

CONFORMED COPY

CTF LOAN NUMBER TF094499

Clean Technology Fund Loan Agreement

(Private Sector Renewable Energy and Energy Efficiency Project)

between

TÜRKİYE KALKINMA BANKASI A.Ş.

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an implementing entity of the Clean Technology Fund**

Dated June 9, 2009

CTF LOAN NUMBER TF094499

CLEAN TECHNOLOGY FUND LOAN AGREEMENT

AGREEMENT dated June 9, 2009, entered into between TÜRKİYE KALKINMA BANKASI A.Ş. ("Borrower" or "TKB"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("IBRD" or "World Bank"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund ("CTF").

WHEREAS: (A) Republic of Turkey (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 1 to this Agreement, have requested the World Bank to assist in the financing of Part B of the Project;

(B) by an agreement of even date herewith (the IBRD Loan Agreement), the World Bank has agreed to make a loan (the IBRD Loan) to the Borrower in the amount of one hundred thirty million Dollars (\$130,000,000) and fifteen million and seven hundred thousand Euro (€15,700,000) to assist in financing of Part B of the Project, and the Guarantor has agreed to guarantee the Loan Payment obligations of the Borrower under the IBRD Loan as set forth in the IBRD Guarantee Agreement of even date;

(C) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the World Bank, the Guarantor has agreed to guarantee the Loan Payment obligations of the Borrower in respect of the Loan (CTF Loan) as set forth in the CTF Guarantee Agreement; and

WHEREAS the World 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;

The Borrower and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Loan

- 2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of thirty million United States Dollars (\$30,000,000) ("Loan"), to assist in financing Part B of the Project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Loan is funded out of the resources made available to the World Bank as implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions, the Borrower may withdraw the Loan proceeds subject to the availability of such funds. The Borrower agrees that only resources made available to the World Bank for the purpose of the Loan shall be considered for the enforcement of any obligations, claims or liabilities under or in connection with the Loan.
- 2.04. The Management Fee payable by the Borrower, pursuant to Section 4.01(a) of the Standard Conditions, shall be equal to one-quarter of one percent (1/4 of 1%) of the Loan.
- 2.05. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is USD.

Article III
The Project

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Part B of the Project in accordance with the provisions of Article II of the Standard Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower, the Guarantor and the World Bank shall otherwise agree, the Borrower shall ensure that Part B of the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article IV
Termination**

- 4.01 The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**Article V
Borrower's Representative; Addresses**

- 5.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is the President and Chief Executive Officer of the Borrower.
- 5.02. The Borrower's Address referred to in Section 10.01 of the Standard Conditions is:

Türkiye Kalkınma Bankası A.Ş.
Necatibey Caddesi
No. 98
Bakanlıklar 06100
Ankara, Turkey

Facsimile:

(90-312) 230-2394
(90-312) 417-0146

- 5.03. The World Bank's Address referred to in Section 10.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

AGREED at Ankara, Republic of Turkey, as of the day and year first above written.

TÜRKİYE KALKINMA BANKASI A.Ş.

By: /s/ S. Cansel Inankur

Authorized Representative

By: /s/ Zekai Isildar

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT
acting as an implementing entity of the Clean Technology Fund

By: /s/ Ulrich Zachau

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to help increase privately owned and operated energy production from indigenous renewable sources within the market-based framework of the Turkish Electricity Market Law, enhance energy efficiency, and thereby help reduce greenhouse gas emissions.

The Project consists of the following parts:

Part A: Credit Line to TSKB

The establishment and operation of a credit facility for the financing, through the provision of Sub-loans and Financing Leases by TSKB to Sub-project Sponsors, enabling such Sub-project Sponsors to finance the costs related to the carrying out of Renewable Energy Sub-projects and Energy Efficiency Sub-projects.

Part B: Credit Line to TKB

The establishment and operation of a credit facility for the financing, through the provision of Sub-loans or Financing Leases by the Borrower to Sub-project Sponsors, enabling such Sub-project Sponsors to finance the costs related to the carrying out of Renewable Energy Sub-projects and Energy Efficiency Sub-projects.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Implementation

