

CHAPTER 199**HOUSING****HOUSING REGULATIONS***SI 59/1983**SI 66/1997**SI 89/1998***(SECTION 26)***[Commencement 6th December, 1983]*

1. These Regulations may be cited as the Housing Regulations. Citation.

2. In these regulations — Interpretation.

“Area Engineer” means the person designated by the Minister responsible for Buildings Regulation for the purpose of carrying out the function of the Buildings Control Officer in Grand Bahama outside of the Port Area;

“Buildings Control Officer” means the officer designated as the Buildings Control Officer in accordance with section 3 of the Buildings Regulation Act; Ch. 200.

“Chief Housing Officer” means the officer, in charge of administering the insurance of loans under the Act;

“gross debt service ratio” means the ratio which the annual amount payable by the borrower in respect of principal and interest on the mortgage plus taxes and “insurable risk” insurance on mortgaged property bears to the estimated gross annual income of the borrower;

“inspector” means such person as the Minister may deem necessary to appoint for the inspection of houses and building plots;

“insurable risk” shall have the meaning assigned thereto by subsection (2) of section 17 of the Act;

“prime rate” means —

- (a) the rate set by the commercial banks in The Bahamas in conjunction with the Central Bank of The Bahamas for lending to prime customers; or

(b) where there is no such rate set, the rate charged by the Royal Bank of Canada for lending to its prime customers.

Application for approved loan.

3. An application for an approved loan shall be made to an approved lender in the Form DOH-MI-1 specified in the Second Schedule.

Submission of application.

4. An approved lender who is prepared to make an approved loan to a borrower shall submit to the Chief Housing Officer the application Form DOH-MI-1 from the borrower together with a Request for Undertaking-to-Insure in the Form DOH-MI-2 specified in the Second Schedule and one set of working drawings, site plans and specifications approved by the Buildings Control Officer, Family Island Commissioner, Area Engineer or other person or authority responsible for buildings regulation.

Amount of gross debt service ratio and interest rate.

5. (1) Except in such cases where the Minister has given his approval of a higher ratio, the gross debt service ratio shall not exceed 30% of the gross annual income of the borrower and it shall be the duty of an approved lender so to arrange.

SI 89/1998

(2) The rate of interest chargeable by an approved lender and payable by an approved borrower on any loan shall not exceed —

- (a) in respect of a single family dwelling, the prime rate plus two percent;
- (b) in respect of a multiple family dwelling, the prime rate plus three percent.

Consideration of application by Minister.

6. (1) If the Minister approves the application with or without an amendment, an Undertaking-to-In-sure shall be issued to the lender in the Form DOH-MI-3 specified in the Second Schedule.

(2) An advice of Approval of a loan by an approved lender or Notice of Withdrawal of an application for an approved loan shall be in the Form DOH-MI-4 specified in the Second Schedule.

Return of drawings, etc.

7. Where an application has been refused or withdrawn the Chief Housing Officer shall return to the approved lender the working drawings, site plans and specifications.

8. (1) Where an approved lender has agreed to make a loan for the construction, alteration, enlargement, repair or improvement of a dwelling house, the Chief Housing Officer shall notify the Buildings Control Officer, Family Island Commissioner, Area Engineer or such other person or authority responsible for buildings regulation of the commencement date of such construction, alteration, repair or improvement at least forty-eight hours prior to such commencement in the Form DOH-MI-5 specified in the Second Schedule so that the Buildings Control Officer or other person or authority may carry out or cause to be carried out such inspections as he may deem necessary.

Inspection of
construction, etc
of dwelling
houses

(2) Where an approved lender has agreed to make a loan for the construction of a dwelling house, the approved lender shall make arrangements for inspections to be made by an inspector during the construction of the dwelling house to ensure that such construction is carried out in reasonable conformity with the working drawings, site plans and specifications and in accordance with standard of construction acceptable to the Minister, and such inspections shall be made not less frequently than —

- (a) once at the time of laying the foundation;
- (b) once at the time the building is constructed to eaves level;
- (c) once at or about the time the roof is completed;
- (d) once at the time of the installation of the windows and doors and tiling of floors;
- (e) once at the completion of the house.

