

CONFORMED COPY

CREDIT NUMBER 1960 BEN

(Telecommunications Project)

between

PEOPLE'S REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 1, 1989

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 1, 1989, between PEOPLE'S REPUBLIC OF BENIN (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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 Association to assist in the financing of the Project;

(B) the Project will be carried out by Office des Postes et Telecommunications du Benin (OPTB) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to OPTB the proceeds of the Credit as provided in this Agreement;

(C) the Borrower intends to contract from Caisse Centrale de Cooperation Economique (CCCE) a loan (the CCCE Loan) in an amount equivalent to about nine million dollars (\$9,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the CCCE Loan Agreement) to be entered into between the Borrower and CCCE;

(D) the Borrower intends to contract from European Development Bank (EIB) a loan (the EIB Loan) in an amount equivalent to about fourteen million dollars (\$14,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the EIB Loan Agreement) to be entered into between the Borrower and EIB;

(E) the Borrower has requested from the Republic of France, acting through

the Fonds d'Aide et de Cooperation (FAC), technical assistance services and a grant (the FAC Grant) in an amount of about one million five hundred thousand French francs (FF 1,500,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the FAC Convention) to be entered into between the Borrower and the Republic of France;

(F) the Borrower has requested from Canada, acting through the Canadian International Development Agency (CIDA) a grant (the CIDA Grant) in an amount equivalent to about three million five hundred thousand dollars (\$3,500,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the CIDA Grant Agreement) to be entered into between the Borrower and CIDA;

(G) the Borrower intends to contract from the African Development Bank Group (the ADB) a loan (the ADB Loan) in an amount equivalent to about sixteen million dollars (\$16,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the ADB Loan Agreement) to be entered into between the Borrower and ADB;

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and OPTB;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (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 and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "OPTB" means Office des Postes et Telecommunications du Benin, a public enterprise established by the Borrower's Law No. 59.32 of December 19, 1959, and "OPTB Statutes" means the Statutes of OPTB approved by the Borrower in accordance with the provisions of Section 6.01 (e) of this Agreement, as such statutes may be amended from time to time;

(b) "Project Agreement" means the agreement between the Association and OPTB 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) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and OPTB pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

(d) "Contrat de Programme" means the contract to be concluded between the Borrower and OPTB in accordance with the provisions of Section 6.01 (d) of this Agreement, setting forth the rights and obligations of the parties thereto for the three-year period 1989-1991, and such term includes all schedules and agreements supplemental to the Contrat de Programme;

(e) "Project Preparation Advances" means collectively the project preparation advances granted by the Association to the Borrower pursuant to an exchange of letters dated November 21, 1983 and April 10, 1984, May 22, 1987 and June 29, 1987, and December 19, 1987, and May 9, 1988, between the Borrower and the Association;

(f) "Special Account" means the account referred to in Section 2.02 (c) of this Agreement; and

(g) "CFAF Franc" or "CFAF" means the Franc de la Communaute Financiere Africaine, the common currency of the Borrower and the other members of the West African Monetary Union.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twelve million five hundred thousand Special Drawing Rights (SDR 12,500,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advances withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advances shall thereupon be cancelled.

(c) The Borrower shall, for the purposes of the Project, open and maintain in the name of OPTB and in CFAF a special account (the Special Account) in the Cotonou branch of the Central Bank for West African Countries on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1993 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent ($1/2$ of 1%) per annum.

(b) The commitment charge shall accrue: (i) from a date sixty days after the date of this Agreement (the Accrual Date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the Accrual Date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied as of the next payment date in that year, specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988, shall be applied as of July 1, 1988.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 15 and August 15 commencing February 15, 1999, and ending August 15, 2028. Each installment to and including the installment payable on August 15, 2008, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof

by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the Republic of France is hereby specified for the purposes of Section 4.02 of the General Conditions.

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

ARTICLE III

Execution of the Project

Section 3.01. (a) 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 the Development Credit Agreement, shall cause OPTB to perform in accordance with the provisions of the Project Agreement all the obligations of OPTB therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable OPTB to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall relend the proceeds of the Credit to OPTB under a subsidiary loan agreement to be entered into between the Borrower and OPTB under terms and conditions which shall have been approved by the Association which shall include: (i) repayments terms over a period of twenty years, including a five-year grace period on the principal amount; (ii) interest at an annual rate of 7.5% and capitalization of interest; (iii) payment, by OPTB during said grace period, of amounts equal to the commitment charges and service charges to be paid by the Borrower to the Association pursuant to Sections 2.04 and 2.05 of this Agreement, such amounts to be paid at the dates specified in Section 2.06 of this Agreement; the total amount of such payments by OPTB will be deducted from the amount of capitalized interest to be paid by OPTB; and (iv) the foreign exchange risk being borne by OPTB.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by OPTB pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Other Covenants

Section 4.01. (a) The Borrower shall:

(i) provide amounts acceptable to the Association, in its annual national budget, sufficient to cover the telecommunications costs of each of its ministries and agencies whose expenditures are directly covered by the national budget; and

(ii) ensure that local collectivities and other autonomous agencies shall provide amounts, acceptable to the Association, in their respective annual budgets, sufficient to cover the telecommunications costs of each of said collectivities and agencies.

(b) The amounts referred to in sub-paragraphs (i) and (ii) above shall be respectively determined by the Borrower, the local collectivities and other autonomous agencies in collaboration with OPTB and, thereafter, reviewed by the Association not later than September 30 of each year.