1. Except as the World Bank shall otherwise agree, the Borrower shall, until the completion of the Project, maintain the PIU and ensure that the PIU functions at all times in a manner and with staffing and budgetary resources necessary and appropriate for Project implementation, and satisfactory to the World Bank.
2. The Borrower shall maintain the Operational Manual in form and content satisfactory to the World Bank, shall duly perform all its obligations under the Operational Manual and shall not assign, amend, abrogate or waive the Operational Manual without obtaining the prior approval of the World Bank.
3. The Borrower shall comply with the applicable prudential regulations of the Guarantor.
4. The Borrower shall ensure that Part B of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines issued by the World Bank on October 15, 2006, which are applicable to all IBRD loans and IDA credits and grants.
5. The Borrower shall, not later than six (6) months after the end of each calendar year during Project implementation, carry out a review of procurement practices used by Sub-project Sponsors for procuring goods, works and services for Sub-projects financed with the Loan proceeds by an independent consulting firm in accordance with the terms of reference agreed with the World Bank.
6. For the purposes of carrying out Part B of the Project, the Borrower shall:
 - (a) make Sub-loans or provide Financing Leases to Sub-project Sponsors on the terms and conditions set forth in the Operational Manual, including, without limitation, the terms and conditions set forth in Section I.B of this Schedule 2;
 - (b) exercise its rights in relation to each such Sub-loan or Financing Lease in such manner as to protect its interests and the interests of the Guarantor and the World Bank;
 - (c) appraise Sub-projects and supervise, monitor and report on the carrying out by the Sub-project Sponsors of Sub-projects, in accordance with the Operational Manual; and

(d) ensure that each Sub-project shall comply with environmental and social safeguard review, and dam safety procedures set forth in the Operational Manual, as well as with the Environmental Policy Framework and Resettlement Policy Framework.

B. Terms and Conditions of Sub-loans and Financing Leases

1. The principal amount of each Sub-loan or Financing Lease, made out of the proceeds of the Loan allocated from time to time to Category (1) of the table set forth in paragraph 2 of Section IV.A of this Schedule, shall: have a maturity of not less than seven (7) years, including a grace period of minimum one (1) year for a Sub-loan; and have a maturity of not less than four (4) years for a Financing Lease.

2. Each Sub-loan shall be charged interest, on the principal amount thereof withdrawn and outstanding from time to time, at a rate which shall equal the rate specified in Section 2.05 of this Agreement, plus a spread to cover the Borrower's administrative costs associated with the Loan.

3. Each Financing Lease shall be made on terms and conditions, including those relating to the schedule of lease payments and other charges determined in accordance with the Borrower's investment and financial leasing policies and practices, satisfactory to the World Bank.

4. Except as the World Bank shall otherwise agree: (a) each Sub-loan or the Financing Lease or the aggregate principal amount under multiple Sub-loans and Financing Leases made to any Renewable Energy Sub-project shall not exceed twenty percent (20%) of the total cost of such Sub-project; and (b) each Sub-loan or the Financing Lease or the aggregate principal amount under multiple Sub-loans and Financing Leases made to any Energy Efficiency Sub-project shall not exceed fifteen percent (15%) of the total cost of such Sub-project.

5. The Borrower shall submit for the World Bank's approval: (a) the first Energy Efficiency Sub-project; (b) the first Renewable Energy Sub-project; and (c) all Sub-projects which are classified as Category A Sub-projects in accordance with the provisions of the Operational Manual.

6. Each Sub-loan or Financing Lease shall be approved on the basis of:

- (i) a description of the Sub-project Sponsor and an appraisal of the Sub-project, 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 or the Financing Lease, including the schedule of amortization of the Sub-loan or schedule of lease payments under the Financing Lease;

- (iii) a business plan incorporating a development plan which shall be evaluated by the Borrower in accordance with established guidelines for project and credit evaluation set forth in the Operational Manual;
- (iv) evidence of compliance with the Operational Manual, with the Environmental Policy Framework, Resettlement Policy Framework and Dam Safety Framework; and
- (v) such other information as the World Bank or the Borrower shall reasonably request.

7. (a) Sub-loans and Financing Leases shall be made to the Sub-project Sponsors which each shall have established to the satisfaction of the Borrower, on the basis of the Operational Manual that:

- (i) it is a Private Enterprise (as defined below in paragraph (b));
- (ii) it has a satisfactory financial structure and the organization, management, staff and financial and other resources required for the efficient carrying out of its operations, including the carrying out of the Sub-project;
- (iii) it promotes undertaking an investment aimed at: (aa) utilization of renewable energy; or (bb) increase energy efficiency of its operations; and
- (iv) it has a certificate from the relevant local or national authorities of the Guarantor about compliance with applicable environmental laws and regulations of the Guarantor.

(b) For purposes of this paragraph, an enterprise shall be considered to be a "Private Enterprise" where more than fifty percent (50%) of the shares or other equity interest thereof is held by persons or companies other than the Guarantor, any agency or subdivision thereof, or any local governmental authority, or entities controlled by the Guarantor or such agencies or subdivisions.

