

This Agreement is made this 11th day of July 1968 Between
Dr. Ptolemy A. Reid, Minister of Finance acting for and on behalf of the
Government of Guyana (hereinafter called "the Government" of the first part)
Commonwealth Development Corporation of 33 Hill Street, London, W.1.
England (hereinafter called "CDC") of the second part and Guyana Mortgage
Finance Company Limited whose registered office is at Guyana Timbers Limited,
Houston, East Bank Demerara, Guyana (hereinafter called "GMFC") of the third
part.

WHEREAS GMFC was incorporated in Guyana on the 11th July, 1968 with an
authorised share capital of \$1,000,000 divided into 200,000 shares of \$5 each.

NOW IT IS HEREBY AGREED as follows:

1 CDC share subscriptions-

- (1) CDC will whenever it is so required by GMFC apply and pay in cash
at par for such number of shares of \$5 each in the capital of
GMFC as shall be specified by GMFC provided that the total number
of Shares which CDC may be required to apply for hereunder shall
not exceed 200,000 Shares.
- (2) GMFC will promptly allot and issue certificates for all shares
applied for by CDC under this Agreement.

2 Loans by CDC to GMFC

- (1) When all the 200,000 Shares mentioned in Clause 1 have been applied
for by and allotted to CDC, CDC will make to GMFC such advances not
exceeding in the aggregate £142,000 sterling of the United Kingdom
as GMFC shall from time to time on or before 29th February 1972
request by notice in writing.
- (2) When GMFC has borrowed £142,000 from CDC in accordance with the
provisions of sub-clause (1) of this clause, CDC will make to
GMFC such further advances not exceeding in the aggregate £450,000
sterling of the United Kingdom as GMFC shall from time to time on
or before 28th February 1973, request by notice in writing.

The terms

(3) The terms of each advance made under this Clause 2 shall be such as may be agreed by CDC and GMFC provided that:

(A) CDC shall not be entitled to require repayment of all or any part of any such advance before the tenth anniversary of the date when it is paid to GMFC except that

(i) CDC shall be entitled to require repayment of any advance before such tenth anniversary if and to the extent that the demand upon GMFC for loans conforming to the criteria set out in sub-clause 4(1) of this Agreement is insufficient to justify the retention of the advance by GMFC;

(ii) CDC shall be entitled to require repayment of the whole or any part of any advance at any time in the event of any failure by GMFC to perform or observe any term upon which the advance is made.

(B) during the period of seven years from the date when an advance under sub-clause (1) of this clause is paid to GMFC the sum payable by GMFC to CDC in respect of such advance shall be limited to interest (or an administration charge) at the rate of three quarters of one per cent per annum.

3 General business of GMFC.

GMFC will not without the consent in writing of the Minister and CDC undertake any business other than that of making eligible loans to owner-occupiers and carrying on activities incidental thereto and for this purpose each of the following shall be an eligible loan:

- (1) a loan made to finance the construction or the first purchase of a new qualifying house;
- (2) a loan made to a second or subsequent owner-occupier of an eligible house (and for this purpose "eligible house" means a qualifying house the construction or the first purchase of which was financed by GMFC) to finance his purchase of such house provided that such

/purchase is

- purchase is completed at least five years after the date of the first loan made by GMFC upon the security of such house;
- (3) a loan to finance the repair, improvement and/or enlargement of a qualifying house (being a loan to a person who paid for such house with the aid of a loan from GMFC).
 - (4) a loan made to finance the purchase of a qualifying house upon the occasion of any sale of such house by GMFC whether pursuant to a power of sale or in any other circumstances;
 - (5) any other loan specially authorised by the Minister at the request of GMFC;

Provided that -

- (A) for the purposes of this clause a person shall be deemed to be an occupier of a house if he has given to GMFC a written declaration that he intends to occupy the house as a residence for himself and/or his family; and
- (B) once GMFC has made a loan to any person it shall not without the consent of the Minister, within the period of five years next following the date when such loan was made, make another loan (other than a loan as mentioned in sub-clause (3) of this clause to finance the carrying out of repairs) to the same person.

