

DLF LOAN NUMBER 62

LOAN AGREEMENT

(Vietnam: Saigon Metropolitan Area Water Supply)

BETWEEN THE

GOVERNMENT OF VIETNAM

AND THE

DEVELOPMENT LOAN FUND

DATED *November 2, 1960*

CONFORMED

LOAN AGREEMENT

AGREEMENT, dated the *2nd* day of *November*, 1960, between the GOVERNMENT OF VIETNAM (hereinafter called the "Borrower") and the DEVELOPMENT LOAN FUND (hereinafter called the "DLF"), an agency of the Government of the United States of America.

WITNESSETH:

WHEREAS the Borrower has undertaken improvement and expansion of the water supply system of the Saigon Metropolitan area; and

WHEREAS the Borrower has made application for a loan from the DLF to be used to assist in financing this project; and

WHEREAS the establishment of such a loan will assist, on the basis of self-help and mutual cooperation, the development of the economic resources and productive capabilities of Vietnam;

NOW, THEREFORE, the Borrower and the DLF hereby agree as follows:

ARTICLE I

The Loan, Its Purpose and Use

SECTION 1.01. The DLF agrees to lend to the Borrower, through disbursements by the DLF in accordance with this Loan Agreement, on the terms and conditions in this Loan Agreement an amount not to exceed Seventeen Million Five Hundred Thousand United States Dollars (\$17,500,000) or its equivalent for the purpose specified in Section 1.02. The amount so disbursed shall hereinafter be called the "Loan".

SECTION 1.02. The purpose of this Loan Agreement is to assist the Borrower in carrying out a project (hereinafter called the "Project") for the improvement and expansion of the water supply system of the Saigon Metropolitan area.

SECTION 1.03. Except as the DLF may otherwise agree in writing, the Borrower shall cause the Loan to be utilized, in accordance with the terms of this Loan Agreement, exclusively to finance the reasonable foreign exchange costs of acquisition, importation and installation (hereinafter called "Costs") of equipment, materials and services (hereinafter called "Eligible Items") required to carry out the Project and approved in writing by the DLF or its designee.

SECTION 1.04. (a) There may not be financed under this Loan Agreement the Costs of engineering services which were firmly ordered or contracted for prior to January 1, 1960, or the Costs of other Eligible Items which were firmly ordered or contracted

for prior to the effective date of this Loan Agreement.

(b) The Costs of Eligible Items may be financed under this Loan Agreement only where such Eligible Items are procured from sources included in Code 899 of the International Cooperation Administration Geographic Code Book as in effect at the time the Eligible Items are firmly ordered or otherwise contracted for. The term "source" as used in the preceding sentence shall mean the country or area from which the Eligible Items are shipped to Vietnam except that where Eligible Items are shipped from a free port or bonded warehouse in the same form in which received therein, the term "source" shall mean the country or area from which the Eligible Items were shipped to the free port or bonded warehouse.

(c) There may not be financed under this Loan Agreement the Costs of Eligible Items which are shipped to the Borrower by any transportation medium owned, operated or under the control of a country (other than Vietnam) not included in Code 899 of the International Cooperation Administration Geographic Code Book as in effect at the time of shipment.

(d) The Costs of Eligible Items which can be paid in currency of Vietnam may not be financed under this Loan Agreement.

ARTICLE II

Terms of Repayment; Interest Rate

SECTION 2.01 (a) The Borrower agrees to repay the Loan, and to pay interest on the Loan, in accordance with the terms of this Loan Agreement and the promissory note or notes issued and outstanding pursuant to Article III. All obligations of the Borrower to make repayments of principal and payment of interest pursuant to this Loan Agreement and the promissory note or notes issued pursuant thereto shall be computed and stated in United States dollars. Any such obligation of the Borrower shall be discharged by the payment, in such coin or currency as at the time of payment is legal tender in Vietnam for payment of public and private debts (hereinafter called "Currency of Payment"), of an amount of Currency of Payment equivalent to the amount of the United States dollar obligation of the Borrower against which such payment is made; provided, that this sentence shall not be applicable in cases where payment is to be made in United States dollars as expressly provided in Sections 6.02 and 6.04. For purposes of this Loan Agreement and the promissory note or notes issued pursuant thereto, the amount of Currency of Payment which shall constitute the equivalent of the United States dollar obligation against which any payment is made shall be computed as of the "Reference Date", as defined in subparagraph (b) of this

Section, on the basis of the applicable rate of exchange between Currency of Payment and United States dollars as provided in Section 2.02; provided, that in any case where payment is made after the due date for that payment, such computation shall be made on the basis of the applicable rate of exchange on the Reference Date unless the Payee as defined in subsection 2.01(c) requests in writing that it be made on the basis of the applicable rate of exchange on the date of the payment.

(b) With respect to any payment due to the DLF under this Loan Agreement or any promissory note or notes issued pursuant thereto, the term "Reference Date" shall mean the date designated by the DLF in the notice which the DLF gives to the Borrower of the United States dollar amount of the obligation for which payment is due. With respect to any payment due to a holder, other than the DLF, of a promissory note issued pursuant to this Loan Agreement, the term "Reference Date" shall mean the date designated in the notice which the holder gives to the Borrower of the United States dollar amount of the obligation for which payment is due under the note. In no event shall the designated date referred to be more than thirty (30) days prior to the date payment is due. If no date is designated to the Borrower with respect to any

payment due under this Loan Agreement or any note or notes issued pursuant thereto prior to the date on which such payment is due, the term "Reference Date" shall mean the date on which the payment is due. In any case where a Reference Date falls on a legal holiday in Vietnam the Reference Date shall be deemed to be the next succeeding business day in Vietnam. The DLF and any holder other than the DLF of a promissory note issued under this Loan Agreement may at any time give notice to the Borrower, in accordance with the manner specified in Section 8.06, of the United States dollar amount of the obligation for which payment is due.

