TO: CHAIR AND MEMBERS
COMMUNITY AND PROTECTIVE SERVICES COMMITTEE
MEETING ON
October 29, 2007

FROM: R.W. PANZER
GENERAL MANAGER OF PLANNING AND DEVELOPMENT

SUBJECT: MUNICIPAL CONTRIBUTION AGREEMENT FOR PROPONENT WITH
APPROVED ALLOCATIONS UNDER THE AFFORDABLE HOUSING
PROGRAM

RECOMMENDATION

That, on the recommendation of the General Manager of Planning and Development, and in accordance with Municipal Housing Facilities By-Law No A-5814-11, the attached by-law BE INTRODUCED at the Municipal Council being held on November 5, 2007 to approve the Municipal Contribution Agreement pertaining to the Youth Opportunities Unlimited project approved by Municipal Council on October 22, 2007, substantially in the form of agreement appended to the aforementioned by-law and to the satisfaction of the City Solicitor, and to authorize the Mayor and the City Clerk to execute the said Agreement.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

COMMUNITY AND PROTECTIVE SERVICES COMMITTEE

October 15, 2007 - Recommendations for Proposal to go Forward under the New Affordable Housing Program
March 19, 2007 – Municipal Contribution Agreement for Proponents with Approved Allocations under the Rental & Supportive Component of the New Canada-Ontario Affordable Housing Program
November 25, 2002 – Municipal Housing Facilities By-Law

BACKGROUND

As part of the City of London commitment to the Canada Ontario Community Rental Housing Program, on May 20, 2003, Municipal Council approved a Municipal Housing Facilities By-Law and resolved that project specific agreements under the Municipal Housing Facilities By-Law be prepared for approval by Municipal Council.

On October 22, 2007, under the New Affordable Housing Program, Council approved the proposed housing development and associated program funding for following proponent:

"That Youth Opportunities Unlimited receive a municipal allocation of $59,885.46 per unit for a twenty-eight (28) unit project located at 332-338 Richmond Street".
Municipal Housing Facilities By-Law No A.-5814-11 outlines the required contents of the contribution agreement with affordable housing proponents.

The attached Municipal Contribution Agreement has been reviewed and approved by the City of London Legal Department.

<table>
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<tr>
<th>PREPARED BY:</th>
<th>RECOMMENDED BY:</th>
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<tbody>
<tr>
<td>Louise Stevens</td>
<td>R.W. Panzer</td>
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<tr>
<td>Director of Municipal Housing</td>
<td>General Manager of Planning and Development</td>
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cc. D. Mounteer, City Solicitor's Department
By-law No.

A by-law to approve an agreement between The Corporation of the City of London (the City) and Youth Opportunities Unlimited (the Proponent) for the purpose of establishing the Proponent's obligations under the Affordable Housing Program and the City's obligation to provide funding to the Proponent; and to authorize the Mayor and the City Clerk to execute the agreement.

WHEREAS section 5(3) of the Municipal Act, 2001 provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS The Corporation of the City of London (the City) is responsible for the delivery and administration of affordable housing initiatives including affordable rental housing programs, convert-to-rent programs and other initiatives;

AND WHEREAS the Proponent has responded to the procurement process initiated by the City to undertake development activities in return for funding;

AND WHEREAS It is deemed expedient for the City to enter into an agreement with the Proponent for the purpose of establishing the Proponent's obligations with respect to the Affordable Housing Program and the City's obligation to provide funding to the Proponent;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. An agreement between the City and the Proponent for the purpose of establishing the Proponent's obligations with respect to the Affordable Housing Program and the City's obligation to provide funding to the Proponent be hereby approved.

2. The Mayor and the City Clerk be hereby authorized to execute the agreement approved in section 1, above, substantially in the form of agreement attached to this by-law and to the satisfaction of the City Solicitor.

3. This by-law shall come into force and effect on the day it is passed.


Anne Marie DeCicco-Best
Mayor

Kevin Bain
City Clerk

First reading –
MUNICIPAL CONTRIBUTION AGREEMENT

City of London
Affordable Housing Program

This Agreement made the day of October, 2007

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON

(hereinafter called the "City")

- and -

YOUTH OPPORTUNITIES UNLIMITED

(hereinafter called the "Proponent")

WHEREAS:

A. By-Law No. A.-5814-11, the Municipal Housing Facilities By-Law, (the By-Law), permits the City to make a loan to an owner of a rental property and forgive the total or partial repayment of the loan, provided that the owner has entered into an agreement with the City that conforms to the By-Law, its Regulations, and pursuant to the conditions attached to the loan and those included in this document;

B. The Borrower has requested a loan by a final application dated the 25th day of May 2007;

C. The City has agreed to grant a loan to be forgivable over the term of this Agreement, provided that the Borrower complies with prescribed conditions;

D. The Borrower is to undertake and complete all mandatory health and safety repairs to all non-eligible units and common areas and to undertake and complete the improvement of the existing building for 28 self-contained rental units, (the "Property"), known municipally as 332-338 Richmond Street, London, Ontario, and as more particularly described in Schedule "A";

E. A forgivable loan has been granted to the Borrower on the condition that during the term of this agreement, 28 units in the Property will be rented to tenants tenant household income from all sources for tenants of assisted affordable rental housing can be no greater than four (4) times their Monthly Occupancy Cost

F. The City and the Proponent have entered into this Agreement for the purpose of establishing the Proponent's obligations with respect to the Program and the City's obligation to provide funding to the Proponent.

NOW THEREFORE, the City and the Proponent agree with each other as follows:

1. INTERPRETATION

1.1 In this Agreement, including its Schedules, unless the context requires otherwise,
"Affordability Period" means the 25-year period during which the average rent in a Project is required to be maintained at an affordable level;

"Affordable Housing" means Housing which is modest in terms of floor area and amenities, based on household needs and community norms, in Projects that achieve rent levels that are at 80% of the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent;

"Average Market Rents" means the average rent figures, based on geographical areas and classified by bedroom count, as determined annually in the CMHC Average Market Rent Survey or as determined by the City, based on available data, in areas where there is no information from the CMHC Average Market Rent Survey;

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday except when any such day occurs on a statutory holiday observed in Ontario;

"Contribution Agreement" means an agreement entered into between the City and an approved Proponent for contributions under the Program;

"Contribution by Others" means cash or in-kind eligible contributions from government sources other than the City of London;

"Development Activities" means those activities which have been approved for the Project as set out in the approved Plans and Specifications and, generally, activities that are normally undertaken for the development, construction, repair, renovation, rehabilitation or conversion of buildings for residential purposes and include the acquisition of property;

"Force Majeure" means a delay arising from strike, lockout, riot, insurrection, terrorism, war, fire, tempest, act of God, lack of material or supply of service at a reasonable cost, inclement weather, binding orders or regulations of governmental bodies, courts or arbitrators or any other event beyond the control of the Parties which causes a delay in the fulfillment of a Party's obligations under this Agreement notwithstanding the reasonable efforts of such Party and provided that any such non-availability or delay does not relate to any extent to any act or omission by such Party or any of its authorized agents or employees;

"Funding Schedule" means the schedule of funding for the type of Project to be undertaken by a Proponent, in the form determined by the City;

"Funds" means City Funds;

"Housing" means residential accommodation and facilities, common areas and services used directly with the residential accommodation. Housing does not include commercial or institutional premises, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, social support or public recreation;

"Improvements" means the improvements to be made on the Property, consisting of a building and other improvements to be constructed by the Proponent on the Property in accordance with the Plans and Specifications;
"Loan" means the total amount of City Funds, advanced by the City to the Proponent, in accordance with the Funding Schedule;

"Occupancy Date" means the date on which occupancy of all Units in a Project is permitted;

"Parties" means the Proponent and the City and "Party" means either of them, as the context may require;

"Phase-out Period" means the last five (5) year period of the Affordability Period;

"PIPEDA" means the Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5, including any amendments thereto;

"PIPEDA Protected Information" means any "Personal Information" or "Personal Health Information", as defined under PIPEDA;

"Plans and Specifications" means the plans and specifications for the development of the Project that have been approved and reviewed by all appropriate governmental authorities for the issuance of all permits necessary to construct and occupy the Improvements and as certified by a Quantity Surveyor;

"Procurement Process" means the request for proposals or procurement process used by the City;

"Program" means the City of London Affordable Housing Program;

"Project" means Affordable Housing proposed or approved for the Program, as the context may require on lands described in Schedule "A";

"Proposal" means the response to the request for proposals or procurement process, submitted to the City pursuant to the Procurement Process;

"Quantity Surveyor" means such Architect, Engineer or other professional duly licensed to practice in the Province of Ontario as the Proponent may from time to time appoint to supervise, direct, monitor, inspect or assess the Project or a specific aspect of the Development Activities;

"Rent Supplement Agreement" means rent supplement agreement as defined in the Social Housing Reform Act, 2000, c.27, as amended.

"Security Documents" means the security documents attached to and forming part of the Municipal Contribution Agreement;

"Service Manager" means The Corporation of the City of London;

"Substantial Completion" means the substantial performance, within the meaning of the Construction Lien Act, of all contracts which the Proponent has entered into for Development Activities in connection with the Project under this Agreement;

"Targeting Plan" means the manner in which a Service Manager or a Proponent plans to meet the objectives of the Program to create Affordable Housing for households that are on or are eligible to be on waiting lists for social housing;
All references in this Agreement, including, without limitation, the Schedules hereto, to "rent" are deemed to include housing charges paid by members of non-profit housing cooperatives and "rental" is deemed to have a corresponding meaning.

The following Schedules are attached to and form part of this Agreement:

Schedule "A" - Legal Description of Property;
Schedule "B" - Funding Schedule;
Schedule "C" - Contribution by Others - Agreements;
Schedule "D" - Rental Protocol;
Schedule "E-1" - Charge/Mortgage of Land;
Schedule "E-2" - Assignment of Rents;
Schedule "E-3" - Security Agreement;
Schedule "F" - Alternate Security;
Schedule "G" - Tenant Relocation Plan;
Schedule "H" - Proponent's Initial Occupancy Report;
Schedule "I" - Proponent's Annual Occupancy Report;
Schedule "J" - Purposely Omitted;
Schedule "K" - Purposely Omitted;
Schedule "L" - Purposely Omitted;
Schedule "M" - Project Information Form.

