

Housing Co-ops with City of Vancouver Leases

Summary of meetings of June 23 and June 25

CHF BC recently arranged meetings for some of the 50 housing co-ops holding leases with the City of Vancouver. These meetings were focused on the concerns of co-ops with short-term leases and those with ground rent leases. The Federation's goal was to start a discussion, hear from members, and talk about a possible role for CHF BC in negotiating solutions with the City. Several members at the meetings suggested that a short summary of the discussions would be useful.

Who is affected?

Short-Term Lease Co-ops

Of the co-ops established under the Section 95 funding program, 17 have short-term leases with the City. *Short-term*, in this case, means leases with 40- or 41-year terms which are set to expire in the 2020s. All but one of these co-ops sent representatives to the meeting held at the CHF BC offices on June 23.

Ground Rent Lease Co-ops

There are three co-ops in Vancouver with ground rent leases and they met on June 25. All three were established under the Section 61 funding program. These co-ops did not prepay the full cost of their leases at the start of the lease terms. Instead, they have agreements which involve annual payments ("ground rents") which are to be periodically reviewed and reset. At the time of the reviews (at 20 years, 30 years, 40 years, etc.), the co-op properties are to be valued using a market standard. None of the co-ops were able to reach agreement with the City on a fair ground rent increase at the time of the last reviews; two of the three ground rent leases are set to expire in the 2020s.

Why is this important?

At the end of a City lease, a co-op will cease to have rights to use the lands and improvements, unless lease extensions are granted by the City or new arrangements made. This is outlined in the "surrender" clauses of the existing leases. Even if the City doesn't immediately require a co-op to return a property, any overholding (continuing use beyond the lease expiry) would be on a month-to-month basis, offering no security to the co-ops or their members.

Co-ops are understandably concerned about what will happen at the end of the leases, but even before those expiries, the existence of the leases affects how co-ops can plan for their future.

Financial institutions (such as credit unions) may be willing to lend to co-ops with leases, but they expect any loans to be repaid *five years or more* before the end of a lease. So, for example, a co-op with a lease expiring in 2027 and needing to borrow money soon to carry out capital projects, might only be able to borrow for 7 years. (Borrowing in 2015 and having to repay by 2022 really restricts the possible amortization period.) Short amortizations may make borrowing too expensive and make looking after co-op buildings extremely challenging.

Some leases have renewal clauses which may contemplate an additional 10 or 20 years, but these are only triggered in the last year of the leases (thus making advance planning virtually impossible) or are ambiguous in their requirements. Co-ops may want to seek legal advice concerning their leases, but it

seems a requirement for extensions that co-ops follow the lease terms, including obligations to maintain co-op buildings in proper condition. Waiting until the last year of a lease may be no option at all.

Ground rent co-ops face the same problems and more. Their lease agreements call for periodic reviews, but these are tied to market conditions. Property values in the marketplace (especially in Vancouver) have gone up dramatically. If ground rents are calculated using recent appraisals, co-ops will likely see very large increases that would have to be passed on to members, seriously jeopardizing affordability and security of tenure. For ground rent co-ops, this is as critical as lease renewal concerns.

Where do things stand now?

Background

Several co-ops facing premature building envelope failure entered into discussions with the City to find a way to address urgent building issues. CMHC and BC Housing had already determined that the co-ops were eligible for assistance, and City flexibility was necessary to go forward with the deals. At the urging of CHF BC and the affected co-ops, and after considerable review, City Council offered some guidelines for this very particular set of circumstances.

Two co-ops have had lease extensions approved on the above basis, and at least one of these co-ops – Paloma – had its modified lease put on the land title for the property. Two other co-ops meet the criteria established by City Council for similar lease extensions. Other co-ops appear to need new solutions. Despite conversations between CHF BC and City staff, the City has not yet developed a firm policy to address the many issues around co-op lease extensions or ground lease rent reviews.

The Example of Paloma

In 2007, after analysing Paloma's request, City Council agreed to consider "on a case by case basis, 20-year lease extensions with a nominal prepaid rent for non-profit housing co-operatives with 40- or 41-year leases with the City, where CMHC's and BC Housing's enhanced assistance is required to ensure the viability of co-operatives undergoing building envelope repair, and that 20-year extensions at nominal prepaid rents are the City's maximum financial contribution."

