

AGREEMENT
 between
 FINANCIERA IBERO-AMERICANA S.A.
 and the
 UNITED STATES OF AMERICA
 acting through the
 AGENCY FOR INTERNATIONAL DEVELOPMENT

ACT/OM	
DIA	
D/DIA	
O/DP	✓
O/PE	
EXO	
O/CCMT	✓
O/DR	✓
GDO	
FHD	
U/H	
RDC	
PSD	✓
TRG	
ING VELA	
DIS	
TIC	
RF	
M&R	✓
EMB	
WASH	78
RLA	1
CO	

Project No. 940-0002.61

Loan No. 518-S-088

TABLE OF CONTENTS

ARTICLE 1: The Agreement..... 1

ARTICLE 2: Definitions:

Section	2.1	A.I.D. Security Interest.....	1
Section	2.2	Borrower Standby Certificate.....	1
Section	2.3	Collateral Account.....	2
Section	2.4	Depository Bank	2
Section	2.5	Depository Bank Fees.....	2
Section	2.6	Depository Bank Security Interest..	2
Section	2.7	Eligible Bank.....	2
Section	2.8	Eligible Subborrower.....	2
Section	2.9	Exchange Rate.....	3
Section	2.10	Loan.....	3
Section	2.11	Project.....	3
Section	2.12	Qualifying Activity.....	3
Section	2.13	Qualifying Debt Instrument.....	3
Section	2.14	Qualifying Investment.....	3
Section	2.15	Qualifying Standby Letter of Credit	3
Section	2.16	Qualifying Subloan.....	3
Section	2.17	Standby Letter of Credit.....	4
Section	2.18	Subborrower.....	4
Section	2.19	Subloan.....	4
Section	2.20	Supplemental Subloan Terms.....	4
Section	2.21	Three-Party Agreement.....	4

ARTICLE 3: Resources for the Project:

Section	3.1	The Loan.....	4
Section	3.2	Borrower Resources for the Project.	4

ARTICLE 4: Loan Terms:

Section	4.1	Interest.....	5
Section	4.2	Repayment of Principal.....	6
Section	4.3	Guaranty Fee.....	6
Section	4.4	Facility Fee.....	6
Section	4.5	Interest Rate After Default.....	6
Section	4.6	Application, Currency, and Place of Payment.....	6
Section	4.7	Prepayment.....	7
Section	4.8	Termination on Full Payment.....	7
Section	4.9	Operation of the Collateral Account.....	7
Section	4.10	Security Interests.....	8

ARTICLE 5: Representations and Warranties:

Section	5.1	Organization, Existence, Etc. of Borrower	8
Section	5.2	Authorization.....	9
Section	5.3	Government Approvals, Etc.....	9
Section	5.4	Binding Obligations, Etc.....	9
Section	5.5	Litigation.....	9
Section	5.6	Financial Condition.....	9
Section	5.7	Title and Liens.....	10
Section	5.8	Taxes and Certain Other Debts.....	10
Section	5.9	Lien Priority.....	10
Section	5.10	Other Agreements.....	10
Section	5.11	Representation as a Whole.....	10
Section	5.12	Security for Subloans.....	11

ARTICLE 6: Conditions Precedent:

Section	6.1	Conditions Precedent to Initial Disbursement.....	11
Section	6.2	Terminal Dates for Conditions Precedent to Initial Disbursement..	13
Section	6.3	Conditions Precedent to Subsequent Disbursements.....	13

ARTICLE 7: General Covenants:

Section	7.1	Project Evaluation.....	13
Section	7.2	Consultation.....	14
Section	7.3	Execution of Project.....	14
Section	7.4	Reports, Records, Inspections, Audits.....	14
Section	7.5	Information and Marking.....	15

ARTICLE 8: Special Covenants:

Section	8.1	Covenant of Non-Subordination.....	15
Section	8.2	Use of Loan Proceeds.....	15
Section	8.3	Instructions to Issue Standby Letters of Credit.....	15
Section	8.4.	Use of Debt Instrument Proceeds....	15
Section	8.5	Additional Security Documentation..	15
Section	8.6	Supplemental Subloan Terms.....	15
Section	8.7	Compliance with Project Description.....	15

ARTICLE 9: Disbursements:

Section	9.1	Disbursement Mechanism.....	16
Section	9.2	Other Forms of Disbursement.....	16
Section	9.3	Date of Disbursement.....	16

ARTICLE 10: Cancellation, Events of Default, Remedies:

Section	10.1	Cancellation by Borrower.....	16
Section	10.2	Events of Default.....	17
Section	10.3	Consequences of Default.....	18
Section	10.4	Continued Effectiveness of Agreement.....	19
Section	10.5	Refunds.....	19
Section	10.6	Nonwaiver of Remedies.....	19
Section	10.7	Suspension of Disbursements.....	19

ARTICLE 11: Miscellaneous:

Section	11.1	Communications.....	19
Section	11.2	Representatives.....	20
Section	11.3	Project Implementation Letters.....	20
Section	11.4	Governing Law.....	21
Section	11.5	Amendments.....	21
Section	11.6	Jurisdiction.....	21
Section	11.7	Costs of Collection.....	21
Section	11.8	Headings.....	21
Section	11.9	Assignment of Rights.....	21
Section	11.10	Language of Agreement.....	21
Section	11.11	1984 Loan Agreement.....	21

ANNEXES

Annex A - Project Description

Annex B - Request and Certificate

Annex C - Borrower Standby Certificat

Annex D - Supplemental Subloan Terms

LOAN AGREEMENT

This loan agreement ("Agreement") is entered into by and between Financiera Ibero-Americana S.A., a corporation organized and existing under the laws of Ecuador ("Borrower"), and the United States of America, acting through the Agency for International Development ("A.I.D. ").

Recitals

WHEREAS A.I.D. wishes to increase the amount of foreign exchange and long-term Sucre-denominated financing available to small agribusinesses in Ecuador; and

WHEREAS A.I.D. wishes to assist in development of private capital markets in Ecuador;

NOW, THEREFORE, A.I.D. and the Borrower ("Parties") agree as follows:

Article 1: The Agreement

The purpose of this Agreement is to set forth the obligations and understandings of the Parties with respect to the financing and execution of the Project as defined below.

Article 2: Definitions

The following terms when capitalized shall have the definitions stated below throughout this Agreement and its Annexes unless the context clearly indicates otherwise:

Section 2.1. "A.I.D. Security Interest." The security interest which the Borrower grants A.I.D. to secure the Borrower's performance under this Agreement.

Section 2.2. "Borrower Standby Certificate." The certificate, substantially in the form of Annex C to this Agreement, that the Borrower submits to the Depository Bank in accordance with Section 4.9(c) authorizing the Depository Bank to issue a Standby Letter of Credit secured by the funds and investments in the Collateral Account.

Section 2.3. "Collateral Account." An account opened in the Depository Bank containing the loan funds disbursed under this Agreement and the investments into which such funds are placed.

Section 2.4. "Depository Bank." The Eligible Bank selected by the Borrower to hold and manage the funds and investments in the Collateral Account, and to issue Standby Letters of Credit in accordance with Section 4.9 of this Agreement.

Section 2.5. "Depository Bank Fees." Fees charged by the Depository Bank for issuance of a Standby Letter of Credit and for managing the funds and investments in the Collateral Account.

Section 2.6. "Depository Bank Security Interest." A security interest in the funds and investments in the Collateral Account granted by the Borrower to the Depository Bank to secure the Borrower's obligation to indemnify the Depository Bank for amounts drawn under Qualifying Standby Letters of Credit.

Section 2.7. "Eligible Bank." A national banking association or a subsidiary of a bank holding company, approved by A.I.D., that

(a) is organized and existing under the laws of the United States of America;

(b) has total assets of not less than One Billion U.S. Dollars (\$1,000,000,000); and

(c) has a subsidiary with an active branch in Ecuador or correspondent relations with an Ecuadorean bank or private financial institution.

Section 2.8. "Eligible Subborrower." A company that is

(a) is One Hundred percent (100%) privately owned and controlled;

(b) is no less than Fifty-one percent (51%) owned by Ecuadorean nationals;

(c) has fixed assets, excluding land and buildings, of less than the Sucre equivalent of Three Hundred Thousand U.S. Dollars (\$300,000) according to the Exchange Rate in effect on the date of the Subloan;

(d) to the maximum extent possible, has its principal business operations outside the metropolitan limits of Quito and Guayaquil; and

(e) intends to use the credit made available hereunder to engage in a Qualifying Activity.

Section 2.9. "Exchange Rate." The free market exchange rate for commercial transactions at 12:00 noon in Quito, Ecuador, for the purchase of U.S. Dollars.

Section 2.10. "Loan." As provided in Section 3.1 of this Agreement.

Section 2.11. "Project." The Project, which is further described in Annex A, will consist of assisting the Borrower to obtain funds in Ecuadorean capital markets through the sale of Qualifying Debt Instruments. The funds obtained will then be used by the Borrower to finance Qualifying Activities by Eligible Subborrowers. To provide such assistance, A.I.D. will disburse the proceeds of the Loan into the Collateral Account in the Borrower's name in the Depository Bank. The Borrower will grant the Depository Bank a security interest in the funds and investments in the Collateral Account to secure the Borrower's obligation to indemnify the Depository Bank for drawings under Standby Letters of Credit that the Depository Bank issues in favor of the holders of Qualifying Debt Instruments.

Section 2.12. "Qualifying Activity." The production, manufacture, processing and/or distribution of agricultural products, and related activities including aquaculture, in Ecuador, but not including activities prohibited under the Supplemental Subloan Terms or by governing law.

Section 2.13. "Qualifying Debt Instruments." Sucre-denominated Guarantee Bonds ("Bonos de Garantia") with a minimum final maturity of five (5) years, and Financial Certificates ("Certificados Financieros Ordinarios") with a minimum maturity of one (1) year.

