**Loan Agreement**

**Lender:**

**Borrower:**

### Non-Revolving Demand Loan - Cdn. $XXX (Facility)

* 1. The Facility is available by way of lump sum rate of return of x% of loan amount.
  2. The Facility is to be used to finance the purchase of \_\_\_\_\_\_\_\_\_\_\_ (the Project Lands).
  3. The Facility is available by way of one lump sum advance on or before \_\_\_\_\_\_\_\_\_\_.
  4. The Facility is exclusive of GST.
  5. The Facility is non-revolving.

# NEXT REVIEW DATE:

All demand Facilities are subject to review by Lender at any time in its sole discretion, and at least annually. The next annual review date has been set for \_\_\_\_\_\_\_\_\_\_\_\_but may be set at an earlier or later date at the sole discretion of Lender.

# INTEREST RATES AND PREPAYMENT:

* 1. Pricing applicable to the Facility is as follows:
     1. Interest is calculated on the Facility at a rate of x%
     2. The amount of interest on the Facility is calculated as $\_\_\_\_\_\_\_
     3. The interest is payable in one lump sum at the end of the loan term
     4. The loan matures and is payable \_\_ months from the date the loan is advanced
  2. The loan Facility can be paid back by the Borrower prior to the maturity date, provided that the interest payment shall also be paid at the time of the repayment.
  3. The Facility may be prepaid in whole or in part at any time (subject to the notice periods provided hereunder) without penalty.

### REPAYMENT:

* 1. The Facility is payable in full on demand by Lender but in any event no later than \_\_ months from the date of the first draw,
  2. Without affecting Lender's right to demand payment at any time, principal repayments on Facility are to be made from the following:
     1. Alternate financing related to the construction of a building or structure on the property;

# FEES:

* 1. Any fees related to the Borrower’s portion of establishment of the credit Facility is the responsibility of the Borrower.

# SECURITY DOCUMENTS:

All Security Documents (whether held or later delivered) (collectively referred to as the **"Security Documents")** shall secure the Facility and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured). The parties acknowledge that the following Security Documents are currently held:

* 1. General Security Agreement from Borrower providing a security interest over the property located at or relating to the Project Lands;
  2. Promissory Note from Borrower in the amount of \_\_\_\_\_\_\_\_\_\_ constituting a first fixed charge on the Project Lands;
  3. Agreement Charging Land in the original principal sum of $\_\_\_\_\_\_\_\_;
  4. Caveat registered on title and will be in second position to land and project financing.

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# REPRESENTATIONS AND WARRANTIES:

Borrower represents and warrants to Lender that:

* 1. if a Loan Party is a corporation, it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in any jurisdiction(s) in which the Project Lands are located;
  2. if a Loan Party is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in any jurisdiction(s) in which the Project Lands are located;
  3. no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any provision of this agreement or any Security Document given in connection herewith;
  4. Borrower is the registered and beneficial owner of the Project Assets, and has good and marketable title thereto free and clear of any encumbrances, charges or liens other than as may be permitted herein, and the Security Documents, once granted, will constitute a second priority mortgage and security interest on the Project Assets; and
  5. each Loan Party is in compliance in all material respects with all applicable laws, rules and regulations, including, without limitation, all environmental laws and builders' lien legislation, and there is no existing material impairment to its properties and assets as a result of environmental damage, except to the extent disclosed in writing to Lender and acknowledged by Lender.

# POSITIVE COVENANTS:

Borrower (and, to the extent applicable, each other Loan Party), covenants with Lender that so long as it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will do and perform the following covenants.

* 1. Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;
  2. Borrower will deliver to Lender the Security Documents, in all cases in form and substance satisfactory to Lender and Lender's solicitor;
  3. Borrower will use the proceeds of loans only for the purposes approved by Lender;
  4. Each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and will maintain all licenses, permits and authorizations required from regulatory or governmental authorities or agencies to permit it to carry on its business, including, without limitation, any licenses, permits and authorizations in respect of the Project, and any licenses, certificates, permits and consents for the protection of the environment;
  5. Each Loan Party will maintain appropriate books of account and records relative to the operation of its business and financial condition and relative to the Project, and will maintain a separate bank account with Lender for the Project into which all funds received from the Project will be deposited and from which all costs relating to the Project shall be paid;
  6. Borrower will maintain appropriate types and amounts of insurance on the Project, including liability insurance, with Lender shown as second loss payee on any property insurance, will provide evidence of insurance to Lender, and will promptly advise Lender in writing of any significant loss or damage to its property;
  7. Each Loan Party will remit all sums when due to tax and other governmental authorities (including, without limitation, any sums in respect of employees and GST), and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;

1. Each Loan Party will comply with all applicable laws, rules and regulations, including without limitation, environmental laws and builders' lien legislation;
2. Borrower will remove any encumbrance, lien or charge against the Project or the Project Assets which is not permitted hereunder within fifteen days of written notice from Lender;
3. Borrower acknowledges that Lender has the right to make payments directly to contractors and suppliers in connection with the Project and where any such payments are made, they shall be added to and form a part of the principal sum;
4. Borrower will maintain the Project Assets in good repair and good and safe condition suitable for its current use.

