



## **EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB)**

*22<sup>nd</sup> Bond Issue of \$109,603,300*

The purpose of the attached addendum is to notify the public of the combining of Tranches 3 and 4 of ECHMB's 22<sup>nd</sup> Corporate Bond Issue outlined in the prospectus dated December 2010. The changes are summarized below:

### **TRANCHE 3**

<b>Issue Amount/Quantity:</b>	\$35,043,300
<b>Maturity Date:</b>	26 August 2014
<b>Tenor:</b>	3 years
<b>Trading Symbol:</b>	HMB260814

### **Please note the following additional information:**

<b>Interest Payment Dates:</b>	Tranche 2:	1 <sup>st</sup> January and 1 <sup>st</sup> July
	Tranche 3:	26 <sup>th</sup> February and 26 <sup>th</sup> August



**SECOND ADDENDUM TO PROSPECTUS  
AND FIRST ADDENDUM THERETO**

FOR 22<sup>nd</sup> BOND ISSUE OF \$109,603,300

**BY THE EASTERN CARIBBEAN HOME  
MORTGAGE BANK (ECHMB)**

ECCB Complex, Bird Rock  
P.O. Box 753  
Basseterre  
**ST KITTS**

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*The Prospectus has been drawn up in accordance with the Securities (Prospectus) Regulations 2001. The Eastern Caribbean Securities Regulatory Commission and Eastern Caribbean Central Bank accept no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of corporate instruments or other securities.*

**AUGUST 2011**

## NOTICE TO INVESTORS

This Prospectus is issued for the purpose of giving information to the public.

**Statements contained in this Prospectus describing documents are provided in summary form only and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with the investor. Therefore, prior to entering into the proposed investment, the investor should determine the economic risks and merits, as well as the legal, and accounting characteristics and consequences of this Bond offering, and the ability to assume those risks.**

This Prospectus and its contents are issued for the Bond issues described herein. Should you need advice, consult an intermediary licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of corporate instruments or other securities. The Prospectus has been delivered to the Commission for approval in accordance with the Securities Act 2001.

**This is the Second Addendum to the Prospectus and First Addendum thereto, first published in December 2010 and May 2011 respectively.**

## **1.0 GENERAL INFORMATION ON THE BOND ISSUE**

**Issuer:** Eastern Caribbean Home Mortgage Bank (ECHMB)

**Address:** ECCB Complex, Bird Rock Road  
P.O. Box 753, Basseterre, St. Kitts

**Email:** [info@echmb.com](mailto:info@echmb.com)

**Telephone No. :** 1-869-466-7869

**Facsimile No. :** 1-869-466-7518

**Registered Office:** ECCB Agency Office, Mockton Street, St. George's, Grenada

**Contact Persons:** Duleep Cheddie Chief Executive Officer  
Randy Lewis Manager, Corporate Finance

**Arranger & Lead Broker:** 2<sup>nd</sup> Tranche, 3<sup>rd</sup> Tranche and 4<sup>th</sup> Tranche  
Financial Investment and Consultancy Services Limited

**Address:** 15 Bridge Street  
P.O. Box 1516  
Castries  
Saint Lucia

**Email:** [fics\\_ltd@candw.lc](mailto:fics_ltd@candw.lc)

**Telephone No. :** 1-758-453-0225

**Facsimile No. :** 1-758-453-2303

**Contact Persons:** Mrs. Sharmaine Francois Managing Director  
Mr. Anderson Soomer Business Development  
Manager

**Date of Publication:** August 2011

**Purpose of Issues:** To redeem the following Bonds:-  
No. 13 \$6,700,000  
No. 18 (Series 1) \$25,000,000  
No.18 (Series 2) \$28,343,300  
No.19 \$49,560,000

and, in the event of oversubscription, to finance the purchase of additional mortgages from Primary Lenders, subject to the limit of \$10,000,000.00 in the "Over-Allotment Option" in Section 3.0 below.

**Amount of Issues:** One hundred and nine million, six hundred and three thousand, three hundred dollars (\$109,603,300).