Section 2.14. "Qualifying Investment." United States Treasury Bills with a maturity of One Hundred Eighty (180) days or such other investments as A.I.D. agrees to in writing.

Section 2.15. "Qualifying Standby Letter of Credit." A letter of credit in the form approved by A.I.D. and containing the provisions stated in Section 4.9(c), issued by the Depository Bank at the Borrower's request to secure the Borrower's indebtedness under Qualifying Debt Instruments.

Section 2.16. "Qualifying Subloan." A loan by the Borrower to an Eligible Subborrower in an amount not to exceed the local currency equivalent of One Hundred Thousand U.S. Dollars (\$100,000) for the purpose of financing a Qualifying Activity.

Section 2.17. "Standby Letter of Credit" or "Standby L/C". A letter of credit issued at the Borrower's request and with respect to which the Borrower has submitted a Borrower's Standby Certificate.

Section 2.18. "Subborrower." The recipient of a Subloan.

Section 2.19. "Subloan." A loan made by the Borrower.

Section 2.20. "Supplemental Subloan Terms." Restrictions on the use of the proceeds of the sale of A.I.D.-guaranteed debt instruments as stated in Annex D to this Agreement.

Section 2.21. "Three-Party Agreement." An agreement or set of agreements among the Borrower, the Depository Bank and A.I.D. establishing the Collateral Account, creating the A.I.D. Security Interest, notifying the Depository Bank of such interest, appointing the Depository Bank as A.I.D.'s agent for the purpose of perfecting the A.I.D. Security Interest to the extent possession is required for perfection, and containing any necessary provisions regarding disbursement of funds.

Article 3: Resources for the Project

Section 3.1. The Loan. A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to make available to the Borrower under the terms of this Agreement an amount not to exceed One Million Five Hundred Thousand U.S. Dollars (\$1,500,000) ("Loan"). Except as A.I.D. may agree otherwise in writing, the Loan will be available for disbursement ("Availability Period") for up to twelve (12) months following the date of the execution of this Agreement ("Execution Date").

Section 3.2. Borrower Resources for the Project. The Borrower agrees

(a) to issue such Qualifying Debt Instruments as the Borrower deems appropriate to raise the Sucre equivalent of up to One Million Five Hundred Thousand U.S. Dollars (\$1,500,000);

(b) to contribute an amount in Sucres equivalent to the amount raised under subsection (a) that the Borrower will then lend, together with the amount raised under subsection (a), to Eligible Subborrowers to finance Qualifying Activities; and

(d) to repay the Loan in accordance with the terms of this Agreement notwithstanding the actions of the Depository Bank or of any Subborrower.

Article 4: Loan Terms

Section 4.1. Interest.

(a) (1) The Borrower shall pay interest on the Loan at a rate per annum equal to the earnings per annum of the Collateral Account.

(2) If, for any reason, the principal in the Collateral account falls below the outstanding principal balance of the Loan, in addition to the interest due under subsection (a), the Borrower shall pay interest on the difference between the outstanding principal balance of the Loan and the principal in the Collateral Account at a per annum rate equal to the yield on United States Treasury Bills of One Hundred Eighty (180) days maturity ("180-day Treasury Bills").

(3) The interest rate applied under subsection (2) shall be adjusted semi-annually as follows:

(i) For the period between the date on which the principal in the Collateral Account falls below the outstanding principal balance of the Loan and the next succeeding Interest Due Date, the interest rate shall be determined by reference to the per annum yield on 180-day Treasury Bills on the former date.

(ii) For each subsequent six-month period, or until the principal in the Collateral Account is once again equal to the outstanding principal balance of the Loan, the interest rate shall be determined by reference to the per annum yield on 180-day Treasury Bills on the first day of each such six-month period.

(4) For purposes of this Section, the "yield on United States Treasury Bills" shall mean the yield as quoted in the Wall Street Journal as of the date that the relevant disbursement is made. In the event that more than one such yield is reported, then the interest rate shall be based on the mean of the reported yields.

(b) Interest on the outstanding balance will accrue from the date of the first disbursement hereunder. Interest shall be payable every six (6) months ("Interest Due Date") with the first Interest Due Date being six (6) months after the first disbursement under this Agreement.

Section 4.2. Repayment of Principal. The Borrower shall repay to A.I.D. the principal of the Loan within five (5) years of the date of the first disbursement hereunder in four (4) approximately equal annual installments the first of which shall be due on the Interest Due Date twenty-four (24) months after the first disbursement, with subsequent principal payments due on the Interest Due Dates falling every twelve (12) months thereafter.

Section 4.3. Guaranty Fee. The Borrower shall, in addition to all other amounts owing under this Agreement, pay A.I.D. a fee ("Guaranty Fee") equal to two percent (2%) per annum of the average daily amount of funds and investments in the Collateral Account, less reasonable management fees that might be imposed by the Depository Bank in connection with maintenance of the Collateral Account. The Guaranty Fee shall be payable on each Interest Due Date.