(c) All payments required of the Borrower under this Loan Agreement, except for payments pursuant to Sections 3.05 and 6.04, with respect to portions of the Loan against which promissory notes have been issued in accordance with Article III, shall be made to the holder or holders of such note or notes in accordance with the terms of such note or notes and this Loan Agreement. All other payments, including payments pursuant to Sections 3.05 and 6.04, shall be made to the DLF. The term "Payee" as used in this Loan Agreement shall mean the person or entity entitled to payment as specified in this subsection.

(d) In the event that there is no applicable rate of exchange between Currency of Payment and United States dollars, in accordance with the provisions of Section 2.02, on any Reference Date, the Borrower shall, with respect to any payment due under this Loan Agreement and payable in Currency of Payment, pay in accordance with Section 2.01(c) an amount of Currency of Payment equivalent to the United States dollar obligation against which the payment is made, computed on the basis of the applicable rate of exchange between Currency of Payment and United States dollars on the date, nearest preceding the Reference Date applicable to the payment, on which such a rate can be ascertained in accordance with Section 2.02. Such payment shall be provisionally accepted by the Payee and shall be considered finally accepted by such Payee if it does not notify the Borrower to the contrary within sixty (60) days following the first date on which such rate can be ascertained after the Reference Date. In the event of such notification, the Borrower shall pay to such Payee so much additional Currency of Payment as will make the total payment of Currency of Payment equivalent in amount to the United States dollar obligation against which the payment is made, computed on

the basis of the applicable rate of exchange determined in accordance with the provisions of Section 2.02, as of the first date following the Reference Date on which such a rate can be ascertained.

(e) If the Payee determines that the amount of a payment by the Borrower to such Payee is less than the amount required by this Loan Agreement and the promissory note or notes issued pursuant thereto, it shall apply the payment first to interest due and then to the installment of principal against which the payment has been made, and shall inform the Borrower within sixty (60) days after receipt of the payment of the discrepancy and the remainder due; failure on the part of the Borrower to pay such remainder due within sixty (60) days after receipt of such notice shall constitute a default under the provisions of Section 6.01(a). If the DLF determines that the amount of a payment by the Borrower to the DLF is more than the amount required by this Loan Agreement and the promissory note or notes issued pursuant thereto, it shall notify the Borrower of the overpayment and, if the Borrower so requests within sixty (60) days after such notice, shall return to the Borrower in Currency of Payment the amount of the overpayment, or, in the absence of such request, may credit the amount of the overpayment to prepayment of installments

of principal in the inverse order of their maturity.

SECTION 2.02. For all purposes of this Loan Agreement and the promissory note or notes issued pursuant thereto, the applicable rate of exchange between Currency of Payment and United States dollars on any particular date shall be the effective rate of exchange at which United States dollars are sold on that date in exchange for Currency of Payment to residents of Vietnam, exclusive of government entities, for effecting: (1) the payment of interest and repayment of principal on loans; (2) the transfer of dividends and other forms of earnings on capital investments in Vietnam; and (3) the transfer of investment capital; provided, that there is only one such rate in Vietnam for such transactions. If there is no such single rate of exchange applicable to all of the three categories of transactions referred to in the preceding sentence, the applicable rate of exchange on any particular date shall be the highest (i.e., the largest number of units of Currency of Payment per United States dollar) effective rate of exchange at which United States dollars are sold or offered for sale on that date to residents of Vietnam, exclusive of government entities, in exchange for Currency of Payment to effect transactions within any of the three categories referred to in the preceding sentence.

SECTION 2.03. (a) With respect to any part of the Loan for which notes have not been issued, in accordance with the terms of this Loan Agreement, and negotiated, the Borrower shall have the right to prepay without penalty on December 1, 1964, and on the due date of any succeeding installment of principal, all or any part of the principal of the Loan by payment of the principal amount so prepaid with interest thereon to the date the prepayment is made: provided, that the Borrower may not make prepayments at any time: (i) when there is no applicable rate of exchange pursuant to the provisions of Section 2.02, or (ii) when there is no such applicable rate of exchange on the Reference Date for the installment due date on which the prepayment is made, or (iii) except as the DLF may otherwise agree in writing, after the occurrence of any of the events of default referred to in Section 6.01. Any such prepayment shall be applied to the remaining installments of principal in the inverse order of their maturity. The amount by which the United States dollar obligation of such installments shall be reduced shall be determined on the basis of the applicable rate of exchange between Currency of Payment and United States dollars, as specified in Section 2.02, existing on the Reference Date

applicable to the installment due date on which the prepayment is made.

(b) The United States dollar value of any prepayment of principal made under this Loan Agreement shall be maintained by the parties hereto for a period of one year following receipt of the prepayment by the DLF. For this purpose, the amount of Currency of Payment paid as any prepayment of principal shall be adjusted as of the due date for the installment of principal falling due one year after the prepayment. Each such adjustment shall be effected on the basis of the rate of exchange, determined in accordance with Section 2.02, existing on the Reference Date applicable to the installment due date as of which the adjustment is effected. If there is no applicable rate of exchange on such Reference Date, the DLF may return to the Borrower the prepayment and cancel the credit made to principal on the basis of such prepayment. The DLF and the Borrower, respectively, shall each make prompt payment to the other, upon the request of the other, of any amount of Currency of Payment required to effect adjustments in accordance with the forgoing provisions of this Section; provided, that in the event the Borrower does not, within sixty (60) days after any due date of an installment of principal, request payment from the DLF of any amount to which the Borrower

is entitled on the basis of adjustments of prepayments as of such due date, the DLF shall credit such amount to prepayment of installments of principal in the inverse order of their maturity; and provided further, that in the event the DLF does not, within sixty (60) days after any due date of an installment of principal, request payment from the Borrower of any amount to which the DLF is entitled on the basis of adjustments of prepayments as of such due date, the dollar amounts credited to principal by virtue of such prepayments shall be reduced accordingly by the DLF.