The Paloma lease (as modified and as publicly available through the land title office) is attached as an appendix. It offers some ideas about the City's concerns when examining lease renewals (e.g. on affordability and reporting), although it can't be used as a guide to determine what form future solutions might take.

What's next?

CHF BC is committed to offering support to co-ops on lease issues. At its spring 2015 semi-annual general meeting, the Federation's members resolved to:

"Protect the interests of housing co-ops on leased land by negotiating fair and reasonable terms for lease extensions or other arrangements designed to promote security of tenure, affordability and sound asset management, consistent with co-op principles and values."

The need to come up with solutions is growing, and the June meetings were a good first step. The co-op members who attended the meetings thought it would be a good idea to work together and share information on the process of seeking lease extensions (and in the case of ground rent co-ops, negotiations on the periodic reviews). Further meetings were recommended and CHF BC will schedule another meeting for September. An invitation that will set out objectives and an agenda will be distributed to those who attended the June meetings.

NEW WESTMINSTER LAND TITLE OFFICE

LAND TITLE ACT
FORM C (Section 233) CHARGE

Aug-28-2013 09:59:21.001

CA3315705

GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 11 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Geoffrey Harold Dabbs 8NKESV

Digitally signed by Geoffrey Harold Dabbs 8NKESV
DN: c=CA, cn=Geoffrey Harold Dabbs 8NKESV, o=Lawyer, ou=Verify ID at www.juricert.com/LKUP.cfm?id=8NKESV
Date: 2013.08.27 15:38:03 -0700'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Gehlen Dabbs
#1201 - 1030 West Georgia Street
Attention: Geoffrey Dabbs Tel #604.642.6422
Vancouver BC V6E 2Y3
Document Fees: \$73.50

Deduct LTSA Fees? Yes [checked]

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID] [LEGAL DESCRIPTION]
007-044-259 LOT K BLOCK 145 DISTRICT LOT 264A PLAN 19097

STC? YES []

3. NATURE OF INTEREST

Modification of Lease

CHARGE NO.

M95390

ADDITIONAL INFORMATION

as modified by N18773

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) [] Filed Standard Charge Terms D.F. No.

(b) [checked] Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

CITY OF VANCOUVER
CANADA MORTGAGE AND HOUSING CORPORATION

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

PALOMA HOUSING CO-OPERATIVE

307 - 1638 EAST 3RD AVENUE

VANCOUVER

V5N 1G9

BRITISH COLUMBIA

CANADA

Incorporation No

CP-0001391

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Geoffrey H. Dabbs
Barrister & Solicitor
1201 - 1030 West Georgia Street
Vancouver, BC V6E 2Y3

Execution Date

Table with 3 columns: Y, M, D. Values: 13, 08, 07

Transferor(s) Signature(s)

PALOMA HOUSING CO-OPERATIVE by its authorized signatories:

Michael Springate

Lesley Fettes

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM D**

EXECUTIONS CONTINUED

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Thomas Siems
Commissioner for Taking Affidavits in BC
200 - 1111 West Georgia Street
Vancouver, BC V6E 4S4

Y	M	D
13	07	30
13	08	20

CANADA MORTGAGE AND HOUSING CORPORATION
by its authorized signatory:

Fleuri Perron

(As to consent only, see page 11)

Heidi Granger
Barrister & Solicitor
453 West 12th Avenue
Vancouver, BC V5Y 1V4

CITY OF VANCOUVER
by its authorized signatory:

Yvonne A. Liljefors

Approved by Council
December 13, 2007

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

TERMS OF INSTRUMENT - PART 2

THIS MODIFICATION OF LEASE is dated for reference as of October 30, 2024 (the “EFFECTIVE DATE”).