In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of a Schedule, the provisions of this Agreement shall prevail.

All references in this Agreement to section numbers are references to sections of this Agreement unless otherwise stated.

2. FUNDING FOR AFFORDABLE HOUSING

The Proponent agrees to provide written confirmation to the City that the donation in the amount of one million, fifty thousand dollars ($1,050,000) has been received by the Proponent on the closing date of the property.

Funding for Affordable Housing is comprised of City Funds and will be advanced to the Proponent in the form of a Loan, during the Development Activities.

The City agrees to provide to the Proponent as a Loan, upon the terms and subject to the conditions set out in this Agreement, the amount of one million, six hundred seventy-six thousand, seven hundred ninety-three dollars ($1,676,793), as described in Schedule "M", to be applied by the Proponent only towards the payment of Development Activities for Affordable Housing.

The Proponent shall use the amount of the Loan and Contribution by Others solely for the purpose of its Development Activities in connection with the Project.

The City shall disburse the City Funds in accordance with the Funding Schedule attached as Schedule "B."
2.6 The Proponent may authorize the City to pay Funds to a third party and the City shall permit such authorization.

3. **PROVISION OF AFFORDABLE HOUSING**

3.1 The Proponent agrees to undertake its Development Activities in connection with the Project in accordance with the provisions relating to the development of the Project in conformity with its Proposal.

3.2 The Proponent shall, subject to Force Majeure, achieve Substantial Completion in accordance with its Proposal.

3.3 Without limiting the condition set out in section 5.1 (b), the Proponent shall discharge or cause the discharge of any registered construction liens so as to ensure that there are no construction liens registered against the Project on the date for the disbursement of the Loan under section 2.3.

3.4 The Proponent shall not at any time during the term of this Agreement breach any Contribution Agreement respecting the Project that it has entered into by means of a Contribution by Others, including any municipal capital facility agreement made pursuant to section 110 of the Municipal Act, 2001 and shall not, through any breach on its part, cause such other entity to terminate a Contribution Agreement for cause. The Proponent agrees that a breach by it of any such Contribution Agreement, that has not been corrected, shall constitute a breach of this Agreement. All such agreements by means of a Contribution by Other shall be attached as Schedule "C". The Proponent shall provide the City with evidence of its good standing under any such Contribution Agreement within ten (10) Business Days following its receipt of a written request from the City.

4. **OPERATION OF AFFORDABLE HOUSING**

4.1 The Proponent acknowledges and agrees that the Rental Protocol set out in Schedule "D" applies to the Project by virtue of the contractual terms of this Agreement, notwithstanding that the Rental Protocol does not apply to the Project under the Residential Tenancies Act, 2006.

4.2 The Proponent agrees to operate the Units in accordance with the rules set out in Schedule "D" of this Agreement.

5. **CONDITIONS**

5.1 The provision of funding by the City pursuant to sections 2.3 are subject to the following conditions precedent, each of which is for the exclusive benefit of the City, and may be waived in full or in part by the City by written notice to the Proponent:

(a) the Proponent is the registered owner in fee simple of the lands described in Schedule "A";

(b) any Contribution Agreement referred to in section 3.4 remaining in force and the Proponent being in good standing thereunder;
(c) there being no Claim for Lien under the Construction Lien Act registered against the Project;
(d) there being in existence no unregistered lien or statutory claim having priority against the Project;
(e) the Proponent's title to the Project being free from any encumbrances other than the Permitted Encumbrances;
(f) the Proponent being in good standing under all of the Permitted Encumbrances;
(g) there being no work orders issued against the Project by any governmental entity, agency or official;
(h) the Proponent having provided the City with the security documents required by section 7 and in accordance with the said section; and
(i) all funds provided by means of a Contribution by Others due on or before a disbursement date hereunder having been fully advanced to the Proponent on or before such disbursement date and having been secured by by-law, agreement or otherwise and attached as Schedule "C".

5.2 If any of the conditions contained in section 5.1 have not been fulfilled on the date for the disbursement of the Loan by the City pursuant to sections 2.3 and are not waived by the City pursuant to section 5.1, the City shall be under no obligation to make any advance of the Loan to the Proponent and the City shall thereupon have the right to terminate this Agreement and, in that event, neither party to this Agreement shall have any rights or obligations hereunder, save and except that the City may, notwithstanding such termination, bring an action against the Proponent for all losses, costs and expenses, including, without limitation, reasonable legal fees incurred by the City in connection with this Agreement where the non-performance or non-fulfillment of a condition is a result of a breach of a covenant by the Proponent.

6. TERMS OF THE FUNDING

6.1 The Loan shall have a term of twenty-five (25) years, commencing as of the as of the date of disbursement of City Funds.

6.2 From the date of disbursement of City Funds, the interest rate applicable to the Loan shall be the higher of the average posted rate offered by major Canadian lending institutions for a commercial first mortgage having a five (5) year term, plus two per cent (2%) or the interest rate applicable to the first mortgage registered against title to the property, plus two per cent (2%).

6.3 On each anniversary of the date of disbursement of City Funds, the Proponent shall pay the City the amount of interest, as calculated on the Loan amount according to the interest rate stipulated in section 6.2, so accrued during the previous year; provided, however, if in the opinion of the City, acting reasonably, the Proponent has satisfied, as of such anniversary date, the requirements of this Agreement, the amount of the interest so owing shall automatically be forgiven.

6.4 The Loan amount shall be fully forgiven on the last day of the month at the end of the term of the Loan, provided that the Proponent has fulfilled all the requirements of the Program as set out in this Agreement.
6.5 The Proponent shall provide the City with such information respecting the Proponent's permanent financing obligations for the Project as the City may require from time to time.

7. SECURITY

7.1 Prior to the City disbursing the Loan proceeds to the Proponent pursuant to section 2.3, the Proponent shall provide the City with executed registerable security documents in the form attached hereto as Schedules "E-1", "E-2" and "E-3" (the "Security"), completed in accordance with this Agreement or such alternate form of security, on such terms and conditions as the City may require, attached hereto as Schedule "F".

7.2 The Security shall be collateral to this Agreement. The amount of all contributions from the City shall be included in the Security documents. Any cash contributions from the City shall be included in the Security documents. The amount of any eligible in-kind contributions from the City shall not be included in the Security documents.

7.3 Without limiting the Proponent's covenants and the remedies of the City under the Municipal Contribution Agreement and the Security, the Proponent agrees that a breach of this Agreement shall constitute a breach of the Security and a breach of the Security shall constitute a breach of this Agreement.

7.4 The City acknowledges and agrees that notwithstanding that the Security provides that the principal and interest secured thereunder is payable on demand, the City shall have no right to demand payment thereunder except in accordance with the provisions of this Agreement relating to repayment. In the event of a conflict or inconsistency between the provisions of this Agreement and the Security, the provisions of this Agreement shall prevail with respect to Funds provided by the City.

8. ACCOUNTABILITY FRAMEWORK

8.1 (a) In the event:

(i) the City is advised that the Project will not proceed; or

(ii) the City is of the opinion that the Proponent is not proceeding in an expeditious manner with the Development Activities for which the Funds have been provided.

the Proponent shall return all Funds to the City, forthwith upon demand.

(b) If requested by the City, the Proponent shall submit to the City, an audited statement respecting its expenditure of the Funds provided to it pursuant to this Agreement, within ninety (90) days following the date on which the City is advised that the Project will not proceed or that the Development Activities related to the Project have been fully completed.

(c) Following the full completion of the Development Activities related to the Project, the Proponent shall submit to the City a completed information report in the form attached hereto as Schedule "H", and annually thereafter shall submit to the City completed information reports in the forms attached hereto as Schedule "I".

(d) Without limiting the Proponent's obligations under section 8.1 (c), the Proponent, if requested by the City, shall forthwith submit to the City the material required to be
8.2 The Proponent represents that it has not provided any false or misleading information in the Proposal and agrees that it shall not provide any false or misleading information to the City under this Agreement.

8.3 The Proponent shall, on forty-eight (48) hours prior written notice, give the City free access to the Project and to such staff, documents, books, records, and accounts as may be determined by the City, for the purpose of verifying compliance with this Agreement.

8.4 The City may conduct an audit, investigation, or inquiry in relation to the Project or any larger development or project of which the Project is a part and the Proponent shall cooperate with the City and provide free access to the Project and to such staff, documents, books, records, and accounts as may be determined by the City.

8.5 The provisions of sections 8.1, 8.2, 8.3 and 8.4 shall continue to apply for a period of seven (7) years following the end of the Affordability Period or the date of any early termination of this Agreement.

9. PUBLICITY

9.1 The Proponent shall not make any public announcement respecting the Project, insofar as it relates to the Program, or respecting its participation in the Program or respecting the Program in any other respect without the prior written consent of the City.

9.2 During the period of the Development Activities related to the Project, the Proponent may be required to erect a sign in front of the Project. The sign shall be in accordance with specifications issued by the City.

