaining to any and all contributions to be made by the Corporation pursuant to Section 56.1 of the National Housing Act and there are no warranties, representations, conditions or collateral agreements except as set forth in this agreement.

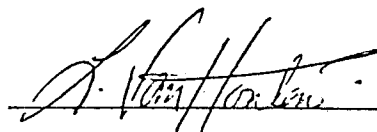
IN WITNESS WHEREOF this agreement has been signed by the proper signing officer of the Corporation and executed by the Cooperative under its corporate seal in the presence of its duly authorized signing officers.

CANADA MORTGAGE AND HOUSING CORPORATION





 TEEMAS

 PRES.

HELEN'S COURT HOUSING CO-OPERATIVE

LEGAL DESCRIPTION

LOT D

BLOCK 204

DISTRICT LOT 526

PLAN 18606

CIVIC ADDRESS: 2137 West 1st Avenue, Vancouver, B.C.

**GRADUATED OCCUPANCY CHARGE
 FOR
 FULLY SERVICED ACCOMMODATION IN COOPERATIVE PROJECTS
 FOR FAMILIES AND SENIOR CITIZENS**

(FULLY SERVICED - supplied with heat, water, hot water, stove and refrigerator.)

The monthly occupancy charge shown opposite income applies until the next income change shown											
MONTHLY			MONTHLY			MONTHLY			MONTHLY		
Family Income \$ up to	Rent \$	%	Family Income \$ up to	Rent \$	%	Family Income \$ up to	Rent \$	%	Family Income \$ up to	Rent \$	%
192	32	16.7	266	56		340	80	23.5	416	104	
195	33		269	57	21.2	343	81		420	105	
198	34		272	58		346	82		424	106	25
201	35	17.4	275	59	21.6	349	83	23.9	428	107	
204	36		278	60		352	84		432	108	
207	37		281	61		355	85		436	109	25
210	38	18.1	284	62	22.0	358	86	24.0	440	110	
213	39		287	63		361	87		444	111	
216	40		290	64		364	88		448	112	25
220	41	18.6	293	65	22.3	367	89	24.2	452	113	
223	42		296	66		370	90		456	114	
226	43		300	67		373	91		460	115	25
229	44	19.2	303	68	22.5	376	92	24.5	464	116	
232	45		306	69		380	93		468	117	
235	46		309	70		383	94		472	118	25
238	47	19.7	312	71	22.9	386	95	24.6	476	119	
241	48		315	72		389	96		480	120	
244	49		318	73		392	97		484	121	25
247	50	20.2	321	74	23.1	395	98	24.8	488	122	
250	51		324	75		398	99		492	123	
253	52		327	76		401	100		496	124	25
256	53	20.7	330	77	23.4	*404	101	25.0	500	125	
260	54		333	78		408	102		504	126	
263	55		336	79		412	103		508 and up		25

TO CALCULATE MONTHLY OCCUPANCY CHARGE FOR UNSERVICED ACCOMMODATION, subtract from the appropriate serviced monthly charge the estimated local cost of heat, water and hot water for the type of units in the projects. Where a stove or refrigerator is not provided, subtract an additional amount as agreed by the Corporation.

- The occupancy charge scale is 25% of income from this point up to the approved maximum established for the project.

DEFINITION OF INCOME

For the purposes of this agreement, "income" means the aggregate gross income, in whatever form received, of all members of the family, or of an individual where applicable, EXCLUDING:

1. earnings of children in regular attendance at recognized institutions of learning; funds for tuition, such as scholarships, bursaries and contributions from non-resident family members;
2. living out or travelling allowances of a family head;
3. earnings of a working spouse up to \$900 per annum;
4. income from any source other than social assistance payments of a one-parent family, up to \$900 per annum;
5. earnings in excess of \$75 per month of all members of the family, other than of the family head or spouse. (This will include persons related by blood, marriage or adoption, or other persons who may reasonably be assumed to form part of the family.);
6. capital gains, such as insurance settlements, inheritances, disability awards, sales of effects; and
7. family allowance.

OCCUPANCY CHARGE REDUCTIONS FOR CHILDREN

The above scale provides the occupancy charge of a family or individual with no children. A reduction in this charge of \$2 per month is allowable for each child, with a minimum service charge of \$28 a month regardless of the number of children.