8. (a) Unless otherwise agreed between the World Bank and the Borrower, Sub-loans shall be made for Sub-projects which are each determined, on the basis of an appraisal carried out in accordance with procedures acceptable to the World Bank, to:

- (i) be technically feasible and economically, financially and commercially viable, as determined based on the ratios set forth in the Operational Manual;

- (ii) for Renewable Energy Sub-projects -- support energy production facilities based on renewable resources (as defined below in this paragraph), and for the Energy Efficiency Sub-projects – the majority of incremental benefits from the Sub-project will come from cost savings in energy consumption;
- (iii) be located in the following river basins: Susurluk; North Aegean; Gediz; Kucuk Menderes; Buyuk Menderes; Western Mediterranean; Antalya; Sakarya; Western Black Sea; Yesilirmak; Kizilirmak; Eastern Mediterranean; Konya Kapali; Seyhan; Ceyhan; and Eastern Black Sea;
- (iv) have at least fifteen percent (15%) Sub-project Sponsor equity financing for Renewable Energy Sub-projects, and at least twenty five percent (25%) Sub-project Sponsor equity financing for the Energy Efficiency Sub-Projects;
- (v) generate a financial rate of return of at least eight percent (8%); and
- (vi) be in compliance with all requirements pertaining to environmental protection applicable under the laws and regulations of the Guarantor and with the Environmental Policy Framework, Resettlement Policy Framework and Dam Safety Framework. To that end, the Borrower shall require each Sub-project Sponsor applying for a Sub-loan to furnish evidence satisfactory to the World Bank and the Borrower, showing that the Sub-project in respect of which the application has been made has been prepared in accordance with such procedures, such evidence to include, *inter alia*, an environmental management plan, land acquisition plan and/or resettlement action plan, as might be applicable for a Sub-project submitted for approval.

(b) For purposes of this paragraph “energy production facilities based on renewable resources” means the facilities producing electricity or heat based on wind, solar, geothermal, wave, tide, biomass, biogas and hydrogen energy; river or canal type hydroelectric generation facilities with a capacity less than or equal to 10MW; and hydroelectric generation facilities with a reservoir area below 15 square kilometers and with a capacity less than or equal to 10MW.

9. Sub-loans and Financing Leases shall be made on terms whereby the Borrower shall obtain, by written contract with the Sub-project Sponsor or by other appropriate

legal means, rights adequate to protect the interests of the World Bank, the Guarantor and the Borrower, including, in case of any Sub-loan or Financing Lease, the right to:

(a) require the Sub-project Sponsor to carry out and operate the facilities financed under the Sub-project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and in accordance with the provisions of Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, and to maintain adequate records;

(b) without limitation to the generality of the provisions of the preceding paragraph (a), require the Sub-project Sponsor to carry out and operate the Sub-project with due regard to applicable social impact, ecological, environmental and pollution control standards and in accordance with the provisions of the Operational Manual;

(c) for Sub-projects which need an environmental management plan, or land acquisition, or resettlement action plan, require the Sub-project Sponsor to carry out such plans in a timely manner;

(d) require that: (i) the goods, works and services to be financed out of the proceeds of the Sub-loan shall be procured in accordance with the provisions of Section III of Schedule 2 to this Agreement; and (ii) use such goods, works and services exclusively in the carrying out of the Sub-project;

(e) inspect, by itself or jointly with representatives of the World Bank or the Guarantor, if the World Bank or the Guarantor shall so request, such goods and the sites, works, plants and construction included in the Sub-project, the operation thereof, and any relevant records and documents;

(f) require that the Sub-project Sponsor shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Sub-loan or the Financing Lease to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Sub-project Sponsor to replace or repair such goods;

(g) obtain all such information as the World Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Sub-project Sponsor and to the benefits to be derived from the Sub-project; and

(h) suspend and terminate the right of the Sub-project Sponsor to the use of the proceeds of the Sub-loan or the Financing Lease upon failure by such Sub-project Sponsor to perform its obligations under its contract with the Borrower.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Borrower shall monitor and evaluate the progress of Part B of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Borrower shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Borrower shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines or the Consultant Guidelines.

B. Particular Methods of Procurement of Goods, Works and Services

Established Private or Commercial Practices. Contracts for works, goods and services under Sub-projects shall be awarded in accordance with the established private or commercial practices of the Guarantor which have been found acceptable to the World Bank and are described in the Operational Manual.

C. Review by the World Bank of Procurement Decisions

Contracts for works, goods and services under Sub-projects shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions, included in the Disbursement Letter, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (Expressed in USD)	Percentage of Expenditures to be financed (Inclusive of Taxes)
(1) Sub-Loans and Financing Leases	29,925,000	100% of amounts disbursed
(2) Management Fee	75,000	Amount payable in accordance with Section 2.04 of this Agreement and Section 4.01(a) of the Standard Conditions
TOTAL	<u>30,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; and
 - (b) under Category (1) unless the Sub-loan or Financing Lease has been made in accordance with criteria and procedures set forth in the Operational Manual and on terms and conditions referred to in Section I.B of this Schedule.
2. The Closing Date is December 31, 2014.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Loan repayable (Expressed as a Percentage)
On each January 15 and July 15 commencing July 15, 2019 to and including January 15, 2029	5%

