Ontario
Infrastructure Ontario

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June 13, 2014

Jason F. Gorel, CFO
Toronto Community Housing Corporation
931 Yonge Street
Toronto, ON
M4W 2H2

Dear Jason,

We are pleased to consider financing for Toronto Community Housing Corporation with the following credit facilities (the "**Credit Facilities**"), subject to the terms and conditions set forth below and in the schedules to be finalized between Ontario Infrastructure and Lands Corporation and Toronto Community Housing Corporation. Unless otherwise provided, all dollar amounts are in Canadian currency.

1. Borrower:	Toronto Community Housing Corporation (the "**Borrower**")
2. Lender:	Ontario Infrastructure and Lands Corporation (the "**Lender**")
3. Aggregate Committed Amount:	$49,710,000 (the “**Committed Amount**”)
4. Type of Credit Facilities:	a) **Term Loan No. 1:** Non-revolving fixed interest rate loan in the aggregate maximum principal amount of $3,418,000; b) **Term Loan No. 2:** Non-revolving fixed interest rate loan(s) in the aggregate maximum principal amount of $46,292,000.
5. Purpose:	a) **Term Loans**: The advance of funds from the Term Loans will be used as follows: i. **Existing Loans** – Allocation of funds in repayment of the Borrower loans outstanding and due on specific properties (collectively, the “**Properties**” and individually a “**Property**”) as detailed in Appendix 1; ii. **Capital Expenditure Reserve Funds** – Allocation of funds for repair and maintenance work of the Properties in amounts detailed in Appendix 1; iii. **Equity Withdrawal** - Provide the Borrower with an equity withdrawal as noted in Appendix 1.

	Management of these funds shall be for use in residential infrastructure projects only. b) **Term Loan No. 1**: Provide a single tranche advance to refinance existing mortgages for the single family dwelling (the "SFD's") sites via long term financing facilities at fixed interest rate(s) and fund the Capex Expenditure Reserve Fund:: c) **Term Loan No. 2**: Provide single tranche advance to refinance existing mortgages via long term financing facilities at fixed interest rate(s) and fund the Capex Expenditure Reserve Fund: The purposes associated with the loan advances Term Loan 1 and Term Loan 2 are collectively referred to as the "**Project**".
6. Maturity Dates of the Credit Facilities:	a) **Term Loan No. 1**: January 30, 2020 ("**Term Loan No. 1 Maturity Date**"), subject to acceleration by the Lender pursuant to the terms set out in the Agreement and with scheduled repayments of principal based on a 30-year amortization period in accordance with Section 7 below. b) **Term Loan No. 2**: January 30, 2045 ("**Term Loan No. 2 Maturity Date")**, subject to acceleration by the Lender pursuant to the terms set out in the Agreement and with scheduled repayments of principal based on a 30-year amortization period in accordance with Section 7 below
7. Interest Rates and Repayment:	a) **Term Loan No. 1**: Interest on Term Loan No. 1 advance shall be calculated at an amortizing rate per annum which is specified by the Lender on the date of such advance based on the fixed interest rate provided by the Lender for loans for Housing Provider loans with a 5-year term and 30-year amortization. Such rate will be applicable to the relevant advance under Term Loan No. 1 only as more specifically set forth in Schedule A. i. Blended monthly payments of principal and interest shall be deducted from the Borrower's account. The Borrower has no right to prepay any amount outstanding under Term Loan No. 1 prior to the Term Loan No. 1 Maturity Date. b) **Term Loan No. 2**: Interest on Term Loan No. 2 advance shall be calculated at an Amortizing rate per annum which is specified by the Lender on the date of such advance based on the fixed interest rate provided by the Lender for Housing Provider loans with a 30-year term and 30-year amortization . Such rate will be applicable to the relevant advance under Term Loan No. 2 only as more specifically set forth in Schedule A. i. Blended monthly payments of principal and interest shall be deducted from the Borrower's account. The Borrower has no right to prepay any amount outstanding under Term Loan No. 2 prior to the Term Loan No. 2 Maturity Date. All Credit Facilities are non-revolving facilities and no amounts repaid under the Credit Facilities may be re-borrowed and it is understood by the Borrower that in no event shall the amounts outstanding under the credit facilities be repaid in full later than Term Loan No. 1 Maturity Date and Term Loan No. 2 Maturity Date respectively.
8. Drawdown:	a) **Term Loans**: Total Lender Advances for all Credit Facilities and for each Property pursuant to Appendix 1, shall be made to the Borrower's solicitor in trust, subject to solicitor's undertaking to discharge existing prior encumbrance(s) in order to prioritize a 1st charge/mortgage in favour of IO: i. **Existing Loans** – Pursuant to direction of funds in repayment of