SECTION 2.04. The Borrower shall pay interest at the rate of three and one half percent (3-1/2%) per annum on the principal balance of the Loan outstanding. Interest shall be payable on the first day of June and the first day of December of each year until the Loan is repaid, the first interest payment to be due and payable on June 1, 1961.

SECTION 2.05. The Loan shall be repayable in accordance with the amortization schedule set forth in Schedule 1 attached to this Loan Agreement. At any time prior to the date specified in Section 7.02, the Borrower may, by written notice to the DLF, reduce the amount authorized to be loaned and revise the amortization schedule by reducing installments due, so that the first six (6) installments shall be unchanged

and the remaining installments shall be in such amounts as shall provide for fifty-three (53) approximately equal aggregate amounts of principal and interest; provided, however, that there shall be no reduction of installments against which repayment has been made or promissory notes have been issued by the Borrower in accordance with Article III and negotiated by the DLF.

### ARTICLE III

#### Promissory Notes

SECTION 3.01. If and as the DLF shall from time to time request, the Borrower shall, as soon as practicable and within such period, not less than sixty (60) days after the date of any request therefor, as the DLF shall specify in such request, execute and deliver to or on the order of the DLF promissory notes (hereinafter called "Note" or "Notes") in the aggregate principal amount specified in such request, not exceeding, however, the aggregate amount of the Loan which shall be outstanding at the time of such request and for which Notes shall not theretofore have been so delivered or requested.

SECTION 3.02. The Notes shall bear interest at the same rate as the Loan. The maturities of the Notes shall correspond to the maturities of installments of the Loan set forth in the amortization schedule attached to the Loan Agreement. The Notes

delivered pursuant to any request under Section 3.01 shall have such maturities and be in such denominations as the DLF shall specify in such request except that the aggregate principal amount of Notes of any maturity shall at no time exceed the corresponding installment of the Loan.

SECTION 3.03. The Notes shall be printed, lithographed or engraved on a single sheet of paper, shall be written in the English language and shall substantially conform in text and form to the Installment Note Form or to the Serial Note Form set forth in Schedules 2 and 3 annexed to this Loan Agreement, as the DLF may specify. The Notes shall be signed in the name and on behalf of the Borrower by such authorized persons as the Borrower shall designate in writing.

SECTION 3.04. Except as the Borrower and the DLF may otherwise agree in writing, all amounts received by the DLF as payments of interest or repayment of principal of the Loan shall be applied first to the payment of accrued interest on Notes payable to the DLF, and then to the repayment of principal on Notes due and payable to the DLF.

SECTION 3.05. If the DLF shall transfer, assign or sell any Note and shall extend any guaranty in connection with part or all of any payment thereunder, the Borrower shall reimburse the DLF for any amount paid by the DLF under such guaranty by reason

of any failure of the Borrower to make payment in accordance with the terms of such Note.

SECTION 3.06. No holder (other than the DLF) of any Note shall, by virtue of being the holder thereof, be entitled to exercise any rights under this Loan Agreement or be subject to any of the conditions or obligations imposed upon the DLF hereby. The provisions of this Section shall not impair or affect any rights or obligations under the terms of any Note.

SECTION 3.07. The payment of the principal of any Note shall pro tanto discharge the obligation of the Borrower to repay the Loan; and the payment of interest on any Note shall pro tanto discharge the obligation of the Borrower to pay interest on that part of the principal amount of the Loan to which the Note relates.

SECTION 3.08. Each Note issued pursuant to this Loan Agreement shall be freely negotiable by the holder thereof.

SECTION 3.09. The Borrower shall promptly furnish to the DLF such information and legal opinions and take such other steps, including the execution of such applications and other documents, as the DLF shall reasonably request in order to facilitate the public or private sale of the Notes or to list any of the Notes on any securities exchange in compliance with

applicable laws and regulations. To the extent necessary to comply with the requirements of any such sale or listing, the Borrower shall, if the DLF shall so request, appoint and maintain an agency for authentication of such Notes.

SECTION 3.10. At any time when the holder of any Note or Notes shall so request, the Borrower shall, upon surrender of such Note or Notes for such purpose, execute and deliver to the holder a new Note or Notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes surrendered, and of like tenor, bearing interest from the date to which interest has been paid on such Note or Notes, and payable to the order of such person or persons and in such other denomination or denominations as such holder may request.

#### ARTICLE IV

##### Letters of Commitment and Disbursements

SECTION 4.01. The Borrower may from time to time, in order to obtain disbursements under this Loan Agreement, request the DLF to issue Letters of Commitment to one or more banking institutions in the United States designated by the Borrower.

SECTION 4.02. Upon receipt of any request in accordance with Section 4.01, and upon performance by the Borrower of all the conditions precedent to disbursement under this Loan

Agreement, the DLF shall issue, in such form and under such procedures as it shall specify, a Letter of Commitment to the designated bank undertaking to make reimbursement to such bank for payments made by the bank, through letters of credit or otherwise, to the Borrower or any payee designated by the Borrower. Banking charges incurred in connection with letters of credit issued and payments made under such Letters of Commitment shall be for the account of the Borrower.

SECTION 4.03. The DLF shall promptly notify the Borrower of the issuance pursuant to this Article of any Letter of Commitment and of the terms thereof.

SECTION 4.04. Letters of Commitment issued pursuant to this Article shall provide that payments under them by banks can only be made upon presentation to the banks of such documentation as the DLF may specify.

SECTION 4.05. Disbursements may also be made under this Loan Agreement through such other means and by such other procedures as the Borrower and the DLF may otherwise mutually agree in writing.

SECTION 4.06. Where a Cost is payable or has been paid in a currency other than United States dollars: (a) Where the DLF makes reimbursement in United States dollars, the amount of United States dollars disbursed shall be determined by the DLF on the

basis of the rate of exchange between United States dollars and the currency in which the Cost was paid which the DLF deems most just and reasonable; and (b) where the DLF makes disbursement in such other currency, the DLF shall charge the Loan with the amount of United States dollars paid by the DLF to obtain the currency so disbursed, or at the discretion of the DLF, with such other amount of United States dollars as the DLF and the Borrower may agree is more just and reasonable. The DLF shall notify the Borrower of the amounts of United States dollars charged to the Loan pursuant to the preceding sentence.

