

LOAN AGREEMENT

Lender Loan number: _____

THIS AGREEMENT made this _____ day of _____, 20_____

ENTRE:

Canada Mortgage and Housing Corporation,
or
other Lender approved by Canada Mortgage and Housing Corporation, pursuant to the *National Housing Act* (hereinafter called the "Lender")

PARTY OF THE FIRST PART

AND:

Member of Council of _____
(hereinafter called the "Borrower")

PARTY OF THE SECOND PART

WHEREAS, the Borrower has requested a housing loan from the Lender in the amount of _____ dollars (\$) and the Lender has agreed to make a loan to the Borrower.

NOW, THEREFORE, in consideration of the payment by the Lender to the Borrower of the sum of _____ dollars (\$ _____), for housing purposes, the receipt of which is hereby acknowledged, the parties hereby agree as follow:

LOAN

1. The Borrower undertakes to repay to the Lender the principal sum of _____ dollars (\$ _____) in lawful money of Canada representing a Loan with interest at the rate prescribed in Clause 3, being the amount of the Loan made by the Lender to the Borrower pursuant to the *National Housing Act*. This sum shall remain in the possession of the Lender until a guarantee respecting the Loan has been obtained from the Minister of Aboriginal Affairs and Northern Development Canada, pursuant to the National Housing Loan Regulations and shall be paid out in the form of advances made to the Borrower. The amount and date of each advance shall be left to the discretion of the Lender until such time as the Lender is satisfied that all terms and conditions of this Loan have been complied with. Neither the execution nor registration of his Loan Agreement, nor the advance of part of the said sums shall bind the Lender to advance the said sums or any undistributed part thereof, and the advance of the said sums or any part thereof from time to time, shall be in the sole discretion of the Lender.

If the Borrower is in breach of any of the terms of this Loan Agreement before the Loan has been fully advanced, the Lender may, in its absolute discretion, without notice and without prejudice to any other rights and remedies it may have in the circumstances, close out the Loan at the amount that has already been advanced, re-establish the interest adjustment date and place the Loan on repayment immediately in accordance with the provisions of Clause 13 as of the date of breach, or treat the Loan as being null and void, if on that date, no advances have been made pursuant to this agreement. Without limiting the generality of the foregoing, this shall apply in the event of default in the making of payments either before or after the interest adjustment date referred to in the Loan Agreement.

The proceeds of this Loan or the obligations under this Loan Agreement may not be transferred or assigned in whole or in part by the Borrower without the Lender's consent.

TERM

2. This Loan is made for an initial term of _____ (____) year(s) from the interest adjustment date, being _____, 2_____.

REPAYMENT

3. The amount of principal money advanced on this housing Loan is the sum paid to the Borrower as aforesaid and the rate of interest chargeable thereon is _____ per centum (%) per annum compounded semi-annually not in advance, as well after as before maturity of this housing Loan until paid.

Throughout the initial term of this Loan, the principal money advanced, with interest at the rate aforesaid, is payable as follows:

Interest at the aforesaid rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and payable within one month from the date of the first advance on the date that the Lender determines, and at monthly intervals thereafter, and in addition, at the option of the Lender, may be deducted from each subsequent advance, and the balance, if any, of the interest on advances shall become due and payable on the _____ day of _____, 2_____, (hereinafter referred to as the "interest adjustment date"); provided that, the Lender may require the interest on the principal advances from time to time, computed from the date of such advance, to be deducted from a subsequent advance or to become due and payable in monthly instalments on the first day of the month next following the first advance, and on the first day of each and every month thereafter and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the aforesaid date for adjustment of interest.

And thereafter, the aforesaid sum together with interest thereon at the aforesaid rate computed from the interest adjustment date shall become due and payable as follows:

By monthly instalments of _____ dollars (\$ _____), each (which includes principal and interest) on the _____ day of _____, 2_____, to and including the _____ day of _____, 2_____, and the balance, if any, of the said principal sum and interest, on the date last mentioned.

RENEWALS

4. At the option of the Lender, the term of the loan may be renewed or extended from time to time for such additional periods not exceeding in the aggregate twenty-five (25) years from the Interest Adjustment Date and at the interest rate for the new term not exceeding the rate charged for similar loans at that time.