	matured Borrower loans on specific Property as detailed and upon maturity dates as noted in Appendix 1. Should the Borrower provide evidence to the Lender of repayment in full of existing loans as detailed in Appendix 1 from its own resources (excluding any of the Credit Facilities), the Lender will advance the relevant funds directly to the account of the Borrower; ii. **Capital Expenditure Reserve Funds** – Funds to be held in trust by the Lender invested for the Borrower in an account (the "**Cap-Ex Reserve Account**") for release to pay costs of major repairs and maintenance on the Properties as allocated by the Lender in Appendix 1 and fund the Borrower's State of Good Repair Loan Fund. The Cap-Ex Reserve Account shall be under the control and direction of the Lender pursuant to a Capital Expenditure Investment Account Agreement dated the date of the first advance hereunder. Upon completion of the agreed upon work at the subject Property as evidenced by a Borrower declaration of completion and subject to the requirements of the Capital Expenditure Investment Agreement, the funds shall be released from the Cap-Ex Reserve Account to the Borrower; and iii. **Equity Withdrawal** – Advance of funds from Term Loan No. 1 and No. 2 first into the Cap-Ex Reserve Account and second into the Borrower's State of Good Repair Loan Fund with ongoing quarterly reporting of usage of funds in residential infrastructure projects. b) **Term Loan No. 1**: Advances shall be made in accordance with Appendix 1. Subsequent Promissory Notes shall be required to be issued by the Borrower to evidence the terms for repayment of a Term Loan. c) **Term Loan No. 2**: Advances shall be made once per quarter on the 1st or 15th day of the calendar month in accordance with Appendix 1. Subsequent Promissory Notes shall be required to be issued by the Borrower to evidence the terms for repayment of a Term Loan.
9. Security:	The following security shall be provided to support all present and future indebtedness and liability of the Borrower under the Credit Facilities, and shall be registered in first position unless otherwise noted below, and shall be on the Lender's standard form as modified to be consistent with the security agreed upon in connection with the loan Financing Agreement dated October 18, 2013 as amended by the Financing Agreement Amending Agreement No. 1 dated October 31, 2013 (the "**Prior OILC Loan Agreement**"), supported by resolutions and legal opinion, all acceptable to the Lender acting reasonably: a) **Promissory Note(s)**; b) **1st Charge/Mortgage** registered at closing in the amount of $49,710,000 as a blanket charge/mortgage over the Properties as more particularly described in Appendix 1, subject only and initially to prior existing charges/mortgages with respect to "Existing Borrower Loan" balances as more particularly described in Appendix 1, together with all supportive collateral security in favour of the Lender; c) **1st Assignment of Rents and Leases** registered site specific over the Properties on title and under the PPSA for the duration of the Term Loans; d) **1st General Security Agreement** specific to the assets used solely in connection with the Properties as detailed in Appendix 1; e) **Creditor Acknowledgement Agreement** executed by all creditors identified within the Master Covenant Agreement made as of May 11, 2007