SECTION 4.07. Prior to and as a condition precedent to the issuance of the first Letter of Commitment under this Loan Agreement, there shall be delivered to the DLF, in form and substance satisfactory to it, evidence that the execution and delivery of this Loan Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action. As part of the evidence to be furnished pursuant to this Section, the Borrower shall furnish to the DLF an opinion or opinions of the Minister of Justice of the Government of Vietnam, or of other legal counsel satisfactory to the DLF, demonstrating to the satisfaction of the DLF:

- (a) That the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and
- (b) That the Notes, if and when executed and delivered in accordance with the Loan Agreement, will constitute valid and binding obligations of the Borrower in accordance with their terms and that, except as stated in such opinion, no further signature nor formality is required for that purpose.

SECTION 4.08. Prior to and as an additional condition precedent to the issuance of a Letter of Commitment or disbursement for other than engineering services, except as the DLF may otherwise agree in writing, the Borrower shall: (a) prepare plans and specifications for the Project mutually satisfactory to the Borrower and the DLF, and (b) establish a Saigon Metropolitan Water Authority with adequate powers to supervise the Project and operate the water supply system of the Saigon Metropolitan area.

ARTICLE V

Covenants and Warranties

SECTION 5.01. The Borrower shall cause the Project to be carried out with due diligence and efficiency, in conformity with sound technical and engineering practices, and shall cause all Eligible Items financed under this Loan Agreement to be similarly utilized. Further, the Borrower shall cause the Project to be carried out in conformity with plans and specifications approved by the DLF. The Borrower shall cause all equipment and machinery financed under this Loan Agreement to be adequately maintained and repaired, in accordance with sound engineering practices, as necessary or appropriate. The Borrower agrees to exert its best efforts to complete the Project and to provide the resources required, in addition to this Loan, for that purpose.

SECTION 5.02. The Borrower shall cause all Eligible Items financed under this Loan Agreement to be used within Vietnam exclusively for the purpose described in Section 1.02; provided that in the case of any such Eligible Items which are not fully expended through their use for such purpose, the foregoing provision shall apply until the completion of the Project or until such time as such Eligible Items can no longer be usefully employed for such purpose; and provided further, that no such Eligible Items

shall be exported from Vietnam , without prior approval of the DLF, for such period as the DLF may require.

SECTION 5.03.(a) The Borrower shall maintain or cause to be maintained books and records adequate to identify the Eligible Items financed under this Loan Agreement; to disclose their Costs and their use in the Project; to show, with respect to contracts or orders for such Eligible Items, the nature and extent of the solicitation of prospective suppliers and the basis for the award of such contracts or orders; and to indicate the progress of the Project. Such books and records shall be maintained for such period as the DLF may require. The DLF shall have the right at all reasonable times to examine such books and records and all other documents, correspondence, memoranda and other records relating to this Loan Agreement. The Borrower shall enable the DLF to inspect the Project and the utilization of all Eligible Items financed under this Loan Agreement. The Borrower shall cooperate with, and give reasonable assistance to the DLF to enable such examination, observation and review to be accomplished fully and expeditiously and shall afford, or arrange to have afforded, all reasonable opportunity for authorized representatives of the DLF to visit any part of the territory of Vietnam for purposes related to the Loan.

(b) All material modifications of the plans and specifications for the Project must be mutually agreed to in writing by the Borrower and the DLF.

(c) The Borrower shall promptly furnish to the DLF such reports, legal opinions and information regarding the Project as the DLF may reasonably request.

SECTION 5.04. The Borrower shall promptly inform the DLF of any conditions which interfere with, or threaten to interfere with, the servicing of the Notes or the accomplishment of the purpose of this Loan Agreement.

SECTION 5.05. The Loan Agreement and the Notes shall be free from, and the principal of and interest on the Loan and the Notes shall be paid without deduction for and free from, any taxation, including fees and impositions, imposed under the laws of Viet-nam or laws in effect in its territory. Import duties, tariffs or similar charges imposed under the laws of Vietnam or laws in effect in its territory may not be financed under this Loan Agreement.

SECTION 5.06. The Borrower agrees that Currency of Viet-nam paid to the DLF pursuant to this Loan Agreement or the Notes may be used by the DLF or by any agency of the Government of the United States for any expenditures of or payments by the DLF or any agency of the Government of the United States, including any expenditures or payments by the DLF for purposes of loans or other

transactions authorized by Title II of Chapter II of the Mutual Security Act of 1954 as it is or may hereafter from time to time be amended. However, the use of such currency by the DLF or by any agency of the Government of the United States to finance exports from Vietnam or its territories, or the sale of such currency for other currencies to entities other than agencies of the Government of the United States, will be undertaken only upon agreement in advance by the Borrower. The DLF agrees to take into account the economic position of the Borrower in any contemplated use of the Currency of Payment received by the DLF hereunder.

SECTION 5.07. The Borrower shall ensure that at least fifty percent (50%) of the gross tonnage of all Eligible Items (computed separately for dry bulk carriers, dry cargo liners and tankers) financed under this Loan Agreement which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels. The DLF shall determine, for purposes of the foregoing sentence, whether United States-flag commercial vessels are available at fair and reasonable rates; the Borrower may at any time apply to the DLF for such an administrative determination.

SECTION 5.08. Marine insurance on Eligible Items financed under this Loan Agreement may be financed under this Loan Agreement; provided, that such insurance is placed at the lowest available competitive rate; provided further, however, that if the Government of Vietnam, in connection with the placement of marine insurance on shipments financed under the Mutual Security Act of 1954, as amended, discriminates by statute, decree, rule or regulation against any marine insurance company authorized to do business in any state of the United States of America, Eligible Items financed under this Loan Agreement, if insured against marine risk, shall during the continuance of such discrimination be so insured in the United States with a company or companies authorized to do a marine insurance business in any state of the United States of America.