Section 4.4. Facility Fee. The Borrower shall, in addition to all other amounts owing under this Agreement, pay A.I.D. a fee ("Facility Fee") equal to One half of One percent (.5%) of the principal amount of the Loan, up to a maximum of Fifteen Thousand U.S. Dollars (\$15,000). The Facility Fee shall be payable within thirty (30) days of the Execution Date.

Section 4.5. Interest Rate After Default. Upon the occurrence of an Event of Default, if A.I.D. declares all principal, interest and fees immediately due, or if A.I.D. notifies the Borrower of the occurrence of an Event of Default which the Borrower does not cure within twenty (20) days of the receipt of such notice, then immediately upon such acceleration or the expiration of such twenty (20) day period and without any further notice to the Borrower, interest on the outstanding principal balance shall begin to accrue at the rate of two percent (2%) per annum plus the interest rate provided in Section 4.1 until all amounts owing under this Agreement have been paid.

Section 4.6. Application, Currency, and Place of Payment. All payments of amounts owing under this Agreement including principal, interest and fees shall be made in U.S. Dollars and shall be applied first to the payment of fees then to interest due and then to principal. Except as A.I.D. may otherwise specify in writing, payments shall be made by electronic funds transfer to the Federal Reserve Bank of New York by specifying a Credit to U.S. Treasury, New York City, Agency Location Code 72000001, A.I.D. Loan Number 518-S-088, in payment on the referenced Loan.

Section 4.7. Prepayment. At any time when the Borrower is current on all payments, the Borrower may prepay all or any part of the principal and interest without penalty. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied first to fees then to accrued interest and then to the installments of principal in the inverse order of their maturity.

Section 4.8. Termination on Full Payment. Upon payment in full of all amounts owing under this Agreement, the Agreement and all obligations of the Borrower and A.I.D. under it will immediately cease.

Section 4.9. Operation of the Collateral Account. The rights and obligations of A.I.D., the Borrower and the Depository Bank with respect to the Collateral Account shall be set forth in the Three-Party Agreement and such other agreements as the Parties and the Depository Bank deem necessary. Unless otherwise provided in one of the foregoing agreements to which A.I.D. is a party, the Collateral Account shall operate as provided in this Section. Nothing in this Section 4.9, or any other provision of this Agreement, is intended to limit in any way the Borrower's unconditional obligation to pay A.I.D. the entire amount of principal, interest and fees regardless of any disbursement or removal of the funds and investments in the Collateral Account or any losses arising from the Depository Bank's management of the Collateral Account, or the default of any Subborrower.

(a) Funding of Collateral Account. After satisfaction of the conditions precedent set forth in Sections 6.1 and 6.3 of this Agreement, as appropriate, the Borrower may request a disbursement of the Loan by submission to A.I.D. of a Request and Certificate in the form of Annex B in accordance with Article 9 below. The amount of the disbursement requested will equal the amount required to secure Standby Letters of Credit issued by the Depository Bank in the principal amount of Qualifying Debt Instruments issued by the Borrower. Upon determining that the Borrower is entitled under this Agreement to the amount of the disbursement requested, A.I.D. will disburse funds into the Collateral Account in accordance with Article 9.

(b) Issuance of Standby Letter of Credit. Upon submission by the Borrower of Borrower Standby Certificates in the form of Annex C to this Agreement, the Depository Bank will issue Standby Letters of Credit to guaranty the Borrower's obligations under Qualifying Debt Instruments issued pursuant to Section 3.2(a) of this Agreement. The Borrower's obligation to indemnify the Depository Bank for payments under Standby Letters of Credit will be secured by

the Depository Bank Security Interest. The Standby L/C must provide for periodic reduction of the face amount of the Standby L/C according to a schedule corresponding to the Borrower's principal repayment schedule under the Loan so that an amount in the Collateral Account equal to the amount of the Borrower's semi-annual repayments of principal is released from the Depository Bank Security Interest and becomes available for payment to A.I.D.

(c) Fees for Standby L/Cs. All fees charged by the Depository Bank in connection with the issuance, confirmation and payment under the Standby L/C will be the Borrower's responsibility.

Section 4.10. Security Interests. The Borrower hereby grants A.I.D. a security interest ("A.I.D. Security Interest") in all its rights now existing or hereafter arising in the Collateral Account, including all funds and investments contained in that account and any claims the Borrower may have against any person or entity in connection with the Collateral Account ("A.I.D. Collateral"). The A.I.D. Security Interest will be further evidenced by the Three-Party Agreement and such other documents as A.I.D. may deem appropriate ("Security Documents"), and will be perfected, if necessary, such that it will remain valid and enforceable in any bankruptcy, receivership or insolvency proceeding of the Borrower or upon sale or other disposition and such that A.I.D.'s interest in the A.I.D. Collateral is prior to any other claim or interest except the the Depository Bank Security Interest and those claims or interests specifically afforded priority over all security interests by Ecuadorean law. The A.I.D. Security Interest secures the Borrower's performance of all its obligations under this Agreement and shall cover all proceeds of the A.I.D. Collateral.