4 Loans by GMFC.

- (1) In consideration of the agreements by the Minister hereinafter contained, GMFC will make funds available for the purpose of making eligible loans (as hereinbefore defined) to borrowers approved by GMFC such loans to conform to the following criteria (subject to the provisions of sub-clause (2) of this clause):
 - (A) no loan shall exceed \$20,000 but subject to this limitation and to the borrower's income being sufficient to support the appropriate repayments, every loan shall be for such amount as the borrower shall request provided that GMFC shall not be bound to make any loan in excess of 90% of the value of the house and land to which it relates;

(B) subject to

- (B) subject to the borrower's age being such that the loan will be repaid before the borrower attains his retirement age, each loan shall be repayable by monthly or other instalments over such period as the borrower shall request, provided that GMFC shall not be bound to make any loan for a period in excess of twenty years or for a period which includes a fraction of a year;
 - (C) the interest rate shall not exceed 8% per annum calculated with yearly rests but payable by monthly or other instalments;
 - (D) the security shall be a first mortgage on the land and house only and no premium or other charge or fee shall be payable by the borrower to GMFC except -
 - (i) interest as above, and
 - (ii) application and survey fees and legal cost and expenses, but nothing herein contained shall prohibit the payment to GMFC, either for payment to a third party or by way of reimbursement of sums paid by GMFC, of any insurance premium or other outgoing payable in respect of the security for any loan;
 - (E) the mortgage shall contain a condition to the effect that unless GMFC otherwise permits the borrower shall reside in the house during the subsistence of the mortgage.
- (2) If a borrower requires a loan of more than 80 per cent of the value of the house and land to which it relates GMFC shall be entitled to require the borrower -
- (A) to provide an acceptable collateral security or guarantee to remain in force until the principal amount of the loan is reduced to 75 per cent of the value of the house and land, or
 - (B) to pay a "reserve fund" fee not exceeding 2½ per cent of the total amount of the loan, such fee if the borrower so requires to be advanced by GMFC and added to the loan.
- (3) Nothing herein contained shall preclude GMFC from making a loan not conforming to one or more of the criteria specified in sub-clause (1) of this clause with the consent of the Minister given
/at the

at the request of GMFC.

5 Direction by the Minister.

(1) GMFC shall make to the Minister on or before the 31st January in each year a return in the following form completed as at the preceding 31st December and certified by a director or the manager or secretary of GMFC:

Return of loans made by GMFC.

	No. of loans made since the last return.	No. of loans made since the commence- <u>ment of business.</u>
Not exceeding \$10,000		
Exceeding \$10,000		
Totals.		

(2) If -

(A) any return made pursuant to sub-clause (1) of this clause shall show that the total number of loans not exceeding \$10,000 (hereinafter called "small loans") made by GMFC in the period since it commenced business is less than sixty per cent of all the loans made by GMFC in such period, and

(B) the Minister, after having regard to reasonable criteria for the selection of suitable borrowers (including age, health and ability to meet the requisite payments of interest and repayments of principal as they fall due) is satisfied that there is a sufficient effective demand for small loans to enable GMFC to maintain the proportion of small loans made by it at sixty per cent of all loans so made without restricting the total number of loans it makes, then and in such circumstances the Minister shall be entitled to issue to GMFC a direction in writing not without his consent to make any further loans exceeding \$10,000 until the proportion of small loans made by it is restored to at least sixty per cent of all loans so made.

(3) Any direction issued under sub-clause (2) of this clause shall remain in force until GMFC shall make to the Minister a return in

/the form

the form specified in sub-clause (1) (being an ordinary annual return or a special return made by GMFC at any time) showing that the number of small loans made by GMFC has been restored to at least sixty per cent of all loans so made or until it shall be withdrawn by the Minister (whichever shall be the earlier) and so long as any such direction remains in force GMFC shall not make any loan exceeding \$10,000 without the consent of the Minister.