SECTION 5.09. The Borrower shall cause to be received by the DLF at least thirty (30) days prior to the time any order in an amount exceeding Five Thousand Dollars (\$5,000) for Eligible Items to be financed under this Loan Agreement is placed or is agreed to be placed, in accordance with procedures established from time to time by the DLF, a description of the Eligible Items to be purchased, in the English language, with specifications in terms of United States

standards, and the manner of submitting bids to the purchaser thereof; provided, however, that the DLF may, upon application by the Borrower, reduce the thirty (30) day period or waive any or all requirements of this section in its application to particular purchase transactions where it deems such action necessary or appropriate.

SECTION 5.10. No Eligible Items shall be financed under this Loan Agreement unless they have been procured at prices which the DLF deems to be reasonable for such items. It is the intention of the parties that the "reasonable price" for purposes of the foregoing sentence will normally approximate the lowest competitive price for the item procured, quality, time of delivery, and other factors considered. Except as the DLF may otherwise agree in writing, procurement of Eligible Items, other than services, financed under this Loan Agreement will be based upon solicitation of a reasonable number of suppliers from sources described in the first sentence of Section 1.04(b).

SECTION 5.11. The Borrower shall make appropriate arrangements to assure that the Project, Eligible Items financed under this Loan Agreement, and the shipping containers for such Eligible Items, shall carry an emblem or marking satisfactory to, and in accordance with such instructions as may be furnished by, the DLF.

SECTION 5.12. The Borrower hereby warrants that no commission, fee or payment of any kind has been or will be made to any person, firm or corporation in connection with the application which has resulted in the making of the Loan by the DLF, or in connection with any negotiations incident thereto, except reasonable compensation for bona fide professional or technical or other comparable services incident to presenting the merits of the application or to the establishment of this Loan or to operations hereunder; and the Borrower covenants that, upon request by the DLF, the amount of payments made to any such person, firm or corporation will be disclosed to the DLF.

SECTION 5.13. Prior to completion of the Project the Borrower shall assure that the Metropolitan Water Authority referred to in Section 4.08 establishes a system of rates for charges for water and a financial plan mutually satisfactory to the Borrower and the DLF.

SECTION 5.14. The Borrower shall employ a competent and experienced engineering firm, mutually satisfactory to the Borrower and the DLF, under terms and conditions mutually satisfactory to the Borrower and the DLF, to design and supervise the Project, to provide the necessary training of personnel who will operate the facilities constructed, and to supervise operation of these facilities for one year after start-up.

SECTION 5.15. The Borrower shall employ a competent and experienced constructor for the Project mutually satisfactory to the Borrower and the DLF, under terms and conditions mutually satisfactory to the Borrower, and the DLF.

## ARTICLE VI

### Remedies of the DLF

SECTION 6.01. Upon the occurrence of any of the following events, the DLF, at its option, may (i) decline to issue further Letters of Commitment, (ii) cancel, after giving notice to the Borrower, outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit and through bank payments made other than under irrevocable letters of credit and (iii) decline to make disbursements other than under Letters of Commitment:

- (a) A default in the full payment of any installment of principal or payment of interest, or of any other payment required under this Loan Agreement or the Notes; provided, that the DLF may, on the basis of any such default, exercise any of its options under this Section or Section 6.02 only while such default continues.

- (b) A default on the part of the Borrower in the performance of any other Covenant or Agreement under this Loan Agreement; provided, that the DLF shall not exercise any of its options under this Section or Section 6.02 on the basis of such a default unless the Borrower fails to cure the default within sixty (60) days after the DLF gives notice thereof to the Borrower.
- (c) Discovery by the DLF that a representation made by the Borrower to the DLF in obtaining or pursuant to this Loan Agreement is incorrect in a material respect.
- (d) An extraordinary situation which the DLF determines makes it improbable that the Borrower will be able to perform its obligations under this Loan Agreement or that the Loan will fulfill the purpose for which it is made.

SECTION 6.02. Upon the occurrence of any of the events referred to in subsections (a) and (b) of Section 6.01, and in accordance with the terms of such subsections, the DLF, at its option, may declare all or any part of the unpaid principal of the Loan and the Notes to be due and payable immediately and may declare that all or any part of such unpaid principal declared to be due and payable immediately shall be payable in

United States dollars, and upon any such declaration such principal shall become due and payable immediately in accordance with such declaration.

SECTION 6.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to the DLF under this Loan Agreement or the Notes and arising as a result of the occurrence of any of the events referred to in Section 6.01 hereof shall be construed as an acquiescence by the DLF in such event or as a waiver by the DLF of its rights, powers or remedies arising as a result of the occurrence of that event or any other such event.

SECTION 6.04. If the DLF determines that any disbursement made by it under this Loan Agreement is not supported by the documentation submitted by the Borrower in accordance with this Loan Agreement or is not made or used in accordance with the terms of this Loan Agreement, or is in violation of the Mutual Security Act of 1954, as amended, or any Act supplementary thereto or appropriating funds for purposes thereof, the Borrower shall pay to the DLF, within thirty (30) days after receipt of request, an amount in United States dollars not to exceed the amount of such disbursement; provided, that such request by the DLF shall be made no later than five (5) years after the date on which the disbursement was made. The DLF shall reduce the Loan by the amount of any such payment upon its receipt by the

DLF, and the DLF shall cause the obligation of the Borrower to make payments under the Notes to be reduced accordingly.

## ARTICLE VII

### Effective Date, Availability of Loan and Termination

SECTION 7.01. This Loan Agreement shall enter into effect as of the day and year first above written.

SECTION 7.02. Except as the DLF may otherwise agree in writing, no requests for the issuance of Letters of Commitment and no requests for disbursements other than under a Letter of Commitment shall be made pursuant to this Loan Agreement after February 28, 1965.