	(the "**Master Covenant Agreement**"), in substantially the same form as the agreed upon acknowledgment agreement provided in connection with the Prior OILC Loan Agreement; f) **Shareholder's Agreement** executed by the Borrower, Shareholder (City of Toronto) and the Lender, in substantially the same form as the agreed upon acknowledgment agreement provided in connection with the Prior OILC Loan Agreement with the inclusion of a Shareholder loan guarantee including monthly principal and interest payments that would be applicable to this loan and the Prior OILC Loan Agreement. With a Guarantee provided by the Shareholder for the Prior OILC Loan Agreement the Lender agrees to amend the Prior OILC Loan Agreement by removing the requirement for a Letter of Credit; g) **Assignment of Specific Account(s) and Set-off Agreement** in respect of Cap-Ex Reserve Account; h) **Title Insurance:** Title insurance acceptable to the Lender site specific to the subject Property. Title insurance for each Property shall be based on 75% of Lender's estimated value of the Properties to reflect the 75% loan to value ratio for the financing; i) **Certificate of Property Insurance** with Lender shown as 1st loss payee to the satisfaction of the Lender site specific to the Properties; j) **Capital Expenditure Investment Account Agreement** between the Borrower and the Lender. k) all other security **documentation as may be required from time to time in the reasonable discre**tion of the Lender to protect the interests of the Lender. All of the above documents and security shall be referred to collectively in this Agreement as the "**Lender Security**".
10. Conditions Precedent:	In addition to the Lender's standard conditions precedent , the Borrower shall provide to the satisfaction of the Lender prior to Term Loan No. 1 and Term Loan No. 2 advance with respect to the specific property as detailed in Appendix 1, the following: a) **Payout Statements:** The Borrower shall provide payout statements of existing financing no less than 7 days prior to the date (or such later date as may be agreed to by the Lender) on which funds are requested from the Lender; b) **Building and Zoning By-laws:** The Borrower shall have provided to the satisfaction of the Lender evidence that the premises and Properties comply and will comply in all respects with all municipal and provincial by-laws and statutes; such evidence may consist of evidence that the interests of the Lender are to be protected through title insurance; c) **Property Taxes:** The Borrower shall have provided to the satisfaction of the Lender evidence of payment in full of all property taxes due and payable on the Properties or that such property taxes will be paid on closing with funds directed from the Term Loans; d) **Fire Inspection Report:** The Borrower shall have provided a report by the municipal fire department confirming that all pre-existing units at the Properties have met all necessary fire code standards and such report shall be to the satisfaction of the Lender; e) **Court Ordered Judgments**: Any and all court ordered judgments greater than than $100,000 outstanding against the Borrower shall be shown to be satisfied from the Borrower's own financial resources (other than relating to

	the Credit Facilities and other than those where the Borrower is appealing such judgment in good faith) to the satisfaction of the Lender; and f) **Title Insurance**: The Borrower shall obtain title insurance in favour of the Lender consistent with the policy obtained in connection with the Prior OILC Loan Agreement. Prior to the first advance under Term Loan No. 1and No. 2, the Lender shall reconfirm its appraised value of the properties in Appendix 1. Should the appraised value exceed a loan-to-value (LTV) of 75%, the equity portion of Term Loan No. 1and No. 2 will be reduced to a level to satisfy an LTV of 75%.
11. Expenses:	The Borrower agrees to remit directly or by way of deduction from initial and subsequent advances, all fees and charges associated with the financing provided under this Agreement. This includes but is not limited to: registration costs, legal fees and disbursement charges, title insurance costs, municipal fire code inspection fees, specific Property reports as agreed to by the Borrower and the Lender. Lender to provide the Borrower with a written fixed quote for Lender's Counsel Fees.
12. Evidence of Indebtedness:	The Lender shall record the principal amount of the Advances, the payment of principal and interest on account of the Advances, and all other amounts becoming due to the Lender under this Agreement. The Lender's accounts and records shall constitute, in absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower under the Credit Facilities. For each Term Loan Advance, the Borrower shall provide a promissory note in favour of the Lender which shall include the scheduled dates for principal repayment and interest payments.
13. Representations and Warranties :	The Borrower shall and is deemed to make the Lender's standard Representations and Warranties.
14. Events of Default:	The Lender may accelerate the payment of principal and interest under any committed credit facility hereunder and/or terminate any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any Event of Default.
15. Positive Covenants:	The Borrower and its subsidiaries shall observe the Lender's standard Positive Covenants set out in Schedule A and those set out below: a) The Borrower shall maintain the subject Property, where applicable in accordance with the *Residential Tenancies Act* (Ontario); b) The Lender may require that a Building Condition Assessment ("BCA") be completed for any Property, seven (7) years after the Advance Date or at any other time (not more frequently than annually if Lender is of the opinion following completion of its Annual Review assessments of the Property that a BCA is desirable at the Borrower's cost; c) The Borrower shall endeavor to discharge its existing security (GSA, Mortgage, etc) on the Properties within a reasonable period of time after the advance of IO funds; d) The Borrower shall comply with its procurement directives and policies in the matter of capital expenditures from equity withdrawal and the Cap-Ex Reserve Account.
16. Negative Covenants:	The Borrower and its subsidiaries shall observe the Lender's standard Negative Covenants set out in Schedule A and shall not: a) make any payment to any creditor that may have any past, present or future financial claims against any of the Properties if the Borrower is in breach of