(3) It shall be the responsibility of the builder to give to the inspector at least forty-eight hours prior notice that the building has progressed to the respective stages specified in paragraph (2) hereof.

(4) Where an approved lender has agreed to make a loan for the alteration, enlargement, repair or improvement of a dwelling house, the approved lender shall make arrangements for inspection to be made by an inspector during the alteration, enlargement, repair or improvement to ensure that the work is being carried out in reasonable conformity with the working drawings, site plans and specifications and in accordance with standards of construction acceptable to the Minister, and such inspections shall be made as frequently as the inspector may deem necessary.

(5) Where an approved lender has agreed to make a loan for the purchase of an already constructed dwelling house, he shall make arrangements for an inspection to be made by an inspector to ensure that the house has been constructed in a good and workmanlike manner and is in a good state of repair.

Inspection reports

9. Within three days of an inspection under paragraph (2), (4) or (5) of regulation 8 of these Regulations, the inspector shall submit a report to the Chief Housing Officer and to the approved lender in the Form DOH-MI-6, or DOH-MI-6A specified in the Second Schedule as the case may be. If the inspection report lists any adverse departures from the working drawings, specifications, site plans or standards of construction, or in the case of an already constructed dwelling house, the house is found not to have been constructed in a good and workmanlike manner or not to be in a good state of repair, the specific loan shall not be insured until such departures have been corrected or repairs made to the satisfaction of the Minister or the amount of the loan has been reduced by the Minister pursuant to regulation 10 of these Regulations.

Failure to comply with specifications and standards of construction

10. If any departure from the working drawings, specifications, site plans or standard of construction is not corrected or repairs made as required by the inspector, the inspector shall so advise the Chief Housing Officer who shall advise the approved lender that, if the said departures are not corrected or repairs made within a time specified by the Minister —

- (a) the Undertaking-to-Insure issued by the Minister in respect of the loan will be withdrawn and cancelled and shall cease to have any effect whatsoever; or
- (b) the loan will only be insured in a specified reduced amount and the maximum loan under the Act shall be the amount of the loan as so reduced.

Lender to search title

11. The approved lender shall be responsible for the investigation of the title, the making of the loan and the taking of security therefor, and all things reasonably necessary to protect the security, all in accordance with normal mortgage practice.

12. If prior to making an approved loan, an approved lender discovers defects in the title to the property to be mortgaged in order to secure the loan, he may request the approval of the Minister to accept such defects and the Minister may accept such defects if he is satisfied, after consultation with the Attorney-General, that the defects will not materially affect the realisation of the security.

Defects in title.

13. (1) An approved loan shall be made at not less than par by the approved lender to the borrower, and the borrower shall not be subjected to a charge in the nature of a discount or commission.

No discount or commission.

(2) The Minister shall not issue a policy of insurance if the borrower is being charged by any person in respect of the loan a sum that in the opinion of the Minister is in excess of a reasonable compensation for the service rendered by that person.

14. Without the prior written approval of the Minister, an approved lender shall not require a borrower to provide any security for an insured loan other than a first mortgage on the property in a form acceptable to the Minister in favour of the approved lender, and by such further security, assignments, assurances and agreements as may be required by the Minister.

Form of mortgage.

15. The monthly instalment to be paid by the borrower shall be sufficient —

Monthly instalments.

- (a) to amortise the principal and interest of the approved loan in accordance with the terms and conditions of the Undertaking-to-Insure;
- (b) to provide an amount equal to one-twelfth of the estimated annual charges in respect of an insured risk, to protect the interest of the borrower in respect of the insurance premium payable by the approved lender in respect of the insurance of the mortgaged property against loss or damage required by section 16 of the Act; and
- (c) to provide an amount equal to one-twelfth of the annual charges in respect of the insurance required by section 12 of the Act.