SECTION 7.03. Except as the DLF may otherwise agree in writing, no disbursement under a Letter of Commitment issued hereunder shall be made against documentation submitted after August 31, 1965 to any bank designated under Section 4.01.

SECTION 7.04. If all of the acts required to be performed under Section 4.07 have not been performed by March 31, 1961 or such other date as shall be agreed upon by the Borrower and the DLF, the DLF may at any time thereafter at its option terminate this Loan Agreement by giving notice to the Borrower. Upon the giving of such notice, this Loan Agreement and all obligations of the parties hereunder shall forthwith terminate.

ARTICLE VIII

Miscellaneous

SECTION 8.01. All actions to be performed under this Loan Agreement by the Borrower or the DLF may be performed by their respective duly authorized representatives, and all rights of the Borrower or the DLF under this Loan Agreement may be exercised by their respective duly authorized representatives.

SECTION 8.02. If, by operation of any law of the United States or by virtue of assignment, any corporate or other agency of the Government of the United States succeeds to the rights and obligations of the DLF under this Loan Agreement and the Notes, such agency shall be deemed to be the DLF for purposes of this Loan Agreement and the Notes.

SECTION 8.03. As used in this Loan Agreement, the term "disbursements" shall mean any payments by the DLF whether made directly to the Borrower or its designee or made to a banking institution pursuant to a Letter of Commitment issued under this Loan Agreement.

SECTION 8.04. All references in this Loan Agreement to "Sections" or "Articles" shall be deemed to refer to Sections and Articles of this Loan Agreement, unless specific provision is made to the contrary.

SECTION 8.05. This Loan Agreement and each of the Notes shall be deemed to be a contract made under the laws of the District of Columbia, United States of America, and shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

SECTION 8.06. Any notice, request or communication given made or sent by the Borrower or the DLF pursuant to this Loan Agreement or the Notes shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable or radiogram to such other party at its address as follows:

To the Borrower:

Mail Address:

Secretary of State for Finance  
Ministry of Finance  
61 Nguyen-Du  
Saigon, Vietnam

Cable Address:

MINIFINANCE  
Saigon, Vietnam

To the DLF:

Mail Address:

Development Loan Fund  
Washington 25, D.C.  
United States of America

Cable Address:

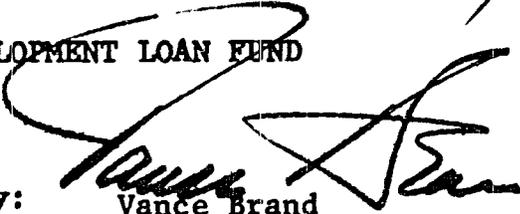
DEVLOAN  
Washington, D. C.

IN WITNESS WHEREOF the Borrower and the DLF, each acting through its respective duly authorized representative, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

GOVERNMENT OF VIETNAM .

  
By: His Excellency Tran Van Chuong  
Ambassador

DEVELOPMENT LOAN FUND

  
By: Vance Brand  
Managing Director



SCHEDULE I

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Pr</u>
December 1, 1961	\$ 10,000
June 1, 1962	10,000
December 1, 1962	10,000
June 1, 1963	10,000
December 1, 1963	10,000
June 1, 1964	10,000
December 1, 1964	202,389
June 1, 1965	205,931
December 1, 1965	209,535
June 1, 1966	213,202
December 1, 1966	216,933
June 1, 1967	220,729
December 1, 1967	224,592
June 1, 1968	228,522
December 1, 1968	232,522
June 1, 1969	236,591
December 1, 1969	240,731
June 1, 1970	244,944
December 1, 1970	249,230
June 1, 1971	253,592
December 1, 1971	258,030
June 1, 1972	262,545
December 1, 1972	267,140
June 1, 1973	271,815
December 1, 1973	276,572
June 1, 1974	281,412
December 1, 1974	286,336
June 1, 1975	291,347
December 1, 1975	296,446
June 1, 1976	301,634
December 1, 1976	306,912
June 1, 1977	312,283
December 1, 1977	317,748
June 1, 1978	323,309
December 1, 1978	328,967

Date Payment DuePayment of Principal

June 1, 1979	\$ 334,724.06
December 1, 1979	340,581.73
June 1, 1980	346,541.91
December 1, 1980	352,606.40
June 1, 1981	358,777.01
December 1, 1981	365,055.61
June 1, 1982	371,444.08
December 1, 1982	377,944.35
June 1, 1983	384,558.38
December 1, 1983	391,288.15
June 1, 1984	398,135.69
December 1, 1984	405,103.07
June 1, 1985	412,192.37
December 1, 1985	419,405.74
June 1, 1986	426,745.34
December 1, 1986	434,213.38
June 1, 1987	441,812.11
December 1, 1987	449,543.83
June 1, 1988	457,410.84
December 1, 1988	465,415.53
June 1, 1989	473,560.30
December 1, 1989	481,847.61
June 1, 1990	490,279.94
December 1, 1990	498,859.88

Total

17,500,000.00

**SCHEDULE II**

(Promissory Notes should be on a single sheet of paper)

**PROMISSORY NOTE**

(Installment Note Form)

Washington, D. C.,

19

**FOR VALUE RECEIVED**, the **GOVERNMENT OF VIETNAM** (hereinafter called the "Obligor") hereby promises to pay to \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), and to pay interest from the date hereof at the rate of three and one-half percent (3 1/2%) per annum, payable semi-annually on the first day of June and the first day of December of each year, on the principal amount of this Promissory Note (hereinafter called "Note") from time to time outstanding. Payments of principal and interest by the Obligor pursuant to the terms of this Note shall be made at the office of (to be designated by the DLF) \_\_\_\_\_ . The first payment of interest on this Note shall be due on \_\_\_\_\_ . The principal of this Note shall be repaid in semi-annual installments beginning on \_\_\_\_\_, in the amounts and at the times set forth below:

[Insert schedule of repayments specified by the DLF in its request made in accordance with the provisions of Section 3.02 of the Loan Agreement referred to below.]

