

Loan Guarantee No. _____
Lender Loan No. _____
For DIAND use only

GUARANTEE AGREEMENT

THIS AGREEMENT made this _____ day of _____, _____
Day Month Year

BETWEEN:

HER MAJESTY THE QUEEN in RIGHT OF CANADA, as represented
by the Minister of Indian Affairs and Northern Development,
(hereinafter called the "Minister")

PARTY OF THE FIRST PART

AND:

(hereinafter called the "Lender")

PARTY OF THE SECOND PART

WHEREAS _____ (hereinafter called "The
The Borrower
Borrower")

has requested a housing loan made pursuant to the *National Housing Act* (hereinafter called "NHA") for loans insured by Canada Mortgage and Housing Corporation (hereinafter called "CMHC") OR not made pursuant to the NHA for loans not insured by CMHC from the Lender, not to exceed the amount of \$ _____; and

WHEREAS _____, is CMHC or other Lender approved by
The Lender
CMHC, pursuant to the NHA for the purpose of making loans and has consented to make a loan not to exceed the amount of _____
Value
\$ _____ to the Borrower, on the condition that the loan will be guaranteed by the Minister; and

WHEREAS the Borrower has certified in writing that the loan, if granted, will be for the purpose of construction, acquisition or renovation of housing for "Indians" on "Lands" (both terms as defined in Order in Council P.C. 1999-2000 dated November 4, 1999) and that the borrower will repay the loan to the Lender in accordance with the terms of the Loan Agreement.

WHEREAS the _____ has by resolution dated _____,
Council of the Band
consented to the expenditure of the Band's revenues or the transfer of such other security deemed acceptable by the Minister, for the purposes of reimbursing the Consolidated Revenue Fund for any payments made to the Lender pursuant to this guarantee; and

WHEREAS the Minister has consented to the application by the Borrower for the aforementioned loan; and

THEREFORE, in consideration of the sum of ONE DOLLAR (\$1.00) of lawful money, now paid by the Lender to the Minister, the receipt of which is hereby acknowledged by the Minister, the parties hereby agree as follows:

1. In accordance with the Terms and Conditions for Ministerial Loan Guarantees as set out in Order In Council P.C. 1999-2000, dated November 4, 1999, and as amended from time to time, the Minister hereby guarantees the payment of principal and interest by the Borrower and any subsequent renewal, refinancing, transfer, or assignment of the loan as set out in the Loan Agreement. Such payments to be made as described in the Loan Agreement between the Lender and the Borrower to be amortized for a period not to exceed 25 years. The terms of the Loan Agreement must be agreed to and the document signed by both the Lender and the Borrower within six (6) months from the date of the project approval by the Minister. This guarantee shall apply in the event of any default in the making of payments either before or after the interest adjustment date referred to in the loan agreement.
2. In the event that the Minister receives a Notification of Loan Default (currently GOL 20-539 E (10-2000)) from the Lender within ninety (90) days of the Borrower being in default in making payments under the terms of the Loan Agreement, the Minister, in conjunction with the Lender, shall cause every reasonable effort to be made to have the Borrower make the payments required under the terms of the Loan Agreement. The Minister may, if he or she considers it desirable, make loan payments, including the arrears, to the Lender, and take any other steps which may be deemed appropriate in the circumstances. The Lender shall provide subsequent notice of loan default every thirty (30) days continuing from the period of the initial notification up to one hundred and twenty (120) days .
3. If the Borrower has not made all payments required under the terms of the Loan Agreement and arrangements satisfactory to the Lender cannot be made to have the loan brought to a current position within one hundred and twenty (120) days from the date on which the Lender gave the first notice referred to in Section 2 above, or for such other time as may be agreed upon by the Minister and the Lender, the Lender shall submit to the Minister a Claim to DIAND for Payment (currently GOL 20-537 E (10-2000)) of the unpaid balance of principal and accrued interest, at the contract interest rate, due under the Loan Agreement, up to the date that the claim is paid by the Minister. Any reasonable charges incurred by the Lender in accordance with prudent lending practices to safeguard the interest of the lender, such as insurance premiums against fire and other insured risks or hazards, hydro, water/sewer, inspection or management fee, property protection, property maintenance, property repairs and expenses, heating, are recoverable.

4. The Minister shall pay to the Lender the amount set out in the claim referred to in Section 3, or such other amount as the Minister may determine having reference to this section and Section 10 of Order in Council P.C. 1999-2000, dated November 4, 1999, within sixty (60) days from the receipt of the claim, or within such further period of time as may be agreed upon by the Minister and the Lender. The Minister may review the file to determine whether the Lender followed prudent lending practices, and the Minister may reduce the amount of the accrued interest or other reasonable costs included in the amount set out in the claim, if prudent lending practices have not been followed.
5. Where a claim by a Lender has been paid in accordance with Section 4, the Lender shall give the Minister an absolute assignment of its rights under the Loan Agreement and under any judgment obtained by the Lender in respect of the loan, and its interest in any insurance policies issued under the terms of the Loan Agreement.
6. The Lender shall not be bound to exhaust its recourse against the Borrower, the Borrower's property, or other persons', or the securities the Lender may hold before being entitled to payment from the Minister under this guarantee, but shall be bound by prudent lending practices.
7. The lender undertakes to provide the Minister with the following reports:
 - # Guaranteed Loans Terms and Conditions Report (GOL 80-059 E (10-2000)), within 60 days of the issuance of a new loan, or following the renewal, refinancing, transfer, assignment, or closing of an existing loan; and
 - # Notification of Loan Default (GOL 20-539 E (10-2000)), in accordance with Section 2 above; and
 - # Claim to DIAND for Payment (GOL 20-537 E (10-2000)) of housing guarantee in accordance with Section 3 above; and
 - # Yearly Status Reports of Guaranteed Loans (GOL 20-491 E (10-2000)), identifying the outstanding balance of principal and interest at March 31 of any given year, within thirty (30) days after March 31.
8. Any notice or other communication required or desired to be given or made is to be in writing, and that notice is effective if delivered by registered mail, by electronic mail, by fax or in person to:

Delivery address: Regional Director, Funding Services **(Except Alberta Region: Regional Director General)**
Indian and Northern Affairs Canada

Full regional address

Mailing address: Regional Director, Funding Services **(Except Alberta Region: Regional Director General)**
Indian and Northern Affairs Canada

Full Regional Address

Internet address:@INAC.GC.CA
Fax number:

IN WITNESS WHEREOF, this Guarantee Agreement has been executed and sealed in ____ copies by the Lender under its corporate seal affixed hereto by its duly authorized signing officer(s) and has been executed on behalf of Her Majesty the Queen in Right of Canada as represented by the Minister of Indian Affairs and Northern Development by the duly authorized signing officer of the Minister.

The LENDER

THE MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

By : _____

By: _____
Regional Director, Funding Services

Title

Region