6 Agreements by the Minister.

In consideration of the agreements by GMFC hereinbefore contained, the Minister:

- (1) will use his best endeavours to procure the enactment of an amendment of the Income Tax Ordinance (Chapter 299 of the laws of Guyana), in the form set out in the Schedule hereto or in such other form as the parties hereto may approve in writing;
- (2) will, so soon as the said amendment shall be enacted and brought into force, designate GMFC as an approved mortgage finance company for the purposes of the Income Tax Ordinance as so amended;
- (3) will procure that for the purpose of assessing any liability of CDC to any tax in Guyana that is based in whole or in part upon income or profits in respect of any dividend or interest or other sum in the nature of income payable for any period in respect of any GMFC shares subscribed by CDC or of any loan made by CDC to GMFC to enable GMFC to make eligible loans as hereinbefore defined, CDC shall at all times be entitled to set off against such dividend or interest an amount calculated by -
 - (A) ascertaining the interest for the same period which would be payable by CDC to the Government of the United Kingdom upon the aggregate principal sum invested by CDC in the shares or loan in question if each instalment comprised in such aggregate principal sum had, on the day on which it was paid or advanced to GMFC, been borrowed by CDC from the Government of the United Kingdom under the Overseas Resources Development

/Act 1959

- Act 1959 or any enactment amending or replacing the same, and
- (B) adding thereto interest for the same period upon such principal sum at the rate of one half per cent per annum, and
 - (C) deducting from the total so obtained a sum equal to the amount, if any, of the dividend or interest or other sum in question that is exempt from tax in the hands of CDC pursuant to sub-clause (2) of clause 7,

Provided that nothing herein contained shall preclude CDC from charging for the same purpose any other expenses which it may be entitled to charge in accordance with the relevant tax laws or regulations;

- (4) grant or procure the grant of any authorisations that may from time to time be required to enable GMFC to pay in or remit to London all dividends, interest and repayments of principal and other sums payable to CDC in respect of any shares in or loan to GMFC applied for or made pursuant to this agreement;
- (5) grant or procure the grant to GMFC of exemptions from the Money-lenders Ordinance and from Property Tax; and
- (6) procure that any tax which may be deducted from any dividend or interest (or part thereof) paid by GMFC which will be exempt from tax in the hands of the payee shall be repaid to the payee forthwith on request by GMFC or the payee.

7 Tax.

- (1) All interest, fees, commission and other receipts received by GMFC from or in connection with or incidental to any loan made by GMFC after it is designated as an approved mortgage finance company or any proposal for such a loan shall be exempt from any tax (other than capital gains tax) that is based in whole or in part on profits or on income.
- (2) The following payments shall be exempt in the hands of the payee from any such tax as aforesaid, namely:
 - (A) first every dividend paid by GMFC on any share (whether issued
/pursuant to

pursuant to this agreement or otherwise) to any person who is not resident in Guyana for tax purposes, provided that in the case of a dividend equivalent to a return upon the nominal value of the shares upon which it is paid at a rate in excess of $6\frac{1}{2}$ per cent per annum, only part equivalent to a return on such shares at the rate of $6\frac{1}{2}$ per cent per annum shall be exempt from tax as aforesaid; and

(B) secondly, all loan interest and other payments in the nature of income paid by GMFC to any person who is not resident in Guyana for tax purposes in respect of any loan made to GMFC (whether pursuant to this agreement or otherwise) provided that if the interest and other payments as aforesaid paid in respect of any loan for any period shall give a return on such loan for such period in excess of $6\frac{1}{2}$ per cent per annum, only part equivalent to a return on such loan for such period at the rate of $6\frac{1}{2}$ per cent per annum shall be exempt from tax as aforesaid.

8 Conditions precedent.

CDC's obligations under this agreement shall be conditional upon the enactment of the legislation mentioned in sub-clause 6(1) and the designation of GMFC as an approved mortgage finance company before 31st July, 1968, (or such later date as may be agreed between the Government and CDC) and upon the grant of any consents or authorisations that may be required by law in Guyana or the United Kingdom for the performance of such obligations.

9 Definitions.

In this agreement and its schedule unless the context otherwise requires -

"qualifying house" means any dwelling-house or flat or shop with living accommodation attached, the construction of which was or is completed after the 11th day of July, 1968, (being date of incorporation of GMFC) and "housing purposes" bears a corresponding meaning;

/"Minister" means

"Minister" means the Minister of Finance for the time being;

"\$" denotes Guyana dollars;

"person" and words denoting persons include corporations; and the singular includes the plural and vice versa.