	the Financial Covenants set out in paragraph 19 below and remains indebted to the Lender under the terms of this Agreement; b) permit any cross default provisions to be included with any other loan documentation related to the Property; and c) issue further corporate debt instruments that could reasonably be expected to reduce the Borrower's ability to maintain its Financial Covenants set out in paragraph 19 below without the Lender's prior written consent.
17. Security Substitution:	The following conditions may require the Borrower to replace specific Lender Security in substitution of an existing secured Property at the Lender's reasonable discretion. The Lender will consider at its reasonable discretion the partial discharge of the blanket mortgage to discharge a specific Property on the basis that the Borrower pledges replacement security of same or similar age and characteristics so as to provide equal or greater value in substitution as a result of any of the following: a) **Property Sale** – in the event the Borrower enters into an agreement to sell a Property held as Lender Security; b) **Environmental Concern** – in the event a Property within the Lender Security is determined, at the sole discretion of the Lender, to contain an environmental concern; c) **Property Condition** – in the event a Property within the Lender Security is determined, at the sole discretion of the Lender, not to be maintained in an acceptable condition to the Lender where there is a reasonable expectation that such condition will negatively affect the generation of rental income that ultimately services the debt allocated on that Property as disclosed in Appendix 1; and d) **Property Redevelopment** – in the event the Borrower enters into an agreement to redevelop a Property held as Lender Security. For purposes of determining the value of Property to be substituted as contemplated herein and assisting the Lender in the valuation of such property in the Lender's reasonable discretion, i. The Borrower agrees to supply the Lender with additional information on both the Property being considered or requested by the Lender for partial discharge of the blanket mortgage to discharge the relevant Property along with information on the proposed replacement property. ii. The Borrower may provide the Lender with a then current AACI Property valuation report(s) acceptable to the Lender, should the Borrower request reconsideration of Lender assessed Property valuation. The final assessment of value shall be determined by the Lender. iii. The Borrower will be permitted a 90-day curing period to address the Lender's concerns in correcting identified deficiencies to propose another replacement property. Should the Borrower not address such concerns to the satisfaction of the Lender, the subject Property will be discharged from the Lender's security with a proportionate principal reduction to the loan(s) determined by the Lender with applicable loan breakage fees required.