10. REMEDIES

10.1 Upon the occurrence of any one or more of the following events (each an "Event of Default"):

(a) the failure of the Proponent to perform, observe or comply with any other term, covenant, condition or provision of this Agreement within 10 days of receipt of written notice of the "failure" from the City provided the Proponent shall not be deemed to be in default if within the said period of ten (10) days, the Proponent commences the necessary action to remove the "failure" and such action is diligently prosecuted;

(b) any representation or warranty made by the Proponent in this Agreement proves to have been untrue or misleading in any material respect as of the date on which it was made;

(c) any person commences an action, suit or proceeding materially affecting the Project or file a lien against the Property, or any person shall commence an action, suit or proceeding contesting or questioning the validity or enforceability of this Agreement, unless the Proponent shall diligently contest such action, suit or proceeding and discharge any such lien forthwith without the requirement of notice by the City and post such bonds, cash or letters of credit or give such other security in order to obtain such discharge in amounts and on terms satisfactory to the City, acting reasonably;

(d) the Proponent ceases to carry on business;
(e) the Proponent:

(i) becomes insolvent or unable to pay its debts as they become due; or

(ii) files a petition in bankruptcy or voluntary petition seeking reorganization or effect a plan or other arrangement with creditors; or

(iii) makes an assignment for the benefit of creditors under the Bankruptcy Act (Canada) or any other insolvent debtors' legislation; or

(iv) applies for or consents to the appointment of any receiver or trustee for it or of all or any substantial part of its property and assets; or

(v) voluntarily liquidates or winds-up or suffers itself to be liquidated or wound-up;

(f) any of:

(vi) an involuntary petition seeking the adjudication of the Proponent as bankrupt or insolvent not removed within 30 days; or

(vii) an order of any court or other authority appointing any receiver or trustee for the Proponent or for all or any substantial portion of its property and assets; or

(viii) a writ of execution, judgment or writ of attachment or any similar process which may, in the reasonable opinion of the City, materially impair the ability of the Proponent to perform its obligations under this Agreement or any of the Security Documents shall be made, given or issued against the Proponent or in respect of its property and assets, and such petition, order, writ or judgment is not vacated or stayed within 15 days after its date;

(g) the occurrence of a material adverse change in the financial condition of the Proponent which would, in the reasonable opinion of the City, detrimentally affect the ability of the Proponent to meet its obligations to the City; and

(h) if the Improvements shall be entirely destroyed or damaged to such an extent that, in the opinion of the Quantity Surveyor, acting reasonably, they are no longer fit for the purpose for which they were intended and the insurance proceeds, if any, held by the City, in the opinion of the Quantity Surveyor, acting reasonably, insufficient to repair such destruction or damage, and the Proponent has not provided evidence satisfactory to the City of the timely availability of such sufficient funds,

then, at its option, the City may declare the full principal amount of the Loan then advanced, together with all other moneys owing to the City hereunder, due and payable forthwith. In such case, the City may realize upon any and all security pledged to it and may commence such other legal actions or proceedings against the Proponent, the Property or assets of the Proponent as may be permitted hereunder, by any one or more of the Security Documents or at law or in equity, all as it, in its sole discretion, deems expedient. The Proponent hereby acknowledges that the City's remedies are cumulative and not mutually exclusive.

10.2 Complete Development Activities. If an Event of Default shall occur, then the City may, at its option, in addition to any other remedy available to it, enter upon and take charge of the Project and assume full charge of the Improvements and may complete the Improvements or enter into a contract with another to complete the same, and all amounts advanced for such purpose, including reasonable legal fees incurred by the incident to the enforcement of any provisions
hereof, shall be an indebtedness of the Proponent to the City. All such amounts, even though they may, when added to the monies advanced and disbursed under this agreement, exceed the Loan, shall be secured by the Mortgage and other Security Documents.

10.3 During Term of Agreement. Should the Proponent be in default under the terms of the Loan or under the terms of this Agreement or under the terms of any mortgage or other encumbrance registered on title to the Property, the City shall have the right to declare all or part of the unearned portion of the Loan due and payable immediately. Interest will be payable only from the date of default until the Loan is paid in full. The interest rate shall be the Bank of Canada Prime Rate plus 2% in effect at the time of the Loan default. The amount of the Loan that must be repaid is equal to the total amount of the Loan less any amount considered forgiven from the first day of the month following full payment of the funds until the default.

10.4 Assignment of Plans and Specifications. The Proponent hereby assigns to the City and its successors and assigns, the right to possess and use the Plans and Specifications and the Proponent's rights under all construction contracts, for the purpose of completing the Improvements if Proponent defaults subject to any prior assignment to the holder of the First Loan.

10.5 Costs and Expenses of Collection. All reasonable costs and expenses of collection (including legal fees, disbursements and court costs) of all amounts owing hereunder or of enforcement of any security created in favour of the City pursuant hereto, shall be for the account of the Proponent and shall be repayable on demand.

10.6 All of the remedies in this Agreement and the Security Documents are cumulative and are not alternative and the City shall not be precluded from availing itself simultaneously of some or all of the said remedies and any other remedies available in equity or at law.

10.7 Notwithstanding any of the terms of this Agreement or of the Security Documents, the City shall have the option of waiving any or all of its remedies under this Agreement and the Security Documents, but no waiver of a provision shall be deemed to constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise provided.

11. RENT SUPPLEMENT REQUIREMENT

11.1 The City, at its option, may require the Proponent to enter into a rent supplement agreement for a maximum of 30% of the units in the Project.

12. REPRESENTATION AND WARRANTIES

The Proponent represents and warrants to the City that:

12.1 The Proponent is a duly incorporated, organized and validly existing under the laws of the Province of Ontario and has full capacity, power and authority to own all its property and to carry on its business as now conducted and as contemplated under this Agreement and all other agreements contemplated thereunder, and is duly qualified and in good standing in each jurisdiction in which the character of the property owned or leased or the nature of the business carried on by it makes such qualification necessary or desirable.
12.2 The Proponent has full corporate power, legal right and authority to enter into this Agreement and to do all acts and things as are required or contemplated hereunder to be done, observed or performed by it.

12.3 Neither the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, nor the compliance with the terms, conditions and provisions hereof and of the Mortgage will conflict with, or result in a breach of, any of the terms, conditions or provisions of the constating documents of the Proponent or of any agreement or instrument to which it is now a party, or constitute a default thereunder, or (except as contemplated by this Agreement) result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Proponent (whether such properties or assets are owned legally or beneficially) pursuant to the terms of any agreement or instrument to which it is a party.

12.4 There is not now pending against the Proponent any litigation, action, suit or other proceeding of a material nature by or before any court, tribunal or other governmental agency or authority or any other such pending or threatened action, suit or other proceeding against the Proponent or against or affecting any of the properties or assets of the Proponent (whether such property or assets are owned legally or beneficially) such that if the same were adversely determined, it could be reasonably expected to materially and adversely affect the business operations, properties or assets, or the condition, financial or otherwise, of the Proponent.

12.5 Except as previously disclosed in writing to the City, the Proponent is not a party to any agreement or instrument or subject to any restriction or any judgment, order, writ, injunction, decree, rule or regulation which materially and adversely affects the business, operations, prospects, properties or assets, or condition, financial or otherwise, of the Proponent.

12.6 None of the information, financial or otherwise, provided by the Proponent to the City to induce the City to make the Loan and to enter into this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made.

13. COVENANTS OF THE PROPONENT

13.1 The Proponent covenants and agrees with the City that, it shall:

(a) take all such actions and do all such things required to develop and continuously carry on the construction of the Improvements in a good and workmanlike manner and in accordance with the Plans and Specifications and to complete such construction not later than the date specified in Schedule A, subject to acts of God and other events which occur for non-financial reasons beyond the control of the Proponent, including, without limitation, strikes, lock-outs or other labour or industrial disturbances, civil disturbances, arrests and restraints, interruptions by government or court orders, future valid orders of any regulatory body having proper jurisdiction, wars, riots, sabotage, blockades, embargoes, insurrections, lightning, earthquake, fires, storms, floods and explosions and to pay all costs thereof;

(b) do or cause to be done all acts and things necessary to preserve in full force and effect the existence of the Proponent and all licences and permits required for the carrying on of the operations of the Proponent at and from the Property and to preserve and protect all of the properties, real and personal owned and used by the Proponent in connection with the Project and to cause the same to be properly maintained and to be kept in good state of repair;
pay and discharge or cause to be paid and discharged all taxes and other levies of the Province of Ontario, the City, or of any other entity having jurisdiction to impose such taxes or levies, when the same become due and payable, except such taxes as are being contested in good faith by appropriate proceedings and provided that, in such case the Proponent shall have provided the City with appropriate security;

(d) deliver to the City the statements and reports as required by the Contribution Agreement.

13.2 The Proponent covenants and agrees with the City that, so long as any obligation is outstanding by the Proponent to the City hereunder the Proponent will not, without the prior written consent of the City, which consent may be unreasonably withheld:

(a) create, incur, assume or permit to exist, after knowledge of the existence thereof, any mortgage, pledge, lien, hypothecation, charge (fixed or floating), security interest or other encumbrance whatsoever on the Property or any personal property or fixtures thereon except

13.2.a.1 encumbrances created in favour of or assigned or pledged to the City;

13.2.a.2 inchoate or statutory liens for taxes which have not been assessed, or if assessed, which are either not delinquent or which are being contested by bona fide proceedings in good faith, and sufficient security for the payment of same has been given to the City, if requested;

(b) become a party, without the prior written consent of the City, to any transaction whereby the Project would become the property of any other person, whether by way of reorganization, amalgamation, merger, transfer, sale, lease, sale and leaseback, or otherwise;

(c) make any material change in the Plans and Specifications which pertain to the number or type of residential dwelling units of the Project without the prior written approval of the City; or

(d) change its fiscal year end or change the basis upon which the financial records of the Proponent are maintained, without the prior written consent of the City.

14. INDEMNIFICATION

14.1 The Proponent shall indemnify and save harmless the City from all claims, costs, all matter of actions, cause and causes of action, duties, dues, accounts, covenants, demands or other proceeding of every kind or nature whatsoever at law or in equity arising out of this Agreement and out of the operation of the units including claims arising out of negligence of the Proponent and specifically, all claims arising out of the intentional or criminal acts of any officers or directors, employees, agents, volunteers or independent contractors of the Proponent. Such indemnification shall survive the termination of this Agreement for claims arising from or out of incidents occurring the term of this agreement.

14.2 The Proponent agrees to purchase and maintain, during the term of this Agreement third party liability insurance in a limit of not less than Five Million Dollars ($5,000,000.00) covering bodily injury, loss or property damage resulting from any activity related in any way to this Agreement. This insurance shall include the City as an additional insured, a cross liability clause, severability of interest clause, non-owned automobile insurance and personal injury liability clause.
14.3 The Proponent shall maintain all risk property insurance for the full replacement value of the completed project, including boiler and machinery, earthquake and flood based on a stated amount co-insurance and including a waiver of subrogation and loss payable, as their interest may appear, in favour of the City, and with a deductible of not more than One Hundred Thousand Dollars ($100,000.00) and remain in effect for the term of this Agreement;

14.4 The Proponent shall advise the City of any cancellation, material alteration or lapse of any policies of insurance required to be provided hereunder. If the Proponent fails to effect and keep such insurance in force, or if such insurance is in an amount less than the amount required under this Agreement, the City shall have the right, upon notice to the Proponent and without assuming any obligation in connection therewith, to effect such insurance at the cost of the Proponent and all outlays by the City shall be payable by the Proponent to the City forthwith upon demand without prejudice to any other rights and recourses of the City hereunder. No such insurance taken out by the City shall relieve the Proponent of its obligations to insure hereunder and the City shall not be liable for any loss or damage suffered by the Proponent.

