

LOAN NUMBER 2899 JM

Loan Agreement

(Education Program Preparation
and Student Loan Project)

between

JAMAICA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated February 10, 1988

LOAN NUMBER 2899 JM

LOAN AGREEMENT

AGREEMENT, dated February 10, 1988, between JAMAICA (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; and

(B) Part D of the Project will be carried out by the Students' Loan Bureau (the SLB) established by the Students' Loan Fund Act, as defined in this Agreement, with the Borrower's assistance and, as part of such assistance, the Borrower will take available to the SLB part of 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 the SLB;

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 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) "MOE" means the Borrower's Ministry of Education;

(b) "PIU" means the Project Implementation Unit of MOE referred to in Section 3.01 (d) of this Agreement;

(c) "Project Agreement" means the agreement between the Bank and the SLB 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;

(d) "Subsidiary Agreement" means the agreement to be entered into between the borrower and the SLB pursuant to Section 3.01 (b) of this Agreement;

(e) "SLB Regulation" means the Students' Loan Fund Regulations 1983 which were issued by the Students' Loan Council pursuant to Section 10 of the Students' Loan Fund Act and became effective on May 2, 1983, as amended to the date of this Agreement;

(f) "EDCO" means the Estate Development Company Ltd, at agency of the Borrower's Ministry of Construction charged with the responsibility for the construction of public facilities in Jamaica;

(g) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(h) "MOE Sub-Project" means Parts A, B and C of the Project;

(i) "Annual Program" means the program referred to in Section 2.01 (c) of the Project Agreement;

(j) "Plan of Action" means the plan of action for institutional improvements to be carried out by the SLB as set forth in the Schedule to the Project Agreement, as such Schedule may be amended from time to time; and

(k) "Students' Loan Fund Act" means the act on student loans enacted by the Borrower and came into force on July 1, 1971.

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, an amount in various currencies equivalent to eight million three hundred thousand dollars (\$8,300,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule I to this Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and the Bank, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in Bank of Jamaica 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 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1991 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. 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 2.05. (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 percent per annum above the Cost of Qualified Borrowing or 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 2.06 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 2.06. Interest and other charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the

amortization schedule set forth in Schedule 3 to this Agreement.

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, shall: (i) carry out the MOE Sub-Project through PIU with due diligence and efficiency and in conformity with appropriate administrative, engineering and educational practices, and shall provide, promptly as needed, the funds facilities, services and other resources required for the MOE Sub-Project; and (ii) cause the SLB to perform in accordance with the provisions of the Project Agreement all the obligations of the SLB 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 the SLB to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation to the provisions of paragraph (a) above, the Borrower shall make available to the SLB, as a grant, on a timely basis, the portion of the proceeds of the Loan allocated to Part D of the Project and any additional funds and resources as required by the SLB to carry out Part D of the Project, under a subsidiary agreement satisfactory to the Bank.

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

(d) Without limitation to the provisions of paragraph (a) above, the Borrower shall maintain, until the Bank has received the report referred to in Section 9.07 (c) of the General Conditions, a project implementation unit in charge of the implementation of the MOE Sub-Project, with staffing, functions and organizational structure satisfactory to the Bank.

Section 3.02. Without limitation to the provisions of Section 3.01 above, and in order to assist the PIU in the carrying out of the MCE Sub-Project, the Borrower shall: (a) establish and thereafter maintain a technical advisory committee and a review committee, each with participating entities, representation, functions and personnel satisfactory to the Bank; and (b) appoint in the PIU a Project Coordinator and an Educator with qualifications and experience satisfactory to the Bank.

Section 3.03. Except as the Bank 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 Loan shall be governed by the provisions ut Schedule 4 to this Agreement.

Section 3.04. For purposes of carrying out the civil works under Parts A and B.1 of the Project, the Borrower shall enter into contractual arrangements with EDCO, satisfactory to the Bank, such arrangements to provide, inter alia, for the preparation by EDCO of designs and bidding documents, and for the supervision of

the civil works under such Parts of the Project.

