

CONFORMED COPY

LOAN NUMBER 3053 CH

(Second Industrial Finance Project)

between

REPUBLIC OF CHILE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated May 12, 1989

LOAN NUMBER 3053 CH

LOAN AGREEMENT

AGREEMENT, dated May 12, 1989, between REPUBLIC OF CHILE (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) the Project will be carried out by Banco Central de Chile with the Borrower's assistance and, as part of such assistance, the Borrower will make available to Banco Central de Chile the proceeds of the Loan as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and Banco Central de Chile;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth in Schedule 3 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

- (a) "Banco Central" means Banco Central de Chile;
- (b) "Project Agreement" means the agreement between the Bank and Banco Central of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;
- (c) "Sub-loan" means a loan made or proposed to be made by one or more Participating Banks out of the proceeds of the Loan to an Investment Enterprise for an Investment Project and "free-limit Sub-loan" means a Sub-loan, as so defined, which qualifies as a free-limit Sub-loan pursuant to the provisions of Section 2.02 (b) of this Agreement;
- (d) "Investment Enterprise" means an enterprise in the industrial sector, including mining, forestry, fishing industries, agro-industries and related industrial services, to which one or more Participating Banks propose to make or have made a Sub-loan;
- (e) "Investment Project" means a specific project to increase or improve, or both, the physical resources and productivity of an Investment Enterprise, including, without limitation, the acquisition and utilization of fixed assets, and the provision of permanent working capital and technical assistance, as required by the Investment Enterprise to carry out the Investment Project;
- (f) "Statement of Policies" means the statement of operating policies and procedures of the Technical Unit (hereinafter defined) to be approved by Banco Central, as modified from time to time;
- (g) "CORFO" means Corporacion de Fomento de la Produccion;
- (h) "Participating Bank" means Banco del Estado, CORFO and any commercial bank duly established under the laws of the Borrower which: (i) is in good financial standing and operated under the supervision of competent and experienced management; and (ii) proposes to enter or has entered into a Subsidiary Loan Agreement (hereinafter defined) with Banco Central on terms and conditions satisfactory to the Bank;
- (i) "Subsidiary Loan Agreement" means the agreement to be entered into by Banco Central and each Participating Bank pursuant to Section 2.02 of the Project Agreement, as each such agreement may be amended from time to time;
- (j) "Subsidiary Loan" means the loan provided under a Subsidiary Loan Agreement;
- (k) "Technical Unit" means the unit established within Banco Central pursuant to Decree No. 582 dated June 27, 1985 for the purpose of, inter alia, reviewing and approving Investment Project applications;
- (l) "Parent Entity" means any individual or entity directly or indirectly controlling any company, by means of ownership or effective control of a majority of the outstanding voting stock or other proprietary interest of such company;
- (m) "Subsidiary" means any company directly or indirectly controlled by Parent Entity as described in paragraph (l) above;
- (n) "Group of Companies" means any group of companies consisting of a Parent Entity and all its Subsidiaries, if any, such Parent Entity or any of such Subsidiaries being an Investment Enterprise;

(o) "Peso" means the currency of the Borrower;

(p) "Foreign currency" means any currency other than the currency of the Borrower;

(q) "U.F." means Unidad de Fomento, a monetary reference unit of the Borrower readjusted daily in accordance with the provisions of Decreto Supremo No. 40 (Hacienda), dated January 2, 1967, as amended to the date of this Agreement; and

(r) "Special Account" means the account referred to in Section 2.02 (d) of this Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of seventy-five million dollars (\$75,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account for amounts paid (or, if the Bank shall so agree, for amounts to be paid) by Banco Central on account of withdrawals made by an Investment Enterprise under a Sub-loan to meet the reasonable cost of goods and services required for the Investment Project in respect of which the withdrawal from the Loan Account is requested, provided, however, that no withdrawal shall be made in respect of a Sub-loan unless the said Sub-loan shall have been approved by the Bank or the Sub-loan shall be a free-limit Sub-loan for which the Bank shall have authorized withdrawals from the Loan Account.

(b) A free-limit Sub-loan shall be a Sub-loan for an Investment Project in an amount to be financed out of the proceeds of the Loan which shall not exceed the sum of \$5,000,000 equivalent, when added to any other outstanding amounts financed or proposed to be financed out of the proceeds of the Loan which have been or are being used for financing goods and services directly and materially related to such Investment Project, the foregoing amount being subject to change from time to time as determined by the Bank; provided, however, that the first two Sub-loans proposed to be financed out of the proceeds of the Loan shall be subject to the approval of the Bank pursuant to Section 2.03 (a) of this Agreement, regardless of the amount of such Sub-loan.

