

No. 16589

**UNITED STATES OF AMERICA
and
CHILE**

**Agreement relating to a housing loan guaranty. Signed at
Santiago on 26 January 1976**

Authentic text: English.

Registered by the United States of America on 27 April 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHILI**

**Accord relatif à la garantie d'un prêt pour la construction de
logements. Signé à Santiago le 26 janvier 1976**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 avril 1978.

GUARANTY AGREEMENT¹ OF THE REPUBLIC OF CHILE

This AGREEMENT dated as of January 26, 1976, between the REPUBLIC OF CHILE ("Chile") 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 January 26, 1976 ("Loan Agreement"), among Chile, acting through the Central Bank of Chile, and the Federal Home Loan Bank of New York ("Investor"), Chile may borrow up to thirty million United States dollars (\$30,000,000) ("Loan") evidenced by Chile's 9.25% promissory notes ("Notes");

WHEREAS, in accordance with the terms and conditions of the Implementation Agreement dated as of January 26, 1976 ("Implementation Agreement"), between Chile, acting through the Central Bank of Chile, and A.I.D., Chile will use the proceeds of the Loan for making subloans to the Corporation for Housing Services ("Corhabit"), an agency of the Chilean Ministry of Housing, the Caja Central de Ahorro y Préstamo ("Caja"), a corporation duly organized and existing under the laws of Chile and the Cooperative Finance Institute ("Ificoop"), a private development bank owned by member cooperatives and duly organized and existing under the laws of Chile, for the purpose of financing cooperative housing and cooperative loans for home improvements; and

WHEREAS, in consideration of and in reliance on the guaranty of Chile 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 January 26, 1976 ("Contract of Guaranty"),

NOW, THEREFORE, Chile and A.I.D. hereby agree as follows:

Article I. REPUBLIC OF CHILE GUARANTY

1. The full faith and credit of Chile 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 (if any) due from Chile 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

¹ Came into force on 26 January 1976 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 Chile to Investor pursuant to the Loan Agreement or the Notes, or to any assignee, transferee or pledgee of Investor not doing business in Chile, or payments to A.I.D. hereunder or of the A.I.D. Guaranty Fee, are subject to income, withholding or other taxes whatsoever of Chile 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 Chile or by any municipality, political subdivision or taxing authority thereof.

Article II. OBLIGATIONS OF A.I.D.

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

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

(Name) C. M. ORREGO .

(Title) General Manager
Central Bank of Chile

United States of America:

[Signed]

(Name) DAVID H. POPPER

(Title) U.S. Ambassador to Chile

[Signed]

(Name) STUART H. VAN DYKE

(Title) Director, USAID

[Signed]

ALVARO BARDON MUÑOZ

Acting President
Central Bank of Chile