Section 3.05. Without limitation to the provisions of Section 9.07 of the General Conditions, the Borrower shall furnish to the Bank by February 28 and August 31 of each year, starting August 31, 1988, an evaluation of the progress made in the execution of the Project, as of the preceding semester ending December 31 and June 30, respectively, of such scope and in such detail as the Bank shall reasonably request.

Section 3.06. The Borrower shall, not later than December 31, 1988, establish, and thereafter maintain, school maintenance committees satisfactory to the Bank in all schools included under the Project.

Section 3.07. The Borrower shall: (a) not later than June 30, 1990, submit to the Bank for the Bank's review the conclusions of the studies under Part C of the Project; and (b) not later than December 31, 1990, submit to the Bank a program, satisfactory to the Bank, for the implementation of the recommendations of such studies.

Section 3.08. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06 and 9.07 of the General Conditions (relating to insurance, use of goods and services, plans and schedules and records and reports, respectively) in respect of Part D of the Project shall be carried out by the SLB pursuant to Section 2.02 of the Project Agreement.

Section 3.09. The Borrower shall take all action as shall be necessary to enable the SLB to comply with the provisions of Section 3.04 of the Project Agreement, including, if necessary, enactment of legislation. satisfactory to the Bank, for improving the recovery of loans made by the SLB.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the MOE Sub-Project of the departments or agencies of the Borrower responsible for carrying out the MOE Sub-Project or any part thereof.

(b) The Borrower shall:

- (i) have the accounts referred to in paragraph (a) of this Section including the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested;
- (iii) furnish to the Bank monthly statements of the Special Account; and

- (iv) furnish to the Bank such other information concerning said accounts and the audit thereof and said records as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, separate records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such separate accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report thereof contains, in respect of such separate accounts, a separate opinion by said auditors as to whether the proceeds of the Loan withdrawn in respect of such expenditures were used for the purposes for which they were provided.

ARTICLE V

Remedies of the Bank

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

(a) The SLB 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 the SLB will be able to perform its obligations under the Project Agreement.

(c) The Students' Loan Fund Act shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the SLB 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 the SLB or for the suspension of its operations without having established or appointed an agency, satisfactory to the Bank, for the carrying out of Part D of the Project.

(e) The SLB shall have failed to apply the SLB Regulation in such a way as to materially and adversely affect the efficient execution of Part D of the Project.

Section 5.02. Pursuant to Section 7.01 (h) 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 Bank to the Borrower; and

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

ARTICLE VI

Effective Date; Termination

Section 6.01. 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 Subsidiary Agreement has been executed on behalf of the Borrower and the SLB;

(b) the Borrower has entered into the contractual arrangements referred to in Section 3.04 of this Agreement;

(c) the committees referred to in Section 3.02 (a) of this Agreement have been established; and

(d) the Project Coordinator and the Educator referred to in Section 3.02 (b) of this Agreement have been appointed.

Section 6.02. The following is specified as an additional matter, 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 the SLB, and is legally binding upon the SLB in accordance with its terms;

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

(c) that the contractual arrangements referred to in Section 3.04 of this Agreement have been duly executed and are legally binding upon the parties thereto in accordance with their terms.

Section 6.03. The date May 10, 1988 hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister responsible for Finance of the Borrower 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

(1) Works	2,300,000	40%
(2) Goods including installation where applicable	500,000	100% of foreign expenditures and 80% of local expenditures
(3) Consultants' services and fellowships	1,900,000	100%
(4) Credits under local Part D of the Project	2,600,000	75% of expenditures
(5) Unallocated	1,000,000	
TOTAL	8,300,000	

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.

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 except that withdrawals, in an aggregate amount not to exceed the equivalent of \$830,000 may be made on account of payments made before that date but after September 1, 1986.

SCHEDULE 2

Description of the Project

The main objective of the Project is to assist the Borrower in: (a) developing its preparatory work to improve the quality and cost-effectiveness of its education system, including its basic education; and (b) improving and expanding its student loan program.