(c) Except as the Bank shall otherwise agree, no withdrawals shall be made on account of: (i) expenditures before the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of \$7,500,000 may be made in respect of expenditures eligible for financing under the Loan made prior to that date but after November 11, 1988; or (ii) expenditures by an Investment Enterprise in respect of a Sub-loan if such expenditures shall have been made more than 180 days prior to the date on which the Bank shall have received, in respect of such Sub-loan, the application or information required by Section 2.03 (a), (b) or (c) of this Agreement, as the case may be; or (iii) expenditures in respect of a Sub-loan, unless the Bank shall have been furnished with evidence, satisfactory to the Bank, that the Participating Bank or Banks making the corresponding Sub-loan has or have entered into the corresponding Subsidiary Loan Agreement, together with legal opinions by counsel acceptable to the Bank to the effect that the said Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of Banco Central and the respective Participating Bank and constitutes a legal and binding obligation of Banco Central and the Participating Bank in accordance with its terms; or (iv) Sub-loans for Investment Projects with a working capital component when the aggregate amount of the proceeds of the Loan disbursed for such Sub-loans shall have exceeded the equivalent of \$37,500,000; or (v) any Sub-loan in an amount exceeding the equivalent of \$5,000,000; or (vi) any Sub-loan in an amount less than the equivalent of \$500,000; or (vii) any Sub-loan if such Sub-loan, when added to any other Sub-loans made to the Investment Enterprise in question or to any company belonging to the Group of Companies to which such Investment Enterprise belongs, exceeds an amount equivalent to \$5,000,000.

(d) The Borrower shall, for the purposes of the Project, open and maintain in Banco Central a special account in dollars on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. (a) when presenting a Sub-loan (other than a free-limit Sub-loan) to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with (i) a description of the Investment Enterprise and an appraisal of the Investment Project, as approved by the Technical Unit, including a description of the expenditures proposed to be financed out of the proceeds of the Loan; (ii) the proposed terms and conditions of the Sub-loan, including the schedule of amortization of the Sub-loan; and (iii) such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a free-limit Sub-loan in an amount equivalent to \$1,000,000 or more shall contain: (i) a summary description of the Investment Enterprise and the Investment Project, as approved by the Technical Unit, including a description of the expenditures proposed to be financed out of the proceeds of the Loan; (ii) the terms and conditions of the Sub-loan, including the schedule of amortization of the Sub-loan; and (iii) such other information as the Bank shall reasonably request.

(c) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a free-limit Sub-loan in an amount less than the equivalent of \$1,000,000 shall contain: (i) a summary description of the Investment Enterprise and the Investment Project, as reviewed by the staff of the Technical Unit, including a description of the expenditures proposed to be financed out of the proceeds of the Loan; (ii) the terms and conditions of the Sub-loan, including the schedule of amortization of the Sub-loan; and (iii) such other information as the Bank shall reasonably request.

(d) Except as the Bank and the Borrower shall otherwise agree, applications and requests made pursuant to the provisions of paragraphs (a), (b) and (c) of this Section shall be presented to the Bank on or before December 31, 1991.

Section 2.04. The Closing Date shall be December 31, 1994 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

(i) "Interest Period" means the six-month period commencing on each date specified in Section 2.07 of this Agreement, including the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.

(iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.07. Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Section 2.09. Banco Central is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Sections 2.02 and 2.03 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall cause Banco Central to perform, in accordance with the provisions of the Project Agreement, all the obligations of Banco Central therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources necessary or appropriate to enable Banco Central to perform such obligations, and shall not take or permit to be taken any action which would present or interfere with such performance.

Section 3.02. The Borrower shall designate Banco Central as fiscal agent of the Borrower and make the proceeds of the Loan available to Banco Central as such, for the purposes of the Project.

Section 3.03. Except as the Bank shall otherwise agree, procurement of the goods and services required for the Project and to be financed out of the proceeds of the Loan shall be made in accordance with the provisions of sub-paragraph (b) (iv) of Part III of the Schedule to the Project Agreement. The Borrower shall cause a notice to appear concerning the Project at least every year during the month of January in the "Development Business", published by the United Nations, informing, among other things, of the technical assistance to be financed from the proceeds of the Loan in connection with Investment Projects.

Section 3.04. The Bank and the Borrower hereby agree that the obligations set forth in Section 9.07 of the General Conditions (relating to records and reports) shall be carried out by Banco Central pursuant to Section 2.04 (c) of the Project Agreement.

Section 3.05. The Borrower, in respect of the Borrower's credit facilities which are designed to achieve directly or indirectly objectives similar to those of the Loan, agrees that it shall take or cause to be taken all such action as shall be required to establish and maintain terms and conditions for such credit facilities which, in the opinion of the Bank, are not more favorable to borrowers than those applicable in respect of the Sub-loans.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified:

(a) Banco Central shall have failed to perform any of its obligations under the Project Agreement;

(b) as a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that Banco Central will be able to perform its obligations under the Project Agreement;

(c) any Participating Bank shall have failed to perform any obligation under its respective Subsidiary Loan Agreement;

(d) a Participating Bank shall have been unable to pay its debts as they mature or any action or proceeding shall have been taken by a Participating Bank or by others whereby any of the property of such Participating Bank shall or may be distributed among its creditors;

(e) any part of the principal amount of any loan or credit to a Participating Bank having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the corresponding contractual instruments, or any security for any such loan or credit shall have become enforceable;

