

BELIZE:

**STATUTORY INSTRUMENT
NO. 69 OF 2023**

**DEVELOPMENT FINANCE CORPORATION REGULATIONS,
2023**

ARRANGEMENT OF REGULATIONS

PART I

General

1. Citation.
2. Interpretation.
3. Loan application.
4. Purpose of loan.
5. Working capital.
6. Borrower's contribution.
7. Security.
8. Applicant to pay legal fees.
9. Application for loan to make improvements.
10. Borrower to insure security against fire, etc.
11. Borrower not to replace security without permission.
12. Interest.
13. Borrower in default with collateral terms and conditions.

14. Duty of borrower to keep proper accounting records.
15. Surcharge.
16. Right of Corporation to suspend disbursement of loan.
17. Right of Corporation to conduct supervision of loan.
18. Collection on loans.
19. Borrower to have permits for undertakings.

PART II

Procedures of the Board of Directors

20. Vacancies.
21. Corporate Secretary.
22. Convening of Meetings
23. Voting at Board Meetings.
24. Resolutions by circular.
25. Validity of acts of Board.
26. Minutes.
27. Signature of minutes and *prima facie* evidence.
28. Committees of the Board.

PART III

Interested Persons and Conflict of Interest

29. Related party transactions.
30. Related parties to disclose interest

Development Finance Corporation

31. Board to approve related party transactions.
32. Interested director, etc. not to partake in decisions of Board.
33. Related party to disclose related interests.
34. Interested director, etc. not to receive information on related party transactions.
35. Corporate Secretary to maintain register on related party transactions.
36. Repeal and savings.
37. Commencement.

BELIZE:

STATUTORY INSTRUMENT

No. 69 of 2023

REGULATIONS made by the Board, with the approval of the Minister responsible for Finance, in exercise of the powers conferred upon it by section 12 of the Development Finance Corporation, Chapter 279 of the Substantive Laws of Belize, Revised Edition 2020; and all other powers thereunto it enabling.

(Gazetted 8th June, 2023).

1. These Regulations may be cited as the

Citation.

**DEVELOPMENT FINANCE CORPORATION
REGULATIONS, 2023.**

2. In these Regulations, unless the context otherwise requires

Interpretation.

“**Act**” means the Development Finance Corporation Act;

Act No. 1 of
2009.

“**agricultural**” includes agriculture, forestry and fisheries;

“**applicant**” means a person who applies to the Corporation for a loan;

“**Board**” means the Board of Directors of the Corporation;

“**borrower**” means an applicant who has obtained a loan from the Corporation;

“**child**” means a person below the age of eighteen years and includes an adopted child, a step-child, a child under legal guardianship and a child born out of wedlock;

“**contribution**” – the items which the borrower will input into the project in order to have a stake in the investment

and demonstrate confidence in the project. Such contribution can take the form of existing developments (land, buildings, chattels), equity (contribution in the form of financial resources or non-monetary investment);

“Corporation” means the Development Finance Corporation established under the Act;

“dollars” means Belize dollars;

“industrial” includes manufacturing, agro-processing, tourism and services;

“loan” means a credit facility offered to a borrower under contractual terms and conditions set by the Corporation;

“loan recovery” means any loan which has been demanded, published or assigned to an auctioneer for recovery of sums owing to the Corporation pursuant to a loan agreement.

“policies” means the Board approved policies and guidelines that are currently in force or that may be adopted and approved by the Board from time to time, and that determine a course of action, indicate priorities, or provide rules of conduct for the Corporation’s directors, managers and staff to adhere to in conducting the business of the Corporation;

“project” An investment activity or group of related activities in which financial and human resources are expended in order to produce goods or services for the purpose of generating financial benefit;

“refinancing” means the process of paying off an existing loan within, or between financial institutions, by issuing a new loan against the same collateral;

“related party” includes:

- (a) the Chair, Vice-Chair, a director, or a shareholder of the Corporation;
- (b) an employee of the Corporation;
- (c) a spouse, child, brother, sister, or parent of a director or of an employee of the Corporation;
- (d) an entity that is owned or controlled by a person listed in paragraphs (a), (b) or (c) above, or an entity in which such person has at least fifty percent (50%) of shares, or serves as an officer or director;

“related party transaction” means a financial transaction between the Corporation and a related party other than

- (a) transactions available to the employees of the Corporation as approved under the Corporation’s terms and conditions of employment and the Collective Agreement between the Corporation and the Christian Workers Union or any other body which may represent the interests of the Corporation’s employees;
- (b) transactions which do not exceed more than ten thousand dollars (\$10,000.00) when aggregated with similar transactions.