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

Part A:

Consolidation of about 20 small all-age schools, as listed in Annex I to this Schedule (as such Annex may be changed from time to time by agreement between the Borrower and the Bank), into larger schools, including: (a) upgrading of existing facilities, (b) construction, furnishing and equipping of about 40 new classrooms, and (c) construction of new sanitary facilities.,

Part B:

1. Carrying out of a training program for teachers,

aimed to develop their skills in: (a) adequate utilization of textbooks; (b) multigrade teaching; (c) student evaluation; (d) curriculum content and development; (e) educational administration; and (f) utilization of community resources for school activities; including the acquisition and utilization of training materials and equipment and the construction of a small in-service teacher training center.

2. Improvement of MOE's capabilities in education planning and administration, facilities planning and management, teacher education, curriculum development and evaluation, and in statistics, information and financial management by means of:

(a) the provision of training and fellowships for the education and managerial staff of MOE; and

(b) the acquisition and utilization of micro-computer systems.

Part C:

Carrying out of studies on:

(a) school administration and maintenance of the Borrower's school network;

(b) the Borrower's proposed secondary school level reform;

(c) the unit costs of the secondary, tertiary and higher education and the financing of such costs; and

(d) the Borrower's student loan scheme.

Part D:

1. Provision of credits to students at the higher education level, for purposes of financing tuition fees, living expenses,, learning materials and transportation costs.

2. Acquisition and utilization of micro-computer systems for the SLB.

The Project is expected to be completed by June 30, 1991.

ANNEX TO SCHEDULE 2

Central Schools to receive to become students of Grades 7 - 9	All-age Schools primary schools
Port Morant - All Age	Arcadia Pear Tree River
Yallahs - Secondary	Easington
Bath - All Age	Airy Castle Hayfield Thornton
Cedar Valley - All Age	Richmond Gap Woburn Lawn
Morant Bay - Secondary	Morant Bay Johns Town

Lyssons
White Horses
Wilmington

Gregory Park - Secondary

Gregory Park

SCHEDULE 3

Amortization Schedule

Date Payment Due (dollars)*	Payment of Principal (expressed in dollars)
On each January 15 and July 15 beginning July 15, 1992 through July 15, 2004	320,000
On January 15, 2005	300,000

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

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed 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 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Jamaica may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Contracts for: (a) civil works; (b) furniture up to an aggregate amount to be financed out of the proceeds of the Loan not to exceed the equivalent of \$200,000; and (c) equipment (excluding micro-computer systems), library books and instructional material estimated to cost more than the equivalent of \$20,000 but less than the equivalent of \$50,000, up to an aggregate amount to be financed out of the proceeds of the Loan not to exceed the equivalent of \$100,000; shall be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Goods (other than micro-computer systems) which cannot be grouped in packages estimated to cost the equivalent of \$20,000 or more, up to an aggregate amount to be financed out of the proceeds of the Loan not to exceed the equivalent of \$50,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

3. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

4. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in r trying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means the Categories other than Category (5), 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 the Project and to be financed out of the proceeds of the Loan 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 \$750,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Bank 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 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 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 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) The Borrower shall furnish to the Bank requests for replenishment of the Special Account at such intervals as the Bank shall specify. On the basis of such requests, the Bank shall withdraw from the Loan 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 Bank from the Loan 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 Bank, prior to or at the time of such request, such documents and other evidence as the Bank 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 Bank when either of the following situations first arises:

- (i) the Bank shall have determined that all further withdrawals should be made directly by the Borrower from the Loan Account in accordance with the provisions of paragraph (a) of Section 2.02 of this Agreement; or
- (ii) the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus 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 be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories 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 have been or 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 any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph of this Schedule, the Borrower shall, promptly upon notice from the Bank, 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. No further deposit by the Bank into the Special Account shall be made until the Borrower has made such deposit or refund.

(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 for crediting to the Loan Account.