WHEREAS:

- A. It is understood and agreed that this instrument shall be read as follows:
- (i) The Transferee, Paloma Housing Co-Operative, is called the “LESSEE”; and
 - (ii) The Transferor, City of Vancouver, is called the “LESSOR”;
- B. The LESSOR is the registered owner of lands and premises situate in the City of Vancouver legally known and described as:
- Parcel Identifier: 007-044-259
Legal Description: Lot K Block 145 District Lot 264A Plan 19097
- (the “SAID LANDS”);
- C. The LESSEE is the tenant of the SAID LANDS pursuant to a LEASE dated December 13, 1984 registered in the Vancouver Land Title Office on December 13, 1984 under No. M95390 as modified by an instrument registered in the said Land Title Office on March 15, 1985 under number N18773 (collectively, the “LEASE”); and
- D. The LESSOR and LESSEE have agreed to modify the LEASE as set out herein, which modification has been approved by resolution of the City of Vancouver Council dated December 13, 2007. Among other things, the parties have agreed to extend the term of the LEASE for a period of twenty (20) years; and
- E. The words “OPERATING AGREEMENT” and “CORPORATION” referred to in this Agreement have the meaning set out in the LEASE.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants set out herein and for other good and valuable consideration passing from each party to the other the LESSOR and LESSEE hereby agree to modify the LEASE as follows:

1. Provided that the LESSEE is not, as of the EFFECTIVE DATE, in breach of any of its obligations under the LEASE, the term of the LEASE shall be extended for an additional term of twenty (20) years so that, subject to the terms and conditions of this agreement, the term of the LEASE will expire at 11:59pm on October 29, 2044 (the period between the existing expiry date of the existing TERM of the LEASE (the “INITIAL TERM”), being 11:59pm October 29, 2024 and the extended expiration of the TERM, being 11:59pm on October 29, 2044, is collectively the “ADDITIONAL TERM”).
2. The BASIC RENT for the ADDITIONAL TERM shall be Ten Dollars (\$10.00) payable in advance on October 30, 2024.

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3. As of the EFFECTIVE DATE, the LEASE is hereby further modified by:

(a) adding the following environmental provisions of Article XXX of the LEASE:

“Section 30.01 - Definitions.

For purposes of this Article XXX:

- (a) **“Contaminants”** means any pollutants, contaminants, deleterious substances, underground or aboveground tanks, asbestos materials, urea formaldehyde, dangerous substances or goods, hazardous, corrosive or toxic substances, special waste or waste of any kind or any other substance which is now or hereafter prohibited, controlled or under Environmental Laws; and
- (b) **“Environmental Laws”** means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits and other lawful requirements of any governmental authority having jurisdiction over the SAID LANDS now or hereafter in force relating in any way to the environment, health, occupational health and safety, product liability or transportation of dangerous goods, including the principles of common law and equity.

Section 30.02 - LESSEE’S Covenants and Indemnity.

The LESSEE covenants and agrees as follows:

- (a) not to use or permit to be used all or any part of the SAID LANDS for the sale, storage, manufacture, disposal, handling, treatment, use or any other dealing with any Contaminants, without the prior written consent of LESSOR, which may be unreasonably withheld. Without limiting the generality of the foregoing, the LESSEE shall in no event use, and does not plan or intend to use, the Contaminants in a manner that, in whole or in part, would cause the SAID LANDS, or any adjacent property to become a contaminated site under Environmental Laws;
- (b) to strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the SAID LANDS;
- (c) to promptly provide to the LESSOR a copy of any environmental site investigation, assessment, audit or report relating to the SAID LANDS conducted by or for the LESSEE by or for the LESSEE at any time before, during or after the term of this LEASE (or any renewal thereof);
- (d) to maintain all environmental site investigations, assessments, audits and reports relating to the SAID LANDS in strict confidence and not to disclose their terms or existence to any third party (including without limitation, any governmental authority) except as required by law, to the LESSEE’S professional advisers and lenders on a need to know basis or with the prior

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written consent of the LESSOR, which consent may be unreasonably withheld;