16. (1) When the construction, alteration, enlargement, repair or improvement of a house has been completed to the satisfaction of the Minister and the approved loan has been made, the approved lender shall

Request for issue of loan insurance policy.

forward to the Minister a Request For Issue of a policy in the Form DOH-MI-8 specified in the Second Schedule together with —

- (a) a certificate in the Form DOH-MI-7 specified in the Second Schedule by the inspector that the house has been constructed, altered, enlarged, repaired, or improved in a good and workman-like manner and in accordance with the approved plans and specifications; and
- (b) if newly erected, an occupancy certificate from the Buildings Control Officer, Family Island Commissioner, Area Engineer or other person or authority responsible for buildings regulation; and
- (c) a remittance in the amount of the insurance fee.

(2) Where an approved loan has been made in respect of the purchase of a dwelling house not newly erected, the approved lender shall forward a Request For Issue of a policy in the Form DOH-MI-8 specified in the Second Schedule together with —

- (a) a certificate by the inspector that the dwelling house has been constructed in a good and workmanlike manner and is in a good state of repair; and
- (b) a remittance in the amount of the insurance fee.

(3) Such form, fee and certificates specified in paragraph (1) or (2) shall be forwarded to the Minister within ninety days after the last advance to the borrower by the lender. Except reasons are given in writing for any further delay the relevant Undertaking-to-Insure may be cancelled.

Issue of loan
insurance policy

SI 66/1997

17. (1) On receipt of such form, fee and certificates the Minister shall issue to the approved lender an insurance policy pursuant to section 9 of the Act in the Form DOH-MI-9 specified in the Second Schedule.

(2) When an insurance policy has been issued by the Minister under paragraph (1) hereof, the approved lender may lodge the mortgage deed duly executed in connection with the approved loan with the Chief Housing Officer who shall thereupon stamp the same with an official stamp bearing the words “Insured by the Government of the Commonwealth of The Bahamas” and return it to the approved lender.

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- 18.** Where during the term of an insured loan prepayment of principal is made by the borrower, the approved lender may waive the interest charges payable in lieu of any notice provided in the mortgage securing the insured loan. Prepayment of principal.
- 19.** Except as provided in regulation 18 of these Regulations, an approved lender shall not alter the terms of repayment of an insured mortgage without the prior written approval of the Minister nor permit any derogation in the rights of the lender against any mortgaged premises by way of postponement, partial discharge or otherwise without the approval of the Minister. Term of Prepayment not to be altered.
- 20.** An approved lender shall not, without the prior written approval of the Minister, release any collateral security or personal covenant taken as further security for a loan which was insured subject to the taking of such further security. Collateral security not to be released without approval of Minister.
- 21.** If before the loan has been fully repaid the mortgaged premises are damaged to an extent exceeding fifteen hundred dollars, Bahamian currency, by any risk required by the Act to be insured against, the approved lender shall notify the Chief Housing Officer immediately. Any repair of damage to the mortgaged premises shall be completed in accordance with the standards of building required by the Minister. In the event of negligence on the part of the lender in the administration of the loan, the Minister shall be absolved from the responsibility for any costs to the insured of effecting repairs or replacements and shall not approve of any such costs as being a service charge. Damage to mortgaged premises.
- 22.** Within sixty days after the thirty-first day of December of each year, the approved lender shall deliver to the Chief Housing Officer a list of all loans administered by the lender for which an insurance fee has been remitted to the Minister and the amount outstanding in respect of each loan as of the thirty-first day of December of such year. Notice of amounts outstanding on loans.
- 23.** In any case where the power of sale contained in a mortgage securing an insured loan is exercised pursuant to subsection (2) of section 23 of the Act and the property is sold at a price equal to or in excess of the amount of principal, interest and other charges outstanding, the approved lender shall forthwith — Sale of mortgaged property.
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- (a) advise the Chief Housing Officer that any and all claims which the approved lender may have had under the said mortgage or under any policy of insurance issued in respect thereof have been fully paid and satisfied; and
- (b) advise the Chief Housing Officer of the disposition of any excess proceeds from the sale.

Claim of difference between settlement value and sale price.

24. In the event of the sale of the mortgaged property pursuant to section 23 of the Act, the approved lender shall forthwith submit a claim for the difference between the sale price and settlement value of the property and the Minister shall, within thirty days of the receipt by him of such claim, pay to the approved lender of the loan the amount approved by him as payable under the policy of mortgage loan insurance.