14.5 The Proponent shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining the insurance to be provided pursuant to this Article. Evidence that the insurance described above is in force shall be provided to the City prior to commencement of the Agreement and thereafter once annually at least ten (10) clear days prior to the renewal date of the policy, and that the insurance will not be cancelled or permitted to expire unless the insurer notifies the City in writing at least thirty (30) days prior to such cancellation.

14.6 Further, the Proponent shall require all professionals involved with the project to carry professional (errors and omissions) liability insurance in an amount not less than Two Million ($2,000,000.00) dollars and make reasonable efforts to verify such insurance is in force throughout the period of the work.

14.7 The Proponent agrees to obtain for its employees and to require all Designated Consultants, Designated Contractors, all other contractors, sub-contractors, suppliers and/or tradesmen while working on the site, engineers, architects, consultants and other persons Workplace Safety and insurance Board coverage and to ensure that such coverage continues in effect throughout the period of the work.

15. NOTICE

15.1 Any notice or other communication required, desired or permitted to be given by this Agreement shall be in writing and shall be effectively given if:

(a) delivered personally;

(b) sent by prepaid courier service; or

(c) sent by facsimile communication, and confirmed by mailing the original documents so sent by prepaid mail on the same or following day, addressed as follows:
(i) in the case of notice to the City:
The Corporation of the City of London
Housing Division
P.O. Box 5035
London, ON
N6A 4L9
Fax: 519-661-5804

(ii) in the case of notice to the Proponent:
Youth Opportunities Unlimited
Attention: Executive Director
141 Dundas Street, Second Floor
London, Ontario
N6A 1G3
Fax: 519-432-2883

or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day such notice or other communication shall be deemed to have been given and received on the next following Business Day. Any notice or other communication transmitted by facsimile communication shall be deemed to have been given and received on the day of its transmission, provided that such day is a Business Day and such transmission is completed before 4:20 p.m. on such day, failing which such notice or other communication shall be deemed to have been given and received on the first (1st) Business Day after its transmission. If there has been a mail stoppage and if a party sends a notice or other communication by facsimile communication, such party shall be relieved from the obligation to mail the original document in accordance with this paragraph.

16. GENERAL

16.1 Any power, right or function of the City, contemplated by this Agreement, may be exercised by any employee or agent of the Corporation of the City of London, who is hereby specifically authorized in this regard.

16.2 It is understood that the Municipal Freedom of Information and Protection of Privacy Act shall apply to all records submitted to or created by the City pursuant to this Agreement.

16.3 The Proponent represents and warrants that:

(a) it shall preserve the PIPEDA compliance of all PIPEDA protected Information transferred to it by the City;

(b) it shall ensure the PIPEDA compliance of all PIPEDA Protected Information it collects in the course of performing its contractual obligations; and

(c) it shall ensure the PIPEDA compliance of all PIPEDA Protected Information that it transfers to the City.
16.4 The disbursement of Funds by the City to the Proponent pursuant to sections 2.3 are subject to the necessary appropriation by Municipal Council. The City shall have no liability in the event the respective appropriation is insufficient to meet the funding obligations.

16.5 Nothing in this Agreement is to be construed as authorizing one Party to contract for or incur any obligation on behalf of the other or to act as agent for the other and nothing in this Agreement shall be construed to constitute the City and the Proponent as partners of each other.

16.6 No member of:

(a) the House of Commons or Senate of Canada; or

(b) the Legislative Assembly of Ontario; or

(c) the Municipal Council constituting the Service Manager or the Municipal Council of any local municipality of the Service Manager or the governing body of any Municipal Agency, Board or Commission, of any such municipalities;

shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising therefrom, including, without limitation, any contract, agreement or commission arising from or related to the Program.

16.7 Time shall in all respects be of the essence in this Agreement, provided that the time for doing or completing any matter provided for under this Agreement may be extended or abridged by agreement in writing signed by the City and the Proponent or their respective solicitors on their behalf, who are hereby expressly authorized in this regard.

16.8 Any tender of documents or money hereunder may be made by the City or the Proponent or their respective solicitors, and it shall be sufficient that a bank draft or certified cheque may be tendered instead of cash.

16.9 This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of the Province of Ontario. Any reference to a statute in this Agreement includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed and which has the effect of supplementing or superseding such statute or regulations.

16.10 The headings and subheadings contained in this Agreement are inserted for convenience and for reference only and in no way define, limit or describe the scope or intent of this Agreement or form part of this Agreement.

16.11 The Parties agree that there are no representations, warranties, covenants, agreements, collateral agreements or conditions affecting the property or this Agreement other than as expressed in writing in this Agreement.

16.12 This Agreement shall be read with all changes of gender and number required by the context.

16.13 (a) The Proponent shall not transfer or convey its interest in all or any part of the Project without, subject to subsection 16.13(b), simultaneously assigning its interest in this Agreement to the transferee, which transferee shall enter into one or more agreements with the City, in a form satisfactory to the City, to assume all of the Proponent's
obligations under this Agreement and to provide the City with Security in accordance with this Agreement.

(b) The Proponent shall not assign its interest in this Agreement without the prior written consent of the City, which consent shall not be arbitrarily or unreasonably withheld.

16.14 Each of the Parties shall, at any time and from time to time, upon not less than twenty (20) Business Days prior written notice by the other Party, execute and deliver to the other Party a statement in writing certifying that this Agreement is in good standing, unmodified and in full force and effect, or if there have been modifications that the same are in good standing and in full force and effect, as modified, and stating the modifications. Where applicable, the statement shall state the defaults, if any, known to the Party to whom such request has been made and the action taken or proposed to be taken by such requested Party with respect to same.

16.15 If more than one entity is a party to this Agreement as Proponent, all references to the Proponent shall include all of the said entities and this Agreement shall be binding on each jointly and severally.

16.16 This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns, provided that this paragraph shall in no way derogate from the provisions of section 16.14 restricting the Proponent's ability to assign this Agreement.
IN WITNESS WHEREOF this Agreement has been executed by the Parties.

THE CORPORATION OF THE CITY OF LONDON

Anne Marie DeCicco-Best
Mayor

Kevin Bain
City Clerk

YOUTH OPPORTUNITIES UNLIMITED

Per: __________________________
Name: Steve Cordes
Title: Executive Director

Per: __________________________
Name: Dan Grantham
Title: Board Chair

We have the authority to bind the Corporation.
Number of Units: 28 affordable housing units plus main floor commercial
Property Address: 332-338 Richmond Street, London
PIN: 091890001
Description: PT LT 10, N/W YORK STREET, PART 1, 33R7001, T/W 610939
FUNDING SCHEDULE

1. Progress Payments for Acquisition of Projects – City Funds

<table>
<thead>
<tr>
<th>Project Milestones</th>
<th>Progress Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Date</td>
<td>90 per cent</td>
</tr>
<tr>
<td>Completion of improvements</td>
<td>10 per cent</td>
</tr>
</tbody>
</table>

2. DISBURSEMENT OF THE LOAN

2.1 Payment. – City Funds

(a) The City shall make advances of the loan at the following times upon at least ten (10) days prior notice to the City, provided that the conditions set forth below have been satisfied:

(i) an amount equal to 90% of the Loan Maximum Amount, at closing date, which amount shall be paid to the Proponent’s solicitor in trust for payment in its entirety only in respect of the purchase of the property and improvements provided the funds are, in the opinion of the City, properly secured;

(ii) and the balance of funds, not including the pre-deposit reserve, on completion of the improvements. The pre-deposit reserve will be held in trust by the City of London Housing Division in the event these funds are required within the first two years of operation.

(b) the City shall not be liable to suppliers, contractors, sub-contractors, craftsmen, labourers or others for goods and services delivered by them in or upon the Property, or employed in the construction of the Improvements, or for any debts or claims accruing to any of the parties against the Proponent or against the Property;

(c) it is distinctly understood and agreed by the parties hereto that there is no contractual relationship either express or implied, between the City and any supplier, contractor, sub-contractor, craftsman, labourer or person supplying any work, services or material to the improvements. The Proponent is not, and shall not be, the agent of the City for any purpose. There shall be no third party beneficiary of this Agreement, express or implied.

