

**No. 16448**

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**UNITED STATES OF AMERICA  
and  
PORTUGAL**

**Guaranty Agreement relating to a housing loan. Signed at  
Washington on 3 November 1975**

*Authentic text: English.*

*Registered by the United States of America on 13 February 1978.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
PORTUGAL**

**Accord de garantie relatif à un prêt destiné à la construc-  
tion de logements. Signé à Washington le 3 novembre  
1975**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 13 février 1978.*

## GUARANTY AGREEMENT<sup>1</sup> OF THE REPUBLIC OF PORTUGAL

This AGREEMENT dated as of November 3, 1975, between the REPUBLIC OF PORTUGAL ("Portugal") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.");

WHEREAS, pursuant to a Loan Agreement dated as of November 3, 1975 ("Loan Agreement") between the Government of Portugal ("Borrower") acting through Sociedade Financiera Portuguesa, S.A.R.L. and Federal Home Loan Bank of New York ("Investor"), Borrower may borrow up to twenty million United States Dollars (\$20,000,000) ("Loan") evidenced by Borrower's 9.2% promissory notes ("Notes");

WHEREAS, in accordance with the terms and conditions of the Implementation Agreement dated as of November 3, 1975 ("Implementation Agreement") between Borrower and A.I.D., Borrower will use the proceeds of the Loan for Borrower's housing program for low income families as implemented by the National Housing Development Fund ("FFH");

WHEREAS, in consideration of the Guaranty of the Republic of Portugal provided herein and the guaranty fee provided in the Implementation Agreement, A.I.D. has agreed to guaranty the loans to be made pursuant to the Loan Agreement in accordance with the terms and conditions of a Contract of Guaranty between A.I.D. and Investor dated as of November 3, 1975 ("Contract of Guaranty");

NOW, THEREFORE, the Republic of Portugal and A.I.D. hereby agree as follows:

### *Article I.* REPUBLIC OF PORTUGAL GUARANTY

1. The full faith and credit of the Republic of Portugal is irrevocably and unconditionally pledged to guaranty to A.I.D. the due and punctual payment to A.I.D. in U.S. Dollars of:

- (a) any amounts of principal, interest and other payments due under the Notes or Loan Agreement which A.I.D. has paid to Investor pursuant to the Contract of Guaranty;
- (b) the A.I.D. Guaranty Fee and other amounts due from Borrower under the Implementation Agreement.

2. Such full faith and credit guaranty shall not be affected or impaired for any reason whatsoever, including, without limitation:

- (a) any amendment, modification or waiver of the Loan Agreement, the Notes, the Contract of Guaranty, the Implementation Agreement or this Agreement; or
- (b) any defect in the authorization, execution, delivery or enforceability of the Loan Agreement, Notes, Contract of Guaranty, the Implementation Agreement or this Agreement; or

<sup>1</sup> Came into force on 3 November 1975 by signature.

(c) any law, regulation or decree now or hereafter in effect in any jurisdiction which might in any manner affect the time of payment of the Notes or any terms or provisions of the Loan Agreement, the Notes, the Contract of Guaranty, the Implementation Agreement or this Agreement, or any of the rights of A.I.D. under the foregoing.

3. No payments to be made by or on behalf of Borrower to Investor pursuant to the Loan Agreement or the Notes, or to any assignee, transferee or pledgee of Investor not doing business in Portugal, or payments to A.I.D. of the A.I.D. Guaranty Fee, are subject to income, withholding or other taxes whatsoever of Portugal or of any municipality, political subdivision or taxing authority thereof; and all such payments may be made free and clear of, and without deduction for, any and all taxes, levies, imposts, deductions or withholding whatsoever imposed, levied, collected or assessed thereon by the Republic of Portugal or by any municipality, political subdivision or taxing authority thereof.

*Article II. OBLIGATIONS OF A.I.D.*

In consideration of the foregoing Guaranty by the Republic of Portugal, A.I.D. hereby covenants that it will perform its obligations under the Contract of Guaranty in accordance with its terms.

*Article III. ASSIGNMENT AND SUBROGATION*

A.I.D. shall assign and transfer to Portugal all its right, title and interest under the Loan Agreement, any Eligible Notes, the Implementation Agreement and the Contract of Guaranty in respect of which payment hereunder has been made by Portugal, if at the time no other payments thereunder are overdue and unpaid by Portugal.

IN WITNESS WHEREOF, the Republic of Portugal and A.I.D., each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the date first above written.

Republic of Portugal:

JOÃO HALL THERMIDO

(Name)

Ambassador

(Title)

United States of America:

PETER KIMM

(Name)

Director of Housing

(Title)

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