

RESOLUTION NO.

PARLIAMENT

WHEREAS by paragraph (a) of section 3(1) of the *Guarantee of Loans (Companies) Act*, Cap. 96, the Government may, with the approval of Parliament, guarantee the borrowing of such sums by a company from a lending agency as is authorised by the Government;

AND WHEREAS the National Housing Corporation, a company incorporated in Barbados and controlled by the Government within the meaning of section 2 of the *Guarantee of Loans (Companies) Act*, Cap. 96;

AND WHEREAS the National Housing Corporation is seeking a loan in the sum of BDS \$40,000,000 from FirstCaribbean International Bank (Barbados) Limited on the terms and conditions set out in the *Schedule* hereto for the purpose of financing the construction of residential houses for sale;

AND WHEREAS by the virtue of section 4 of the *Guarantee of Loans (Companies) Act*, the aggregate amount of all borrowings by companies that are guaranteed by the Government shall not exceed \$345,000,000, without taking into account any amount in respect of interest, commissions and any other expenses secured by the guarantee; and the Minister of Finance has

SCHEDULE

Arranger:	FirstCaribbean Trust and Merchant Bank (Barbados) Limited and or any of its affiliates.
Borrower:	The National Housing Corporation ("NHC").
Lenders:	FirstCaribbean International Bank (Barbados) Limited ("FirstCaribbean") and other local, regional and or international financial institutions.
Guarantor:	The Government of Barbados ("the Government").
Underwriters:	Selected Lenders chosen by the Arranger.
Syndication:	The Arranger has the option to syndicate the whole or any amount of the Facility or create Certificates of Participation at anytime to local, regional and or international financial institutions.
Facility:	Long Term Loan.
Facility Amount:	Up to BDS \$40,000,000.
Currency:	Barbados Dollars.
Use of Proceeds:	To finance the construction of residential houses for sale in Barbados.
Tenor:	Eight (8) Years.
Moratorium Period:	One year on principal only.
Interest Rate:	Floating at [Minimum Saving Rate plus 400bps] current indicative rate [6.50%] subject to market conditions at time of financial close.

Without prejudice to any other rights the Lenders may have in the event of a downgrade of the Government of Barbados local currency debt by any international or regional credit rating agency, the Interest Rate shall be

Interest Rate (Cont'd):	increased by 25bps for every sub-grade downgrade within the investment grade band or decreased by 25bps for each and every sub-grade upgrade level provided that the rate is not lower than the Interest Rate established at financial close.
Principal Payments:	Principal will be payable in twenty-eight (28) equal quarterly payments commencing fifteen (15) months after first drawdown. Amounts paid cannot be re-drawn.
Interest Payments:	Interest will be payable quarterly in arrears commencing three (3) months after first drawdown.
Days Basis:	All payments are calculated on an actual 365 days basis.
Drawings:	To be determined by Borrower with the Facility to be drawn within twelve (12) months of acceptance of firm offer.
Prepayment:	The Facility can be prepaid in full or in part once thirty (30) days written notice has been provided. Such prepayment shall attract a prepayment penalty which will be determined based on prevailing market interest rates at the time prepayment is desired
Availability:	Upon completion of documentation and satisfaction of all Conditions Precedent.
Arranging Fee:	0.50% of the Facility Amount payable upfront.
Other Fees:	Un-drawn Commitment Fees: 0.50% per annum on the un-drawn portion of any scheduled draws during the first 12 months, thereafter 1.0% per annum on the amount of the loan remaining to be drawn unless the Bank receives prior notice of the intention to cancel the balance of the loan not drawn within the first 12 months. Un-drawn Commitment Fees will be charged quarterly in arrears. Cancellation Fees: a one time fee of 0.50% of the amount cancelled of any un-drawn portion of the Facility Amount.

