

**CONTRIBUTION AGREEMENT**

**CITY OF LONDON  
CONVERT-TO-RENT / REHABILITATION ASSISTANCE PROGRAM**

THIS AGREEMENT DATED the      day of September, 2011

Between: **THE CORPORATION OF THE CITY OF LONDON** (the "City")

OF THE FIRST PART:

-AND-

**VERNON MARTIN and GEORGE MARTIN** (the "Borrower")

OF THE SECOND PART:

WHEREAS 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;

AND WHEREAS the Borrower has requested a loan by a letter dated the 28<sup>th</sup> day of January 2010, and whereas the City has agreed to grant a forgivable loan to be earned over the term of this agreement, provided that the Borrower complies with prescribed conditions;

AND WHEREAS 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 conversion and/or rehabilitation of the existing building into self-contained rental units, (the "Property"), situated at: Plan NIL PT Lot 5, NW Horton St as in LC90556, City of London, County of Middlesex, known municipally as 262 Clarence Street, London, Ontario;

AND WHEREAS the City has agreed to give a forgivable loan to the Borrower provided that during the term of this agreement, six (6) units in the Property will be rented to tenants who spend less than thirty percent of their family income on rent and who have incomes below the Established Income Thresholds established from time to time by the City of London.

THEREFORE in consideration of the covenants contained herein and other valuable consideration given by the Borrower to the City (the receipt and sufficiency of which is hereby acknowledged) the parties, covenant and agree as follows:

1. FORGIVABLE LOAN

The City agrees to grant to the Borrower a forgivable loan in the amount of sixty thousand dollars (\$60,000) which loan shall be fully forgivable by the City if the Borrower complies with the terms of the conditions in this agreement. The obligation to repay this loan will be reduced by 1/20 of the loan amount in each year of the term until forgiven or until the Borrower is required to repay the loan in accordance with the terms of this agreement.

2. RENT

(a)The Borrower shall provide affordable rental units that do not exceed the CMHC average market rent. Rents will remain affordable for a period of twenty years, including a 5 year phase out period. The CMHC 'average market rents' are adjusted to include utilities. Maximum affordable rents for 2010 will be set as follows:

<u>Unit Description</u>	<u>80% CMHC AMR</u>	<u>Established Income Threshold</u>
1 Bedroom Unit	\$540	\$32,400
2 Bedroom Unit	\$675	\$40,500

The above rents represent the maximum rent levels for units under this program.

(b) The rents as outlined in 2(a) will be inclusive of heat and water. Rents are exclusive of parking, telephone, cable and other similar fees. The completion date is estimated to be September 30, 2010. Qualified Households for each Unit shall be those households with annual income not in excess of the Established Income Thresholds herein for each Unit.

(c) In subsequent years while this Agreement is in force, the Borrower may implement rent increases that are no greater than those allowed under the *Residential Tenancies Act, 2006*, or any successor legislation, rent guideline published annually. Where rent increases above this level are necessary because of increases in the eligible operating expenses, a Revenue and Expense Statement and a Projected Budget must be submitted to the City Housing Division. These statements are required at least four months prior to the effective date of the proposed rental increase. The City may request additional information to substantiate the requested rent increase. Upon review of the information supplied, the City, at its sole discretion, may approve the proposed rent increase in whole or in part. The increase will be the lower amount approved by the City or allowed under the *Residential Tenancies Act, 2006*, or successor legislation.

(d) Following the full completion of the conversion and/or rehabilitation work related to the property, the Borrower shall annually on the anniversary date of the signing of this agreement, submit to the City of London Housing Division a completed 'Project Owner's Annual Report' on the form attached hereto as Schedule "A".

### 3. PHASE-OUT PERIOD

(a) The Phase-out Period means the last five (5) years of this agreement.

(b) During the Phase-out Period, the Borrower shall not increase the rent charged to in-situ tenants of units by more than the rent guideline increase permitted under section 2(c).

(c) Upon a unit becoming vacant during the Phase-out Period, the Borrower may rent the unit to a new tenant at any rent agreed to by the Borrower and the new tenant.

### 4. AFTER PHASE-OUT PERIOD

After the end of the Phase-out Period, the Borrower shall be permitted to rent units to new tenants at rents agreed to by the Borrower and the new tenants.

### 5. DEFAULT REPAYMENT

Should the Borrower 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 forgivable 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 forgivable loan that must be repaid is equal to the total amount of the forgivable loan less any amount considered forgiven from the first day of the month following the payment of funds until the date of default.

### 6. LEASING

In the event the tenant in an assisted unit vacates the unit, the Borrower shall ensure the total household income of the new tenant of the unit is at or below the applicable income threshold.

Confirmation of the new tenant(s) name, household size and total household income completed by the tenant before occupancy must be retained by the Borrower for the term of this agreement.