Where a Borrower and an existing Lender agree to renew an existing loan for another term or to refinance an existing loan, the loan guarantee will continue to apply provided the Lender forwards written notification (currently, AANDC Form no. DCI 2948768 Guarantee Loans Terms and Conditions Report) to the Minister, within sixty (60) days after the loan has been renewed or refinanced, indicating the new interest rate and the length of the new term of the loan, and that neither the outstanding principal balance nor the total amortization period is being increased.

METHOD OF REPAYMENT

5. The Borrower undertakes to repay this Loan, together with interest thereon at the aforesaid rate computed from the date for adjustment of interest and shall become due and payable as follows:

_____ dollars (\$ _____) (which includes principal and interest) on the first day of each and every month, in each and every year from and including the first day of _____, 2_____, to and including the first day of _____, 2_____, and the balance if any of the said principal sum and interest thereon, on the date last mentioned.

The amount of the above instalments has been established on the basis of an amortization period of _____ (____) years (not to exceed twenty-five (25) years in aggregate).

PLACE OF PAYMENT

6. Any sum payable to the Lender shall be paid in lawful money of Canada at the Lender's place of business, the address of which is given below in Clause 16, or at any other place indicated in writing by the Lender to the Borrower.

USE OF PROCEEDS OF THE LOAN

7. The proceeds of this Loan shall be used exclusively by the Borrower for the purpose of construction, acquisition or renovation of housing on "lands" for "Indians" (both terms as defined in the Terms and Conditions, O.I.C. P.C. 1999-2000 dated November 4, 1999). The land on which the houses are or will be located is described as follows:

Lot no.: _____
Plan no.: _____
Certificate no.: _____

INSURANCE*

8. The Borrower undertakes:
- i. To insure with a company approved by the Lender, under the terms and conditions required by the Lender, and to keep insured at its full insurable value, at its own expense, against losses or damage due to fire and other risks and hazards, as the Lender may require, the buildings already built or renovated or any buildings that may subsequently be built or renovated on the land referred to in the preceding clause. Loss shall be payable to the Lender as first claimant, by way of the Insurance Council of Canada's standard loan endorsement clause;
 - ii. To transfer the benefits of any insurable policies on the said buildings to the Lender and to deliver the said policies to it;
 - iii. To deliver to the Lender, at least thirty (30) days before the expiry of a policy, proof that the policy has been renewed or replaced;
 - iv. To maintain the insurance coverage required by the Lender during any period of construction and during the term of this Loan Agreement.

In the event of failure by the Borrower to fulfil any of its above obligations, the Lender may itself insure the said buildings and claim from the Borrower immediate repayment of the premiums paid, with interest from the date of payment at the rate stipulated in Clause 3 above, without prejudice to any of its other rights and remedies.

In the event of a claim arising, the compensation recoverable shall belong to and be paid to the Lender to the extent of what is then owing to it, even if the policies have not been issued or transferred to it.

The Borrower shall immediately authorize the insurers to make a final settlement, without its intervention, of any claims or to make any arrangements directly with the Lender. Where applicable, the Borrower shall take all necessary measures, immediately after any loss or damage, to ensure that the Lender obtains payment of the compensation recoverable. Moreover, the Lender expressly reserves the right, at its sole discretion, to allocate the compensation in whole or in part to the payment of its debt or to use it to pay the cost of reconstructing or repairing the buildings, without its rights being affected in any manner whatsoever in either case.

In the event of such reconstruction or repair of the buildings, the provision of Clause 18 below shall apply.

MAINTENANCE

9. Throughout the term of this Loan, the Borrower shall keep the buildings in good repair and shall make all necessary repairs; the representatives of the Lender, the Minister of Aboriginal Affairs and

Northern Development Canada and/or CMHC, may request inspection of them as reasonably required.

The Borrower consents in advance to the granting, where necessary, by the Minister of Aboriginal Affairs and Northern Development Canada of any permits that may be required for such inspection.

The Borrower undertakes to take reasonable and proper care of the buildings, ordinary wear and tear expected.

USE

10. The Borrower may not make or authorize any alterations or additions to the buildings without the consent of the Lender and shall not use them or permit them to be used for industrial, commercial or manufacturing purposes of any kind.