### **3.0 BOND TERMS AND CONDITIONS**

**Issuer** : Eastern Caribbean Home Mortgage Bank (“ECHMB”)

**Instrument Type** : Secured Fixed Rate (Tax-free) Bond (“The Bond”).

<b><u>Auction Dates &amp; Settlement Dates</u></b>	<b><u>Auction Dates</u></b>	<b><u>Settlement Dates</u></b>
1 <sup>st</sup> Tranche	24 March 2011	25 March 2011
2 <sup>nd</sup> Tranche	30 June 2011	1 July 2011
3 <sup>rd</sup> Tranche	25 August 2011	26 August 2011

<b><u>Issue Dates &amp; Issue Amounts</u></b>	<b><u>Issue Dates</u></b>	<b><u>Issue Amounts</u></b>
1 <sup>st</sup> Tranche - 25 March	2011	\$25,000,000
2 <sup>nd</sup> Tranche - 01 July	2011	\$49,560,000
3 <sup>rd</sup> Tranche - 26 August	2011	<b>\$35,043,300</b>

<b><u>Tenors</u></b>	<b><u>Issue Dates</u></b>	<b><u>Tenors</u></b>
1 <sup>st</sup> Tranche - 25 March	2011	3 Years
2 <sup>nd</sup> Tranche - 01 July	2011	3 Years
3 <sup>rd</sup> Tranche - 26 August	2011	<b>3 Years</b>

**Over-Allotment Option** : In the event of any over-subscription, ECHMB reserves the right, without the consent of any of the applicants of the Bond, to increase the “Amount of Issues” up to an additional \$10,000,000, making the total a maximum of \$119,603,300. The additional Bond will form part of and rank *pari passu* in all respects with the Twenty Second (22<sup>nd</sup>) Bond. Should ECHMB exercise this right, consequential amendments required to the Debenture will be effected as from the Settlement Date and all Bondholders will be notified accordingly.

<b><u>Coupon Rates</u></b>	<b><u>Issue Dates</u></b>	<b><u>Issue Amounts</u></b>	<b><u>Coupon Rates</u></b>
1 <sup>st</sup> Tranche - 25 March	2011	\$25,000,000	6.0%
2 <sup>nd</sup> Tranche - 01 July	2011	\$49,560,000	} Competitive Bid Auction up to a maximum of 6.0%
3 <sup>rd</sup> Tranche - 26 August	2011	<b>\$35,043,300</b>	

**Registrar, Transfer and Paying Agent** : Eastern Caribbean Central Securities Registry (ECCSR) ECCB Complex, P.O. Box 94, Bird Rock, Basseterre, St. Kitts.

**Use of Proceeds** : To redeem the following Bonds: No.13 \$6,700,000, No. 18 (Series 1) \$25,000,000, No. 18 (Series 2) \$28,343,300, No. 19 \$49,560,000, and, in the event of oversubscription, to finance the purchase of additional mortgages from Primary Lenders, subject to the limit of \$10,000,000 in the “Over-Allotment Option” in aggregate for the **three (3)** bonds and noted above in this Section.

**Interest Payments & Due Dates** : Semi-annually in arrears commencing six (6) months after each Issue Date, for the duration of the Bond. If the applicable Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would thereby fall in the next calendar month. In the latter event the Interest Payment Date shall be the date of the immediately preceding day which is a Business Day.

**Principal Repayment**

Bullet at maturity

**Security**

: Fixed and floating charges on the assets of ECHMB, ranking pari passu with ECHMB's Existing Bonds and the Caribbean Development Bank (CDB) Long Term Loan of US\$10,000,000 pursuant to a Loan Agreement of 31<sup>st</sup> January, 2008.

**Issuer Rating**

: CariCRIS has assigned ratings of CariAA- (Foreign Currency Rating) and CariAA- (Local Currency Rating) on its regional rating scale on the debt issue of the size of US\$30,000,000 of the ECHMB.

**Minimum Bid and Bid Multiplier**

: The Bond will be issued in multiples of \$5,000 and the minimum bid amount is \$5,000.

**Governing Law**

: The Issue will be governed according to the laws of Grenada.

**Trading Platform**

: Each Tranche of the Bond will be issued on the Eastern Caribbean Securities Market (ECSM).

**Method of Issue**

: Uniform Price Auction

**Trading Symbol**

: The trading symbols will be:-  
1<sup>st</sup> Tranche HMB 250314  
2<sup>nd</sup> Tranche HMB 010714  
3<sup>rd</sup> Tranche HMB 260814

**Bidding Parameters**

: Each investor will be allowed one bid with the option to increase the amount of the bid at any time during the bidding period.