No lease of mortgaged property without Minister's consent.

25. A borrower shall not lease or let the mortgaged property without the consent of the Minister.

Approval of disbursement of borrower's charges.

26. A borrower's charges shall be deemed to be approved if disbursed by an approved lender in accordance with the terms of the mortgage to safeguard the interest of the lender and the Minister, for insurance premiums for fire and other insurable risks insured against, for insurance premiums against death during the term of the loan, for taxes and other charges levied against the property which have priority over the mortgage, and for such other purposes and in such other amounts as may be approved in writing by the Minister.

Insurable risk defined.

27. For the purposes of the Act the term "insurable risk" means loss or damage caused by any of the matters or occurrences specified in the First Schedule.

Transitional.

28. Nothing in these Regulations shall affect the rate of interest chargeable by an approved lender on any loan granted before the commencement of these Regulations.

FIRST SCHEDULE**INSURABLE RISKS**

1. Fire, lightning, thunderbolt, subterranean fire.
2. Explosion.
3. Riot, civil commotion, strikes, labour disturbances, malicious mischief or vandalism.
4. Aircraft and other aerial devices and/or articles dropped therefrom.
5. Bursting or overflowing of water tanks, apparatus or pipes (excluding damage caused thereto).
6. Theft but only if accompanied by actual forcible and violent breaking into or out of a building, or any attempt hereat.
7. Hurricane, cyclone, tornado or windstorm.
8. Earthquake and volcanic eruption.
9. Flood (including overflow of the sea).
10. Impact with any of the building by vehicles, horses or cattle not belonging to or under the control of the insured or any member of his family.

SECOND SCHEDULE

DOH-MI-1 (Regulation 3)

**APPLICATION FOR LOAN UNDER THE HOUSING ACT
COMPLETE IN TRIPLICATE**

LENDERS NAME	PURPOSE OF LOAN
LENDERS REF	NEW CONSTRUCTION PURPOSE GOVT INITIATED PRIVATE INDIVIDUAL

APPLICANT(S) FULL NAME(S)		PHONE NO BUS _____
ADDRESS	HOME _____	PO BOX _____

CO-APPLICANT (IF NOT SPOUSE) FULL NAMES(S)	RELATIONSHIP TO APPLICANT	PHONE BUS _____ HOME _____ PO BOX _____
ADDRESS		

APPLICANT DETAILS:

AGE	NATIONALITY				
AGE	NATIONALITY				
		SINGLE	MARRIED	DIVORCE	OTHER
NO OF DEPENDANTS	AGES _____ NO OF FEMALES __ MALES __	DO YOU OWN A HOUSE YES NO			
WILL YOUR HOUSE BE SOLD	YES NO	IF RENTING, PRESENT MONTHLY RENT \$	RENT INCLUDES WATER	YES NO	YES NO

CO-APPLICANT DETAILS

AGE	NATIONALITY	NO OF DEPENDANTS	AGES _____ NO OF FEMALES __ MALES __	DO YOU OWN A HOUSE YES NO
WILL YOUR HOUSE BE SOLD	YES NO	IF RENTING, PRESENT MONTHLY RENT \$	RENT INCLUDES WATER	YES NO

EMPLOYMENT DETAILS:

APPLICANT				SPOUSE OR CO-APPLICANT		
EMPLOYERS NAME AND ADDRESS						
POSITION HELD						
YEARS WITH FIRM						
ANNUAL INCOME	SALARY OR WAGES \$	COMMISSION OR TIPS \$	OVERTIME \$	SALARY OR WAGES \$	COMMISSION OR TIPS \$	OVERTIME \$
PREVIOUS EMPLOYER						
YEARS WITH FIRM						
PREVIOUS SALARY						