SOCIAL ASSISTANCE RECIPIENTS

Occupants receiving welfare assistance or family benefits shall pay the shelter component of the welfare or family benefit payment or the amount required by application of the total payment to the graduated occupancy charge scale, whichever is the greater.

INITIAL OPERATING BUDGET

Name of Project Helen's Court Housing Co-operative Association		Civic Address 2137 West 1st Avenue Vancouver, B.C.		
Fiscal Year-end January 31st.	Number of Units 44	Loan Amount 3,413,675	Interest Rate 12 3/4%	Amortization Period 35 years

ESTIMATED EXPENSES

Taxes	\$ 11,350
Insurance	4,500
Maintenance	7,895
Heating and gas ranges	5,000
Hydro	1,200
Water	1,500
Janitor	6,000
Operating (Other) garbage	1,300
Administration	12,340
Replacement Reserve	8,300
Mortgage Payment (Before Assistance)	429,795
Other audit/education	3,500
contingency	10,000
TOTAL EXPENSES	\$ 502,680

ESTIMATED INCOME

Occupancy Charges L.E.M.	\$ 308,580
Garage/Parking	
Non-Shelter (Net)	
Other (Excluding Assistance)	
TOTAL INCOME	\$ 308,580

ESTIMATED ECONOMIC OCCUPANCY CHARGE
BY TYPE OF UNIT

	Units	\$	Per Month	
Hostel				\$
Bachelor				
1 Bedroom	9		703.75	6,333.75
2 Bedroom	22		978.00	21,516.00
3 Bedroom	13		1080.00	14,040.00
4 Bedroom				
5 Bedroom				
TOTAL ECONOMIC OCCUPANCY CHARGE				\$ 41,889.75 monthly
				502,677 annually
				(502,680) actual

COOPERATIVE PRELIMINARY MANAGEMENT PLAN

To be managed by Co-operators

OCUPANCY CHARGES AND APPLICATION OF ASSISTANCE

1. OCCUPANCY CHARGES:

The estimated economic and lower end of market occupancy charges for Year One are as follows:

No. of Units	Type of Units	Economic Occupancy Charge (Year One)	Lower End of Market Occupancy Charge (Year One)
7	one bedroom	703.75	430/mo.
2	one bedroom handicap.	978.00	430/mo.
22	two bedroom	1080.00	600/mo.
13	three bedroom		665/mo
		<u>41,889.70</u>	<u>25715/mo.</u>
		502,677.00	308580/annual

The occupancy charges outlined above may require adjustment upon completion of the project when final capital costs are known and the lower end of market occupancy charges and operating costs are re-examined. The Corporation will, at that time, require audited capital cost statements, a revised operating budget and revised lower end of market charges, as applicable, in order to adjust occupancy charges accordingly.

The following services, estimated to cost \$ per unit per month, are not included in the economic charges: unit heat, cablevision, laundry.

2. CALCULATION OF ASSISTANCE:

Total Capital Costs Eligible for Section 56.1 Assistance	Annual Amort. Costs Over 35 years at NHA Rate of 12.75%	Annual Amort. Costs Over 35 Years @ 2%	Maximum Annual Assistance
3,413,675	429,795	135,525	294,270

3. APPLICATION OF FEDERAL ASSISTANCE:

Estimated maximum Federal assistance: \$ 294,270

Estimated Federal assistance required to bridge the gap between the total of the economic occupancy charges in Year One and the total of the lower end of market occupancy charges in Year One, for all units: \$ 194,100

Estimated Federal assistance available for income tested occupants in Year One: \$ 100,170

8347.50/mo
 189.72/unit/mo.

NOTE:

Low-end of market rents will be reviewed one month prior to occupancy to determine the then effective levels and the necessary adjustments will be made, upward or downwards to the LEM sale, and the subsidy calculation for income testing purposes.

REPLACEMENT RESERVE

1. Replacement reserves in the amount of \$ 8,300 or greater per year shall be set aside for 10 years until the Cooperative has a replacement reserve fund of \$ 83,000
2. The replacement reserve fund shall only be used, unless otherwise approved by the Corporation, to pay for the cost of replacement of:
 - . ranges and refrigerators,
 - . mechanical laundry equipment,
 - . roofs,
 - . plumbing,
 - . heating equipment, and/or
 - . other items of a capital nature approved by the Corporation.
3. The intent is that the fund shall be used only for the replacement of wornout capital items and not for ordinary maintenance and minor repairs to the building and grounds.