18. Capital Expenditures and Reserve Funds:	The Capital Expenditure Investment Account Agreement is an extension of the Financing Agreement. Such agreement serves as supplementary security that details the manner in which funds reserved in the Capital Expenditure Investment Account Agreement are allocated for capital improvements and repairs for the secured Property. The Capex deposits are to be utilized for the major repair and completion of capital improvements. The Capex reserve funds held on deposit will be invested in trust with investment management firm; Phillips, Hager & North Investment Funds Ltd. The Capex funds shall be accumulated in the following manner: a) **Capital Expenditure Fund Holdback** – based on the Borrower supplied BCA reports, the Lender has allocated as detailed within Appendix 1, specific holdbacks for Capex purposes from the initial Lender advance(s); b) **Gross Income Capex Funds** – based on the gross income (including all subsidies) realized on the subject Property, a 4.0% allocation will be added to the monthly payment obligation of the Borrower. The Capital Expenditure Investment Account Agreement will detail the manner in which the Capex funds are accessible to the Borrower including reporting requirements. The equity portion of Term Loan No. 1 and No. 2 (Appendix 1) that is deposited into the Capex reserve fund as per Section 5 (c) shall remain in the Fund until the Borrower's State of Good Repair Loan Fund balance is reduced to $16.5M (80% of unrestricted equity portion from 2013 loan) from actual project expenses and/or committed project costs.
19. Financial Covenants:	a) **Debt Service Coverage Ratio:** The Borrower shall maintain a minimum Debt Service Coverage Ratio (DSCR) not less than of 1.10 to 1.00 on the secured Properties listed in Appendix #1, such ratio to be tested and calculated as of the end of each Fiscal Year for the Properties. b) **Permitted Distributions:** Distributions to Shareholder will only be allowed if all the covenants are satisfied before and immediately after giving effect to such distribution. DSCR is defined as earnings before taxes, depreciation and amortization (EBITDA) excluding extraordinary items and capital reserve funds divided by the sum of principal and interest payments made on all interest bearing debts of the Borrower during the applicable fiscal year of the Borrower.
20. Reporting:	The Borrower shall have the following reporting obligations to the Lender: a) The Borrower shall provide to the Lender audited financial statements of the Borrower within 120 days of the fiscal year end of the Borrower; b) The Borrower shall report within 60 days of each fiscal quarter to the Lender specific to the funds allocated as an Equity Withdrawal in confirmation of the use of these funds to finance repairs, maintenance and upgrades to the residential assets of the Borrower and in accordance with its procurement directives. The quarterly equity withdrawal report shall include an executed Officer's Certificate providing confirmation to the Lender that the Borrower has complied with its procurement directives. An updated cash flow disclosing the capital expenditures anticipated by the Borrower for the next fiscal year shall be provided annually to the Lender within 120 days of the fiscal year end of the Borrower; c) The Borrower as part of their year end audit, request their Auditor review the previous years capital projects funded by IO loans as documented in the quarterly equity withdrawal reports and provide a letter to IO confirming the loan funds were spent as per the reports. d) The Borrower shall provide evidence to the Lender within 30 days of the

	end of the fiscal year of the Borrower that any and all annual property taxes due and payable for each Property have been paid; e) The Borrower shall within 120 days of its fiscal year end provide Income and Expense Rent Rolls for the Properties as requested by the Lender for its annual review; f) The Borrower shall provide copies of insurance policies maintained for the Properties to the Lender as requested by the Lender; and g) The Borrower shall furnish to the Lender as soon as practicable with any other Borrower reporting information related to the Properties to assist in the completion of the Lender's annual review.
21. Permitted Liens:	Permitted Liens are listed in Schedule A and also include: a) Any Liens in connection with existing lines of credit of the Borrower not to exceed $200,000,000 in the aggregate; b) Multiple loan facilities site specific as arranged in the normal course of business by the Borrower; and c) Liens permitted under the Master Covenant Agreement entered into by the Borrower.
22. Additional Terms and Conditions:	Schedule A sets out additional terms and conditions ("**Additional Terms and Conditions**") which apply to the Credit Facilities. The Additional Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless to the extent this letter states specifically that one or more of the Additional Terms and conditions do not apply or are modified.

TO: ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

Toronto Community Housing Corporation hereby accepts the foregoing Agreement this:

Date: ________________________________

TORONTO COMMUNITY HOUSING CORPORATION

by: ___________________________________

Name:
Title:

____

Name:
Title:

I/We have authority to bind the Corporation.

Appendix 1:

Property Listing, Anticipated Lender Advances and Allocation of Funds:

Repayment: All interest rates are subject to change without notice, please review www.infrastructureontario.ca for interest rate updates.

The below tables are based on information provided by the Borrower and allocated by Tranche in anticipation of maturing 2014 Borrower loans and potential Lender advances:

Term Loan No. 1 Properties

Bldg ID:	Property Location:	Loan Maturity Date:	Existing Borrower Loan:	Capex Reserve Funds:	Equity Withdrawal (estimated):	Total Lender Advance:	Est. Annual Tranche Payment:
5573	17 A-B Tiverton	Jul '14	$ 174,238	$ -	$ 425,762	$ 600,000	@ 2.29% {float rate} Prin. + Int
4703	60 Fairford Ave	Jul '14	166,350	-	152,400	318,750	
4708	254 Maria Street	Jul '14	182,653	-	177,347	360,000	
4709	357 West Moreland	Aug '14	256,562	-	205,625	462,188	
5573	64 Muir Ave	Sep '14	257,816	-	287,809	545,625	
4712	57 Brandon	Oct '14	239,886	-	291,646	531,533	
4711	57 Hillsview	Oct '14	202,550	-	397,355	599,905	
Tranche #1 Estimated Totals:			**$ 1,480,056**	**$ -**	**$ 1,937,944**	**$ 3,418,000**	**$ 192,206**