- (e) to promptly provide to the LESSOR on request such written authorizations as the LESSOR may require from time to time to make inquiries of any governmental authorities regarding the LESSEE'S compliance with Environmental Laws;
- (f) to promptly notify the LESSOR in writing of any release of a Contaminant or other or any other occurrence or condition at the SAID LANDS, or any adjacent property which could contaminate the SAID LANDS or subject the LESSOR or the LESSEE to any fines, penalties, orders, investigations or proceedings under Environmental Laws;
- (g) on the expiry or earlier termination of this LEASE or at any time if requested by the LESSOR or required by any governmental authority pursuant to Environmental Laws, to remove from the SAID LANDS all Contaminants, and to remediate any contamination of the SAID LANDS or any adjacent property resulting from Contaminants, in either case brought onto, used at or released from the SAID LANDS by the LESSEE or any person for whom it is in law responsible. The LESSEE shall perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Contaminants shall remain the property of the LESSEE, notwithstanding any rule of law or other provision of this LEASE to the contrary and notwithstanding the degree of their affixation to the SAID LANDS; and
- (h) to indemnify the LESSOR and its employees, agents, successors and assigns, from any and all liabilities, actions, damages, claims, remediation cost recovery claims, losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis and the cost of remediation of the SAID LANDS and any adjacent property) arising from or in connection with:
 - (i) any breach of or non-compliance with the provisions of this Article by the LESSEE; or
 - (ii) any release or alleged release of any Contaminants at or from the SAID LANDS related to or as a result of the use an occupation of the SAID LANDS or any act or omission of the LESSEE or any person for whom it is in law responsible.

The obligations of the LESSEE under this Article shall survive the expiry or earlier termination of this LEASE. The obligations of the LESSEE under this Article are in addition to, and shall not limit, the obligations of the LESSEE contained in other provisions of this LEASE.”

- (b) deleting Sections 28.01, 28.02, 28.03, 28.04 and 28.05;

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- (c) deleting Section 6.01 and Section 18.01 upon the expiration of the LESSEE'S OPERATING AGREEMENT with the CORPORATION;
- (d) also adding the following provisions to Article XXXI of the LEASE:

"Section 31.01 - Definitions.

For purposes of this Article XXXI:

- (a) **"Annual Gross Income"** means the total income or payments from all sources received at any time during the past calendar year regardless of whether taxable including wages, salary, Self Employment Net Income, rents, fees, interest, dividends, pension payments, annuity payments, awards and payments in compensation for lost income, capital gains, bequests, lottery winnings and winnings from gambling and wagering;
- (b) **"Core Need Household"** means a Household whose Annual Gross Income as disclosed by the current Income Statement(s) of the members of the Household is less than the current Vancouver area CNIT for the particular type of Dwelling Unit (if more than one member of the Household, then the sum of the current Income Statement(s));
- (c) **"Core Units"** means Dwelling Units that are occupied by Qualified Residents;
- (d) **"CNIT"**, being the "Core Need Income Threshold", is the maximum Annual Gross Income from time to time at or below which a Household occupying a particular type of Dwelling Unit is considered by the provincial government as being in core need. The CNIT is set annually by British Columbia Housing Management Commission ("**BCHMC**") for various categories of dwelling units in the different regions of the province. The CNIT for each category of dwelling unit is determined by estimating the average monthly market rental value for accommodation of that type for a provincial region, dividing that average by 0.30 (thirty percent (30%) of income), and multiplying the quotient by twelve (12) months. If the provincial government (through BCHMC or otherwise) ceases to set CNITS annually or at some other regular period acceptable to the City then the City shall set the CNITS annually using the same criteria and methods last employed by the provincial government (through BCHMC);
- (e) **"Dwelling Units"** means residential self-contained units in the BUILDING;
- (f) **"Household"** means one or more persons who occupy a Dwelling Unit;
- (g) **"Income Statement"** means a written statement made under oath of a person's Annual Gross Income for the preceding calendar year and if the person filed an income tax return, it shall include a true copy of such return as well as Canada Revenue Agency's assessment of such return. The

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form of the Income Statement shall be as the City may approve from time to time;

- (h) **“Qualified Residents”** means a Core Need Household.