This Note is issued by the Obligor in accordance with a Loan Agreement dated, between the Obligor and the **DEVELOPMENT LOAN FUND** (hereinafter called the "Loan Agreement"). No reference herein to the Loan Agreement shall confer upon the holder hereof any rights thereunder or impair the obligation of the Obligor, which is absolute and unconditional, to pay the principal of and interest on this Note at the times and place and in the amounts and in the currency herein prescribed.

Obligations of the Obligor under this Note shall be discharged by the payment to the holder hereof, in such coin or currency as at the time of payment is legal tender in Vietnam for payment of public and private debts (hereinafter called "Currency of Payment") of an amount of Currency of Payment equivalent to the amount of the United States dollar obligation of the Obligor against which payment is made. Such equivalent shall be computed as of the date (hereinafter

called the "Reference Date") not more than thirty (30) days prior to the date a particular payment is due, designated in the notice which the holder hereof is hereby authorized to give the Obligor of the United States dollar amount of the obligation for which payment is due. If no Reference Date is so designated for a payment, the Reference Date for that payment shall be deemed the date payment is due. If the Reference Date designated falls on a legal holiday in Vietnam the next succeeding business day in Vietnam shall be deemed to have been the Reference Date designated. If payment is made after the due date, the holder shall have the option of having the equivalent in Currency of Payment of the payment due calculated as of the date of payment or as of the Reference Date.

In the event that there is no applicable rate of exchange between Currency of Payment and United States dollars, in accordance with the following paragraph, on any Reference Date, the Obligor shall, with respect to the payment due, pay an amount of Currency of Payment equivalent to the United States dollar obligation against which the payment is made, computed on the basis of the applicable rate of exchange between Currency of Payment and United States dollars on the date, nearest preceding the Reference Date applicable to the payment, on which such a rate can be ascertained in accordance with the following paragraph. Such payment shall be provisionally accepted by the holder and shall be considered finally accepted by such holder if it does not notify the Obligor to the contrary within sixty (60) days following the first date on which such a rate can be ascertained after the Reference Date. In the event of such notification, the Obligor shall pay to such holder so much additional Currency of Payment as will make the total payment of Currency of Payment equivalent in amount to the United States dollar obligation against which the payment is made, computed on the basis of the applicable rate of exchange determined, in accordance with the provisions of the following paragraph, as of the first date following the Reference Date on which such a rate can be ascertained.

For all purposes of this Note, the applicable rate of exchange between Currency of Payment and United States dollars on any particular date shall be the effective rate of exchange at which United States dollars are sold on that date in exchange for Currency of Payment to residents of Vietnam, exclusive of government entities, for effecting: (1) the payment of interest and repayment of principal on loans; (2) the transfer of dividends and other forms of earnings on capital investments in Vietnam; and (3) the transfer of investment capital; provided, that there is only one such rate in Vietnam for such transactions. If there is no such single rate of exchange applicable to all of the three categories of transactions referred to in the preceding sentence, the applicable rate of exchange on any particular date shall be

the highest (i.e., the largest number of units of Currency of Payment per United States dollar) effective rate of exchange at which United States dollars are sold or offered for sale on that date to residents of Vietnam, exclusive of government entities, in exchange for Currency of Payment to effect transactions within any of the three categories referred to in the preceding sentence.

At any time when the holder of this Note shall so request, the Obligor shall, upon surrender of this Note, with or without other Notes of the Obligor containing this privilege of exchange, execute and deliver to the holder a new Note or Notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes surrendered, and of like tenor, bearing interest from the date to which interest has been paid on such Note or Notes, and payable to the order of such person or persons and in such other denomination or denominations as such holder may request.

Upon receipt of evidence satisfactory to the Obligor of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Obligor, and upon surrender and cancellation of the Note if mutilated, the Obligor shall make and deliver to the holder, in substitution, a new Note, of like tenor and unpaid principal amount.

Upon the default in the payment of any installment of principal due or any interest due on this Note, the holder hereof may declare all or any part of the unpaid principal of the Note to be due and payable immediately, and upon such declaration such principal shall be due and payable immediately. In addition, as provided in Section 6.02 of the Loan Agreement, the DEVELOPMENT LOAN FUND at its option, upon the occurrence of certain events, may declare the unpaid principal of all or any part of this Note or any other Notes issued under the Loan Agreement and then outstanding (if not already due) to be due and payable immediately, and may further declare all or any part of such unpaid principal declared to be due and payable immediately and any other amount of principal which is due and payable under this Note or any other Note issued under the Loan Agreement and then outstanding to be payable in United States dollars; and upon any such declaration such principal shall be due and payable immediately in accordance with such declaration.

Notice to the Obligor under this Note shall be deemed duly given when delivered by hand or by mail, telegram, cable or radio-gram to \_\_\_\_\_ at \_\_\_\_\_

The principal of and interest on this Note shall be paid without deduction for and free from any taxation, including fees and impositions, now or at any time hereafter imposed under the laws of Viet-Nam or laws in effect in its territory.

No delay in exercising, or omission to exercise, any right, power or remedy of the holder hereof with respect to this Note, where such right, power or remedy arises as a result of a default of the Obligor in the prompt and full payment of interest on or repayment of principal of this Note, shall be construed as a waiver by the holder of its rights, powers or remedies arising as a result of that default, while it shall continue, or any other such default.

