

GUYANA
DEMERARA

AGREEMENT WITH APPROVED MORTGAGE FINANCE COMPANY

Under Section 15 of the Income Tax Act, Cap. 81:01

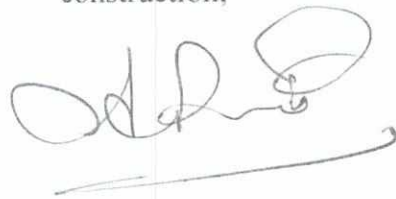
THIS AGREEMENT is made this 17th day of March, 2021 between the **GOVERNMENT OF THE CO-OPERATIVE REPUBLIC OF GUYANA** acting through the Office of the Minister of Finance, Main Street, Georgetown, Demerara, Guyana, (hereinafter called "the Government") and **BANK OF BARODA (GUYANA) INC.**, a company incorporated in Guyana and continued under the Companies Act, Cap. 89:01, being licensed under the Financial Institutions Act, Cap. 85:03, to carry out to carry on banking business in Guyana, whose registered office is at Lot 10 Avenue of the Republic & Regent Street, Georgetown, Demerara, Guyana (hereinafter called "the Bank") which expression shall include its successors or assigns.

WHEREAS the Minister of Finance, is empowered under section 15 of the Income Tax Act, Cap. 81:01, to designate by Order as an approved mortgage finance company, any company which has entered into an Agreement with the Government whereunder the company agrees to finance housing development by making loans in accordance with the terms of the Agreement;

AND WHEREAS the Bank, mindful of the benefits of being designated as an approved mortgage finance company, is desirous of being so designated:

NOW THEREFORE this Agreement is entered into between the Government and the Bank in order that the Bank may be designated as an approved mortgage finance company, subject to the other conditions hereunder –

1. The Bank hereby agrees as follows:-
 - (a) that it shall allocate a loan (hereinafter referred to as the "loan window") raised by deposits or such other means as the Bank shall in its sole discretion determine, to finance housing development by making loans in accordance with the terms of this Agreement to individuals whether singly or jointly for the sole purpose of land purchase and home construction;



(b) that in every case a loan granted shall be primarily secured by a mortgage on the same house for which the loan is granted and the land on which the house is built:

(c) that for any permissible re-negotiation of a loan including the re-scheduling or re-financing thereof the benefits and exemptions afforded the Bank under and by virtue of this Agreement shall apply to such re-negotiated loan as it would to the original loan:

Provided that nothing in the Agreement shall be taken as or interpreted as an absolute obligation on the Bank to make a loan in every case of an application for same and it is hereby confirmed and understood that the Bank shall in its sole discretion be responsible for the making of loans and the determination of suitability of applicants (persons or borrowers) for favourable consideration for such loans without any reference to the Government.

Exemption

2. The Government hereby exempts from tax-

- (a) the income of the Bank;
- (b) the dividends paid by the Bank;
- (c) the interest paid by the Bank on any loan carried by the Bank for the purpose of its operations;

in respect of its role in financing housing development by the making of loans in accordance with the terms of the Agreement.

Collateral Security

3. The collateral security for a loan includes-

- (a) a transport;
- (b) a registered declaration of title;
- (c) a certificate or document of absolute title under the Land Registry Act, Cap. 5:02;
- (d) a lease for a term of not less than forty years;
- (e) an assurance issued by the Minister acting for and on behalf of the State under the provisions of section 7A (2) (c) of the New Building Society Act, Cap. 36:21, (as inserted by Act 5 of 2000), in respect of a Government Housing Scheme or



such an assurance issued in respect of a private housing scheme to which the provisions of section 7A of the said Act have been extended by order of the Minister under that section.

Interest rate

4. The rate of interest to be charged on the loan shall not be greater than the rate charged by the New Building Society Limited at the time of the making of the loan.

Percentage of loan in relation to value of security

5. The percentage of the loan in relation to the value of the security shall not be less than 75% of the estimated value of the property when completed including the value of the land.

Repayment period

6. The designated period of repayment shall at no time be less than twenty years in the case of low income persons.

Exemption of reserve requirement

7. The reserve requirement mentioned in section 43 of the Bank of Guyana Act, Cap. 85:02, shall, where the Minister so approves, not apply to any of the liabilities or funds raised or used for mortgage financing by the Bank.

Cessation of benefits on termination

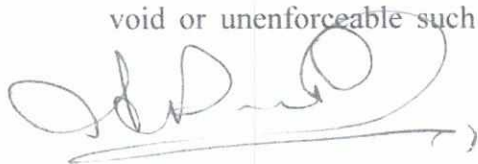
8. In any event of breach of a term or condition of this Agreement the relief from taxation and other benefits mentioned above shall cease forthwith.

Record Keeping

9. At all times the Bank shall cause proper records and accounts to be kept in relation to its mortgage financing transactions and such records and accounts shall be made available for inspection by the Governor of the Bank of Guyana or his duly authorised officer.

Severance

10. If any provision of this Agreement shall be prohibited by or judged by a Court to be unlawful, void or unenforceable such provision shall to the extent required be severed from this

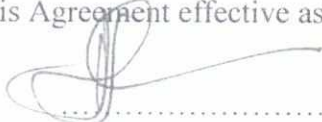


Agreement. The remaining provisions of this Agreement shall not as far as possible be changed or modified and all other terms and conditions not so severed shall continue in full force and effect.

Termination

11. Either party may by giving one year's written notice to the other party terminate this Agreement providing that the terms and conditions of loans already made under and by virtue of this Agreement shall remain valid and substituting for all intents and purposes and such obligations of the Government in relation thereto shall remain valid and binding on it for the duration of the term of those loans or such shorter time as the obligation of the borrowers or mortgagors to repay the Bank become extinguished or are expired.

IN WITNESS OF THIS AGREEMENT each party has caused its authorised representative to execute this Agreement effective as of the date first above written.

BY: 
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TITLE: Minister of Finance
DATE: 17 March 2021

GOVERNMENT OF GUYANA

BY: 
.....
TITLE: Managing Director
DATE: 17 March 2021

BANK OF BARODA (GUYANA) INC.

WITNESSES:

1. 
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2. 
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