“**spouse**” means the parties to a common law union as defined in Section 148:04 of the Supreme Court of the Judicature Act, Chapter 91 of the Substantive Laws of Belize;

“**standing committee**” means a committee that is established by the Board for an unlimited period of time;

“**strategic development plan**” means a document that contains a plan for the conduct of the business of the Corporation for

a specified period of time based on a consideration of the internal strengths and weaknesses of the Corporation and of the external opportunities and threats it faces in its business environment, which document provides goals, performance targets, planned performance results, initiatives and other expected outcomes, which once approved by the Board will be a guide to the management of the Corporation in the conduct of its affairs during the planned period;

“working capital” means the amount of cash or liquid assets a firm requires on hand to finance its operations usually over a production cycle.

Loan
application.

3. (1) Every person desirous of applying for a loan shall apply to the Corporation in the manner prescribed by the Corporation.

(2) The Corporation shall, in respect of every application submitted pursuant to sub-regulation (1), conduct an assessment and in reviewing any such application submitted, the Corporation shall

(a) ensure it is considered strictly on its financial and economic merits and in light of recommendations from management as to the character and creditworthiness of the applicant.

(b) ensure it is presented in an approved format.

Purpose of
loan.

4. (1) Subject to the results of the assessments under Regulation 3(2), the Corporation may grant a loan for any purpose consistent with the purposes of the Corporation pursuant to Section 4 of the Act.

(2) Without prejudice to the generality of sub-regulation (1) the Corporation may grant loans for the following purposes:

(a) for the payment of student fees and related costs of education;

- (b)* to purchase land for the construction or improvement of houses by a person with priority extended to first-time house buyers;
- (c)* for the purchase, development and improvement of land for agricultural, and industrial purposes;
- (d)* for the purchase, or erection of buildings including houses, farm buildings, factories, hotels, guest houses and restaurants;
- (e)* for the purchase and installation of plant, machinery and equipment;
- (f)* for the purchase and installation of processing, storage and packaging facilities;
- (g)* for the payment of labour and services, or for the purchase of materials and supplies;
- (h)* for the establishment of irrigation, drainage, piping, erosion control and other land conservation measures which promote environmental sustainability;
- (i)* for the purchase of infrastructure and water supply, and electrical systems;
- (j)* for the purchase of boats, vessels or engines;
- (k)* for the establishment of mass communication and energy conservation projects; and
- (l)* for the production and marketing of export oriented goods and services;
- (m)* any other purpose that aligns to the objectives of the Corporation.

Working capital.

5. Where an applicant cannot readily finance the working capital of a project, the Corporation may approve loans for working capital on terms and conditions as may be determined by the Corporation.

Borrower's contribution.

6. (1) The Corporation may fund a loan where, to the satisfaction of the Corporation, the borrower is able to service the interest and principal over the planned life of the loan.

(2) A borrower is required to provide a contribution in cash or in kind subject to the lending guidelines of the Corporation.

(3) The Corporation may approve a loan in accordance with the risk assessment guidelines contained in the Corporation's policies.

Security.

7. (1) The Corporation shall ensure that all loans are adequately secured. The Corporation shall ensure that the security is realizable and capable of protecting the exposure of the Corporation if the loan becomes non-performing.

(2) Upon granting a loan, customers shall be required to sign a loan agreement which shall set out the terms and conditions upon which the loan is being granted.

(3) The Corporation shall require a promissory note in respect of the amount of the loan being financed, along with one or more of the following as security for the loan:

(a) a first charge or mortgage on fixed assets, including land, along with structures contained thereon, in Belize which shall be adequately insured;

(b) a floating charge/debenture on all assets belonging to a borrower or other person;

- (c) a Bill of Sale over goods, machinery, and chattels accompanied by adequate insurance, pledged hypothecation or assignment on financial assets such as bonds, shares, and bank saving deposits;
- (d) an assignment in favour of the Corporation, of an insurance policy on the life of the borrower or on insurable assets against fire and extra perils including but not limited to earthquake, floods, storms, hurricanes and other natural disasters;
- (e) a secured third party guarantee including government guarantee;
- (f) a first lien on agricultural products or other lien claims provided in law;
- (g) personal guarantee ; and
- (h) such other security as the Corporation may deem fit.