Article 5: Representations and Warranties

The Borrower hereby represents and warrants as follows:

Section 5.1. Organization, Existence, Etc. of Borrower. The Borrower is a corporation duly organized and validly existing under the laws of Ecuador. The Borrower is qualified to do business in each jurisdiction where the conduct of its business requires such qualification, and it has full power, authority and legal right to carry out its business as currently conducted, to execute, deliver and perform this Agreement, the Three-Party Agreement, the Borrower Standby Certificate, the Security Documents and all other documents which this Agreement contemplates will be executed by the Borrower.

Section 5.2. Authorization. The execution, delivery and performance by the Borrower of this Agreement and the Three-Party Agreement, and any borrowing hereunder, have been duly authorized by all necessary action of the Borrower, do not require any additional approval, do not contravene any law, regulation, rule or order binding on the Borrower, and do not contravene the provisions of or constitute a default under any indenture, mortgage, contract or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its properties may be bound or affected.

Section 5.3. Government Approvals, Etc. No approval, permit, license, authorization, certificate, or consent of the Government of Ecuador or any political subdivision of any such government of any branch, department, agency, instrumentality, court, tribunal or regulatory authority which constitutes a part or exercises any sovereign power of any such government, including but not limited to all competent Ecuadorean monetary authorities ("Governmental Authorities"), is required for the making and performance by the Borrower of this Agreement, except such as have heretofore been obtained and are in full force and effect or will be obtained prior to any disbursement hereunder.

Section 5.4. Binding Obligations, Etc. This Agreement has been duly executed and delivered by the Borrower and constitutes, and the Three-Party Agreement and the Security Documents when duly executed and delivered will constitute, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

Section 5.5. Litigation. There are no actions, proceedings, investigations or claims against or affecting the Borrower now pending before any court, arbitrator or Governmental Authority (or to the knowledge of the Borrower has any thereof been threatened nor does any basis exist therefor) which, if determined adversely to the Borrower, would be likely to have a material adverse effect on the financial condition or operations of the Borrower, or to impair or defeat the A.I.D. Security Interest.

Section 5.6. Financial Condition. The audited financial statement of the Borrower for the fiscal year ending 1985 and the unaudited interim statements to June 30, 1986, copies of which have been furnished to A.I.D., fairly represent the financial condition of the Borrower as of such dates and the results of its operations for the periods then ended, all in accordance with generally accepted accounting principals consistently applied. The Borrower does not have, on the date of this Agreement, any contingent liabilities for taxes, unusual forward or long-term commitments, or unrealized or anticipated

losses from any unfavorable commitments, except as referred to or reflected or provided for in the above-referenced financial statements or as otherwise disclosed to A.I.D. in writing.

Section 5.7. Title and Liens. The Borrower has good and marketable title to all its properties and assets. No assets or revenues of the Borrower are subject to any lien except as required or permitted by this Agreement.

Section 5.8. Taxes and Certain Other Debts. The Borrower has filed all tax returns and reports required of it, has paid all taxes which are due and payable, and have provided adequate reserves for payment of any tax whose payment is being contested. There are no disputes or questions between the Borrower and any Government Authority with respect to any taxes except as previously disclosed to A.I.D. in writing. The Borrower has also paid all Social Security obligations and other types of obligations which have priority, under Ecuadorean law, over all security interests.

Section 5.9. Lien Priority. Before requesting any disbursement under this Agreement, all actions necessary to perfect the A.I.D. Security Interest will have been taken such that the A.I.D. Security Interest shall have the characteristics stated in Section 4.10 above as soon as the Borrower obtains rights in the A.I.D. Collateral.

Section 5.10. Other Agreements. The Borrower is not in material breach of or in default under any agreement to which it is a party or which is binding upon it or its assets other than those being contested in good faith and for which reserves have been established in accordance with generally accepted accounting principles.

Section 5.11. Representations as a Whole. This Agreement and any of the documents referred to herein, including but not limited to any Request and Certificate, the Three-Party Agreement, and the Borrower Standby Certificate, taken as a whole, do not, and will not when executed, contain any untrue statements of material fact or omit to state any material fact necessary in order to make the statements contained herein or therein not misleading. The facts and circumstances of which the Borrower has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Loan, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of the Borrower's obligations under this Agreement. The Borrower will inform A.I.D. in a timely manner of any subsequent facts and circumstances that might materially affect,

or that it is reasonable to believe might so affect, the Project or the Borrower's discharge of its obligations under this Agreement.

Section 5.12. Security for Subloans. The Borrower is legally able to take security interests in all property of the Subborrowers which has significant value as collateral, except such property which is specifically exempted by Ecuadorean law, to secure the Subborrowers' obligations to the Borrower under the Subloans.