PROPERTY TO BE MORTGAGED

STREET NAME	LOT NO _____ BLK _____ PLAN NO _____	COST \$ _____ OWING \$ _____
SUBDIVISION/SETTLEMENT		

CONSTRUCTION COSTS

LAND & SERVICES	\$	BORROWERS EQUITY *	\$
BUILDING	\$	A LAND	\$
LEGAL FEES	\$	B CASH	\$
FIRE INSURANCE	\$	C LABOUR	\$
OTHER INSURANCE	\$	MORTGAGE LOAN REQUESTED	\$
SURVEY COSTS	\$		
CONNECTIONS (WATER, SERVER)			
ELECTRICITY	\$	MORTGAGE INS	
STAMP TAX	\$	FEE \$	
INTEREST ON ADVANCES	\$	* Show Source of	
OTHER SPECIFY	\$	Borrowed Funds	
MORTGAGE INS FEE	\$		
TOTAL	\$	TOTAL	\$

APPLICANTS (S) AND CO-APPLICANTS FINANCIAL STATUS

ASSETS		LIABILITIES	
CASH IN BANK (S)	\$	ACCOUNTS PAYABLE (DESCRIBE)	
BONDS & SECURITIES	\$		\$
CASH SURRENDER VALUE (LIFE INS)	\$	LOANS OUTSTANDING (DESCRIBE)	
AUTOMOBILE(S) MAKE & YEAR	\$		\$
REAL ESTATE OWNED		AUTOMOBILE(S) INSTALMENT PAYMENT(S)	
OTHER ASSETS	\$	MORTGAGE LOAN OWING	\$
	\$	OTHER INSTALMENT PAYMENTS	
TOTAL	\$	TOTAL	\$

REFERENCES

LENDER'S USE ONLY

NAME AND ADDRESS(ES) OF BANKS	ANNUAL	\$
	– PRINCIPAL & INT	\$
	– TAXES	\$
LANDLORD OR MORTGAGE COMPANY (IF APPLICABLE)	– FIRE INS	\$
	– OTHER INS	\$
OTHER CREDIT REFERENCES	GROSS DEBT SERVICE	\$
	GROSS ANNUAL INCOME	\$
	GDS RATIO _____%	
	MONTHLY PAYMENT	\$

IMPORTANT — APPLICANT(S) PLEASE NOTE

BUILDER'S NAME ADDRESS

I/We Understand That:

1. If this mortgage loan is granted, the granting of a loan does not constitute any kind of warranty regarding the structural soundness of the proposed building or its freedom from defects, nor is the lender liable in any way to pay any sum of money to effect repairs that may subsequently be required.
2. Inspections of construction work in progress by the lender or done on its behalf are solely to ensure that work is in reasonable conformity with the approved plans and specifications, and therefore, do not constitute supervision of work on my/our behalf.
3. I/We are responsible for my/our contract with the builder/vendor and disputes which may arise will not be arbitrated by the lender.
4. I/We are responsible to pay all construction cost as are detailed in this Application For Loan.

This Application to the best of my/our knowledge and belief is complete and accurate and I/we agree and consent that employment and credit inquiries may be made by the lender at any time relative to any and all information given by me/us in this Application.

Signed

Date

DOH-MI-2 (Regulation 4)

REQUEST FOR UNDERTAKING-TO-INSURE

Date

Lender's Reference

TO: DEPARTMENT OF HOUSING

FROM:.....

APPLICANT'S NAME(S)

PROPERTY LOCATION

.....
.....

We hereby request an Understanding-to-Insure in respect of a Mortgage Loan for the purchase/erection/alteration/enlargement/repair of a house pursuant to the Housing Act.

The following are enclosed:

1 set working drawings, site plans and specifications as approved by the Ministry of Works

1 copy application Form DOH-MI-1

Approved Lender

.....

DOH-MI-3 (Regulation 6)

UNDERTAKING-TO-INSURE

DEPARTMENT OF HOUSING

TO:.....

LENDER

Date:.....

UTI No:.....

Lender's Reference

APPLICANT'S NAME(S)

PROPERTY LOCATION

.....
.....

We hereby undertake to issue an Insurance Policy in respect of a Mortgage Loan on the abovementioned property in accordance with and subject to the Housing Act, and subsequent amendments thereto, as well as the Housing Regulations.

in the amount of \$.....

plus Insurance Fee \$.....