**Broker Fees**

: Investors can participate in the issue through the services of any of the Licensed Intermediaries, on such terms and such conditions as may be determined by the Intermediary.

**List of Licensed Intermediaries**

- :
  - ABI Bank Limited
  - Antigua Commercial Bank Limited
  - Bank of Saint Vincent and the Grenadines Limited
  - Financial Investment and Consultancy Services Limited
  - First Citizens Investment Services Limited
  - ECFH Global Investment Solutions Limited
  - National Bank of Anguilla Limited
  - National Mortgage Finance Company of Dominica Limited
  - St. Kitts Nevis Anguilla National Bank Limited
  - The Bank of Nevis Limited

## **5.4 Interest**

### **5.4.1 Accrual of Interest**

The 1<sup>st</sup> Tranche will bear interest from and including the “Issue Date” (which expression means 25<sup>th</sup> March 2011). Interest in respect of the amount of Bonds represented by each registered Bond will accrue from day to day and will cease to accrue from the due date for repayment thereof. A year represents 365 days.

Accrual of interest of the 2<sup>nd</sup> Tranche and 3<sup>rd</sup> Tranche will commence respectively from 1<sup>st</sup> July 2011 and 26<sup>th</sup> August 2011.

### **5.4.2 Interest Payment Dates, Interest Periods and Arrears of Interest.**

Interest in respect of the Bond shall be payable on each Interest Payment Date, in respect of the Interest Period ending on the day immediately preceding such date. Any interest in respect of the Bond not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date shall, so long as the same remains unpaid constitute “Arrears of Interest”. Arrears of Interest may at the option of ECHMB be paid in whole or in part at any time upon the expiration of not less than seven days’ notice to such effect given to the Bondholders, but all Arrears of Interest in respect of all Bonds for the time being outstanding shall become due in full on the date fixed for any repayment pursuant to Section 5.7 below or on maturity of the Bond whichever is the earlier. If notice is given by ECHMB of its intention to pay the whole or any part of Arrears of Interest, ECHMB shall be obliged to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.

As used herein:

“Interest Payment Date” means the date falling six calendar months after the Issue Date and thereafter each date which falls six calendar months after the immediately preceding Interest Payment Date i.e., 25<sup>th</sup> March and 25<sup>th</sup> September. If the applicable Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day unless it would thereby fall in the next calendar month. In the latter event the Interest Payment Date shall be the date immediately preceding the day which is a Business Day. If for any reason an Interest Payment Date is so determined by the Paying Agent (as defined in subparagraph (c) below) to be, or to be deemed to be, the last Business Day of any calendar month all subsequent Interest Payment Dates shall (subject as provided below) be the last Business Day of each March and September. If, however, after the determination of an Interest Payment Date the same is declared or determined not to be a Business Day then that Interest Payment Date will be re-determined on the above basis (*mutatis mutandis*) except that if such re-determination fails to be made 14 days or less before that Interest Payment Date as originally determined then that Interest Payment Date as re-determined will be postponed to the next day which is a Business Day even though such Business Day falls in the next calendar month. Subsequent Interest Payment Dates will in such event, nevertheless be determined as if that re-determined Interest Payment Date had fallen on the last Business Day of the calendar month in which it was originally determined to fall.

“Interest Period” means the period from and including one Interest Payment Date (or, as the case may be, the Issue Date) up to but excluding the next (or first) Interest Payment Date.

“Business Day” means a day on which Commercial Banks are open for business in the Federation of St Kitts and Nevis.

The “Interest Period” of the 2<sup>nd</sup> Tranche and 3<sup>rd</sup> Tranche will be similarly calculated from each respective Issue Date of 1<sup>st</sup> July 2011 and 26<sup>th</sup> August 2011.

#### **5.4.3 Rate of Interest**

The Rates of Interest are fixed for the duration of the Bond as follows:

1<sup>st</sup> Tranche - 6.0%

2 <sup>nd</sup> Tranche -	}	Competitive Bid
3 <sup>rd</sup> Tranche -		

Auction up to a maximum of 6.0%

#### **5.4.4 Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Section 4, by the Paying Agent or the Trustee, shall (in the absence of willful default, bad faith or manifest error) be binding on ECHMB, and (in the absence as aforesaid) no liability to the Bondholders shall attach to the Paying Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretion.