3. CONDITIONS

3.1 The obligation of the City to make the payment of the loan is conditional upon prior compliance with such of the following conditions precedent as are not previously waived in writing by the City:

(a) the Proponent shall have submitted the Project Budget and Project Schedule to the City in a form and content satisfactory to the City;
the Proponent shall have delivered to the City evidence satisfactory to the City that the Projects grants and donations has been paid, delivered or pledged;

the City shall have received the following documents and materials each of which shall be satisfactory in substance and in form to the City:

(i) certificates of incumbency of the persons signing on behalf of the Proponent;

(ii) certified copies of such corporate documents of the Proponent as the City may reasonably require including, without limitation, letters patent, articles of incorporation, certified abstracts from by-laws, and certified copies of relevant directors' resolutions;

(iii) an opinion of the Proponent's counsel, dated the proposed date for the initial advance and addressed to the City and its counsel:

(A) that the Proponent:

(a) is a body corporate, duly incorporated and properly organized and validly existing as a corporation under the laws of the jurisdiction in which it was incorporated;

(b) is qualified to do business in the Province of Ontario;

(c) has all the necessary corporate power and authority to carry on the business to be conducted by it in respect of the development, operation and management of the Project; and

(d) has all the necessary corporate power and authority to enter into and perform its obligations under this Agreement and each of the Security Documents to which it is a party in accordance with their respective terms;

(B) that this Agreement to which the Proponent is a party have been duly and validly authorized, executed and delivered by the Proponent and are valid and binding obligations of the Proponent enforceable in accordance with their respective terms;

(C) that neither the execution and delivery by the Proponent of this Agreement to which it is a party nor compliance by the Proponent with any of their respective terms will contravene the charter documents or by-laws of the Proponent or, to the best of such counsel's knowledge, after having made due enquiry of the Proponent, contravene or result in a default under any other agreement or instrument by which Proponent may be bound or affected;

(D) that, to the best of such counsel's knowledge, without having made independent enquiry, there are no actions or proceedings pending or threatened against the Proponent, before any court or administrative agency;

(E) that the Proponent has or will have good and marketable title to the Property, subject only to Permitted Encumbrances, and that the Project complies in all respects with and is not in contravention of any relevant...
municipal, provincial or federal law, by-law, statute, ordinance or regulation;

(F) that no instrument containing a charge on any of the undertaking, property or assets of the Proponent, or notice thereof, has been registered in the Province of Ontario other than Permitted Encumbrances;

(G) that this Agreement and financing statements, notices and other documents relative thereto have been duly registered or filed in all places in Ontario where such registration or filing is required by law or is necessary to make effective, preserve and protect the security which they purport to create; and

(H) as to such other matters as the City or its counsel may reasonably request.
SCHEDULE "C"

CONTRIBUTION BY OTHERS - AGREEMENTS

[Relevant Agreement to be Attached]
DEFINITIONS

1.1 In this Schedule "D", unless the context requires otherwise,

- "Affordability Period" means the "twenty-five (25) year period" following the date of the first (1st) occupancy of a Unit in the Project;
- "Agreement" means the Agreement to which this Schedule "D" is attached;
- "Phase-out Period" means the last five (5) year period of the "Affordability Period", and

when used in this Schedule 'D', the term "rent" includes the amount of any consideration paid or given or required to be paid or given by or on behalf of a tenant to the Proponent or the Proponent's agent for the right to occupy a Unit and for any services and facilities and any privilege, accommodation or thing that the Proponent provides for the tenant in respect of the occupancy of the Unit, whether or not a separate charge is made for services and facilities or for the privilege, accommodation or thing.

1.2 The definitions in the Agreement shall apply to this Schedule "D", in addition to the definitions contained in section 1.1 above.

1.3 All references to section numbers in this Schedule are references to sections of the Schedule and not sections of the Agreement, unless otherwise explicitly stated.

AFFORDABLE RENT

2.1 During the Affordability Period, the Proponent shall not charge rent for a Unit in the Project in excess of the affordable rent permitted under this Schedule "D" nor increase any rent charged for a Unit except as permitted in this Schedule "D"

RENTS

3.1 For current tenants, as identified in Schedule "H", the weighted average rent of all Units shall not exceed eighty per cent (80%) of CMHC Average Market Rents in the geographical area, as determined in the most recent CMHC Annual Rental Market Survey. For new tenants the affordable rent shall not exceed $330 plus utilities for a bachelor or one bedroom and $632 plus utilities for a two bedroom.

3.2 The maximum rent for any Unit shall not exceed one hundred and five per cent (105%) of the modified shelter allowance under the Ontario Works program, provided that the amount so calculated does not exceed the CMHC Average Market Rent for units of a similar type in the geographical area.
4. RENT INCREASES

4.1 The Proponent may increase the rent charged under section 3.1 with respect to a Unit only if at least twelve (12) months have elapsed,

(a) since the day of the last rent increase respecting the Unit, if there has been an increase, or

(b) since the day the Unit was first rented for the first (1st) rental period following the completion of the Development Activities in connection with the Project.

4.2 The Proponent shall not increase the rent pursuant to section 4.1 during the Affordability Period by more than the then prevailing rent increase guideline established for each calendar year pursuant to the Residential Tenancies Act, 2006 or any successor legislation. The Proponent acknowledges that the rent increase guideline of the Residential Tenancies Act, 2006 or any successor legislation, does not apply to the Project and agrees that the rent increase guideline applies by virtue of the contractual terms of the Agreement and this Schedule "D".

5. PHASE-OUT PERIOD

5.1 During the Phase-out Period, the Proponent shall not increase the rent charged to in-situ tenants of Units by more than the rent guideline increase permitted under section 4.2.

5.2 Upon a Unit becoming vacant during the Phase-out Period, the Proponent may rent the Unit to a new tenant at any rent agreed to by the Proponent and the new tenant.

6. AFTER PHASE-OUT PERIOD

6.1 After the end of the Phase-out Period, the Proponent shall be permitted to rent Units in the Project to new tenants at rents agreed to by the Proponent and the new tenants.

7. MAXIMUM HOUSEHOLD INCOME

7.1 Gross tenant household income from all sources for tenants of assisted affordable rental housing can be no greater than four (4) times their Monthly Occupancy Cost. Proponents will be required to check incomes for prospective tenants of Assisted Affordable Rental Housing units to ensure compliance with this requirement at initial occupancy ("rent up") and when any new tenants are selected as ensuing vacancies occur during the fifteen (15) year period following the Project Completion Date. Proponents are not required, expected or allowed to check incomes for approved tenants once they have taken possession of their units.
SECURITY DOCUMENTS

[Relevant Documents to be Attached]

Schedule E-1  - Charge/Mortgage of Land - register in land titles/land registry system
Schedule E-2  - Assignment of Rents - register in land titles/land registry system and PPSA
Schedule E-3  - Security Agreement (chattels) - register in PPSA
SCHEDULE "F"

ALTERNATE SECURITY

[Relevant Documents to be Attached]

Schedule "F" is not registerable and is used to replace Schedules "E-1", "E-2" and "E-3".
Fundamentally, the Youth Opportunities Unlimited Youth Affordable Housing Project is about providing affordable housing in London’s core area to young people in need. We envision young people between the ages of 16 and 24 who are engaged in skills development, career counseling and basic needs services at our agency as the ideal tenant.

Currently however, many of the residential units at 332-338 Richmond are already occupied through lease arrangements with the current owner. This necessitates a plan to be able to guide us as new owners toward fulfilling this vision.

Our transition plan has two stages:

Stage 1: Initially, a census taking of all current tenants in the buildings would identify residents who would fall into our agencies age range and those who don’t. Those tenants that do not fall within the age range would meet with the building manager to discuss their income and determine if their rent can be adjusted to the CMHC affordable housing rate (80% of market). We anticipate that all current tenants will meet the income test.

Those tenants who fall within our age range would again meet with the building manager to discuss their income. If they qualify, these tenants will be offered our project rates (330/month or 632/month for the 2 bedroom units).

Stage 2: Once the census and adjustments have been made to the current tenants, new tenants will be offered accommodation as units become available. All future tenants who meet the eligibility guidelines set by CMHC and our own guidelines will be offered rent at 330/month or 632/month for our 2 bedroom units.

To facilitate this process, an application and waitlist system will be created to ensure accessibility and appropriateness. This process will occur through our existing intake and case management system at Youth Opportunities Unlimited.

Again, our project will create 28 stable, long term units of very affordable housing geared toward young people in London. While this goal is laudable on its own, this project will not only create affordable housing but will buttress this with resources and skills training opportunities through our services offered on the main floor commercial spaces. Truly this is a grand opportunity to advance the public support system for youth.
SCHEDULE "H"

PROPOSED'S INITIAL OCCUPANCY REPORT
CITY OF LONDON AFFORDABLE HOUSING PROGRAM

A. Project Information

<table>
<thead>
<tr>
<th>Report Date</th>
<th>Due within 60 days of Purchase Date</th>
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<tbody>
<tr>
<td>Contribution Agreement Expiry Date</td>
<td>November 30, 2032</td>
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<tr>
<td>Initial Occupancy</td>
<td>December 1, 2007</td>
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</table>

<table>
<thead>
<tr>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Location</td>
</tr>
<tr>
<td>Name of Organization</td>
</tr>
<tr>
<td>Mailing Address of Organization</td>
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</table>

B. Number of Units in Project

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>AHP Funded Rental Units (#)</th>
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</thead>
<tbody>
<tr>
<td>Bachelor</td>
<td>14</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>12</td>
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<tr>
<td>Two Bedroom</td>
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<tr>
<td>Total Number of Units</td>
<td>28</td>
</tr>
</tbody>
</table>

C. Tenant Information

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Unit Type</th>
<th>Rent Amount</th>
<th>Tenant Name</th>
<th>Total Gross Household Income</th>
<th>Tenant Move-In Date</th>
</tr>
</thead>
</table>
D. **Project Certification**

I certify, to the best of my knowledge, that the information provided in Section C of this report is true and correct. I hereby authorize the City of London to review the rent roll from appropriate source(s) if deemed necessary.

__________________________________________
Signature

Date:________________________

Signed by [please print name]

I am the Chairperson of the Board of Directors of the Project

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Unit Type</th>
<th>Rent Amount</th>
<th>Tenant Name</th>
<th>Total Gross Household Income</th>
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### A. Project Information

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<th>December 1, 2007 – November 30, 2008</th>
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<tbody>
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<td>Contribution Agreement Expiry Date</td>
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<tr>
<td>Initial Occupancy</td>
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<tr>
<td>Project Name</td>
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<tr>
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<td>Name of Organization</td>
<td></td>
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<tr>
<td>Mailing Address of Organization</td>
<td></td>
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### B. Average Rental Rate During the Report Period

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Units</th>
<th>Rent Amount ($) Previous Year (A)</th>
<th>Increase ($) (B)</th>
<th>Rent Amount ($) Current Year (C) (A+B=C)</th>
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</thead>
<tbody>
<tr>
<td>Bachelor - Market Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor 80% CMHC AMR</td>
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<tr>
<td>Bachelor - YOU AHP</td>
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</tr>
<tr>
<td>One Bedroom Market Rent</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>One Bedroom 80% CMHC AMR</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>One Bedroom - YOU AHP</td>
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<tr>
<td>Two Bedroom</td>
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<td></td>
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<tr>
<td>Total Number of Units</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
C. Project Certification

I certify, to the best of my knowledge, that the information provided in Section B in this report are true and correct. I hereby authorize the City of London to review the rent roll from appropriate source(s) if deemed necessary.

