

CONFORMED COPY

CREDIT NUMBER 2630 IN

Development Credit Agreement

(Family Welfare (Assam, Rajasthan and Karnataka) Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 24, 1994

CREDIT NUMBER 2630 IN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 24, 1994, between INDIA, acting by its President, (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 the States of Assam, Rajasthan and Karnataka (hereinafter collectively referred to as Project States), with the assistance of the Borrower, and as part of such assistance, the Borrower will make available to the Project States the proceeds of the Credit as provided in this Agreement; and

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 between the Association and the Project States;

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) "ANM" means Auxiliary Nurse-Midwife;
- (b) "Assam" means the Borrower's state of Assam, or any successor thereto;
- (c) "CHC" means community health center, an adequately staffed and equipped family welfare facility intended to cater to a population of about 100,000 people;
- (d) "district" means a district of a Project State;
- (e) "FY" or "financial year" means the financial year of the Borrower, which begins on April 1 each year and ends on March 31 of the following year;
- (f) "FRU" means first referral unit, a health facility able to provide adequate care for pregnancies and deliveries with medical complications;
- (g) "IEC" means information, education, communication;
- (h) "Karnataka" means the Borrower's state of Karnataka, or any successor thereto;
- (i) "MIS" means management information system;
- (j) "NGO" means non-governmental organization;
- (k) "National Action Plan" means the 'Action Plan for Revamping the Family Welfare Programme', adopted by the Borrower's Ministry of Health and Family Welfare in 1992;
- (l) "PHC" means Primary Health Center, an adequately staffed and equipped family welfare facility intended to cater to a population of about 30,000 people;
- (m) "Project Agreement" means the agreement between the Association and the Project States as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;
- (n) "Project State" means Assam, Rajasthan or Karnataka as the context shall require; and "Project States" means, collectively, the States of Assam, Rajasthan or Karnataka;
- (o) "Rajasthan" means the Borrower's state of Rajasthan, or any successor thereto;
- (p) "Rupees" or the sign "Rs." means the currency of the Borrower;
- (q) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (r) "State Action Plan" means respectively the Action Plan for Revamping the Family Welfare Programme of Assam, Karnataka and Rajasthan, and "State Action Plans" means the three State Action plans, collectively;
- (s) "sub-center" means an adequately staffed and equipped family welfare facility serving a population of about 3,000-5,000 people; and
- (t) "tribal area" means any area notified as such by a Project State.

## 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 this Agreement, an amount in various currencies equivalent to sixty-two million seven hundred thousand Special Drawing Rights (SDR 62,700,000).

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) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special deposit account in the Reserve Bank of India 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 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2001 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 the 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 and 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 from the next date in that year specified in Section 2.06 of this Agreement.

(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 June 1 and December 1 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 semi-annual installments payable on each June 1 and December 1 commencing December 1, 2004 and ending June 1, 2029. Each installment to and including the installment payable on June 1, 2014 shall be one and one-fourth percent ( $1-1/4\%$ ) of such principal amount, and each installment thereafter shall be two and one-half percent ( $2-1/2\%$ ) 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 United States of America is hereby specified for the purposes of Section 4.02 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, shall carry out Part E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, family welfare and medical practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall cause the Project States to perform in accordance with the provisions of the Project Agreement, all the obligations 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 the Project States to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) The Borrower shall make the proceeds of the Credit available to each Project State for such part of the Project as is carried out respectively by that Project State, in accordance with the Borrower's standard arrangements for developmental assistance to the States of India.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and 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 Section 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) in respect of the Project shall be carried out respectively by the Project States pursuant to Section 2.03 of the Project Agreement.

### ARTICLE IV

#### Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain records and accounts adequate to reflect in accordance with sound accounting practices the accounts and records of its departments and agencies responsible for the carrying out of the Project or any part thereof.

(b) The Borrower shall:

- (i) have such records and accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

Section 4.02. (a) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditures, the Borrower shall:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;
  - (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made; and
  - (iii) enable the Association's representatives to examine such records.
- (b) The Borrower shall:
- (i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
  - (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
  - (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

#### 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) Any Project State shall have failed to perform any of its respective obligations under the Project Agreement.
- (b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that any Project State will perform its respective obligations under the Project Agreement.
- (c) The Borrower shall have failed to carry out the National Action Plan, or shall have amended the National Action Plan in a manner that adversely affects the ability of the Borrower, in a material and substantial manner, to implement, or achieve the objectives of, the Project.



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.

