

Attachment # 1

Sample Indemnification Agreement between DNV & BCHMC

January 12, 2022

The District of North Vancouver
355 West Queens Road
North Vancouver, BC V7N 4N5

Attention: Development Engineering Department

Re: Project at 267 Orwell Street, North Vancouver, BC

Dear Sirs/Mesdames:

The Corporation of the District of North Vancouver (the "**District**") and Sanford Affordable Housing Society (the "**Society**") will be entering into a lease agreement to be registered in the Land Title Office with respect to the District owned property located at 267 Orwell Street, North Vancouver, BC (the "**Lands**").

The Society intends to construct not for profit housing on the Lands (the "**Project**") and to that end will enter into an Engineering Services Agreement dated for reference the 20th day of November, 2021 with the District (the "**Services Agreement**") to ensure completion of the Project.

Pursuant to the Services Agreement, the Society agrees to complete the design and construction of certain off-site works and services related to the Project as set out in the Services Agreement (the "**Works**"). To ensure completion of the Works in accordance with the Services Agreement, the Society has amongst other things, agreed to secure the completion of the Works with an Irrevocable Letter of Credit in the favour of the District (the "**LOC**").

British Columbia Housing Management Commission ("**BCHMC**") has agreed to loan the Society monies for construction of the Project on the Lands, including the Works.

In lieu of the Society providing the LOC in favour of the District, thereby allowing such saved costs to be used to better fund the Project, BCHMC has requested and the District has agreed, that BCHMC indemnify the District with respect to the installation of the Works in accordance with the Services Agreement and the timelines set out therein.

In consideration of the District (i) permitting the construction of the Project, including the Works and (ii) waiving the District's right that the Society provide the LOC, BCHMC hereby agrees to indemnify and save harmless the District against any liabilities, claims, judgments, losses, damages, costs and expenses incurred by the District as a result of the non-completion of the Works in accordance with the Services Agreement within the timelines set out therein.

The Society and BCHMC agree that:

INDEMNITY CLAUSE
REVISED BY LEGAL SERVICES



- (a) should the Works, or any portion of the Works, not be completed in accordance with the Services Agreement within the timelines set out therein, the District may, in its sole discretion, place a stop work order on the construction of the Project. The Society and BCHMC agree to immediately comply with such stop work order, subject only to resolving issues related to securing the Lands and the safety of the Project. The Society and BCHMC further agree that the District will only be required to lift the stop work order upon the Society or BCHMC providing an irrevocable letter of credit for 150% of the value of the Works that remain to be completed (the "**Outstanding Works at Time of Default**"); or
- (b) should any of the Works not be completed by the date that is one day before the issuance by the District of a certificate of occupancy for any dwelling unit in any building on the Lands, then the District will not issue the occupancy permit and the Society and BCHMC will not insist upon the issuance of the occupancy permit unless and until the Society or BCHMC provides an irrevocable letter of credit for 150% of the value of the Works that remain to be completed (the "**Outstanding Works at Time of Occupancy Request**").

Any irrevocable letter of credit provided pursuant to either of the above will be held by the District on all of the terms and conditions set out in the Services Agreement.

The District, the Society and BCHMC agree to act reasonably in determining the scope and value of the Outstanding Works at Time of Default or the Outstanding Works at Time of Occupancy Request, as the case may be. Despite the preceding sentence, if the District, the Society and BCHMC do not agree on the scope and value of the Outstanding Works at Time of Default or the Outstanding Works at Time of Occupancy Request, as the case may be, the District may, in its sole discretion, determine both the scope and the value of the Outstanding Works at Time of Default or the Outstanding Works at Time of Occupancy Request.

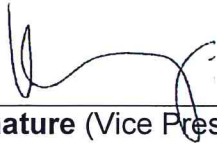
We trust you will find the foregoing acceptable.

Yours truly,



Naomi Brunemeyer, Director of Regional Development, Lower Mainland
British Columbia Housing Management Commission

By executing this letter agreement, BCHMC commits itself to be bound by the terms set out in this letter agreement.



Signature (Vice President, Development and Asset Strategies)

By executing this letter agreement, Sanford Affordable Housing Society commits itself to be bound by the terms set out in this letter agreement.



Authorized Signatory Dale N. Clannaghan
Director & V.P.