[Signature]  
Date:_____________________

Signed by [please print name]

I am the Chairperson of the Board of Directors of the Project

D. Auditors' Confirmation

We have performed the necessary review and tests on the records of the named property pertaining to the rent levels for the reporting period. Our results confirm the information as provided in Sections B above is true and correct.

[Signature]  
Date:_____________________

Confirmed by [please print name]

Name, Address and Telephone Number of Firm: [Insert relevant information]
SCHEDULE “I”

PROPONENT'S ANNUAL OCCUPANCY REPORT – PART 2
CITY OF LONDON AFFORDABLE HOUSING PROGRAM

A. Project Information

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>December 1, 2007 – November 30, 2008</th>
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<tbody>
<tr>
<td>Contribution Agreement Expiry Date</td>
<td></td>
</tr>
<tr>
<td>Initial Occupancy</td>
<td></td>
</tr>
</tbody>
</table>

| Project Name                     |                                      |
| Project Location                 |                                      |
| Name of Organization             |                                      |
| Mailing Address of Organization  |                                      |

B. Tenant Information

<table>
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<tr>
<th>Unit Number</th>
<th>Unit Type</th>
<th>Rent Amount</th>
<th>Tenant Name</th>
<th>Total Gross Household Income</th>
<th>Tenant Move-In Date</th>
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C. Project Certification

I certify, to the best of my knowledge, that the information provided in Section B of this report is true and correct. I hereby authorize the City of London to review the rent roll from appropriate source(s) if deemed necessary.

__________________________
Signature

__________________________
Date:

Signed by [please print name]

I am the Chairperson of the Board of Directors of the Project
SCHEDULES “J”, “K” and “L”

Purposely Omitted
SCHEDULE "M"

PROJECT INFORMATION FORM

Service Manager – City of London

Project Name: 332-338 Richmond Street, London

Official Name of Proponent: Youth Opportunities Unlimited
Proponent Address and Contact Information:
Youth Opportunities Unlimited
Attention: Steve Cordes, Executive Director
141 Dundas Street
London, ON N6A 1G3
Phone: 519-432-1112 x354
Email: steve@vou.on.ca

Proponent Type:

[ ] private sector [ ] municipal non-profit [ ] co-operative [ ] partnership
✓ private non-profit, charitable corporation [ ] other

Project Information

Number of Affordable Units Created: 28
Type of Building: Apartment ✓ Row [ ]
Total Number of Units in Project: 28
Client Type: Family [ ] Seniors [ ] Single [ ] Youth 16-24 ✓

Anticipated First Occupancy Date:

<table>
<thead>
<tr>
<th>Number of Affordable Units</th>
<th>Unit Sizes (square feet)</th>
<th>Affordable Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor</td>
<td>14</td>
<td>387</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>12</td>
<td>614</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>02</td>
<td>807</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>
Approvals

Date of Council Approval of Project: October 22, 2007

---

**Project Funding**

1. Municipal Funding
   - a) AHCRF
   - b) DOOR
   - c) Other

2. Contributions form other sources
   - City of London – Capital Grant
   - Farhi Holdings
   - Trillium Grant
   - CMHC SEED Grant

3. Mortgage
   - N/A

TOTAL FUNDING AND FINANCING

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<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Commercial</th>
<th>Total</th>
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<tr>
<td>City of London – Capital Grant</td>
<td>$1,050,000</td>
<td>$476,000</td>
<td>$1,526,000</td>
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<tr>
<td>Farhi Holdings</td>
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<tr>
<td>Trillium Grant</td>
<td></td>
<td>$75,000</td>
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<tr>
<td>CMHC SEED Grant</td>
<td>$10,000</td>
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<td>$10,000</td>
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</table>

**Total Capital Costs of Project**

<table>
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<tr>
<th></th>
<th>Residential</th>
<th>Commercial</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Land Costs</td>
<td>$2,604,675</td>
<td>$2,604,675</td>
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</tr>
<tr>
<td>Soft Costs (legal, architecture, engineering, insurance, taxes, fees, etc.)</td>
<td>$15,850</td>
<td>$36,265</td>
<td>$52,115</td>
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<tr>
<td>Construction or Hard Costs (labour, construction materials, equipment)</td>
<td>$95,544</td>
<td>$435,350</td>
<td>$530,894</td>
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<tr>
<td>Contingency/GST/Rent Loss</td>
<td>$10,724</td>
<td>$89,385</td>
<td>$100,109</td>
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</table>

TOTAL CAPITAL COSTS

<p>| | | | |</p>
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<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Capital Costs</td>
<td>$2,726,793</td>
<td>$561,000</td>
<td>$3,287,793</td>
</tr>
</tbody>
</table>
SCHEDULE E-3

THIS AGREEMENT made this day of , 2007.

BETWEEN:

YOUTH OPPORTUNITIES UNLIMITED

(hereinafter called the “Assignor”)

- and -

THE CORPORATION OF THE CITY OF LONDON

(hereinafter called the “Assignee”)

1. SECURITY INTEREST

1.1 IN CONSIDERATION of Two Dollars ($2.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Assignees, the Assignor hereby grants, bargains, assigns and transfers to the Assignees a fixed and specific mortgage and charge, as and by way of a continuing security interest (the “Security Interest”) in the following property now or hereafter owned or acquired by or on behalf of the Assignor:

   Equipment - All tools, machinery, equipment, furniture, plants, fixtures, and other tangible personal property, fixed goods, chattels or assets of the kind, nature or description of the property particularly described in Schedule “A” hereto (the “Collateral”).

1.2 The Security Interest is given for the payment of all obligations, indebtedness and liabilities, direct and indirect, of the Assignor to the Assignee, pursuant to the charge/mortgage (the “Charge”) given by the Assignor to the Assignee, registered on [insert date and Registry Office:] as Instrument No. [insert number:], including extensions or renewals thereof (the “Obligations”).

2. LOCATION OF PROPERTY

2.1 The Assignor confirms and warrants that the Collateral shall be kept at 332-338 Richmond Street, London, Ontario more particularly described in Schedule “A” hereto, and that the Assignor shall not remove any of the Collateral from said location, without the prior written consent of the Assignee.
3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 The Assignor hereby represents, warrants and covenants to or with the Assignee, as the case may be, that:

(a) the Assignor shall reimburse the Assignee for all costs and expenses, (including legal fees on a solicitor and his own client basis), incurred by them in the filing of this Agreement and the taking, recovering or possessing the Collateral, and in any other proceedings taken for the purpose of protecting or enforcing the remedies provided herein, or otherwise in relation to the Collateral or by reason of non-payment of the Obligations, and all such costs and expenses shall be payable on demand;

(b) at the time of execution and delivery of this Security Agreement, the Assignor is and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title to the Collateral, free of any charge, lien, charge, security interest or encumbrance, except for any held by the currently registered first mortgagee of the lands and premises described in Schedule "A";

(c) the Assignor shall not remove any of the Collateral from the lands and premises described in paragraph 2, without the Assignee's prior written consent, unless such Collateral is worn out or obsolete and provided that prior to such removal such Collateral is replaced with other Collateral of comparable quality, which shall be free of any mortgage, lien, charge, security interest or encumbrance, except for any held by any registered first mortgagee, from time to time, of the said lands and premises;

(d) the Assignor shall care for, protect and preserve the Collateral and shall not permit its value to be impaired, and shall not sell, transfer, assign, mortgage, charge, pledge, hypothecate or deliver or otherwise dispose of any such property or any interest therein, except to any registered first mortgagee, from time to time, of the lands and premises described in Schedule A, without the prior written consent of the Assignee;

(e) the Assignor shall keep the Collateral insured under the policies provided for in the Charge;

(f) the Assignee shall be entitled, from time to time and at any time, to inspect the Collateral wherever located and to make enquiries and tests concerning the Collateral, and the Assignor shall defray all expenses in connection therewith; and

(g) this Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Assignor in accordance with its terms.

4. USE OF SPECIFICALLY CHARGED PROPERTY

4.1 Until the occurrence of an event of default, as hereinafter provided, the Assignor may use the Collateral specifically charged in any lawful manner not inconsistent with this Agreement.

5. EVENTS OF DEFAULT

5.1 Obligations not payable on demand shall immediately become payable upon the
occurrence of one (1) or more of the following events of default:

(a) the Assignor fails to pay when due any of the Obligations, or to perform or rectify a breach of any of the representations, warranties or covenants of this Agreement or of the Charge;

(b) the Assignor ceases or threatens to cease to carry on business, becomes insolvent or the subject of bankruptcy or insolvency proceedings;

(c) an encumbrancer takes possession of any of the Collateral or any process of execution is levied or enforced upon or against any of the Collateral;

(d) indebtedness or liability of the Assignor, other than to the Assignee, becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof, or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof, or any guarantee given by the Assignor is not honoured when due and called upon;

and the Assignee shall have all rights and remedies under the applicable laws, as well as any other rights and remedies provided by this Agreement.

6. ADDITIONAL POWERS UPON DEFAULT

6.1 In addition to the rights and powers provided in paragraphs 5 and 8 and under the Personal Property Security Act, the Assignees and the Receiver, as defined in paragraph 8, shall have the following rights and powers, if the security hereby constituted becomes enforceable:

- to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition; and the Assignor shall from time to time forthwith on the Assignee's request, execute, do and make all such agreements, statements, further assignments, acts, matters and things which may, from time to time, in the opinion of the Assignee, be necessary or expedient for the purpose of carrying into effect any of the provisions hereof and of perfecting the title of the Assignee in the collateral; and the Assignee and any of its managers or acting managers are by the Assignor hereby irrevocably constituted and appointed the true and lawful attorney of the Assignor, with full power of substitution for the Assignee, at its option, whenever and wherever it may deem necessary or expedient to do, make and execute all such statements, assignments, documents, acts, matters or things, with the right to use the name of the Assignor.