AS WITNESS WHEREOF DR. PTOLEMY A. REID, Minister of Finance for and on behalf of the Government of Guyana and the duly authorised representatives of CDC and GMFC have hereunto set their hands the day and year first above written.

SIGNED by the said Dr. PTOLEMY A. REID,
Minister of Finance of Guyana, in
the presence of:

(Sgd.) P.A. Reid.....
DR. P.A. REID

WITNESS:

(Sgd.) W.O. Dow.....

SIGNED by
for and on behalf of GUYANA
MORTGAGE FINANCE COMPANY LIMITED
in the presence of:

(Sgd.) P.B. Wells.....
(SIGNATORY)

WITNESS:

(Sgd.) H. Barker.....

SIGNED by
for and on behalf of COMMONWEALTH
DEVELOPMENT CORPORATION in the
presence of:

(Sgd.) J.M. Golds.....
(SIGNATORY)

WITNESS:

(Sgd.) W.O. Dow.....

THE SCHEDULE

DRAFT AMENDMENT TO TAX ORDINANCE (CHAPTER 299)

- (1) The Minister may by instrument in writing designate as an approved mortgage finance company any company incorporated under the Companies Ordinance which has entered into an agreement with the Government where-
under the Company agrees to finance the purchase or construction of qualifying houses by making loans in accordance with the terms of the agreement.
- (2) The receipts of an approved mortgage finance company shall be exempt from tax if and to the extent that any such agreement as is mentioned in sub-section (1) of this section so provides or the Minister in writing so directs but not further or otherwise.
- (3) All dividends and loan interest paid by an approved mortgage finance company to any person not resident in Guyana (and any other payments made to any such person by any such company in connection with any loan raised by such company) shall be exempt from tax in the hands of the payee if and to the extent that any such agreement as is mentioned in sub-section (1) of this section so provides or the Minister in writing so directs but not further or otherwise.
- (4) For the purposes of this section "qualifying house" means any dwelling-house or flat or shop with living accommodation attached, the construction of which was or is completed after a date not earlier than 30th June 1968 specified by the Minister.

DATED

1968

THE GOVERNMENT OF GUYANA

AND

COMMONWEALTH DEVELOPMENT CORPORATION

AND

GUYANA MORTGAGE FINANCE COMPANY

A G R E E M E N T

AN AGREEMENT made in triplicate this 16th day of February, 1965, in Georgetown, British Guiana, between the Government of British Guiana (hereinafter referred to as "the Government") and the Reynolds Metals Company (hereinafter referred to as "the Company").

WHEREAS -

- (a) the Company has been engaged in the mining and production of bauxite in British Guiana since the beginning of 1953 and has represented, and the Government with his express authority and approval hereby declares that the Commissioner of Inland Revenue has determined, that no income tax is due up to and including the year of income 1962;
- (b) the Company has further represented that it is desirous of developing and expanding its operations in British Guiana and has further pointed out that the accomplishment of this objective needs the assurance of a mutually satisfactory long-term basis for its contributions to the public revenue;
- (c) the Government is desirous of fostering the growth of industry in British Guiana and of securing for the country a just share of the benefits of its natural resources;

NOW THIS AGREEMENT WITNESSETH as follows:-

1. The Government undertakes not to levy any taxes or to introduce any new tax or burden or to vary the rate of any tax in such a manner as would result in discrimination against the bauxite industry or the Company:

Provided that the special levies on the bauxite industry, that is to say, the royalty and the export duty, shall continue unchanged at their current rates for a period of 25 years commencing from January 1, 1965.

2. Both parties agree (the Government for the purposes of this clause acting also on behalf and with the express authority and

/approval of

approval of the Commissioner of Inland Revenue) that for the purpose of income tax, the price basis for all sales by the Company of metal grade bauxite, whether intra-company or to others, shall be as follows:-