Article 6: Conditions Precedent

Section 6.1. Conditions Precedent to Initial Disbursement. Except as A.I.D. may agree otherwise in writing, the obligation of A.I.D. to make the initial disbursement under the Loan is subject to the fulfillment of each of the following conditions precedent in form and substance satisfactory to A.I.D.:

(a) an opinion of counsel retained by the Borrower acceptable to A.I.D. stating that

(1) all the Borrower's representations in Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7 and 5.12 are true and correct;

(2) all actions necessary to perfect the A.I.D. Security Interest have been taken such that the A.I.D. Security Interest shall have the characteristics stated Section 4.10 above as soon as the Borrower obtains rights in the A.I.D. Collateral; and

(3)(i) the Borrower is authorized to issue the Debt Instruments; (ii) such issuance has been approved by all relevant Governmental Authorities; (iii) all steps necessary to make the Borrower's public offering of Debt Instruments have been completed except the issuance of the Standby Letter of Credit and that such offering will comply in all respects with relevant Ecuadorean law; (iv) the laws referred to in Section 6.1(g) and (h) are currently in effect and by their terms will remain in effect throughout the life of this Agreement, and (v) there has been no lawsuit or proceeding filed challenging such laws;

(b) an opinion by special counsel retained by A.I.D. stating that the A.I.D. Security Interest has the characteristics stated in Section 4.10 above and covering such other matters relating to this Agreement as A.I.D. may reasonably request, provided, however, that A.I.D. shall be

deemed to have waived this condition precedent if it has not obtained the opinion within One Hundred Eighty (180) days of the Execution Date;

(c) a statement of the name of the person holding or acting in the Office of the Borrower specified in Section 11.2, and of any additional representatives of the Borrower, together with a specimen signature of each person specified in such statement; and

(d) evidence that the Borrower has established the Collateral Account with an Eligible Bank including copies of any agreements or documents relating to the Collateral Account;

(e) evidence that all actions necessary for the perfection of the A.I.D. Security Interest in accordance with Section 4.10 have been taken, including but not be limited to an executed original of the Three-Party Agreement and the Security Documents and proof of the filing of any financing statements necessary, or deemed necessary by A.I.D., to perfect the A.I.D. Security Interest;

(f) a certified copy of the resolution of the Borrower's Board of Directors approving the Borrower's issuance of Qualifying Debt Instruments and such other documentation as A.I.D. may request relating to the Borrower's public offering of such debt instruments;

(g) evidence that the Government of Ecuador has enacted a law which permits private Ecuadorean financial institutions including the Borrower to issue Qualified Debt Instruments which are taxed at a rate no higher than the tax rate applicable to debt instruments issued by the Government of Ecuador or any Governmental Authority;

(h) evidence that the Government of Ecuador has enacted a law which either

(1) permits the interest rate on loans to small businesses by private financial institutions in Ecuador to vary freely in accordance with market forces, or

(2) permits the Borrower to lend to small businesses at an interest rate which exceeds by at least five percent (5%) per annum the interest rate ceiling otherwise imposed by Ecuadorean law;

(i) a copy of the form of Standby Letter of Credit to be issued guarantying the Development Bonds and any related documents.

(j) a description of the lending program, including targeted subborrowers, to be conducted pursuant to Section 3.2a; and

(k) a Request and Certificate in the form of Annex B to this Agreement.

Section 6.2. Terminal Dates for Conditions Precedent for Initial Disbursement. If all of the conditions specified in Section 6.1 have not been met within one hundred eighty (180) days of the Execution Date, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

Section 6.3. Conditions Precedent to Subsequent Disbursements. The obligation of A.I.D. to make any subsequent disbursements under the Loan is subject to the fulfillment of each of the following conditions precedent in form and substance satisfactory to A.I.D., except as A.I.D. may agree otherwise in writing:

(a) a Request and Certificate in the form of Annex B attached hereto;

(b) a representation that the Borrower has, since the Execution Date, carried out the Project as contemplated hereunder; and

(c) a representation by the Borrower that, to the best of its knowledge, the A.I.D. Security Interest continues to be valid, enforceable, and perfected as contemplated by Section 4.10 above.

Article 7: General Covenants

Section 7.1. Project Evaluation. The Parties agree to cooperate on an A.I.D.-conducted evaluation program as part of the Project. The program may include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

A.I.D. shall bear its costs involved in such evaluation.

Section 7.2. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties will exchange views in accordance with the consultations provisions of Annex A and as otherwise requested by A.I.D.

Section 7.3. Execution of Project. The Borrower shall:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section 7.4. Reports, Records, Inspections, Audit. The Borrower shall:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, Borrower's books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Loan. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained except as A.I.D. may otherwise agree in writing, until the Loan has been fully repaid by the Borrower;

(c) afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect Borrower's books, records, and other documents relating to the Project and the Loan to verify that Project funds are being used in accordance with the terms and conditions of this Agreement; and

(d) comply with the reporting requirements detailed in part III of Annex A.