### **5.5. Redemption and Purchase**

#### **5.5.1 Redemption**

The Bond shall be redeemed on the following dates:-

1 <sup>st</sup> Tranche	25 <sup>th</sup> March 2014
2 <sup>nd</sup> Tranche	1 <sup>st</sup> July 2014
3 <sup>rd</sup> Tranche	26 <sup>th</sup> August 2014

#### **5.5.2 Services of Registrar, Transfer and Paying Agent**

Upon purchase of the Bond by investors, the ECCSR will provide the services of Registrar, Transfer and Paying Agent to ECHMB's 22<sup>nd</sup> Bond Issue. Accordingly, the register of Bondholders will be transferred and maintained electronically by the ECCSR. The ECCSR is a subsidiary of the ECSE. The ECCSR operates in a dematerialized environment.

The ECCSR will send to each Bondholder a notification regarding the Bondholders' investments in ECHMB's Bond and provide them with an update of their ownership every six months. Furthermore, every time there is a movement in the respective Accounts, the ECCSR will send the Bondholders an activity statement confirming the transactions, which will represent certification of ownership.

Bondholders will be given an Investor ID and Registry Account Number. The Investor ID is a nine-digit number followed by a two (2) alpha character country code. All joint holders are required to designate one of the joint holders to have responsibility for operating the Account, or the Account will have to be operated jointly.



- (13.5) ECHMB supervises servicing by the mortgage lenders of all the mortgage loans, which it purchases and is obligated to perform annual audit checks to ensure that mortgage loans offered for sale are maintained on its underwriting standards.

#### **14.0 FUNDING, PROJECTIONS AND FINANCIAL POSITIONS**

- (14.1) Under the Eastern Caribbean Home Mortgage Bank Agreement Act, No. 8 of 1995, ECHMB is authorized to issue Bonds up to a maximum aggregate capital value of \$250,000,000 and the interest payable on those Bonds is exempt from income tax and any other tax including unemployment levy. The Board of ECHMB, on the advice of the Monetary Council, may vary the maximum aggregate capital value of the Bonds.
- (14.2) The major expenses of ECHMB are its cost of borrowing and the fees paid to primary lenders for servicing and administration of the mortgages. The latter has generally been low, given the wholesale nature of ECHMB's operations.
- (14.3) Financial Statements appearing on pages 28 to 71 are the audited Financial Statements of ECHMB for the years ended March 2008, 2009 and 2010.

#### **15.0 OVERSUBSCRIPTION**

In the event of any over-subscription, ECHMB reserves the right without the consent of any of the applicants of the Bond, to increase the "Amount of Issues" up to an additional \$10,000,000 in aggregate over the **three (3)** bonds, making the total a maximum of \$119,603,300. The additional Bond will form part of and rank *pari passu* in all respects with the Twenty Second Bond (22<sup>nd</sup>). Should ECHMB exercise this right, consequential amendments required to the Debenture will be effected as from the Settlement Date and all Bondholders will be notified accordingly.

#### **16.0 SECURITY ISSUANCE PROCEDURES, CLEARING AND SETTLEMENT, REGISTRATION OF OWNERSHIP AND SECONDARY MARKET ACTIVITY**

The Bond will be issued on the primary market of the ECSM and listed on the secondary market of the ECSE utilizing a fixed price auction methodology. The ECSE is responsible for dissemination of market information, providing intermediaries with market access, administering the bidding process and monitoring and surveillance of the auction.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), is responsible for facilitating clearance and settlement for securities allotted. The ECCSD ensures that funds are deposited to the issuing corporate's account. The ECSE, through the ECCSR, records and maintains ownership of corporate securities in electronic book-entry form. The ECCSR mails confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSR will also process corporate action on behalf of issuers. The Licensed Intermediaries are responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE auction platform. Investors must provide the intermediaries with funds to cover the cost of the transaction.

For this particular offering, all commissions and brokerage fees are to be borne by investors. ECHMB is not responsible for any commissions charged by Intermediaries, the cost of which is the responsibility of the investors. A list of licensed Intermediaries is provided in Appendix I. Clients that are successful will be informed of their payment obligations and funds deducted from their respective accounts held with the Intermediary. In the case where all or part of an investor's bid is not successful, the Intermediary will inform the investor