GOVERNMENT OF VIETNAM

By:

[Title]

**SCHEDULE 3**

**(Promissory Notes should be on a single sheet of paper)**

**PROMISSORY NOTE**

**(Series Note Form)**

Washington, D. C.,  
19

**FOR VALUE RECEIVED, the GOVERNMENT OF VIETNAM (hereinafter called the "Obligor") hereby promises to pay to**

**or order, on the**  
**day of** , 19 **at the office of (to be**  
**designated by the DLF)**

**the sum of** Dollars  
**(\$ ) and to pay interest from the date hereof at the**  
**rate of three and one-half per cent (3 1/2%) per annum, on the first**  
**day of June and the first of December of each year, on the principal**  
**amount of this Promissory Note (hereinafter called "Note"). The**  
**first payment of interest on this Note shall be due on**

**This Note is one of a series of ( )**  
**promissory notes known as "Promissory Notes, Series "**  
**(hereinafter called "Series Notes") issued by the**  
**Obligor in accordance with a Loan Agreement dated between the Obligor**  
**and the DEVELOPMENT LOAN FUND hereinafter called the "Loan Agreement").**  
**No reference herein to the Loan Agreement shall confer upon the holder**  
**hereof any rights thereunder or impair the obligation of the Obligor,**  
**which is absolute and unconditional, to pay the principal of and**  
**interest on this Note at the times and place and in the amounts and**  
**in the currency herein prescribed.**

**Obligations of the Obligor under this Note shall be dis-**  
**charged by the payment to the holder hereof, in such coin or currency**  
**as at the time of payment is legal tender in Vietnam for payment of**  
**public and private debts (hereinafter called "Currency of Payment") of**  
**an amount of Currency of Payment equivalent to the amount of the United**  
**States dollar obligation of the Obligor against which payment is made.**  
**Such equivalent shall be computed as of the date (hereinafter called**  
**the "Reference Date") not more than thirty (30) days prior to the date**  
**a particular payment is due, designated in the notice which the holder**  
**hereof is hereby authorized to give the Obligor of the United States**  
**dollar amount of the obligation for which payment is due. If no**  
**Reference Date is so designated for a payment, the Reference Date**

for that payment shall be deemed the date payment is due. If the Reference Date designated falls on a legal holiday in Vietnam, the next succeeding business day in Viet-Nam shall be deemed to have been the Reference Date designated. If payment is made after the due date, the holder shall have the option of having the equivalent in Currency of Payment of the payment due calculated as of the date of payment or as of the Reference Date.

In the event that there is no applicable rate of exchange between Currency of Payment and United States dollars, in accordance with the following paragraph, on any Reference Date, the Obligor shall, with respect to the payment due, pay an amount of Currency of Payment equivalent to the United States dollar obligation against which the payment is made, computed on the basis of the applicable rate of exchange between Currency of Payment and United States dollars on the date nearest preceding the Reference Date applicable to the payment, on which such a rate can be ascertained in accordance with the following paragraph. Such payment shall be provisionally accepted by the holder and shall be considered finally accepted by such holder if it does not notify the Obligor to the contrary within sixty (60) days following the first date on which such a rate can be ascertained after the Reference Date. In the event of such notification, the Obligor shall pay to such holder so much additional Currency of Payment as will make the total payment of Currency of Payment equivalent in amount to the United States dollar obligation against which the payment is made, computed on the basis of the applicable rate of exchange determined, in accordance with the provisions of the following paragraph, as of the first date following the Reference Date on which such a rate can be ascertained.

For all purposes of this Note, the applicable rate of exchange between Currency of Payment and United States dollars on any particular date shall be the effective rate of exchange at which United States dollars are sold on that date in exchange for Currency of Payment to residents of Vietnam, exclusive of government entities, for effecting: (1) the payment of interest and repayment of principal on loans; (2) the transfer of dividends and other forms of earnings on capital investments in Viet-Nam; and (3) the transfer of investment capital; provided, that there is only one such rate in Vietnam for such transactions. If there is no such single rate of exchange applicable to all of the three categories of transactions referred to in the preceding sentence, the applicable rate of exchange on any particular date shall be the highest (i.e., the largest number of units of Currency of Payment per United States dollar) effective rate of exchange at which United States dollars are sold or offered for sale on that date to residents of Vietnam, exclusive of government entities, in exchange for Currency of Payment to effect transactions within any of the three categories referred to in the preceding sentence.

At any time when the holder of this Note shall so request, the Obligor shall, upon surrender of this Note, with or without other Notes of the Obligor containing this privilege of exchange, execute and deliver to the holder a new Note or Notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes surrendered, and of like tenor, bearing interest from the date to which interest has been paid on such Note or Notes, and payable to the order of such person or persons and in such other denomination or denominations as such holder may request.

Upon receipt of evidence satisfactory to the Obligor of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Obligor, and upon surrender and cancellation of the Note if mutilated, the Obligor shall make and deliver to the holder, in substitution, a new Note, of like tenor and unpaid principal amount.

Upon the default in the payment of any interest due on this Note or upon the default in the payment when due of any interest on or principal of any other Series Notes, the holder hereof may declare the principal of this Note to be due and payable immediately, and upon such declaration such principal shall be due and payable immediately. In addition, as provided in Section 6.02 of the Loan Agreement, the DEVELOPMENT LOAN FUND at its option, upon the occurrence of certain events, may declare the unpaid principal of all or any part of this Note or any other Notes issued under the Loan Agreement and then outstanding (if not already due) to be due and payable immediately, and may further declare all or any part of such unpaid principal declared to be due and payable immediately and any other amount of principal which is due and payable under this Note or any other Note issued under the Loan Agreement and then outstanding to be payable in United States dollars; and upon any such declaration such principal shall be due and payable immediately in accordance with such declaration.

Notice to the Obligor under this Note shall be deemed duly given when delivered by hand or by mail, telegram, cable or radiogram to \_\_\_\_\_ at \_\_\_\_\_

The principal of and interest on this Note shall be paid without deduction for and free from any taxation, including fees and impositions, now or at any time hereafter imposed under the laws of Vietnam or laws in effect in its territory.

No delay in exercising, or omission to exercise, any right, power or remedy of the holder hereof with respect to this Note or any other promissory note issued under the Loan Agreement, where such right, power or remedy arises as a result of a default of the Obligor in the prompt and full payment of interest on or repayment of principal of this Note, shall be construed as a waiver by the holder of its rights, powers or remedies arising as a result of that default, while it shall continue, or any other such default.

GOVERNMENT OF VIETNAM

By:

[Title]