

TOWN OF CARMAN

BY-LAW NO. 04/1874

BEING a By-law of the Town of Carman
to allow for Municipal Borrowing for Current Expenses.

WHEREAS the Council of the Town of Carman (herein called "the Corporation") deems it necessary to borrow the sum of Five Hundred Thousand Dollars (\$500,000.00) annually to meet the expenditures of the Corporation until such time as the taxes levied therefore are collected;

AND WHEREAS the borrowing of such funds to meet the expenditures shall be annually for the term of the banking contract, namely January 1, 2005 to December 31, 2009;

NOW THEREFORE BE IT ENACTED by the Corporation of the Town of Carman as follows:

1. That the Mayor and Chief Administrative Officer of the Corporation be and are hereby authorized to borrow under the seal of the Corporation from the Dufferin Credit Union (herein called "DCU") the sum of Five Hundred Thousand Dollars (\$500,000.00), for the purpose aforesaid and to pay or agree to pay interest thereon, or on so much thereof as remains from time to time unpaid, calculated at DCU's prime interest rate per annum in effect from time to time less ½% per annum, as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as the principal.
2. That the amount so borrowed with interest aforesaid be evidenced by either the following means:
 - (a) by one or more promissory notes under the seal of the corporation and signed by the Mayor and Chief Administrative Officer thereof and given to the DCU, or
 - (b) by overdraft on the account of the corporation with the DCU by cheques signed by the Mayor and Chief Administrative Officer thereof.
3. That the Corporation hereby mortgages, assigns, transfers, pledges and hypothecates to the said DCU the taxes of the Corporation for municipal, school or the purposes of The Minister of Intergovernmental Affairs as additional security for the repayment of the amount so borrowed for any of such respective purposes.
4. That the Corporation shall deposit said taxes with the DCU as collected in an account as collateral security for payment of the amount so borrowed and interest, but the DCU shall not be restricted to the said taxes for payment of the sum borrowed hereunder, nor shall it be bound to wait for repayment of said sum until said taxes are collected, or be required to see that they are deposited or applied as aforesaid.
5. That the amount so borrowed and interest shall be payable within the current fiscal year.
6. That the Mayor and Chief Administrative Officer are hereby authorized to give to the said DCU in the name, on behalf of and under the seal of the Corporation as security for the moneys so borrowed, and interest thereon, a covenant or agreement containing

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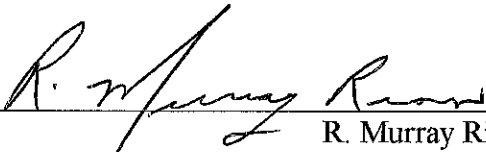
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a clause that all taxes levied or to be levied by the Corporation be and they are thereby pledged, hypothecated, mortgaged, transferred and assigned to the DCU as security for said loan and interest thereon and are charged as a first charge with repayment of such loan and interest, or a clause to like effect; and that said taxes shall be deposited forthwith on being collected in the DCU to the credit of the Corporation in an account as collateral security for said advance.

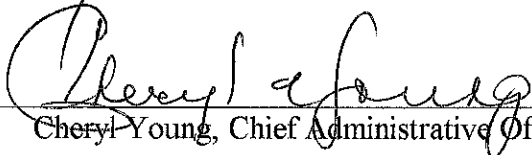
7. That this By-law shall come into force and have effect immediately from and after the passing thereof.
8. That nothing herein or in said covenant or agreement contained shall waive, prejudicially affect or exclude any right, power, benefit or security by statute, common law or otherwise given to or implied in favor of the said DCU.

DONE AND PASSED at a duly assembled and constituted meeting of the Council of the Town of Carman held this 25th day of November 2004.

TOWN OF CARMAN



R. Murray Rinn, Mayor



Cheryl Young, Chief Administrative Officer

Read a first time this 5th day of November 2004.
Read a second time this 25th day of November 2004.
Read a third time this 25th day of November 2004.

**MANITOBA
COVENANT OR AGREEMENT TO BE USED WITH MUNICIPAL BY-LAWS**

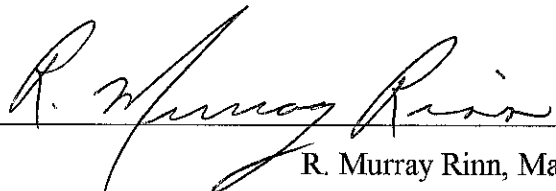
COVENANT OR AGREEMENT given by the Town of Carman (hereinafter called the Corporation), to the Dufferin Credit Union, hereinafter called (DCU).

WHEREAS by By-law No./04/1874, of the Corporation providing for borrowing from DCU the sum of Five Hundred Thousand Dollars (\$500,000.00) to meet the annual expenditures of the Corporation for the fiscal years 2005 to 2009, inclusive, provisions is made for the giving of this Covenant or Agreement as security for said loan and interest thereon.

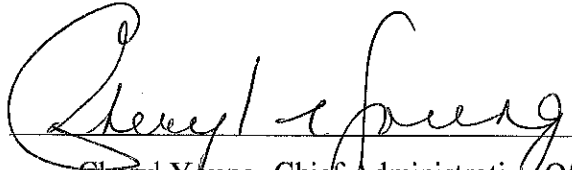
NOW THEREFORE THIS COVENANT OR AGREEMENT WITNESSETH that is consideration of the premises the Corporation covenants and agrees with DCU as follows:

- (1) That all taxes levied or to be levied by the Corporation for the fiscal years 2005 to 2009, inclusive, be and they are hereby pledged, hypothecated, mortgaged, transferred and assigned to DCU as security for said loan and interest thereon and are charged as a first charge with repayment of such loan and interest.
- (2) That said taxes shall be deposited forthwith on being collected in the said DCU to the credit of the Corporation in an account as collateral security for said advance.

IN WITNESS WHEREOF these presents have been executed under the seal of the Corporation attested by the signatures of its Mayor and Chief Administrative Officer this 16th day of December 2004.



R. Murray Rinn, Mayor



Cheryl Young, Chief Administrative Officer