7. WAIVER BY THE ASSIGNEE

7.1 Any breach by the Assignor of any of the provisions contained in this Agreement or any default by the Assignor in the observance or performance of any covenant or condition required to be observed or performed by the Assignor hereunder may only be waived by the Assignee in writing, provided that no such waiver by the Assignee shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.
8. APPOINTMENT OF RECEIVER AND MANAGER

8.1 The Assignee may appoint in writing any person, whether an employee or employees of the Assignee or not, to be a receiver or a receiver and manager (the "Receiver") of the Collateral or any part of parts thereof.

8.2 A receiver so appointed shall have power:

(i) to take possession of, collect and get in the Collateral or any part thereof, and for that purpose to take any proceedings in the name of the Assignor or otherwise; and

(j) to sell or concur in selling any of the Collateral.

8.3 Any Receiver so appointed shall be deemed to be the agent of the Assignor. The Assignor shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses. The Assignees shall not, in any way, be responsible for any misconduct or negligence on the part of the Receiver.

8.4 All moneys received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be applied in or towards satisfaction of the Security Interest.

8.5 The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights the Assignees may have from time to time.

9. NOTICE

9.1 The Assignor shall be entitled to not less than fifteen (15) days notice in writing of the date, time and place of any intended disposition of the Collateral, such notice to be sent by registered mail to the last known post office address of the Assignor.

10. APPROPRIATION

10.1 The Assignee shall have the right, at any time, to appropriate any payment made to any portion of the Obligations and to revoke or alter any such appropriation.

11. TERM

11.1 This Agreement shall be a continuing agreement, in every respect, for the payment of the Obligations and it shall remain in full force until all of the Obligations shall be paid in full. In the event any provisions of this Agreement shall be deemed invalid or void by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

12. NON-SUBSTITUTION

12.1 The Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Assignee.

13. ACKNOWLEDGEMENT
13.1 The Assignor acknowledges receipt of a copy of this Agreement.

IN WITNESS WHEREOF this Assignment has been executed on behalf of the Assignor by its authorized officers.

Per: ____________________________
Name: Steve Cordes
Title: Executive Director

Per: ____________________________
Name: Dan Grantham
Title: Board Chair

I/We have the authority to bind the Corporation.
SCHEDULE "A"

Location of the Collateral

Number of Units: 28
Property Address: 332-338 Richmond Street, London

PIN: 091890001

Description: PT LT 10, NW YORK STREET, PART 1, 33R7001, T/M 610939
SCHEDULE "B"

Property Comprising the Collateral

All refrigerators, stoves, washers, dryers and all other items of personal property owned by the Assignor and located on or used in connection with the operation of the lands and premises described in Schedule "A".
THIS ASSIGNMENT made this day of , 2007.

BETWEEN:

YOUTH OPPORTUNITIES UNLIMITED

(hereinafter called the "Assignor")

- and -

THE CORPORATION OF THE CITY OF LONDON

(hereinafter called the "Assignee")

WHEREAS:

A. The Assignor is the owner of the lands and premises hereof (the "Premises"), subject to a charge to the Assignee of even date (the "Charge");

B. The Assignor has leased or granted a right of use, occupation or licence with respect to parts of the Premises and will from time to time lease or grant a right of use, occupation or licence with respect to parts of the Premises.

NOW THEREFORE, the Assignor and the Assignee agree with each other as follows:

1. In consideration of Two Dollars ($2.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Assignee, the Assignor hereby assigns, transfers and sets over unto the Assignee, its successors and assigns, as security for payment of the principal and interest and other moneys secured by the Charge and for performance of the obligations of the Assignor thereunder, all rents, charges and other moneys (the "Rents") now due and payable or hereafter to become due and payable,

(a) under every existing and future lease of and agreement to lease the whole or any portion of the Premises,

(b) under every existing and future tenancy, use, occupation or licence granted by the Assignor, its successors and assigns, in respect of the whole or any portion of the Premises, whether or not pursuant to a lease, agreement to lease or licence, and

(c) under every existing and future guarantee of all or any of the obligations of
existing or future tenants, users, occupiers or licensees of the whole or any portion of the Premises, including all rents and other moneys under every lease, agreement to lease, use, occupancy, licence and guarantee (the "Leases"), with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents, and to enforce payment of the same in the name of the Assignor, its successors and assigns, or otherwise.

2. The Assignor shall be permitted to collect and receive the Rents as and when the same shall become due and payable according to the terms of the Leases, unless and until the Assignor is in default under any of the provisions of the Charge and thereafter, the Assignee shall give notice to the tenant, user, occupier, licensee or guarantor, requiring the same to pay the Rents to the Assignee, which notice shall be binding upon the Assignor and may not be contested by it.

3. The Assignor represents, warrants, covenants and agrees that, subject to the provisions of paragraph 9,

(a) none of the Leases or the Assignor's rights thereunder, including the right to receive the Rents, have been or will be amended (except in the ordinary course of business), assigned, encumbered, discounted (save and except in connection with any settlement with a defaulting tenant in the ordinary course of business) or anticipated in priority to this Assignment, without the prior written consent of the Assignee;

(b) it has not and will not do or omit to do any act having the effect of terminating, cancelling or accepting surrender of any of the Leases or of waiving, releasing, reducing or abating any rights or remedies of the Assignor or obligations of any other party thereunder or in connection therewith;

(c) none of the rights, remedies and obligations are or will be affected by any reduction, abatement, defence, set-off or counterclaim;

(d) none of the Rents under any of the Leases has been or will be paid in advance, except rent for the ensuing month and rent for the last month of the term of the lease;

(e) none of the Rents under any of the Leases has been paid prior to the due date for payment thereof;

(f) there has been no default under any of the Leases;

(g) there is no outstanding dispute under any of the Leases between the Assignor and any other party thereto;

(h) each of the Leases is valid, enforceable and in full force and effect;
3. Nothing herein contained shall have the effect of making the Assignee, its successors or assignees, responsible for the collection of the Rents or any of them or for the performance of any obligations or provisions under or in respect of the Leases or any of them to be observed and performed by the Assignor; and the Assignee shall not, by virtue of this Assignment or their receipt of the Rents or any of them, become or be deemed to be a mortgagee in possession; and the Assignee shall not be under any obligation to take any action or exercise any remedy in the collection or recovery of the Rents or any of them, or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them; and the Assignee shall be liable to account only for such moneys as shall actually come into its hands, less proper collection charges and such moneys may be applied on account of any indebtedness of the Assignor to the Assignee.

4. In the event the Assignee shall have exercised its rights under paragraph 2 and shall have received any of the Rents and if the Assignor shall cure the default under the Charge which gave rise to such exercise and shall have resumed collection of the Rents, the Assignee shall provide the Assignor with details of all Rents received by them prior to such resumption.

5. The Assignor covenants and agrees to execute such further assurances as may be reasonably required by the Assignee from time to time to perfect this Assignment and without limiting the generality of the foregoing, upon the request of the Assignee made at any time, it shall assign, transfer and set over unto the Assignee the Leases or such of them so requested by a valid assignment thereof and shall give any other parties thereto a notice of such assignment and shall obtain from them acknowledgements of such notice, and the Assignor hereby irrevocably appoints the Assignee its attorney to effect and execute such assignment.

6. A full and complete Discharge of the Charge shall operate as a full and complete release and re-assignment of all of the Assignee’s rights and interest hereunder, and after the Charge has been fully discharged, this instrument shall be void and of no further effect. In the event further documentation is required for such release and re-assignment, the Assignees shall execute the same promptly, upon request by the Assignor.

7. This Assignment is given in addition to and not in substitution for any other security held by the Assignee for all or any part of the monies secured under the Charge. It is understood and agreed that the Assignee may pursue its remedies under the Charge or hereunder or under any other security, concurrently or successively, at its option. Any judgement or recovery hereunder or under any other security held by the Assignee for the monies secured under the Charge shall not affect the right of the Assignee to realize upon this or any other security.
9. This Assignment is hereby postponed to the Assignment of Rents registered against the Premises as of the date of registration of this Assignment and any extension or renewal thereof and any specific assignment of Rents made thereunder from time to time.

10. This Assignment shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Assignment has been executed on behalf of the Assignor by its authorized officers.

Per: __________________________
Name: Steve Cordes
Title: Executive Director

Per: __________________________
Name: Dan Grantham
Title: Board Chair

I/We have the authority to bind the Corporation.
1. Section 24 of the Standard Charge Terms filed as No. 200033 is deemed to be excluded.

2. This Charge/Mortgage of Land is collateral security for a Municipal Contribution Agreement respecting the Rental and Supportive component funding under the Canada Ontario Affordable Housing Program, made between the Chargor and the Corporation of the City of London ("Chargor"), dated the day of 2007, (the "Municipal Contribution Agreement") under which the City contributed the amount of one million, six hundred seventy-six thousand, seven hundred ninety-three dollars ($1,676,793) towards the Project, and is in addition to and not in substitution for any other security held by the Chargee for all or any part of the monies secured under this Charge/Mortgage of Land.

3. (Purposely Omitted)

4. In the event of a breach of the terms of the Security Agreement or the Assignment of Leases and Rents being given by the Chargor to the Chargee simultaneously with this Charge, the principal balance then outstanding, together with any other amounts payable pursuant to the terms of this Charge, shall forthwith become due and payable at the option of the Chargee and all powers conferred by this Charge shall become exercisable by the Chargee.

5. With respect to the portion of the Principal Amount advanced by the Chargee:

   (a) Prior to the Interest Adjustment Date, interest shall accrue on the total of the amount or amounts advanced by the City to the Chargor under the Agreement at the rate of eight per cent (8%) per annum. The interest so calculated shall compound semi-annually, not in advance, until the Interest Adjustment Date.

   (b) On the Interest Adjustment Date, the amount of interest accrued shall be forgiven, provided that the Chargor has satisfied all requirements as set out in the Agreement.

   (c) With effect from the Interest Adjustment Date, the interest rate shall be the higher of the current prime rate for a commercial first mortgage having a five (5) year term, plus two per cent (2%) or the interest rate applicable to the first mortgage registered against title to the property, plus two per cent (2%).

   (d) On each anniversary date of the Interest Adjustment Date, the Chargor shall pay the City the amount of interest, as calculated according to the interest rate stipulated in paragraph 5(c), so accrued during the previous year; provided, however, if the Chargor has satisfied, as of such anniversary date, the requirements of the Program as set out in the Agreement, the amount of the interest so owing shall automatically be forgiven.