- (i) the base price F.O.B. Everton or other point of ocean loading shall be \$10.28 U.S. per long ton for the base grade 57 per cent available alumina, 3 per cent reactive silica and 1.5 per cent free moisture.
- (ii) For each percentage point of available alumina above or below 57 per cent the base price shall be increased or decreased respectively by \$0.32 U.S. per long ton, fractions pro rata; for each percentage point of reactive silica above or below 3 per cent the price shall be decreased or increased respectively by \$0.50 U.S. per long ton, fractions pro rata; for each percentage point of free moisture above 1.5 per cent the price shall be decreased by \$0.17 U.S. per long ton, fractions pro rata. Available alumina, reactive silica and free moisture shall be determined in accordance with the procedures currently used by the Demerara Bauxite Company Limited. The Company shall whenever requested by the Government provide the Government with samples of any shipment of bauxite. In the event of disagreement between the parties as to the results of any analysis of any sample they shall be bound by the results of the analysis carried out by such third party as may be agreed upon.
- (iii) The price per long ton determined under paragraphs (i) and (ii) of this clause shall be increased when the Berbice River channel from the mouth to Everton is
/dredged and

dredged and maintained to accommodate at mean low water springs ships and barges with a 17 foot draft by \$0.85 U.S., with a 20 foot draft by \$1.40 U.S., with a 22½ foot draft by \$1.85 U.S., and with a 25 foot draft by \$2.85 U.S.:

Provided that no increase in excess of \$0.20, \$0.26, \$0.31 and \$0.36 U.S. per long ton in the rates of harbour or other dues attributable to the dredging and/or maintenance of the channel to accommodate ships and barges loaded to 17, 20, 22½ and 25 foot drafts respectively at mean low water springs shall be levied in respect of ships loading bauxite at the Company's wharf:

Provided further that no increase in the rates of harbour or other dues attributable to the improvement of docking and/or storage facilities in the Berbice River shall be levied on such ships unless they use such non Reynolds facilities.

- (iv) The total price determined in accordance with paragraphs (i), (ii) and (iii) of this clause shall increase or decrease as the case may be in direct proportion with any increase or decrease in the U.S. price of 99.5 per cent purity aluminum unalloyed ingot as published in the American Metal Market, New York City. For this purpose the base ingot price shall be the present price of \$0.245 U.S. per pound.
- (v) The price basis set out in paragraphs (i), (ii), (iii) and (iv) of this clause shall apply to the year of income 1964, and shall continue in force for a period of 25 years commencing from January 1, 1965.

/3. Both parties

3. Both parties agree (the Government for the purposes of this clause acting also on behalf and with the express authority and approval of the Commissioner of Inland Revenue) that for the purpose of income tax the price basis for all sales of chemical and calcined bauxite, whether intra-company or to others, shall be determined on the basis of prices at which such bauxites are sold to others at arms length in accordance with normal income tax principles.

4. Both parties agree (the Government for the purposes of this clause acting also on behalf and with the express authority and approval of the Commissioner of Inland Revenue) that for the purpose of income tax in respect of the year of income 1963 the price basis for all sales by the Company of metal grade bauxite, whether intra-company or to others, shall be the same as the price basis in effect for that year in respect of the Demerara Bauxite Company, Limited.

5. The Government agrees that the Company had no chargeable income in the years of income 1954 to 1962 inclusive, provided, however, that the Company shall not claim to have any loss from any of those years set off against profits made by it after 1963.

6. (1) The Company shall pay a minimum income tax as follows:-

(a) for each of the years of income 1965 to 1969
(inclusive of both years) the sum of \$250,000 U.S.;

(b) for each of the years of income 1970 to 1974
(inclusive of both years) the sum of \$400,000 U.S.;

and

(c) for each of the years of income 1975 to 1989 (inclusive of both years) the sum of \$500,000 U.S.

(2) The aforesaid minimum income tax shall be payable if it is not exceeded by the income tax which would normally be payable on total sales of metal grade, chemical and calcined bauxites, and shall be paid in lieu of such normal tax. Any minimum income tax so paid in excess

/of such

of such normal tax may be carried forward from year to year as a tax credit, provided that no excess may be carried forward beyond five years from the end of the year in respect of which the excess^{was} paid or beyond the end of this agreement.

7. The provisions of this agreement relating to income taxes shall apply in respect of bauxite operations, including shipping, of the Reynolds Group of Companies. The income taxes computed on the basis of these provisions shall be the total income taxes paid in respect of bauxite operations, including shipping, by the Reynolds Group of Companies.