Section 4.02. The Borrower shall perform all its obligations under the Contrat de Programme with due diligence and efficiency and shall cause OPTB to perform all its obligations therein set forth.

Section 4.03. By September 30 of each year the Project is carried out, the Borrower shall:

(a) present to the Association for review a rolling investment program for the telecommunications subsector covering the next three calendar years; and

(b) exchange views with the Association with regard to the performance of the Borrower and OPTB under the Contrat de Programme.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) OPTB 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 Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that OPTB will be able to perform its obligations under the Project Agreement.

(c) OPTB Statutes shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of OPTB to perform any of its obligations under the Project Agreement.

(d) The Borrower, or any other authority having jurisdiction, shall have taken any action for the dissolution or disestablishment of OPTB or for the suspension of its operations.

(e) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower or OPTB for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or

(B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that:

(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower or OPTB to perform any of its obligations under such agreement; and

(B) adequate funds for the Project are available to the Borrower

or OPTB from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement and of OPTB under the Project Agreement.

(f) Any representation made by OPTB in, or pursuant to, the Project Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Association in making the Credit, shall have been incorrect in any material respect.

(g) All conditions precedent to the first disbursement from the CCCE Loan shall not have been fulfilled by December 31, 1989, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower or OPTB from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement and of OPTB under the Project Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;

(b) the events specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (e) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (e) (ii) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Subsidiary Loan Agreement has been executed by the Borrower and OPTB;

(b) all conditions precedent to the effectiveness of the EIB Loan Agreement and the ADB Loan Agreement, other than any related to the effectiveness of this Agreement, have been fulfilled;

(c) the contract for the local telephone network in the Jericho and Cadjehoun zones in Cotonou under Part A.1 of the Project has been awarded on terms and conditions acceptable to the Association;

(d) the Borrower and OPTB have signed the Contrat de Programme, such Contrat de Programme to be acceptable to the Association; and

(e) the Borrower has approved by decree OPTB Statutes, acceptable to the Association.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly authorized or ratified by OPTB and is legally binding upon OPTB in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and OPTB and is legally binding upon the Borrower and OPTB in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Section 4.01 of this Agreement and the provisions of paragraphs (a) and (b) of Section 5.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty years after the date of this

Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.09 of this Agreement, the Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
P.O. Box 302
Cotonou
People's Republic of Benin

Cable address:

MINIFINANCES
Cotonou

Telex:

MIFIN 5009 or
5289

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
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.

PEOPLE'S REPUBLIC OF BENIN

By /s/ Theophile Nata

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto E. Madavo

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Amount of the Credit Allocated	% of
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Category	(Expressed in SDR Equivalent)	Expenditures to be Financed
(1) Cables, works, tools and vehicles for Part A.1 of the Project (Jericho and Cadjehoun zones)	8,540,000	100% of foreign expenditures, and 80% of local expenditures
(2) Consultants' services and training	2,330,000	100%
(3) Refunding of Project Preparation Advances	970,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(4) Unallocated	660,000	
TOTAL	12,500,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures".

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (a) to support a program of institutional and management improvement in the telecommunications sector; (b) to improve the quality of service to existing subscribers and to extend the provision of services on a least cost basis; and (c) to improve OPTB's financial performance, with a view to creating a positive flow of funds to the Borrower.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Local Telephone Networks

1. Replacement and expansion of local networks of Cotonou (Jericho, Cadjehoun, Ganhi and Akpakpa zones) and Porto Novo to meet demand to year 2000, consisting of civil works for about 56,000 direct exchange lines (DELs), subscriber cabling for about 34,200 DELs and subscriber equipment for about 19,300 DELs.

2. Expansion and replacement of switching equipment with digital equipment, with an initial capacity of about 20,300 DELs in Cotonou and Porto Novo.

3. Extension with optical fiber transmission of the inter-exchange local transmission to accommodate the new digital switches in Cotonou and Porto Novo.

4. Creation of digital junction links between Cotonou and Porto Novo to improve interurban and international connections.

5. Construction of a pilot multi-access UHF/VHF network in about eleven centers located in the Atacora Province.

All of the above including the acquisition of equipment, vehicles, tools and

spare parts, the construction of buildings and the provision of technical assistance.

Part B: OPTB's Training Center

Improvement of OPTB's training center through the construction of, and equipment for, office and technical facilities and the provision of technical assistance.

Part C: Institutional Development and Management Improvement

Strengthening of OPTB's capabilities in the following areas, with support of technical assistance:

1. investment program coordination;
2. financial management (audit, projections, budget and treasury, accounting and tariff);
3. commercial management (billing and collection, stocks, planning and subscribers);
4. human resource management (organizational development, management training and needs);
5. management of postal and financial services;
6. computerization; and
7. development of management information systems.

* * *

The Project is expected to be completed by June 30, 1993.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for Parts A.1 (Jericho and Cadjeoun zones), B and C of the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to 500 million CFAF to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association 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 may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such

deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

- (i) the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or
- (ii) the total unwithdrawn amount of the Credit allocated to the eligible Categories for Parts A.1 (Jericho and Cadjehoun zones), B and C of the Project, minus the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to said Parts of the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for Parts A.1 (Jericho and Cadjehoun zones), B and C of the Project shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association 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 Association shall have determined at any time that any payment out of the Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Association 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 Association, refund to the Association such outstanding amount for crediting to the Credit Account.

