

SECHELT INDIAN BAND

LAW NO. 3 1990-03

A LAW TO AUTHORIZE BORROWING

The Council of the Sechelt Indian Band, in open meeting assembled, enacts as follows:

SHORT TITLE

1. This law may be cited for all purposes as the "S.I.B. Loan Authorization Law No. 3".

AUTHORIZATION OF LOAN

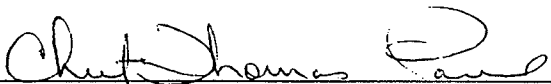
2. Pursuant to section 2(2) of Division 8 of Part II of the Constitution, and as approved by Band Vote held July 7, 1990, a loan in the form shown in the attached Commitment letter of December 18, 1990 from Scotiabank is authorized.

Read a First time this 20th day of December, 1990.

Read a Second time this 20th day of December 1990.

Read a Third time this 20th day of December 1990.

Reconsidered, finally passed and adopted by the Band Council and signed by the Chief on the 21 day of December 1990.


Chief Thomas Paul

650 West Georgia Street, Vancouver, B.C. V6B 4P6

December 18, 1990

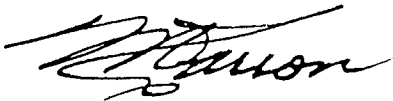
Sechelt Indian Band
Sechelt, B.C.

Dear Sirs:

We are pleased to confirm that subject to acceptance by you, The Bank of Nova Scotia (the "Bank") will make available to Sechelt Indian Band (the "Borrower"), credit facilities on the terms and conditions set out in the attached Terms and Conditions Sheet and Schedule "A".

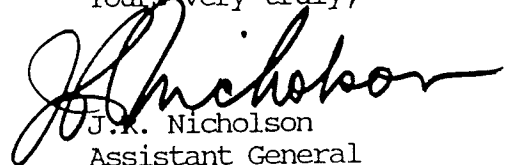
If the arrangements set out in this letter, and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are acceptable to you, please sign the enclosed copy of this letter in the space indicated below and return the letter to us by the close of business on December 21, 1990 after which date this offer will lapse.

This Commitment Letter replaces all previous commitments issued by the Bank to the Borrower.



M.G. Larson
Account Manager

Yours very truly,



J.K. Nicholson
Assistant General
Manager and Centre
Manager

The arrangements set out above and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are hereby acknowledged and accepted by:

SECHELT INDIAN BAND

Name

By: James Paul
Chief

By: Benedict Pierre
Councillor

By: Theresa M. Jeffers
Councillor

By: Harry Aschub
Councillor

By: Trent D. J.
Councillor

DATE: _____

TERMS AND CONDITIONS

CREDIT NUMBER: 1

AUTHORIZED AMOUNT: \$2,000,000

TYPE

Non-revolving

PURPOSE

To assist with construction of a multi-use complex building located in Sechelt, B.C.

CURRENCY

Canadian dollars

AVAILMENT

The Borrower may avail the credit by way of Direct advances evidenced by Demand Promissory Notes.

INTEREST RATE

The Bank's Prime Lending Rate from time to time, plus 1 1/2% per annum with interest payable monthly.

The Borrower has the option to fix the interest rate for the balance of the term of the loan at any time until December 31, 1991, subject to availability. Rates will be quoted upon request.

OTHER FEES

A Commitment Fee of \$20,000/1% of the Credit is payable upon acceptance of this commitment.

DRAWDOWN

The loan is to be fully drawn down by April 30, 1991.

REPAYMENT

Advances are repayable in 11 semi-annual installments of principal (\$165,000), commencing October 31, 1991, with a final payment of the balance of principal and interest then outstanding due April 30, 1997.

REPAYMENT

Prepayments are to be applied against installments of principal in the inverse order of their maturities.

No prepayment is permitted if the fixed interest rate option is elected.

SPECIFIC SECURITY

The following security, evidenced by documents in form satisfactory to the Bank and registered or recorded as required by the Bank, is to be provided prior to any advances or avilment being made under the Credit:

Collateral mortgage in the amount of \$2,000,000 providing a first fixed charge over land and buildings located on Lot 74-1 Sechelt, B.C., with replacement cost fire insurance coverage, loss, if any, payable to the Bank as mortgagee.