REIMBURSEMENT OF EXPENSES

11. Any sums paid by the Lender for maintenance of the premises, insurance premiums, or legal fees, as well as any other sums payable by the Borrower which the Lender decides it should itself pay of which the Lender pays pursuant to the terms of this Agreement (otherwise than in the form of an advance) or to protect its security, shall be payable or repayable forthwith by the Borrower, without any notice, and shall bear interest at the rate then in effect pursuant to the provisions of Clause 3 above from the date of the payment of such sums by the Lender.

NOTICE OF DEFAULT

12. The expiry of the time provided for the performance of an obligation shall put the Borrower into default, without the Lender being required to give any notice.

DEFAULT

13. The Borrower shall be deemed to be in default in each of the following circumstances, without prejudice to any other grounds of default stipulated herein or provided for by law:
 - i. If the Borrower is in breach of any one of its obligations hereunder and, in particular, without limiting the generality of the foregoing, if it is in breach of paying, on their respective due dates, any of the instalments of principal and interest payable hereunder;
 - ii. If the statements of the Borrower in this Agreement or in any documents to the Lender for purposes of this Loan are false in whole or in part.

In the event a Borrower fails to make loan payments as stipulated in the Loan Agreement, the Lender shall inform the Minister of the default situation, by submitting a Notification of Loan Default within ninety (90) days of the Borrower being in default in making payments under the loan agreement, and every thirty (30) days thereafter while the default continues up to one hundred and twenty (120) days from the initial notification of loan default.

CUMULATIVE REMEDIES

14. All rights and remedies of the Lender arising out of this agreement and the guarantee given by the Minister of Aboriginal Affairs and Northern Development Canada respecting the Loan are cumulative, with the result that the exercise of one of them by the Lender does not deprive it of the ability to exercise any of the others.

NOTICE

15. Notices shall be sent to the following addresses:

In the case of the Borrower to:

Name of Borrower

E-mail address

Address of Borrower

In the case of the Guarantor:

Aboriginal Affairs and Northern Development Canada
Regional Director
Funding Services
320 St-Joseph Street East – Room 400
Québec (Québec) G1K 9J2

In the case of the Lender to:

Name of Lender

E-mail address

Contact Name and Address

DECLARATION OF THE BORROWER

16. The Borrower hereby warrants that the lands described in Clause 7 are unencumbered band lands and the Borrower undertakes not to encumber such lands as long as there are any sums still owing to the Lender hereunder.

CONSTRUCTION

17. If this Loan is made for the purpose of assisting in the construction or renovation of the buildings described in Clause 7 above, the Borrower must, in addition to the various obligations set out in preceding clauses, comply with the following obligations:
- i. Complete, with its surroundings and outbuildings, the building to be erected or complete the renovations agreed upon with the Lender, and to install and pay for all items or fixtures provided for in the plans and specifications approved by the Lender and by the Minister of Aboriginal Affairs and Northern Development Canada, and pay all workmen, materials suppliers, and contractors;
 - ii. Perform this work in a professional manner, with reasonable diligence and in strict compliance with the said plans and specifications. The Borrower undertakes to perform this obligation to the complete satisfaction of the Lender and the Minister of Aboriginal Affairs and Northern Development Canada, in accordance with the schedule agreed upon and in accordance with the requirements of the *National Housing Act*;
 - iii. Consent in advance, for all purposes of this clause and where necessary, to the granting by the Minister of Aboriginal Affairs and Northern Development Canada, of any permit that may be required by the Lender of the Minister of Aboriginal Affairs and Northern Development Canada for the purpose of verifying the performance by the Borrower of the above-mentioned obligations.

AMENDMENTS

18. It is agreed that this Loan Agreement can be amended only if the reporting requirements defined in the Terms and Conditions under O.I.C. P.C. 1999-2000 dated November 4, 1999, have been satisfied.

INTERPRETATION

19. Where the context so requires, any word in the singular also includes the plural, and vice versa; any word in the masculine form also includes the feminine.
20. If this Loan Agreement is not accepted by the Borrower within thirty (30) days of the date hereof, then the obligation of the Lender may, at the sole discretion of the Lender, cease and terminate.

IN WITNESS WHEREOF, this Loan 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 by the Borrower by its duly authorized representatives.

Signed at _____, on the _____ day of _____, 2____.

City/Province Date

THE BORROWER

THE LENDER

DULY AUTHORIZED

BY : _____

BY : _____