- Security: Unconditional and full Guarantee by the Government.
- Conditions
Precedent: Usual and customary for this type of transaction, including but not limited to:
- (a) no event of default;
 - (b) representations and warranties true and correct in all material respects;
 - (c) the successful preparation, negotiation and execution of all necessary legal documentation to the Arranger's and Lender's satisfaction;
 - (d) legal opinions, including the opinion of the Attorney-General of Barbados, in form and substance satisfactory to the Arranger;
 - (e) legal counsel to confirm that all regulatory approvals are in place prior to draw down by the Borrower;
 - (f) the absence, in the Arranger's opinion, of any material adverse condition that results in an adverse market effect;
 - (g) evidence, satisfactory to the Arranger or Lender, that any material judgements against the Borrower have been satisfied. In the event that satisfaction has not yet occurred, evidence needs to be provided by the Borrower and or Guarantor as to when and how settlement will occur and that fulfilment of same will not adversely impact the repayment of this Facility; and
 - (h) all regulatory approvals and legal consents are obtained and are in full force and effect.
- Other Conditions: To include but not necessarily limited to the following:
- All related operating accounts must be maintained with FirstCaribbean.

Affirmative Covenants:	Usual and customary for transactions of this nature including the following: The Government will maintain 100% ownership of NHC for the tenure of the loan.
Negative Covenants:	Usual and customary for transactions of this nature including standard cross default provisions against any other Government obligations.
Representations and Warranties:	Borrower is deemed to give standard representations and warranties customary to facilities of this nature.
Events of Default:	Will include, without limitation, failure to pay principal and interest when due, cross default against material agreements, and breach of representations, warranties and covenants by the Borrower. In the event that any judgement (over BDS\$10 million) as ruled or determined by the courts of Barbados is not remediated to the satisfaction of the Lender(s), this will also constitute an event of default. Default Interest Rate to be calculated at the Interest Rate plus 2.00% currently [8.50%].
Costs/Expenses:	Borrower will pay Arranger's reasonable legal, professional and other expenses incurred in connection with negotiation, preparation, printing, execution, syndication, enforcement and any amendment of the finance documents whether or not financial close is achieved.
Rights of First Refusal:	The Arranger will have the right of first refusal and the right to match any other offer to arrange and execute with the Lender: (a) any foreign exchange transaction with respect to the financing; (b) any interest rate, currency rate, or other debt related derivative program(s) in connection with this Facility; (c) any long-term takeout or refinancing of this Facility.

These will be subject to terms and conditions mutually acceptable to the Borrower and the Arranger.

Taxes: All payments are to be made free and clear of withholding taxes or grossed up where appropriate.

Yield Protection: Financing documentation to include customary provisions protecting the Lenders against costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes.

Market Flexibility: Prior to drawing, the Arranger shall be entitled to change the pricing, structure and other terms and conditions of the Facility if, having regard to the then prevailing conditions in the domestic, regional and or international financial markets, the Arranger determines that such changes are advisable in order to ensure a successful issue.

Adverse Market Conditions: In the event of an adverse market condition that results in an adverse market effect including a credit rating downgrade, below the investment grade band, of the Government local currency debt by any international or regional credit rating agency, the Arranger reserves the right to change the terms or pricing of this financing if it is determined that such changes would be advisable and necessary.

Anti-Money Laundering: Anti-money laundering legislation requires that the Arranger verify the source of funds before accepting deposits or processing transactions and must report unusual transactions to the relevant authorities. Consent is hereby deemed to be given to the Arranger to disclose this information to money laundering prevention and control officers of the Arranger, for the purpose of ensuring the Arranger complies with money laundering legislation. The NHC and the Government will indemnify the

Arranger for its out of pocket expenses, including reasonable legal fees and court costs for any legislation. The NHC and the Government will indemnify potential investigation under applicable money laundering legislation regarding FirstCaribbean accounts, including but not limited to seeking direction from a court of competent jurisdiction on Arranger's rights and obligations in such matters.

Governing Law: Laws of Barbados.

ADDENDUM

This Resolution seeks the approval of Parliament of a guarantee by the Government for the repayment by the National Housing Corporation of BDS\$40,000,000 which the Corporation is seeking to borrow from the FirstCaribbean International Bank (Barbados) Limited for the purpose of financing the construction of residential houses for sale.