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category A Sub-projects” means Sub-projects which require full environmental impact assessment pursuant to the provisions of the Operational Manual.
3. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “Dam Safety Policy Framework” means a framework adopted by the Borrower which sets forth policies and procedures for ensuring safety standards during construction and/or rehabilitation of dams; and such framework constitutes an integral part of the Operational Manual.
6. “Disbursement Letter” means the letter dated as of the same date of this Agreement, including the additional instructions as referred to in Section IV A.1 of Schedule 2 to this Agreement, as may be revised from time to time.
7. “Energy Efficiency Sub-project” means a Sub-project which supports investments where the major benefit derives from a reduction in energy usage.
8. “Environmental Policy Framework” means a document adopted by the Borrower which sets forth policies and procedures for environmental screening of Sub-projects, for conducting environmental assessments and specifying requirements for environmental mitigation measures to be included in environmental management plans; and such document constitutes an integral part of the Operational Manual.
9. “Financing Lease” means any transfer of possession of goods by the Borrower to a Sub-project Sponsor on the basis of a lease agreement for the carrying out of a Sub-project.
10. “Resettlement Policy Framework” means a document adopted by the Borrower which sets forth policies and procedures to be followed in case of land acquisition and/or resettlement which might be required for carrying out of a Sub-project, including the requirements for preparation of land acquisition plans or resettlement action plans; and such document constitutes an integral part of the Operational Manual.

11. “Operational Manual” means the manual adopted by the Borrower, setting out the operational and administrative procedures in respect of the preparation, approval, processing, financing, implementation and supervision of Sub-projects.
12. “PIU” means the implementation unit within the Borrower’s Loan Evaluation Department, or any successor to such unit.
13. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004, revised in October 2006.
14. “Renewable Energy Sub-project” means the Sub-project which supports generation facilities based on renewable resources in accordance with the criteria specified in paragraph 8(b) of Section I.B of Schedule 2 to this Agreement, excluding hydro projects above 10 MW.
15. “Standard Conditions” means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds: Clean Technology Fund and Strategic Climate Fund, dated March 18, 2009 with modifications set forth in Section II of this Appendix.
16. “Sub-loan” means a loan made or proposed to be made by the Borrower, out of the proceeds of the Loan, for purposes of financing the expenditures incurred by a Sub-project Sponsor for goods, works and services under a Sub-Project.
17. “Sub-project” means a specific project, selected in accordance with the provisions of the Operational Manual, which is proposed to be carried out by a Sub-project Sponsor through the utilization of the proceeds of a Sub-loan or a Financing Lease and which is either the “Renewable Energy Sub-project” (as defined above), or “Energy Efficiency Sub-project” (as defined above).
18. “Sub-project Sponsor” means an enterprise satisfying the appropriate criteria set forth in the Operational Manual to which the Borrower proposes to make or has made a Sub-loan or a Financing Lease.
19. “TKB” or “Türkiye Kalkınma Bankası A.Ş.” means a joint-stock company established pursuant to the statutes published in Trade Registry Gazette No. 23849 dated October 17, 1999 (Trade Registry No. 32345), which is responsible for implementation of Part B of the Project.
20. “TSKB” or “Türkiye Sınai Kalkınma Bankası A.Ş.” means a joint-stock company established pursuant to the statutes published in Trade Registry Gazette No. 7046 dated June 2, 1950 (Trade Registry No. 42527), which is responsible for implementation of Part A of the Project.

Section II. Modifications to the Standard Conditions

The modifications to the Standard Conditions are as follows:

1. A new Section 3.08 is added to Article III and the remaining Sections in Article III are renumbered accordingly:

“Section 3.08. *Capitalizing the Management Fee.* If the Loan Agreement provides for the financing of the Management Fee out of the proceeds of the Loan, the World Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the amount of the Management Fee.”

2. Section 4.01 is modified to read as follows:

“Section 4.01. *Management Fee.* The Borrower shall pay the World Bank a management fee on the Loan at the rate specified in the Loan Agreement (“Management Fee”). The Borrower shall elect to pay the Management Fee either:

(a) at the rate equal to one-quarter of one percent (1/4 of 1%) of the Loan, in which case, the Management Fee shall be paid in one lump sum, financed out of the proceeds of the Loan; or

(b) at the rate equal to one-tenth of one percent (1/10 of 1%) per annum on the Unwithdrawn Loan Balance, in which case, the Management Fee shall: (i) accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled; (ii) be payable semi-annually in arrears on each Payment Date; and (iii) be computed on the basis of a 360-day year of twelve 30-day months.”

3. The definition of the term “Management Fee” is modified to read as follows:

“Management Fee” means the management fee specified in the Loan Agreement for the purpose of Section 4.01.”