INDIA

By /s/ N. Valluri

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ D. Joseph Wood

Regional Vice President  
South Asia

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:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	25,300,000	90%
(2) Equipment, furniture, health kits, vehicles (except Part A(2)(c))	8,500,000	100% of foreign expenditures, 80% of local expenditures, (ex-factory cost) and 80% of local expen- ditures for other items procured locally
(3) Vehicles for field staff under Part A(2)(c)	2,800,000	100% of foreign expenditures, 100% of local expenditures, (ex-factory cost) and 80% of local expen- ditures for other items procured locally
(4) Books and training materials	1,300,000	95%
(5) Services and materials for IEC and training	7,300,000	80%
(6) Consultants ser- vices, grants and fellowships	4,700,000	95%

(7) Incremental staff salaries, honoraria to volunteer workers and incremental operations and maintenance costs (including medicines and materials)	7,200,000	90% of expenditures during the first three fiscal years commencing the fiscal year in which the Credit becomes effective; 80% of such expenditures during the following two fiscal years and  60% of such expenditures thereafter
(8) Unallocated	5,600,000	
TOTAL	62,700,000 =====	

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;

(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;

(c) the term "incremental salaries" means expenditures in respect of salaries paid to staff appointed to posts established under the Project on or after April 1, 1994;

(d) the term "incremental operations and maintenance costs" means operating and maintenance costs, including in respect of vehicles, incurred under the Project on or after April 1, 1994; and

(e) the term "honoraria to volunteer workers" means payments made to volunteers under Part B of the Project on or after July 1, 1994 to reimburse such volunteers for expenditures incurred by them.

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 exceeding the equivalent of SDR 350,000 may be made on account of payments made for expenditures on or after July 1, 1993.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods under contracts not exceeding \$200,000, services and incremental operating costs under contracts not exceeding \$100,000 and works under contracts not exceeding \$200,000 equivalent under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The main objectives of the Project are to lower current levels of fertility and maternal and childhood mortality in Assam, Rajasthan and Karnataka by strengthening the family welfare programs of these States including by promoting a broader mix of contraceptive methods.

The Project consists of the following parts, subject to such modifications as may be agreed upon between the Borrower and the Association from time to time:

Part A: Strengthening Facilities for Delivery of Family



Welfare Services:

(1) Extension and Upgrading of Infrastructure for Delivery of Family Welfare Services in Under-served Areas:

Establishment of an adequate network of facilities for the delivery of family welfare services in areas currently under-served in the Project States, with sub-centers selected in accordance with criteria agreed with the Association, consisting of:

- (a) in Assam, construction and equipping of about 800 sub-centers, renovation of about 50 sub-centers; upgrading about 90 PHCs; upgrading about 100 state dispensaries into PHCs; upgrading about 40 CHCs or hospitals into FRUs and renovation of about 40 facilities to be upgraded to FRUs;
  - (b) in under-served districts of Karnataka, construction and equipping of about 1000 sub-centers and 100 PHCs; construction of about 270 doctors' quarters at existing PHCs; renovation of about 2200 existing sub-centers and about 330 PHCs and about 50 CHCs; and upgrading about 70 CHCs into FRUs; and
  - (c) in under-served districts of Rajasthan, upgrading about 860 sub-centers in partnership with NGOs; construction and equipment of about 25 new PHCs; and upgrading about 210 CHCs into FRUs.
- (2) Strengthening of Outreach and Community Linkages:

Improving access, outreach and program linkages of the family welfare program of each Project State with communities by:

- (a) reaching under-served communities in each Project State by establishing mobile clinics (using boats or vans) where stationary facilities are unavailable, and providing transportation facilities for staff, including: (i) in Assam, establishing boat clinics and mobile clinics for riverine islands and remote tribal communities; and (ii) in Karnataka, establishing mobile health teams to cover remote tribal communities and in Rajasthan, establishing mobile clinics or rural health camps in remote areas;
- (b) in each Project State, establishing a network of community-based volunteers to assist ANMs in IEC and motivation, liaise informally with communities and hold stock of relevant medical supplies including: (i) in Assam, establishing a system of volunteers (women health promoters) providing one such volunteer for every 60 households; (ii) Karnataka, forming health advisory committees at each sub-center, with both program and community representatives, and such committees engaging a community volunteer link worker each per village; and (iii) in Rajasthan, expansion of existing community-based systems for contraceptive supplies and the establishment of link worker schemes; and
- (c) in each Project State, providing motorcycles, mopeds and bicycles to family welfare field staff by establishing a staff mobility fund to provide credit to such staff for purchase of such vehicles.