Section 31.02 - Core Needs Requirements

- (a) Upon expiration of the LESSEE'S OPERATING AGREEMENT with the CORPORATION, (and until the end of the ADDITIONAL TERM) at least twenty-five percent (25%) of the Units in the BUILDING must be occupied by Core Need Households who will pay a housing charge equal to thirty percent (30%) of their gross household income and the household not in core need will pay a housing charge equal to at least eighty-five percent (85%) of the rent charged for comparable market rental housing in the area.
- (b) Any surplus that accumulates from housing charges, after accounting for all legitimate operating and debt servicing expenses of the LESSEE and for all contributions to the replacement reserve will be placed in a separate fund for capital upgrades if this LEASE is to be renewed at the end of the ADDITIONAL TERM or for investment in affordable housing as the LESSOR and the LESSEE mutually agree if this LEASE is not so renewed.
- (c) The LESSEE shall maintain a waiting list of prospective Qualified Residents and any vacancies shall be filled from the waiting list having regard to meeting the minimum requirements for the Core Need Households, housing need and appropriateness of the vacant Dwelling Unit for the prospective Household; otherwise priority will be given to those who have waited the longest.
- (d) The LESSEE shall require an Income Statement from all prospective residents of the Core Units. Where the Household of the prospective resident is comprised of more than one adult, each adult of the Household shall provide an Income Statement. If the Income Statement(s) if more than one prospective Qualified Resident) of a prospective Qualified Residents disclose that he, she or they will not qualify as a Qualified Resident, such prospective residents shall not be added to the Qualified Residents waiting list and shall not be permitted to take up residence in any Core Unit.
- (e) Not later than June 30th of each of the TERM, the LESSEE shall demand and receive from each adult occupying a Core Unit an Income Statement for the preceding calendar year. If such statement discloses that the Household income of those occupying a Core Unit has an Annual Gross Income in excess of the Annual Gross Income required to qualify as a Qualified Resident, then forthwith such resident shall not be treated as a Qualified Resident. If residents become disqualified as Qualified Residents then

forthwith the LESSEE will charge such residents eighty-five percent (85%) of the fair market rent for the unit.

- (f) The LESSEE agrees with the LESSOR that:
- (i) housing charges shall only be charged and payable monthly;
 - (ii) the monthly housing charge for each Core Unit shall equal to the greater of:
 - (A) thirty percent (30%) of one-twelfth of the Annual Gross Income of the Qualified Resident; and
 - (B) the maximum shelter component of income assistance as may be set pursuant to the *Employment and Assistance Act*, SBC 2002, c. 40, s. 51 (together with all amendments thereto and replacement thereof) for the particular type of Dwelling Unit;
- Provided, however, that in no event shall the monthly housing charge for each Core Unit exceed the market rent (as determined by the City) for the Core Unit;
- (iii) the LESSEE may increase the monthly housing charge of the Core Units by an amount equal to the increase, from time to time, of the maximum shelter component provided under the *Employment and Assistance Act*, SBC 2002, c. 40, s. 51 (together with all amendments thereto and replacement thereof); and
 - (iv) if increases in housing charges greater than permitted by Section 31.02(f)(iii) of this Lease are required for the Owner to continue to operate the Core Units each calendar year on a break even basis, the monthly rate may be increased as follows:
 - (A) once each calendar year provided such increase is no greater than the percentage increase in the All Items Consumer Price Index for Vancouver during the previous calendar year; or
 - (B) with the prior approval of the LESSOR where the LESSEE wishes to impose housing charge increases in excess of those permitted in subsection (A) above in order to recover the LESSEE's legitimate increased operating, replacement reserve and debt service expenditures. In such event, the LESSEE must provide supporting documentation justifying the housing charge increase and submit the same to the LESSOR ninety (90) days in advance of the date that a decision of the LESSOR is required.

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For the purposes of this Lease, the All Items Consumer Price Index for Vancouver shall mean the All Items Consumer Price Index for Vancouver as published by Statistics Canada or its successor. If such index is not published the parties shall substitute a like index chosen by the City.