(f) the Borrower or any other authority having jurisdiction shall have taken: (i) any action which shall materially and adversely affect, in the opinion of the Bank, the financial condition or operations of a Participating Bank or the carrying out of the Project; or (ii) any action for the merger, fusion, dissolution or disestablishment of a Participating Bank or for the suspension of its operations;

(g) a resolution shall have been passed for the dissolution or liquidation of a Participating Bank;

(h) any other action shall have been taken which, in the opinion of the Bank, shall materially and adversely affect the conduct of any such Participating Bank's operations or its financial condition or the carrying out of the Project;

(i) the Technical Unit shall have been dissolved or disestablished, or a change shall have been made in the Statement of Policies without the Bank's consent; and

(j) the Borrower shall have ceased to apply the U.F., or the U.F., in the Bank's reasonable opinion, shall have ceased to reflect the variations in the Borrower's consumer price index, or any event which shall have occurred which would make the adjustment of loan principals on the basis of the U.F. inapplicable, unenforceable or illegal in Chile, unless the Borrower and Banco Central shall have adopted an equivalent indexation system satisfactory to the Bank.

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraphs (a), (c), (d), (f) or (h) of Section 4.01 of this Agreement shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Bank to the Borrower; and

(b) the event specified in paragraphs (e), (g), (i) or (j) of Section 4.01 of this Agreement shall occur.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Borrower has designated Banco Central as its fiscal agent pursuant to Section 3.02 of this Agreement;

(b) Banco Central has approved the Statement of Policies in form and substance satisfactory to the Bank; and

(c) Banco Central has entered into Subsidiary Loan Agreements with at least two Participating Banks.

Section 5.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of Banco Central and is legally binding upon Banco Central in accordance with its terms;

(b) that Banco Central has duly approved the Statement of Policies;

(c) that the designation of Banco Central as fiscal agent of the Borrower as provided in Section 3.02 of this Agreement is legally valid and binding upon the Borrower and Banco Central in accordance with its terms; and

(d) that the Subsidiary Loan Agreements referred to in Section 5.01 (c) of this Agreement have been duly authorized or ratified by, and executed and delivered on behalf of the parties thereto, and are legally binding upon the parties thereto.

Section 5.03. The date August 10, 1989, is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.09 of this Agreement, the Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministerio de Hacienda
Teatinos 120, Piso 12
Santiago,
Chile

Telex:

241334-MHDA-CL

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT),
248423 (RCA) or
64145 (WUI)

IN WITNESS WHEREOF the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF CHILE

By /s/ Enrique Seguel

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ping-Cheung Loh

Acting Regional Vice President
Latin America and the Caribbean

Countersigned on behalf
of the Controller General
and of the Treasurer General
of the Republic of Chile

By /s/ Octavio Errazuriz

SCHEDULE 1

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each January 15 and July 15 beginning January 15, 1995 through July 15, 2006	3,125,000

* The figures in this column represent dollar equivalent determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment

Premium

The interest rate (ex-
pressed as a percentage
per annum) applicable to

the balance outstanding
on the Loan on the day
of prepayment multiplied
by:

Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 years before maturity	1.00

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in the modernization and expansion of productive enterprises of the Borrower's private sector, including enterprises which export their products abroad, thereby contributing to the economic and social development of the country.

The Project consists of the financing of Investment Projects through the provision of Sub-loans, subject to such modifications thereto as the Bank and the Borrower may agree upon from time to time to achieve such objectives.

* * *

The Project is expected to be completed by June 30, 1994.

SCHEDULE 3

Modifications of the General Conditions

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

- (1) The last sentence of Section 3.02 is deleted.
- (2) Section 6.03 is deleted and replaced by the following new Section:

"Section 6.03. Cancellation by the Bank. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in paragraph (c) of Section 2.03 of the Loan Agreement no applications or requests permitted under paragraph (a) or paragraph (b) of such Section shall have been received by the Bank in respect of any portion of the Loan, or having been so received, shall have been denied, or (c) at any time, the Bank determines that the procurement of any item is inconsistent with the procedures set forth or referred to in the Loan Agreement and establishes the amount of expenditures in respect of such item which would otherwise have been eligible for financing out of the proceeds of the Loan, or (d) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, or (e) the Bank shall have received notice from the Guarantor pursuant to Section 6.07 with respect to an amount of the Loan, the Bank may, by notice to the Borrower and the Guarantor, terminate the right of the Borrower to submit such applications or requests or to make withdrawals from the Loan

Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled."

(3) Sections 9.04, 9.05, 9.06, 9.08 and 9.09 shall be deemed as not applicable.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan in accordance with the provisions of Section 2.02 of this Agreement, provided, however, that notwithstanding the provisions of paragraph (a) of Section 2.02 of this Agreement, payments for expenditures to be financed out of the proceeds of free-limit Sub-loans be made out of the Special Account before the Bank shall have authorized withdrawals from the Loan Account in respect thereof. Such expenditures, however, shall qualify as Eligible Expenditures only if the Bank shall subsequently authorize such withdrawals; and

(b) the term "Authorized Allocation" means an amount equivalent to \$10,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for Eligible Expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for Eligible Expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