8. The Company shall expand its capacity to produce dried bauxite (including metal grade, chemical grade and the dried bauxite equivalent of calcined bauxite) to an average of 600,000 long tons in each of five years commencing January 1, 1965, to an average of 850,000 long tons in each of the next five years, and to an average of 1,000,000 long tons in each year thereafter.

9. (1) The Government shall permit the Company to hold Exclusive Permissions or renew them at the rate of one cent B.W.I. per acre per annum to the extent of one acre of Crown Lands for every four long tons of its plant capacity in the year of application as determined in paragraph (3) of this clause.

(2) The Company may continue to hold and renew when necessary its existing Exclusive Permissions or may substitute new areas for areas surrendered, provided that the substituted areas shall be contiguous to areas held under Exclusive Permissions not surrendered by the Company, and provided further that for all acreage in excess of that determined under paragraph (1) of this clause the rate thereunder prescribed shall be increased by two cents B.W.I. per acre per annum in every year beginning with the fourth year after the date of this Agreement until a maximum rate of 15 cents B.W.I. per acre has been reached in the tenth year, from and including which year the rate shall remain at 15 cents B.W.I. per

/acre per

acre per annum.

(3) The Company shall by the 30th day of November in each year during the continuance of this agreement declare to the Commissioner of Lands and Mines (which expression shall for the purposes of this Agreement include any officer for the time being performing the functions of that office) its projected plant capacity for the following year, and shall make available to the Commissioner all reasonable facilities, records and information with a view to enabling the Commissioner (who may for the purpose inspect the Company's equipment and operations at the sites) to check the accuracy of the declaration. The Commissioner shall, after checking the accuracy of the declaration in such manner as he may deem fit, issue as early as reasonably practicable, a certificate to the Company determining its plant capacity for the following year.

(4) On application by the Company the Government shall in respect of any lands held under any Exclusive Permission issued or renewed under this clause grant to the Company a mining lease or mining leases for a period of 50 years renewable for a further period of 25 years. All existing leases shall be converted to a base period of 50 years from the date of original issue, renewable for a further period of 25 years. The total area under lease shall, however, at no time exceed in the aggregate 75 per cent of the maximum area that for the time being may be held by the Company under Exclusive Permissions issued in accordance with paragraph (1) of this clause.

(5) All Exclusive Permissions or leases granted or renewed or converted as the case may be pursuant to this clause shall be granted or renewed or converted in accordance with any relevant laws for the time being in force and in accordance with terms and conditions (including rates of royalty) for the time being generally applicable to Exclusive Permissions and leases issued for mining purposes over Crown lands:

Provided that it shall be a term of every lease issued or converted that royalty shall be reviewed every 25 years commencing

/from January 1, 1965

from January 1, 1965, during the continuance of the lease and brought into line with such terms and conditions as may be in force at the time of review.

10. The Company may with the approval of the Government, which approval shall not be unreasonably withheld, transfer all its rights and obligations under this Agreement as well as all its assets to any corporation in the Reynolds Group of Companies and the Government shall remit ^{any} taxes, duties, charges or other burdens in respect of any such transfer.

11. The Government shall take all reasonable steps to have any laws made that may be necessary for the implementation of this Agreement.

12. In the event of force majeure either party shall be excused from its obligations herein for the period in which its operations are thereby affected.

13. This agreement shall be deemed to have commenced on January 1, 1965, and shall continue in force for 25 years thereafter.

IN WITNESS WHEREOF three copies of this Agreement have been signed by WALTER L. RICE, Esquire, Vice-President of Reynolds Metals Company on behalf of Reynolds Metals Company, thereunto duly authorised, and by PETER STANISLAUS D'AGUIAR, Esquire, Minister of Finance, on behalf of the Government of British Guiana, thereunto duly authorised, on the day and year first above mentioned.

Sgd. Walter L. Rice
VICE-PRESIDENT of REYNOLDS METALS
COMPANY, authorised to enter into
this agreement by REYNOLDS METALS
COMPANY.

Sgd. P.S. D'Aguiar
SIGNED BY PETER STANISLAUS D'AGUIAR
ESQUIRE, on behalf of
The Government of British Guiana.

Witnesses:-

1. Sgd. W.P. D'Andrade
2. Sgd. CLOYDLUCKHOO