Part B: Improvement of Quality of Family Welfare Services:

Improving the quality of services in the areas of training, medical supplies, logistics and the involvement of private voluntary organizations (PVOs) so as to improve the acceptability, uptake and impact of Family Welfare Services in the Project States including by the establishment in each Project State of a State Institute for Health and Family Welfare (SIHFW) to manage and coordinate training programs and planning for the family welfare program, provide training for family welfare training staff as well as carry out operational research and evaluation, by:

(1) Training: Strengthening of family welfare training institutions and programs by:

- (a) in Assam, establishing a State Institute for Health and Family

Welfare (SIHFW) by upgrading the Health and Family Welfare Training Center in Guwahati, expanding the capacity of existing Rural District Training Centers, upgrading about 16 ANM training schools of the State Government, establishing and training District and Block training teams, as well as carrying out extensive in-service training courses for family welfare;

- (b) in Karnataka, establishing an SIHFW by constructing an office building for SIHFW and providing to SIFHW the existing training facility constructed by Karnataka under the Third Population Project (Credit 1426-IN), upgrading two existing Health and Family Welfare Training Centers, establishing about 19 new District Training Centers, upgrading about 7 ANM training schools and one existing Lady Health Visitor Promotional Training School of the State Government, establishing and training District and Block training teams, as well as carrying out extensive in-service training courses for family welfare staff; and
  - (c) in Rajasthan, establishing an SIHFW, establishing one, and strengthening selected existing, Regional Health and Family Welfare Training Centers, upgrading about 15 ANM training schools into District Training Centers, forming and training Block Training Task Forces, as well as carrying out extensive in-service training courses for family welfare staff.
- (2) Improving Program Logistics: Improvement of family welfare program logistics in Assam and Rajasthan regarding procurement, transport and distribution of medical supplies by:
- (a) in Assam, construction of storage facilities at headquarters and district levels, provision of storage and material-handling equipment for new stores, provision of data processing equipment for computerized inventory control; and selected upgrading of transport workshops for specialized functions; and
  - (b) in Rajasthan, construction of storage facilities at the headquarters and district level, provision of storage and material-handling equipment, vehicles and incremental salaries and training costs; upgrading of the drug-testing laboratory, provision of data processing equipment for inventory management and provision of required technical assistance.
- (3) Drugs and Medical Supplies: Provision by all Project States of adequate drugs and medical supplies in an adequate quantity and in a timely manner to sub-centers, PHCs and FRUs as required to implement the family welfare program.
- (4) Involvement of NGOs/PVOs: Development and implementation in each Project State of a detailed program to enhance the involvement of PVOs in the family welfare programs with particular emphasis on service delivery, IEC and innovative schemes.

Part C: Strengthening Demand Generation Activities

Improving awareness, acceptance and uptake of family welfare services in the Project States by strengthening selected State level IEC institutions, training family welfare service providers and community volunteers, developing and producing relevant IEC materials and developing and implementing IEC activities targeted towards designated target audiences using tailor-made messages.

Part D: Strengthening Family Welfare Program Management:

Improving the management of the family welfare program by developing management information systems (MIS) and planning capabilities, developing and monitoring special service delivery strategies for populations with special needs, training relevant staff, provision of additional staff to further strengthen the Project supervision capabilities of the Borrower's Ministry of Health and Family Welfare and providing required technical assistance including, in Assam, construction of a new office building for the health and family welfare department.

Part E: Innovative Schemes and Preparation of Future

Investments:

(1) Innovative Schemes:

Carrying out of selected innovative schemes for improving service quality of the family welfare program as well as evaluating their success and effectiveness.

(2) Preparation of Future Investments:

Preparation of future investments in the family welfare sector in Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.

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The Project is expected to be completed by June 30, 2001.

SCHEDULE 3

Implementation Program

1. The Borrower shall carry out the National Action Plan.
2. Without prejudice to any other provision of this Agreement, the Borrower shall review with the Association by December 31 of each year expenditures incurred under the Project during that fiscal year and by March 31 of each year, resources required for Project implementation during the forthcoming fiscal year.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

- (a) the term "eligible Categories" means Categories (1), (2), (3), (4), (5), (6) and (7) 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 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 \$3,000,000 to be withdrawn from the Credit 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 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 shall be made as follows:

- (a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit 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 Association requests for deposits into the Special Account at such intervals as the Association shall specify.
- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit 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 paid 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 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 Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

- (i) if, at any time, 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) once the total unwithdrawn amount of the Credit allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the respective General Conditions with respect to the Project, shall equal 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 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 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 Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) 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. Unless the Association shall otherwise agree, no further deposit by the Association 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 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.

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

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