(4) In order to guarantee the integrity of the assets pledged as collateral under this Regulation, the Corporation shall conduct assessments as are necessary on such collateral, including but not limited to:

- (a) searches to verify that the assets pledged are owned as represented by the borrower or surety and are otherwise unencumbered;
- (b) conduct collateral reviews as per lending guidelines; and
- (c) other sources of income.

Applicant to
pay legal fees.

8. (1) An applicant shall pay all loan, fees and expenses, as determined by the Corporation, incurred in securing a loan from the Corporation.

(2) Notwithstanding sub-regulation (1), the Corporation may allow borrowers of loans to pay loan fees and other costs incurred in securing the loan, from the proceeds of the loan subject to the Corporation's guidelines.

Application for
loan to make
improvements.

9. (1) Where an application is made for a loan for the purpose of erecting a building or developing land used or to be used in connection with an enterprise, the Corporation may approve the loan based on the estimated enhanced value of the land on which the building is to be erected or development is to take place and the proceeds of such loan shall be disbursed by such instalments as may be determined by the Corporation having regard to the progress of the construction of the building or the development and to the actual cost of the development.

(2) Notwithstanding sub-regulation (1), the building being constructed from the loan proceeds shall be hypothecated in favour of the Corporation as loan collateral and upon completion of the proposed development, the minimum ratio of the value of the collateral to the value of the loan must conform to the lending guidelines.

Where the Corporation has approved a loan for the procurement of an item or expense to an approved enterprise, the Corporation shall take all necessary measures to effect payment directly to the said providers of goods and services.

Borrower to
insure security
against fire,
etc.

10. The Corporation shall ensure, where applicable, that the borrower insures against loss or damage by fire, hurricanes, earthquakes, floods and such other hazards as the Corporation may specify, the building, equipment, chattels, stock and products mortgaged to the Corporation as security for a loan for the duration of the loan, for such amount not in excess of

the full insurable value of the building, equipment, chattels, stock and products, as the case may be, as the Corporation may require, and shall assign and cause an endorsement in the Corporation’s favour, and if required, deliver to the Corporation the policy of insurance.

(2) Where a borrower does not possess any or adequate insurance as required under sub-regulation (1), the Corporation shall have the right to ensure the fulfilment of this condition. All charges, costs and expense shall be for the Borrower and added to the outstanding loan balance of the Borrower.

11. Where the Corporation takes as security for a loan, equipment of any kind, the Corporation shall ensure that the borrower does not replace or dispose of such security without the written permission of the Corporation.

Borrower not to replace security without permission.

12. (1) Interest shall be charged on loans and advances at such rate as the Corporation may from time to time determine after having taken into account the Corporation’s cost of funds, administrative, loan risks and planned financial results and in accordance with the Corporation’s policies and procedures.

Interest.

(2) The borrower may at any time pay off all or any part of the principal money for the time being owed together with the whole interest due on the principal outstanding at the time of payment, or such interest, prepayment penalties or amounts and on such terms as are consistent with the Corporation’s lending guidelines, if applicable.

13. It shall be a term of every loan that where a borrower abandons, neglects or, without the consent of the Corporation, attempts to sell or dispose of all or any part of his security for a loan, the Corporation shall be entitled to recover forthwith the whole or any outstanding portion of the loan.

Borrower in default with collateral terms and conditions.

14. (1) It shall be a condition of every loan that a borrower shall, where applicable, keep or cause to be kept proper accounting records relating generally to the business in respect

Duty of Borrower to keep proper accounting records.

of which the loan has been made and in particular to the use of the loan fund.

(2) The Corporation may at any time during the loan term, request in writing that a borrower submit the accounting records, required under sub-regulation (1), to the Corporation.

(3) The Corporation shall, in its written request under sub-regulation (2), provide the time within which the accounting records must be submitted, but in no case shall time for submission be less than five calendar days from the day on which the request was received by the borrower.

Surcharge.

15. The Corporation may provide in the loan agreement for the imposition of a surcharge on the amount of the loan granted and overdue.

Right of Corporation to suspend disbursement of loan.

16. It shall be a condition of every loan that the Corporation shall have the right to suspend disbursement of that loan or to terminate a borrower's right to use the proceeds of the loan and to demand full payment of outstanding loan balances with the Corporation if the borrower defaults in the performance of any of the borrower's obligations under the loan agreement and loan security instruments or of any Regulation.

Right of Corporation to conduct supervision of loan.

17. (1) It shall be a condition of every loan that any duly authorized and designated officer of the Corporation or any person so authorized has the right to visit the projects financed from loan proceeds for the purpose of undertaking an assessment of the performance of the project.