Interim Loan & Term Loan No. 2 Properties -

Bldg ID:	Property Location:	Loan Maturity Date:	Existing Borrower Loan:	Capex Reserve Funds:	Equity Withdrawal (estimated):	Total Lender Advance:	Est. Annual Tranche Payment:
5640	10 Deauville Lane	May '14	$ 849,820	$ 1,216,900	$ 16,433,531	$ 18,500,250	"@ 4.79% {30 term/30 amt} Blended Prin. + Int"
5561	540 Queen Street E	Aug '14	672,004	232,895	3,196,887	4,101,786	
5579	261 Jarvis Street	Aug '14	5,345,386	310,945	519,740	6,176,072	
5689	11 Newbold Avenue	Sep '14	391,914	119,735	1,388,965	1,900,615	
5438	2 Faywood Blvd.	Sep '14	1,807,655	375,320	1,117,016	3,299,991	
5575	2390 Gerrard Street East	Nov '14	1,246,602	89,466	223,932	1,560,000	
5568	1447 King Street West	Nov '14	3,890,472	307,874	2,179,488	6,377,833	
5464	1167 Queen Street East	Dec '14	3,283,833	227,945	863,676	4,375,453	
Tranche #2 Estimated Totals:			**$ 17,487,684**	**$ 2,881,080**	**$ 25,923,235**	**$ 46,292,000**	**$ 2,911,180**

Combined Summary

2014 Combined Summary:	Existing Borrower Loan:	Capex Reserve Funds:	Equity Withdrawal (estimated):	Total Lender Advance:	Est. Annual Tranche Payment:
Combined Estimated Totals:	**$ 18,967,740**	**$ 2,881,080**	**$ 27,861,179**	**$ 49,710,000**	**$ 3,103,386**

N.B interest rate is calculated at 4.29% + 50 bps for Lender qualification purposes.

Appendix 2

The Borrower provided the estimated Capex Reserve Funds and Equity Withdrawal expenditure plan listed below:

Toronto Community Housing Corporation

Analysis of Weighted Average Useful Life of Where Funds of $30,742,260 would be deployed

	Proposed Dollar Spend		Total		
	8 Properties (in millions)	Other Properties (in millions)	Spend (in millions)	% of Total	Notes
Building Envelope	0.7	7.8	8.5	27.7%	Replacing windows, doors and brickwork, repairs to flashing and concrete
Parking Garages	0.0	3.1	3.1	10.1%	Includes $00 M new needs from BCAs
Mechanical Systems	0.6	6.9	7.5	24.4%	Repairs for plumbing and domestic water supply, heating, boiler, ventilation and exhaust systems
Structural	0.0	2.8	2.8	9.1%	Foundation Walls, Floor Slabs, Balcony Decks and Railings
Life Safety	0.2	1.2	1.4	4.6%	Fire Alarms, Sprinklers, Belts, Lighting and Generators
Roofing	0.8	2.3	3.1	10.0%	
Interiors	0.0	0.0	0.0	0.0%	Kitchens and Bathrooms, Plaster for Walls and Ceiling, Fixing Floors, Completing Common Area Repairs and Accessibility Upgrades
Electrical	0.0	1.6	1.6	5.2%	Lighting fixtures in units and common areas, security cameras and door systems, panels and energy controls
Elevators	0.4	1.2	1.6	5.0%	Lighting fixtures in units and common areas, security cameras and door systems, panels and energy controls
Grounds	0.2	1.0	1.2	3.8%	Sidewalks, Curbs, Fencing, Drainage, Parking Surfaces
Equipment	0.0	0.0	0.0	0.0%	Garbage Room Compactors
Other	0.7	7.8	8.5	27.7%	Sundry Items for repair and replacement
	2.9	27.9	30.8	100.0%	