   (e) The Loan amount shall be fully forgiven on the last day of the month at the end of the term of the Loan, provided that the Chargor has fulfilled all the requirements
of the Program as set out in the Agreement.

(f) The Loan is fully forgivable provided the Chargor meets all the conditions in the Municipal Contribution Agreement. Subject to section 5(g) below, the obligation to repay the Loan will be reduced by $1\over 20$ of the Loan amount in each year of the term until fully forgiven.

(g) Upon the occurrence of any one or more of the Events of Default described in the Municipal Contribution Agreement, the City, at its option, may declare the outstanding principal amount of the Loan then advanced, together with all other moneys owing to the City under the Municipal Contribution Agreement, due and payable forthwith.

6. (Purposely Omitted)

7. The Chargor covenants with the Chargee that upon request in writing from the Chargee, it will provide the Chargee, within thirty (30) days of receipt of such request, a schedule containing the names of all tenants in the building constructed on the Charged Premises, accompanied by a certificate of an officer of the Chargor confirming the terms of all existing leases, that the same are in full force and effect, that the Chargor has complied with all terms thereof, and that the Chargor will not amend, modify or cancel any lease or receive any prepayment of rent other than the current and last month's rent without the prior written consent of the Chargee, that there are no outstanding set-offs or equities disclosed or undisclosed as between the Chargor and the tenant, that no money other than a maximum of two (2) months rent has been prepaid by the tenant to the Chargor, and that the tenant is aware of the assignment by the Chargor of all rents and leases affecting the Charged Premises.

8. The Chargor covenants with the Chargee that if the Chargee make any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an Interest in the Charged Premises or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargor and shall be a charge on the Charged Premises and shall be added to the debt hereby secured and shall bear interest at the said rate, and in default of payment, the power of sale and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to them under this paragraph or in making any payment to preserve, protect or secure the Charged Premises.

9. The Chargor covenants with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for the sale or transfer of title of the Charged Premises to a purchaser or transferee not approved in writing by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon, at the
10. Subject to the renewals, replacements and consolidations permitted in paragraph 15 below, the Chargor shall not further mortgage or encumber the Charged Premises without the prior written approval of the Chargee.

11. The Chargor shall take out and maintain throughout the term of the Charge the following insurance, all in a form and with insurers acceptable to the Chargee:

(a) all policies shall include thirty (30) days written notice to the Chargees of material alteration or cancellation and must be signed by the insurer(s) or their authorized representative(s). Brokers signing on behalf of the insurer(s) must provide the Chargee with a letter of authority from the insurer(s);

(b) the policies shall include the Chargee as loss payees, as their interest may appear, and shall contain the Insurance Bureau of Canada approved standard mortgage clause endorsement;

(c) all risks, including extended coverage and flood, to full one hundred per cent (100%) replacement cost, and boiler and pressure vessel and machinery insurance;

(d) comprehensive or commercial general liability insurance to a limit of not less than five million dollars ($5,000,000.00) per occurrence;

(e) general liability coverage for non-owned automobile to a limit of not less than two million dollars ($2,000,000.00); and

(f) co-insurance shall not be acceptable.

12. (a) To the best of the Chargor's knowledge and belief, the Charged Premises contain no asbestos, urea formaldehyde insulation, polychlorinated biphenyls (PCB's), radioactive substances or other materials deemed to be hazardous under any applicable environmental legislation, there are no outstanding orders or notices and any required permits or licences are in good standing.

(b) The Chargor, at its sole cost and expense, shall comply, or cause its tenants, agents, and invitees, at their sole cost and expense, to comply with all federal, provincial and municipal laws, rules, regulations and orders, with respect to the discharge and removal of hazardous or toxic wastes, and with respect to the discharge of contaminants into the natural environment. The Chargor shall pay immediately when due the cost of removal of any such wastes and the cost of any improvements necessary to deal with such contaminants and keep the Charged Premises free and clear of any lien imposed pursuant to such laws, rules and regulations. In the event the Chargor fails to do so, after notice to the Chargor and the expiration of the earlier of (i) any applicable cure period under the Charge or (ii) the cure period under the applicable law, rule, regulation or order, the Chargee at their sole option may declare...
the Charge to be in default.

(c) The Chargor shall indemnify and hold the Chargee harmless from and against all losses, costs, damages or expenses (including, without limitation, legal fees and costs incurred in the investigation, defence and settlement of any claims) relating to the presence of any hazardous waste or contaminant referred to herein.

13. The Chargee or its agents may, at any time, before and after default, and for any purpose deemed necessary by the Chargee, enter upon the Charged Premises to inspect the lands and buildings thereon. Without limiting the generality of the foregoing, the Chargee or its agents may enter upon the Charged Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, shall be payable by the Chargor forthwith and shall be a charge upon the said Charged Premises. The exercise of any of the powers enumerated in this paragraph shall not deem the Chargee or its agents to be in possession, management or control of the said lands and buildings.

14. At any time after the security hereby constituted becomes enforceable, or the moneys hereby secured shall have become payable, the Chargee may appoint in writing a receiver or receiver-manager (the "Receiver") of the Charged Premises, with or without bond, and may from time to time remove the Receiver and appoint another in its stead, and any such Receiver appointed hereunder shall have the following powers:

(a) To take possession of the Charged Premises and to collect the rents and such property, undertaking and assets of the Chargor assigned and/or charged to the Chargee herein and for such purpose to enter into and upon any lands, buildings and premises and for such purpose to do any act and take any proceedings in the name of the Chargor or otherwise as it shall deem necessary, specifically including, but not limited to managing, operating, repairing, altering or extending the Charged Premises or any part thereof;

(b) To employ and discharge agents, workmen, accountants and others upon such terms and with such salaries, wages or remuneration as it shall think proper, to repair and keep in repair the Charged Premises and to do all necessary acts and things for the protection of the said Charged Premises;

(c) To sell or lease or concur in selling or leasing any or all of the Charged Premises, or any part thereof; and to carry any such sale or lease into effect by conveying in the name of or on behalf of the Chargor or otherwise; and any such sale may be made either at public auction or private sale as seen fit by the Receiver; and any such sale may be made from time to time as to the whole or any part or parts of the Charged Premises; and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise which it shall deem proper; and it may buy or rescind or vary any contracts for the sale of any part of the Charged Premises and may resell the same; and it may sell any of the same on such terms as to credit or part cash and part credit or otherwise as shall appear in its sole opinion to be most
advantageous and at such prices as can reasonably be obtained thereof; and in the event of a sale on credit, neither the Receiver nor the Chargee shall be accountable for or charged with any moneys until actually received;

(d) To make any arrangement or compromise which the Receiver may think expedient in the interest of the Chargee and to consent to any modification or change in or omission from the provisions of this Charge and to exchange any part or parts of the Charged Premises for any other property suitable for the purposes of the Chargee and upon such terms as may seem expedient and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;

(e) To borrow money to carry on the operations of the Chargor at the Charged Premises and to charge the whole or any part of the Charged Premises in such amounts as the Receiver may from time to time deem necessary, and in so doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall constitute a Charge against the Charged Premises in priority to this Charge;

(f) To execute and prosecute all suits, proceedings and actions which the Receiver, in its opinion, considers necessary for the proper protection of the Charged Premises, and to defend all suits, proceedings and actions against the Chargor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and to appeal any suit, proceeding or action;

(g) To execute and deliver to the purchaser of any part or parts of the Charged Premises, good and sufficient deeds for the same, the Receiver hereby being constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deed, and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Chargor, and all other persons claiming the said property or any part or parcels thereof by, from, through or under the Chargor, and the proceeds of any such sale shall be distributed in the manner hereinafter provided;

(h) The net profits of the operations of the Chargor at the Charged Premises and the net proceeds of any sale of the Charged Premises or part thereof shall be applied by the Receiver, subject to the claims of any creditor ranking in priority to this Charge:

(i) Firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid, including the reasonable remuneration of the Receiver and all amounts properly payable by it;

(ii) Secondly, in payment of all costs, charges and expenses payable hereunder;

(iii) Thirdly, in payment to the Chargee of the principal sum owing hereunder;
(iv) Fourthly, in payment to the Chargee of all interest and arrears of interest, if any, and any other monies remaining unpaid hereunder; and

(v) Fifthly, any surplus shall be paid to the Chargee, provided that in the event any party claims a Charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver deems appropriate in the circumstances.

(i) During any period wherein the Chargee or any receiver or receiver and manager appointed by it shall manage the Charged Premises or any part thereof, upon or after entry, as provided herein, the Chargee shall not, nor shall any receiver or receiver and manager, be responsible or liable for any debts contracted by it, for damages to any other property or person, or for salaries or non-fulfilment of any contract, save and except as to claims at law or in equity to an accounting; and the Chargee shall not be bound to do, observe, or perform or to see the observance or performance by the Chargor of any of the obligations herein imposed upon the Chargor nor in any other way supervise or interfere with the conduct of the Chargor's operations of the Charged Premises;

(j) The Chargee shall not be liable to the Receiver for his remuneration, costs, charges or expenses, and the Receiver shall not be liable for any loss howsoever arising, unless the same shall be caused by his own gross negligence or wilful default; and he shall, when so appointed, by notice in writing pursuant hereto, be deemed to be the agent of the Chargor, and the Chargor shall be solely responsible for his acts and defaults and for his remuneration;

(k) Save as to claims for an accounting contained in this paragraph, the Chargor hereby releases and discharges any such Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by such Receiver, unless such claim be in direct and proximate result of dishonesty or fraud;

(l) The Chargee may, at any time and from time to time, terminate any Receiver by notice in writing to the Chargor and to the Receiver;

(m) The statutory declaration of an employee or agent of the Chargee as to default under the provisions of this Charge and as to the due appointment of the Receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with the Receiver through its ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual;

(n) The rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

15. The Charge is hereby postponed to all mortgages registered against the Charged Premises as of the date of registration of this Charge and shall be continued to be postponed to any renewal or replacement or consolidation of such mortgages, with or without an increased
rate of interest.