Where the Borrower and/or immediate family member moves into one of the assisted rental units, the unearned pro rata portion of the forgivable loan applicable to the rental unit is to be repaid, in accordance with the provisions of section 4 above. A legitimate and arms length Borrower/tenant relationship must exist.

Units shall be made available during the first year following completion of conversion work to individuals and families on the City Housing Access Centre Waiting List, subject to their ability to pay affordable rent for the available unit.

#### 7. VACANT UNIT

If the Borrower is unable to locate a tenant with income below the established income threshold, the Borrower shall notify the City immediately. Failure to comply with this requirement may result in the forfeiture of assistance.

#### 8. FORFEITURE OF ASSISTANCE

During the term of this agreement, the number of units rented to tenants who have incomes at or below the Established Income Threshold, must be maintained at the original number stated in this agreement. In the event this requirement is not met, the unearned portion of the forgivable loan for any assisted unit(s) not rented to tenants meeting the established income thresholds becomes immediately due and payable in accordance with section 5.

#### 9. DISCRIMINATION

The Borrower agrees, in the renting of the Property, not to discriminate against any person by reason of race, national or ethnic origin, colour, religion, age, disability, sex, marital status, sexual orientation, a conviction for which a pardon has been granted, or other reason in contravention of the *Ontario Human Rights Code*, R.S.O. 1990 c.H.19, as amended from time to time.

#### 10. MAINTENANCE

The Borrower shall be responsible for ensuring that the units are maintained to a minimum level of health and safety.

#### 11. MONITORING

The Borrower shall retain the verification of income from tenants and other such records in a form satisfactory to the City and shall permit the City to have access to the Property and to inspect such records at any reasonable time. The Borrower will supply information as may be requested by the City to confirm adherence to this agreement.

#### 12. SALE OF PROPERTY

The Borrower agrees to notify the City in writing at least twenty (20) working days prior to the closing date of any sale of the Property.

The Borrower covenants that any purchaser of the Property shall agree to be bound by the terms and conditions of this Agreement and shall execute a new agreement in this form before consent to the sale in writing may be given by the City. Rent increases will continue to be permitted in accordance with the terms of the original agreement. No increase in rents will be permitted at the time of sale.

In the event that the Property is sold or otherwise disposed of without the prior knowledge and written consent of the City, the Borrower shall be considered to be in default and any unearned loan forgiveness shall become due and payable immediately, together with accrued interest thereon calculated from the date of sale. The interest shall be the Bank of Canada Prime Rate Plus 2% in effect at the time of the loan default.

13. MORTGAGE POSTPONEMENTS

During the term of this Agreement, postponement of the Convert-To-Rent / Rehabilitation Assistance Program loan mortgage security will be considered only under the following conditions and at the sole discretion of the City:

Mortgage rollover;

- to permit renewal of an existing prior mortgage at current market rates,
- to permit refinancing of a prior mortgage(s) to obtain more favourable terms in respect of interest rate, monthly payments, to finance, at rates of no greater than the current market, cost market, cost overrun or the cost of repairs; and
- to facilitate the making of such advances on a prior registered mortgage which was not fully advanced at the time of registration of the Convert-To-Rent / Rehabilitation Assistance Program loan mortgage provided such prior mortgage has not been increased,
- Such other reasons as may be agreed to by the City.

City approval will be subject to a review to ensure continued viability of the project and to ensure monthly payments after additional financing do not result in excessive rent increases.

Postponements, including upon sale of the property, will not be approved where equity is being withdrawn.

14. TERM OF AGREEMENT

This agreement shall continue in force for a period of 20 years from the date hereof.

IN WITNESS WHEREOF the said parties hereto have caused these presents to be signed on the day and year first above-mentioned.

SIGNED, SEALED AND DELIVERED

**THE CORPORATION OF THE CITY OF LONDON**

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

Joe Fontana, Mayor

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

Catharine Saunders, City Clerk

**VERNON MARTIN and GEORGE MARTIN**

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

Vernon Martin, Property Owner

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

George Martin, Property Owner

We have authority to bind the Corporation.

# SCHEDULE "A"

## Project Owner's Annual Report

### City of London Convert-To-Rent / Rehabilitation Assistance Program

#### A. Property Information

Current Reporting Period:	
Contribution Agreement Start Date:	
Contribution Agreement Expiry Date:	
Contribution Agreement Phase-Out Period:	
Initial Occupancy Date:	

Company or Project Name:	
Property Owner:	
Address of Property:	
Mailing Address:	

#### B. AFFORDABLE RENTS (check if: heat & water included electricity included)

Unit Number	Type of Unit	Affordable Rent Base Year (2010)	Affordable Rent Reporting Year (20XX)

#### C. Family Income Tenants

Unit #	Unit Type	Tenant Name	Total Gross Family Income	Tenants Move-In Date

**D. Project Certification**

I certify, to the best of my knowledge, that the information provided in Sections B and C above 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: \_\_\_\_\_

Name:  
Owner of the Property