# NEGATIVE COVENANTS:

Borrower (and, to the extent applicable, each other Loan Party) covenants with Lender that while it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will not do any of the following, without the prior written consent of Lender.

* 1. Borrower will not sell or otherwise dispose of the Project Assets except where the sale proceeds are applied to repayment of the Facility in accordance with Clause 4 hereof;
  2. A Loan Party will not consent to or facilitate a change in the ownership of its shares or allow a material change in its management without the prior written consent of the Lender;
  3. A Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business (or that of its tenants) and then only as long as it or such tenant complies with all applicable laws in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutants;

# CONDITIONS PRECEDENT TO THE ADVANCE:

No advances under any Facility will be available until the following conditions precedent have been satisfied, unless waived by Lender:

* 1. Lender has received all Security Documents and all registrations and filings have been completed, in all cases in form and substance satisfactory to Lender;
  2. There is no default hereunder or under any Security Document;
  3. All representations and warranties hereunder are true and correct in all material respects as if made on such date;
  4. Lender has received evidence that all insurance required by Lender is in place;

# EVENTS OF DEFAULT:

Without restricting the rights of Lender to terminate any Facility which is payable on demand and to demand payment in full of such demand Facility at any time, if any of the events set forth below occurs and is continuing, Lender may at its option, by notice to Borrower, terminate any or all of any committed term Facilities hereunder and demand immediate payment in full of all or any part of the amounts owed by Borrower thereunder:

* 1. if Borrower defaults in paying when due all or any part of the principal amount due hereunder;
  2. if Borrower defaults in the observance or performance of any of its covenants or obligations hereunder or in any of the Security Documents (other than as provided under section (a) or (b) above), or in any other document under which Borrower is obligated to Lender, and in any such cases, the default continues after notice from Lender;
  3. if the Project Assets are sold or disposed of without the prior written consent of Lender;
  4. if there is a change in the ownership of the shares of the Borrower or a material change in its management without the prior written consent of Lender;
  5. if any charge or encumbrance on the Project Assets becomes enforceable and steps are taken to enforce it;
  6. if Borrower becomes insolvent or makes a general assignment for the benefit of its creditors or an assignment in bankruptcy or files a proposal or notice of intention to file a proposal under the Bankruptcy and Insolvency Act or otherwise acknowledges its insolvency or if a bankruptcy petition is filed or receiving order is made against Borrower and is not being disputed in good faith;
  7. if Borrower ceases or threatens to cease to carry on its business or makes a bulk sale of its assets;

# MISCELLANEOUS:

* 1. All legal and other costs and expenses incurred by both Parties with respect of the Facility, the Security Documents and other related matters will be paid by each Party respectively.
  2. All Security Documents will be prepared by or under the supervision of Lender's and Borrower’s solicitors. Acceptance of this offer will be contingent on both party’s solicitor’s approval.
  3. Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, and anything referring to a person will include a body corporate and a partnership and any entity, in each case all as the context and the nature of the parties requires.
  4. Where more than one person is liable as Borrower for any obligation hereunder, then the liability of each such person for such obligation is joint and several with each other such person.
  5. If any portion of this agreement is held invalid or unenforceable, the remainder of this agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law.
  6. Any written communication which a party may wish to serve on any other party may be served personally (in the case of a body corporate, on any officer or director thereof) or by leaving the same at or couriering or mailing the same by registered mail to the Branch of Account (for Lender) or to the last known address (for Borrower), and in the case of mailing will be deemed to have been received two (2) Business Days after mailing except in the case of postal disruption.
  7. In the event of any conflict between the provisions of this agreement and those of a Security Document, the provisions of this agreement prevail. The terms of this agreement shall survive the execution and delivery of the Security Documents.

1. Unless otherwise specified, references herein to "$" and **"dollars"** mean Canadian dollars.
2. Borrower shall indemnify Lender against all losses, liabilities, claims, damages or expenses (including without limitation legal expenses on a solicitor and his own client basis)
3. Time shall be of the essence in all provisions of this agreement.
4. This agreement may be executed in counterpart.
5. This agreement shall be governed by the laws of Alberta.

### DEFINITIONS:

**"Business Day"** means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta.

**"Loan Parties"** means the Borrower and all Guarantors other than any Guarantors that are natural persons, and **"Loan Party"** means any of them.

**"Project"** means, collectively, the development being undertaken at or related to the Project Assets.

**"Project Assets"** means, collectively, the Project Lands, any personal property located thereon or related thereto and the Borrower's interest in any permits, approvals and contracts relating thereto, including without limitation any development agreements, construction contracts and sales agreements.

**"Project Lands"** means the lands legally described as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and municipally located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

### NOTICE:

Any notice required to be provided to either Party under or pursuant to this Agreement or any of the Schedules attached hereto shall be provided both by email and by either registered mail or hand delivery as follows:

1. To:
2. To :

# IN WITNESS WHEREOF, the Parties have executed this Agreement on those dates set out below.

**COMPANY NAME C.S.**

**Per:**

# Name Date Signed

**Per:**

# Name Date Signed