

THE DEPARTMENT OF HOUSING

Mortgage Loan Insurance Policy

Policy No.....

THE DEPARTMENT OF HOUSING (hereinafter called the Department), pursuant to The Housing Act, as well as any subsequent amendments thereto its Undertaking-to-Insure No..... dated.....
..... – 20..... 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 Mortgage..... Registration Date.....20.....

Amount of Loan (incl. Insur. Fee)B\$..... Interest rate.....%

Amortization Period..... years Maturity ate.....20.....

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. (i) In these Conditions:-
“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 heir, executors, administrators, successors of 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 if –
 - (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 given to the Minister as required by Subsection 20(4) of the Act.
 - (iii) A claim under this policy has been submitted by the approved lender in accordance with the Regulations.
 - (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 realized 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 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 rate on each amount specified in paragraph (a) and (b) hereof –
 - (i) for a period for 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 both parties, then 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 1088 to the mortgaged premises exceeds amounts paid under fire insurance policies in force respecting the premises unless the damage or 1088 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 Condition 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 anyone 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 its 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 or 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.

Dated the day of 20

Minister Responsible for Housing