TOTAL \$.....

The Monthly Debt Service based on	years amortisation is as follows:
Principal and Interest at ...%	\$..... Monthly
Estimated “Insurable Risk” Insurance	\$..... Monthly
Life & Diminishing Term Insurance Monthly
TOTAL	\$.....
The Lending Value of the Property is:	
Land	\$.....
Building	\$.....
Fees/Charges, etc.	\$.....
TOTAL	\$.....

The House is to be completed within months of this date and construction/alteration/enlargement/repair thereof and shall conform to the approved working, drawings, site plans and specifications.

SIGNED:.....
 CHIEF HOUSING OFFICER

DOH-MI-4 (Regulation 6(2))

ADVICE OF LOAN APPROVAL OR
 WITHDRAWAL OF APPLICATION

TO: DEPARTMENT OF HOUSING Date

FROM:..... Lender’s Reference

..... Undertaking-to-

..... Insure No:

APPLICANT’S NAME:

PROPERTY LOCATION:

1. We have approved a loan to the above-named applicant in accordance with the above referenced Undertaking-To-Insure in the amount of \$
2. Loan application has been withdrawn.

.....
 (APPROVED LENDER)

DOH-MI-5 (Regulation 8(1)(a))

**ADVICE OF COMMENCEMENT OF CONSTRUCTION/
ALTERATION/ ENLARGEMENT/REPAIR OF A
DWELLING HOUSE**

DEPARTMENT OF HOUSING

TO: BUILDINGS CONTROL OFFICER

Applicant’s Name

Property Location

We have been advised that the loan application of the above-named applicant and to whom Building Permit No..... dated the19..... has been issued, has been approved by the lender.

Kindly therefore arrange to have any inspections you deem necessary under the provisions of the Buildings Regulations to be duly carried out.

Construction/alteration/enlargement/repair of the dwelling house is scheduled to be commenced on the 19

Construction/alteration/enlargement/repair of the dwelling house is scheduled to be continued on the 19

The dwelling house was completed prior to the application being made and your comments would be appreciate regarding the standard of construction noticed by your inspectors during construction.

.....
CHIEF HOUSING OFFICER

DOH-MI-6 (Regulation 9)

BUILDING INSPECTION REPORT

Date

Reference

D.O.H.’s. Ref

TO: CHIEF HOUSING OFFICER AND APPROVED LENDER

Applicant’s Name

Property Location

I hereby certify that, pursuant to Regulations 8 and 9 of the Housing Regulations, I have inspected the building under construction for occupancy by the above-mentioned applicant and declare that —

(a) the work has been satisfactorily completed according to the approved working drawings and specifications and in accordance with the standards of construction acceptable to the Minister in respect of the following stage of construction —

- (i) the laying of the foundation;
- (ii) completion of the construction to eaves level;
- (iii) the completion of the roof;
- (iv) installation of windows, doors and tiling of floors; and
- (v) the completion of the house;

OR

(b) the work has not been satisfactorily completed according to the approved working drawings and specifications and in accordance with the standards of construction acceptable to the Department of Housing in respect of the following stage of construction —

- (i) the laying of the foundation;
- (ii) completion of the construction to eaves level;
- (iii) the completion of the roof;
- (iv) installation of windows, doors and tiling of floors; and
- (v) the completion of the house;

INSPECTOR

DOH-MI-6A (Regulation 9)

BUILDING INSPECTION REPORT

Date.....

Reference

D.O.H.'s. Ref

TO: CHIEF HOUSING OFFICER AND APPROVED LENDER

Applicant's Name

Property Location

.....

I hereby certify that pursuant to regulations 8 and 9 of the Housing Regulations, I have inspected the building being altered/ enlarged/repaired/improved for occupancy by the above-mentioned applicant and declare that the work has/has not been satisfactorily completed according to the approved working drawings and specifications and in accordance with the standards of construction acceptable to the Minister.