- (g) All tenancy agreements with Qualified Residents shall expressly be made subject to this Agreement and the LESSEE'S obligations herein.
- (h) The LESSEE shall prepare, maintain and keep a monthly rent roll showing the names of all Qualified Residents, the identity of the Core Unit occupied and the current monthly housing charges. The rent roll shall include the latest Income Statements taken from each Qualified Resident. The LESSEE shall on the LESSOR'S written request, deliver a certified true copy of the current rent roll (including all latest Income Statements) covering the past twelve (12) months.
- (i) The LESSEE shall keep all financial records concerning the operation of the SAID LANDS and BUILDING in accordance with good accounting practise. All of the LESSEE'S financial and business records including the rent rolls and other records and statements described in this Agreement shall be open to inspection by the LESSOR upon reasonable notice and all such records shall not be destroyed unless the LESSOR gives its written consent to such destruction.
- (j) Not later than November 30th of each year the LESSEE shall provide the LESSOR with an audited statement of its revenues and expenses for the operation of the SAID LANDS and the BUILDING for its preceding fiscal year and a letter from the auditor confirming the number of Core Need Households and the housing charges for these residents not receiving subsidy. The audited statements and the letter shall be prepared by a Chartered Accountant licensed to practice such profession pursuant to the laws of the Province of British Columbia.
- (k) The LESSEE may not sublease, license, set over or part with possession of the SAID LANDS or the BUILDING in whole or in part without the consent in writing of the LESSOR except for:
 - (i) the subletting of Core Units to the Qualified Residents on the terms and conditions set out in this Lease; and
 - (ii) the subletting of Dwelling Units in excess of the required Core Need Dwelling Units provided housing charges charged are equal to a minimum of eighty-five percent (85%) of the rent for comparable market rental housing in the area as set out in CMHC'S annual survey or as may be approved by the LESSOR.

If required by the LESSOR, a copy of all such subleases shall be forwarded to the LESSOR within thirty (30) days after the conclusion of each transaction.

- (l) Following the expiration of the LESSEE'S OPERATING AGREEMENT with the CORPORATION, if it is not possible for the LESSEE to operate without a deficit during the ADDITIONAL TERM while complying with the requirements set out herein, the LESSEE may adjust the percentage of Core Need Households, the percentage of household income the Core Need Households must pay and/or seek a restructuring of the ADDITIONAL RENT paid for the ADDITIONAL TERM, subject to the approval of the LESSOR, such approval not to be unreasonably withheld."
4. Nothing contained or implied in this Agreement will derogate from the obligations of the LESSEE under any other agreement with the LESSOR or prejudice or affect the LESSOR'S rights, powers, duties or obligations in the exercise of its functions pursuant to the *Vancouver Charter* as amended from time to time and the rights, powers, duties and obligations of the LESSOR under all public and private statutes, by-laws, orders and regulations, which may be as fully and effectively exercised in relation to the SAID LANDS as if this Agreement had not been executed and delivered by the LESSEE and the LESSOR.
5. Words herein importing the singular number or the masculine gender only shall include more persons, parties or things of the same kind than one, and females or corporations as well as males, and the converse whenever the context requires.
6. This Agreement as of from the date hereof be read and construed along with the LEASE and treated as part thereof. The LEASE, as hereby modified, will continue to be in full force and effect and otherwise unamended and the LESSOR and the LESSEE confirm and ratify the LEASE as hereby modified. Without limiting the generality of the foregoing, nothing in this Agreement limits, modifies or affects the obligations and covenants (including, without limitation, the obligations and covenants to pay BASIC RENT and ADDITIONAL RENT for the TERM) of the LESSEE in the LEASE to the LESSOR which obligations are hereby ratified and confirmed.
7. Unless otherwise defined herein, all capitalized words shall have the meanings given to them in the LEASE.

IN WITNESS WHEREOF the parties have executed this Agreement by signing the General Instrument Part I which is a part hereof.

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CONSENT INSTRUMENT

For Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which Canada Housing and Mortgage Corporation ("CMHC") hereby acknowledges, CMHC consents to this Modification of Lease.

To witness this Consent, CMHC has caused its duly authorized signatory(ies) to sign the attached General Instrument - Part 1.

END OF DOCUMENT

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