Section 7.5. Information and Marking. The Borrower will give appropriate publicity to the Loan and the Project as a program to which the United States has contributed and identify the Project as financed partially by A.I.D., as may be requested in Project Implementation Letters, as described in Section 11.3 below.

Article 8: Special Covenants

Section 8.1. Covenant of Non-Subordination. The Borrower confirms that the Loan is not and shall not be subordinated to any other indebtedness of the Borrower now existing or hereinafter incurred, except as A.I.D. may otherwise agree in writing.

Section 8.2. Use of Loan Proceeds. The Borrower covenants that it will use the Loan proceeds only to carry out the Project and only in accordance with Section 4.9 above.

Section 8.3. Instructions to Issue Standby Letters of Credit. The Borrower agrees to submit a Borrower Standby Certificate to the Depository Bank only for the issuance of letters of credit which are Qualifying Standby Letters of Credit and which have terms of coverage consistent with the Borrower's principal repayment obligation under this Agreement.

Section 8.4. Use of Qualifying Debt Instrument Proceeds The Borrower shall use all amounts borrowed through the issuance of the Qualifying Debt Instruments to finance Qualifying Activities by Eligible Subborrowers.

Section 8.5. Additional Security Documentation. The Borrower agrees to execute such additional documentation ("Security Documents") as A.I.D. may reasonably request related to the creation and perfection of the A.I.D. Security Interest.

Section 8.6. Supplemental Subloan Terms. The Borrower covenants that all Subloan agreements will contain the Supplemental Subloan Terms. The Borrower also covenants that it will enforce the Supplemental Subloan Terms with at least as much diligence as any other term of the Subloan agreements.

Section 8.7. Compliance with Project Description. The Borrower covenants that in addition to complying strictly with those portions of Annex A specifically referred to in the body of this Agreement, the Borrower will carry out the project substantially as described in Annex A and will deviate materially from that description only after obtaining A.I.D.'s written consent.

Article 9: Disbursements

Section 9.1. Disbursement Mechanism. After satisfaction of conditions precedent as set forth in Section 6.1(a) through (j), the Borrower may obtain disbursement of funds under the Loan by submitting to A.I.D. a "Request and Certificate" in the form of Annex B to this Agreement. The Borrower shall submit each Request and Certificate directly to

Office of Investment
Bureau for Private Enterprise
Agency for International Development
2201 C Street, N.W.
Washington, D.C. 20523

with a copy to

Office of Financial Management, FM/LMD
Agency for International Development
Room 619, SA-12
Washington, D. C. 20523.

Upon receipt of the appropriate documents and A.I.D.'s determination that the Borrower is entitled under this Agreement to the disbursement requested, A.I.D. shall disburse the requested amount into the Collateral Account. Each submission of a Request and Certificate shall be deemed, in addition to the representations contained therein, a renewal of all representations and warranties contained in Article 5 as of the date of such submission.

Section 9.2. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Parties agree to in writing.

Section 9.3. Date of Disbursement. Disbursements by A.I.D. will be deemed under any of the foregoing procedures to occur on the date on which the Depository Bank invests the funds disbursed into the Collateral Account.

Article 10: Cancellation, Events of Default, Remedies

Section 10.1. Cancellation by Borrower. After payment of the Facility Fee, the Borrower may cancel any part of the Loan which has not been disbursed by giving A.I.D. thirty (30) days written notice. If such cancellation occurs when no amounts are owing under this Agreement, then the Borrower shall have no further obligations hereunder.

Section 10.2. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement regardless of the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority.

(a) Payment Default. The Borrower shall fail to pay when due any amount of principal or interest on the Loan or any other amount payable by the Borrower under this Agreement or the Three-Party Agreement;

(b) Breach of Warranty. Any representation, certification or warranty made by the Borrower under or in connection with this Agreement, including but not limited to representations made in Article 5 hereunder or any Request and Certificate, or under or in connection with the Three-Party Agreement, or the Borrower Standby Certificate, shall prove to have been incorrect when made or deemed made in accordance with Section 9.1;

(c) Breach of Covenant. The Borrower shall fail to comply with any covenant contained in this Agreement;

(d) Insolvency, Etc. The Borrower shall admit in writing its inability to pay its debts or shall voluntarily suspend its business operations, or make a general assignment for the benefit of creditors; or any proceeding shall be instituted by the Borrower in any jurisdiction seeking to adjudicate it a bankrupt or insolvent, seeking reorganization, arrangement, adjustment or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee or other similar official for it or for such part of its property as in the reasonable opinion of A.I.D. is a substantial part; or any such proceeding is instituted against the Borrower which is not dismissed within reasonable time in the jurisdiction of or within whose venue the matter falls after the institution thereof; or the Borrower shall take action to authorize any of the actions set forth above in this paragraph (d);

(e) Adverse Events. Any event shall have occurred which, in A.I.D.'s reasonable opinion, makes it improbable that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;