(2) A visit undertaken pursuant to sub-regulation (1) shall be in accordance with the project implementation schedule and shall be at least once per annum.

18. (1) The Corporation shall ensure that all loans disbursed to a borrower are collected in accordance with the terms and conditions specified in the loan agreement.

Collection on loans.

(2) In the event of default of a loan, the Corporation shall ensure appropriate loan servicing or recovery actions consistent with the Corporation's approved loan administration or recovery policies.

19. It shall be a condition of every loan that a borrower, where applicable, shall obtain or otherwise maintain all statutory licenses and permits as required for the project, which is to be financed by the Corporation.

Borrower to have permits for undertakings.

PART II

Procedures of the Board of Directors

20. The directors may act notwithstanding any vacancy in the body of the Board.

Vacancies.

21. The Board shall appoint one of the officers of the Corporation to be the Corporate Secretary and the Corporate Secretary shall:

Corporate Secretary.

- (a) advise the Board on all aspects of its powers and functions under the Act and Regulations;
- (b) conduct all other similar functions for the smooth operation of the Board and to ensure compliance with the Act and all other applicable laws, rules, regulations;
- (c) ensure minutes of board meetings are accurately recorded and convey decisions of the Board of Directors to the Management of the Corporation.

- (d) be custodian of the minutes of meetings of the Board and subcommittees of the Board, and other Board records.

Convening of Meetings.

22. (1) A meeting of the Board may be convened at the request of a Director or of the General Manager of the Corporation made to the Chairman of the Board.

(2) Every member of the Board shall be given at least five (5) working days' notice of the convening of a meeting unless otherwise agreed by all of the Directors.

(3) A notice of meeting of the Board shall specify the purpose of the meeting.

Voting at Board Meetings.

23. A question arising at any meeting of the Directors shall be decided by a majority of votes, and in the case of an equality of votes, the Chairman of the Board or the Deputy Chairman presiding at such meeting, as the case may be, shall have a second or casting vote.

Resolution by circular.

24. A decision or resolution of the Board may be made or passed by circular, without any meeting of the directors if approved, by all the directors for the time being in Belize, provided that the majority of such directors voting for or against said decision or resolution would constitute a quorum if a meeting was being convened; and, shall be as valid and effectual as a resolution duly passed at a meeting of the directors called and held in accordance with the provisions of these Regulations and the Act. Any decision so made or resolution so passed shall be ratified by the Board at its next scheduled meeting.

Validity of acts of Board.

25. All acts done by any meeting of the Directors or by any other person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or person acting as Director, be valid as if every such person had been duly

appointed and was qualified to be a Director and as if such an act was sanctioned by a resolution of the Board or otherwise approved by the Board as evidence in duly recorded Minutes of the Board.

26. The Board shall cause minutes of meetings of the Board to be duly made and securely kept for all purposes, including the following matters:

Minutes.

- (a) appointments of officers made by the Directors;
- (b) names of the Directors present at each meeting of the Board;
- (c) resolutions and proceedings of all general meetings;
- (d) resolutions and proceedings of all meetings of the Board;
- (e) directives made by the Directors;
- (f) results of votes on resolutions;
- (g) a summary of the reason for a dissenting vote by a Director when so requested by that Director;
- (h) any decisions made by the Board in relation to any matter or thing; and
- (i) the use of the Corporation's Seal.

27. The Chairman of the Board or the person presiding as Chairman of the Board, or the person presiding as Chairman at the next Board meeting shall sign the minutes of that meeting. Signed minutes shall serve as prima facie evidence of the events that occurred during the Board meeting.

Signature of
minutes and
prima facie
evidence.

Committees of
the Board.

28. (1) In accordance with section 9(3) of the Act, the Board may establish committees to deal with credit, finance, risk management, human resource management or other relevant issues affecting the operations of the Corporation.

(2) A committee established for the purposes of this Regulation may regulate its own proceedings, subject to approval by the Board.

(3) Committees of the Board may consist of one or more Directors with appropriate credentials relating to the matter for which the committee was established.

(4) A committee of the Board may be a standing committee and continue its activities without limitations to the term of its existence.