Assignment of Builders All Risk Insurance.

Specific assignment of payments due under the lease agreement with Sechelt Aggregates Ltd. dated June 24, 1988. (Notified and Acknowledged). Supported by Band Council Resolution authorizing the granting of the assignment and confirming that the assignment is for the benefit of the Band.

SPECIFIC CONDITIONS

Until all debts and liabilities under the Credit have been discharged in full, the following conditions will apply in respect of the Credit:

No advances are permitted under this credit until the Bank is provided with all required security documentation prepared, completed and registered by the Bank's solicitor together with satisfactory legal opinion as to the same and as to all other matters relating to the credit.

No advances are permitted under this credit until the Bank and the Bank's solicitor have reviewed and are satisfied that the Loan Authorization Law has been adopted and assented to in accordance with the requirements of the Band Constitution.

Advances will be made upon receipt of (Architects'/Engineers') Progress Certificate, specifying the dollar amount of services and/or materials supplied under the contract.

A 45 day holdback of 10% of the dollar value of services and/or materials supplied, as certified in the Progress Certificate, will be withheld from each advance, until substantial performance is declared and the lien period has expired.

Advances will be made, and holdbacks released, through the Bank's solicitor upon receipt by the Bank of its solicitor's title opinion, ensuring continued ranking of the Bank's security interests.

The Bank is not obligated to make loan/mortgage advances if there is any lien registered against the property or if written notice of a lien is received by the Bank.

All cost overruns and contract additions are to be funded by the Borrower as and when they occur.

SPECIFIC BORROWER REPORTING CONDITIONS

Until all debts and liabilities under the Credit have been discharged in full, the Borrower will provide the Bank with the following:

Annual Audited Unconsolidated Financial Statements within 90 days of the Borrower's fiscal year end, duly signed.

Monthly Building Report to include amount of work completed under the contract, amount remaining to be completed and holdback information within 15 days of period end.

SCHEDULE A

ADDITIONAL TERMS AND CONDITIONS APPLICABLE
TO ALL CREDITS

Calculation and Payment of Interest

1. Interest on loans/advances made in Canadian dollars will be calculated on a daily basis and payable monthly on the 22nd day of each month (unless otherwise stipulated by the Bank). Interest shall be payable not in advance on the basis of a calendar year for the actual number of days elapsed both before and after demand of payment or default and/or judgment.

Interest on Overdue Interest

2. Interest on overdue interest shall be calculated at the same rate as interest on the loans/advances in respect of which interest is overdue, but shall be compounded monthly and be payable on demand, both before and after demand and judgment.

Periodic Review

3. The obligation of the Bank to make further advances or other accommodation available under any Credit(s) of the Borrower under which the indebtedness or liability of the Borrower is payable on demand, is subject to periodic review and to no adverse change occurring in the financial condition of the Borrower or any guarantor.

Acceleration

4. (a) All indebtedness and liability of the Borrower to the Bank payable on demand, is repayable by the Borrower to the Bank at any time on demand;
- (b) All indebtedness and liability of the Borrower to the Bank not payable on demand, shall, at the option of the Bank, become immediately due and payable, the security held by the Bank shall immediately become enforceable, and the obligation of the Bank to make further advances or other accommodation available under the Credits shall terminate, if any one of the following Events of Default occurs:
 - (i) the Borrower or any guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Bank;
 - (ii) there is a breach by the Borrower of any other term or condition contained in this Commitment Letter or in any other agreement to which the Borrower and the Bank are parties;
 - (iii) any default occurs under any security listed in this Commitment Letter under the headings "Specific Security" or "General Security" or under any other credit, loan or security agreement to which the Borrower is a party;

- (iv) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against the Borrower and, if instituted against the Borrower, are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;
- (v) a receiver is appointed over any property of the Borrower or any judgement or order or any process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;
- (vi) any adverse change occurs in the financial condition of the Borrower or any guarantor.

Costs

5. All costs, including legal and appraisal fees incurred by the Bank relative to security and other documentation, shall be for the account of the Borrower and may be charged to the Borrower's deposit account when submitted.