

## THE UNITED CHURCH OF CANADA LOAN

Borrower: The Trustees of the Knox Congregation of the United Church of Canada ("**Knox**")

Lender: The United Church of Canada ("**UCC**")

WHEREAS Edge, an organization within the United Church of Canada (Edge) and Knox have entered into discussions and negotiations relating to the development or disposition of certain lands registered in the name of Knox municipally known as 567 Sackville Dr., Lower Sackville, Nova Scotia, (herein referred to as the "**Project**" or the "**Property**"), and comprised of church [and/or a manse]

AND WHEREAS Edge and Knox have entered into a non-binding Memorandum of Understanding (the "**MOU**") which is intended to form the basis for definitive agreements relating to the Project.

AND WHEREAS Edge and Knox intend on preparing a feasibility study relating to the redevelopment or disposition of the Property (the "**Development Plan**").

In preparing the Development Plan, Edge shall, in consultation with the Knox Property Redevelopment Team, engage outside consultants considered necessary to assist in areas beyond the expertise of Edge (the "**Consultants**"). Such Consultants may consist without limitation of architects, lawyers, appraisers, and land surveyors.

Edge shall be entitled to reimbursement from Knox for all reasonable third party pre-development costs for fees and disbursements (the "**Pre-development Costs**") of the Consultants.

UCC agrees to offer to Knox the commitment to finance the above mentioned expenses upon the following terms and with the following security:

- Borrower: Knox through its trustees is the registered owner of the Property and will execute all required security
- Property: The property is that located at 567 Lower Sackville Dr, Lower Sackville, N.S., as recorded in the N.S. Property-on-Line system with Property ID # 40003642 and owners identified as "Trustees of the United Church of Canada, at Lower Sackville (Knox United)".
- Purpose: To fund Pre-development Costs incurred by Edge in aid of preparing the Development Plan all in accordance with its mandate under the MOU
- Facility: Draws will be permitted upon receipt from Edge of monthly requests for reimbursement of Pre-Development Costs. Advances to and payments by the Borrower shall be recorded on a grid promissory note, executed by Knox
- Term: The loan shall be payable on demand. It is not the intention of UCC to demand repayment except in the event of a sale of the Property, in whole or in part, or upon Knox receiving proceeds from third parties relating to the development of the Project.
- Interest Rate: 2% per annum, interest not paid will be added to the principal outstanding annually on the anniversary date of the loan

Security: 2<sup>nd</sup> charge of the Property, payable on demand, in the amount of \$50,000 supported by an opinion from a solicitor in good standing in the Province of Nova Scotia as to validity and enforceability of the charge in form and substance satisfactory to UCC and its solicitors. Said charge shall be made in compliance with relevant provisions of the *Nova Scotia Religious Congregations and Societies Act*. R.S., c. 395, s. 1.

Warranty as to title: Title to the Property shall be good and marketable and free from all easements, rights-of-way, agreements, restrictions, mortgage ,charges, liens, executions and other encumbrances save and except those disclosed to UCC and determined to not materially affect the security in favour of UCC.

Prepayment: The Borrower shall be entitled to pay the loan in whole or in part at any time or times without notice or bonus

Not encumber: The Borrower agrees that so long as the loan remains outstanding, it will not further encumber the Property in any manner whatsoever

Insurance: The Borrower will place and maintain adequate fire and extended perils coverage insurance in such amount and with such insurer as UCC deems appropriate

Assurances: Any further security or assurances as may reasonably requested by UCC or its solicitor, shall be provided by Knox.

Condition: The obligation of UCC hereunder is conditional on obtaining the consent of the necessary approval body on or before sixty days following the date herein. Unless UCC obtains such approval in writing on or before that date and notifies the Borrower, the obligations of UCC hereunder shall be terminated and of no further effect.

The undersigned hereby accepts the terms and conditions herein.

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**Trustees of the Knox Congregation**