(5) In accordance with section 9(3) of the Act, the Board shall establish an Audit Committee and a Risk Management Committee, which functions may be carried out by one body. The following shall apply in respect of the Committee or Committees, as the case may be:

- (i) the Committee or Committees shall comprise of at least three Directors of the Board, inclusive of the member representing the Institute of Chartered Accountants of Belize who shall serve as Chairman, and members of the management team of the Corporation may be called upon as resource personnel by the Directors appointed to the Committee or Committees;
- (ii) the Chairman of the Board shall not be a member of the Committee or Committees;
- (iii) the Terms of Reference of the Audit Committee shall include but shall not be limited to the following:

- (a) to review the effectiveness of and to make recommendations to improve the Corporation's internal systems and policies;
 - (b) to review and make recommendations on all matters relating to the Corporation's internal and external audit processes;
 - (c) to put mechanisms in place through which employees can raise concerns in confidence, regarding wrong doing in financial reporting or other financial matters; and
 - (d) to recommend to the Board from time to time, such policies as the Committee sees fit.
- (iv) the Terms of Reference of the Board Risk Management Committee shall include but shall not be limited to the following:
- (a) to assist the Board in its oversight of the Corporation's Risk Management Function; and
 - (b) to ensure that appropriate policies, procedures and practices are in place for handling the risks to which the Corporation is exposed.

(6) Every committee of the Board shall prepare minutes of meetings of that Committee, and shall record a summary of deliberations and recommendations for the Board's review and consideration.

(7) Every committee of the Board shall provide the Board at its next meeting following the meeting of the Committee,

with a copy of the written reports of all meetings held since the last meeting of the Board.

PART III

Related Party and Conflict of Interest

Related party transactions.

29. The Board of Directors may, by unanimous decision, approve related party transactions where:

- (a) it is satisfied that the transaction represents a sound financial risk for the Corporation;
- (b) it is satisfied that the transaction is on terms comparable to terms which would be obtained in arms-length dealings with a non-related party; and
- (c) it is satisfied and recorded in its minutes of meeting that the extent of the transaction should not disqualify the person entering into the related party transaction.

Related parties to disclose interest.

30. All related parties wishing to engage in business transactions with the Corporation shall disclose that party's position in writing to the Corporation.

Board to approve related party transactions.

31. Where an individual discloses that he is a related party, transactions between the Corporation and that person shall be presented to the Board for approval prior to the Corporation engaging in the proposed activity.

Interested director, etc. not to partake in decisions of Board.

32. (1) Any member of the Board whose interest is likely to be affected whether directly or indirectly by a decision of the Board on any matter whatsoever shall disclose the nature of the interest to the Chairman of the Board, or if the person affected is the Chairman, to the Deputy Chairman as soon as

he/she becomes aware of such interest. The Board shall then forthwith transmit a copy of said disclosure to the Minister as per section 11(2) of the Act.

(2) A Director or Manager, as the case may be, shall not be present at a meeting of the Board or participate in the decisions taken on a transaction in which that Director or Manager, as the case may be, is a related party.

33. (1) Upon the appointment by the Corporation of a Director or Officer, who is a related party, the person appointed shall declare any existing related interests known to that person to the Board and such interest shall be recorded in the register of related party transactions.

Related party to disclose related interest.

(2) Where a related party may not have been aware of a related party interest at the time of that person's appointment, such person should inform the Board as soon as that individual obtains knowledge of same.

34. (1) A Director of the Board or Officer of the Corporation, as the case may be, who is potentially a related party, shall instruct the Corporate Secretary that he/she is not to receive papers on the related party transaction for the Board's consideration in that Director's or Officer's, as the case may be, package of Board papers.

Interest director, etc. not to receive information on related party transactions.

35. The Corporate Secretary shall maintain a register of related party transactions presented for the consideration of the Board, and a record of the decisions taken on such transactions.

Corporate Secretary to maintain register on related party transactions.

36. (1) Upon the coming into force of these Regulations, the Development Finance Corporation Regulations shall be repealed.

Repeal and Savings. S.I. 78 of 1978.

(2) Notwithstanding the repeal under sub-regulation (1), an action taken or anything done in exercise of a power

conferred under the repealed Regulations shall be deemed to have been taken or done under these Regulations.

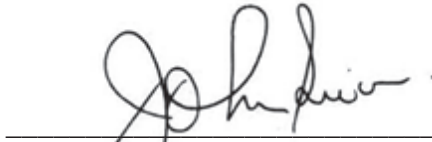
Commencement. 37. These Regulations shall come into force on the 8th day of June, 2023.

MADE by the Board of Directors this 7th day of June, 2023.



(signature)

APPROVED by the Minister responsible for Finance this 7th day of June 2023.



(signature)