OR

I hereby certify pursuant to regulations 8 and 9 of the Housing Regulations that I have inspected the building being purchased for occupancy by the above-mentioned applicant and declare that the building has/has not been constructed in a good and workmanlike manner and is/is not in a good state of repair.

INSPECTOR.....

DOH-MI-7 (Regulation 16(1)(a))

FINAL INSPECTION CERTIFICATE

TO: CHIEF HOUSING OFFICER

FROM: INSPECTOR

Reference No: Applicant’s Name:

Lot No:..... Location:.....

District Settlement:.....

I hereby certify that the above unit was completed on the.....day of..... 19.....in accordance with the approved plans and specifications. I further declare that this unit is now ready for occupancy.

INSPECTOR.....

DOH-MI-8 (Regulation 16(2))

**REQUEST FOR MORTGAGE LOAN
INSURANCE POLICY**

TO: DEPARTMENT OF HOUSING

Date:

Lender’s Reference:

Undertaking-To-Insure No:.....

From:.....

We hereby request an Insurance Policy in respect of the mortgage loan covered by the above referenced Undertaking-To-Insure. The house has been completed, the loan disbursed and particulars are as follows:

Borrower:.....

Address of Premises:.....

Land Description (in full):.....

.....

Registration No. of Mortgage Registration Date 19
 Amount of Loan (incl. Insur. Fee) B\$
 Interest Rate%
 Amortisation Period Years Maturity Date 19
 Title defects if any
 Insurance fee in the amount of B\$ is enclosed.

FOR D.O.H.'s USE ONLY

Policy Issued	Official Receipt	(Approved Lender)
Date:	Initial Date	Initial
Serial No:	No.	

DOH-MI-9 (Regulation 17)

MORTGAGE LOAN INSURANCE POLICY

THE DEPARTMENT OF HOUSING

Nassau, N.P. Bahamas

Policy No:.....

THE DEPARTMENT OF HOUSING (hereinafter called the Department), pursuant to the Housing Act, as well as any subsequent amendments thereto and to its Undertaking-to-Insure No..... dated 19..... hereby insures (hereinafter called the Insured) on the terms and conditions hereinafter set forth in respect of a loan made and secured as follows:

Borrower
 Address of Premises
 Land Description (in full)
 Registration No. of MortgageRegistration Date 19
 Amount of Loan (incl. Insur. Fee) B\$ Interest Rate%
 Amortisation Period years Maturity Date 19
 Title Defects if any.....

Policy No.....

THE DEPARTMENT OF HOUSING

Lender's Ref:

D.O.H. Ref:

SUM INSURED:

MORTGAGE LOAN INSURANCE POLICY

NOTE: This Policy should be read carefully and the conditions noted.

MORTGAGE INSURANCE POLICY CONDITIONS

1. In these Conditions —

- (i) “Service charges” means such amounts as the insured may reasonably charge to the borrower of a mortgage loan pursuant to the Act and the Regulations;
 “the insured” where used in this policy shall include the heirs, executors, administrators, successors or assigns of the insured;
 “the Act” wherever mentioned in this policy means the Housing Act.
- (ii) The Minister for the time being shall be a corporation sole by the name of the “Minister responsible for Housing”.
- (iii) The Regulations applicable shall be the Housing Regulations in force at the date of execution of this policy.

2. Payment under this policy shall be made of —

- (i) Under the mortgage there shall have been default which continued for a period of at least 60 days and the insured has —
 - (a) exercised the power of sale on the instruction of the Minister at a price less than the settlement value of the property as defined in Condition 3 hereunder, and the Minister has approved the sale at such lesser price; or
 - (b) at the request of the Minister, transferred to the Minister or his nominee all rights to and in respect of the insured loan and all collateral or other securities therefor; or
 - (c) at the request of the Minister, sold the mortgaged property to the Minister or his nominee.
- (ii) Notice of such default of the borrower was given to the Minister as required by subsection 21(4) of the Act
- (iii) A claim under this policy has been submitted by the approved lender in accordance with the Regulations.

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- (iv) In any case to which paragraph (c) of this Condition applies, on or before the date on which payment is to be made hereunder, the insured conveys to the Minister title to the mortgaged premises which is acceptable to the Minister.
3. The amount payable under this policy shall be —
- (a) where paragraph (a) of Condition 2 of the policy applies, the difference between the amount realised on sale and the settlement value of the property; or
 - (b) where paragraph (b) or (c) of Condition 2 of this policy applies, the settlement value of the property; or
 - (c) such amount as may be agreed upon between the insured and the Minister pursuant to Section 22(2) of the Act; and in calculating the amount payable, amounts received for the credit of the mortgage account shall be appropriated, first to interest then owing on the mortgage account, secondly to lender's costs, and thirdly to principal owing on the mortgage account.
4. The settlement value of the property referred to in Condition 3 hereof shall be the aggregate of —
- (a) the principal owing on the mortgage at the date of sale, transfer or conveyance as the case may be;
 - (b) service charges as herein defined paid before the sale, transfer or conveyance to the Minister as the case may be;
 - (c) interest at the mortgage interest rate on each amount specified in paragraph (a) and (b) hereof —
 - (i) for a period in which interest thereon was due or accrued, and unpaid at the date of sale, transfer or conveyance; or
 - (ii) for a period of nine months immediately prior to the date of sale whichever is the shorter period;
 - (d) all costs and expenses reasonably and properly incurred and agreed between the insured and the Minister or, in default of agreement, as may be taxed by the Registrar of the Supreme Court.
5. If the insured is negligent in the administration of the loan or in the protection of the loan security either before or after default, then —
- (a) the Minister may deduct from any sum payable under the policy the amount of damages sustained by the Minister as a result of such negligence. Should the Minister and the insured be unable to agree on the extent of such negligence or on the damages arising therefrom, then the matter should be referred for arbitration to a sole arbitrator acceptable to the Minister and the insured, or if no sole arbitrator is acceptable to three arbitrators one of whom shall be chosen by the Minister the other by the insured and the third by the other two so chosen.

The cost of the arbitration shall be borne as agreed by the parties or in default of agreement as determined in the arbitration award and such reference to arbitration shall be final and conclusive;

- (b) the Minister shall be entitled to reduce a claim by the insured under this policy by an amount equal to the amount by which the cost of repairing or replacing fire, earthquake or hurricane damage or loss to the mortgaged premises exceeds amounts paid under fire insurance policies in force respecting the premises unless the damage or loss shall have been repaired or replaced prior to settlement of any claim under the Mortgage Insurance, and any costs to the insured of effecting such repairs or replacements shall not be approved by the Minister as a service charge.
6. Payment of a claim hereunder shall be made by the Minister within 30 days after the requirements of Conditions 2 have been met.
7. If the loan insured by this policy is sold to an approved lender or to the Minister or to such other person as the Minister may approve, this policy may be assigned to the purchaser of the loan. Notice of such assignment shall be given to the Minister by the assignor within sixty days of the date of the assignment
8. This policy shall cease to be in force in any one or more of the following circumstances, that is to say, if —
- (a) it has been obtained by fraud on the part of the insured;
 - (b) the right of recovery under the mortgage securing the loan hereby insured has ceased to exist other than by reason of proceedings taken under the Act;
 - (c) the approved lender holding or administering the loan has not given notice to the Minister on the default of the borrower pursuant to paragraph (ii) of the Condition 2 above;
 - (d) on the exercise of his power of sale the insured obtains for the mortgaged property a price equal to or in excess of the settlement value of the property or the mortgaged property is sold at a price below the settlement value of the property without the consent of the Minister;
 - (e) the insured fails to comply with the provisions of the Act, the Regulations or any directions of the Minister pursuant to the Act, after having been given at least 15 days' notice by the Minister of his intention to terminate the policy;
 - (f) except as provided in the Regulations, the insured has, without the approval of the Minister —
 - (i) altered the terms of repayment of the mortgage loan:
or
 - (ii) permitted any derogation in his rights against the mortgaged premises by way of postponement, partial discharge or otherwise; or

- (iii) released any collateral security or personal covenant taken as further security for the loan which was insured subject to the taking of such security;
- (g) payment under Condition 2 shall have been made.