(f) Legality. Any event (including but not limited to a change in the legislation governing A.I.D.) shall have occurred making any disbursement by A.I.D. a violation of such legislation;

(g) A.I.D. Security Interest. A.I.D. determines that, for any reason, the A.I.D. Security Interest is no longer valid, enforceable and perfected as contemplated in Section 4.10 above;

(h) Breach of Supplemental Subloan Terms. Any Subborrower shall have breached any of the Supplemental Subloan Terms, and the Borrower shall have failed, within thirty (30) days of obtaining notice or knowledge of such breach, either to declare the noncomplying Subloan in default and commence reasonable collection activity or to furnish reasonable assurance to A.I.D. that such default has been, or will promptly be, cured; or

(i) Cross-Default. The Borrower shall failed

(1) to pay when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any indebtedness to any person or entity other than indebtedness created by this Agreement, including but not limited to indebtedness to any or all of the holders of the Debt Instruments, and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or

(2) to perform any term, condition or covenant required to be performed by it under any agreement or instrument after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform is to permit the acceleration of the maturity of such indebtedness.

Section 10.3. Consequences of Default. Upon the occurrence of an Event of Default, A.I.D. may at its sole option, in addition to any other remedies provided by governing law:

(a) immediately terminate, or suspend and at any time thereafter terminate, A.I.D.'s obligation to make any further disbursements under the Loan; and/or

(b) accelerate and declare immediately due all or any part of the outstanding principal, interest and fees, under this Agreement, all without any presentment, demand or protest of any kind, all of which are expressly waived by the Borrower. Notwithstanding such acceleration, however, if

the only Events of Default which have occurred are those stated in Section 10.2(e) and (f), then the amount immediately due and owing upon acceleration may be reduced by the amount of funds and investments in the Collateral Account which are subject to the Depository Bank Security Interest. Such amounts not immediately due upon acceleration shall become due and owing immediately upon their release from the Depository Bank Security Interest or removal from the Collateral Account.

Section 10.4 Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursements, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all principal and interest hereunder.

Section 10.5. Refunds. In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, and notwithstanding the availability or exercise of any other remedies provided for under this Agreement, A.I.D. may require the Borrower to refund the amount of such disbursement less the amount of whatever funds or investments have become subject to the Depository Bank Security Interest which amounts shall be refunded immediately upon their release from the Depository Bank Security Interest or removal from the Collateral Account. The right to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for the term of this Agreement. Any refund will be applied to the installments of principal in the inverse order of their maturity.

Section 10.6. Nonwaiver of Remedies. No delay in the exercise of any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Section 10.7. Suspension of Disbursements. Notwithstanding any other provision of this Agreement or the Three-Party Agreement, A.I.D. may decline to make any disbursements hereunder which would cause A.I.D. to be in violation of any statute or regulation governing it.

Article 11: Miscellaneous

Section 11.1. Communications. Except as otherwise specifically provided above, any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, cable or telex, and will be deemed duly given or sent when delivered to such Party at the following address:

(a) To the Borrower:

Mail Address:
Financiera Ibero-Americana S.A.
Av Colon 535, 9 Piso
P.O. Box 3598
Quito, Ecuador
Attn: _____

Alternate address for telex:
2287 FINIBR

(b) To A.I.D.:

Mail Address:
Office of Investment
Bureau for Private Enterprise
Agency for International Development
2201 C Street, N.W.
Washington, D.C. 20523

Alternate address for telex:
248766 COM UR

(c) All such communications shall be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 11.2. Representatives. For all purposes relevant to this Agreement, the Borrower will be represented by the individuals who are duly authorized representatives of the Borrower empowered to commit the Borrower, and A.I.D. will be represented by the individual holding or acting in the Office of Assistant Administrator, Bureau for Private Enterprise, each of whom, by written notice, may designate additional representatives for all purposes. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 11.3. Project Implementation Letters. To assist the Borrower in the implementation of the Project, A.I.D. may issue Project Implementation Letters from time to time that will furnish additional information about matters covered in this Agreement. The Parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

Section 11.4. Governing Law. This Agreement shall be governed by the laws of the United States and the District of Columbia.

Section 11.5. Amendments. This Agreement may be amended only in writing signed by authorized representatives of both Parties.

Section 11.6. Jurisdiction. The Borrower consents to jurisdiction in the United States District Court for the District of Columbia and agrees that any action brought to resolve any breach, default, dispute or interpretation of this Agreement shall be commenced in the United States District Court for the District of Columbia. Borrower agrees not to claim, in any such legal action, that the District of Columbia is an inconvenient place for trial. The foregoing shall not, however, limit the right of A.I.D. to serve legal process in any manner permitted by law or affect the right of A.I.D. to bring any action or proceeding against the Borrower or its property in the courts of Ecuador or in any other courts having jurisdiction.

Section 11.7. Costs of Collection. With respect to any action brought by A.I.D. for breach of this Agreement, Borrower shall pay to A.I.D. all costs of collection, including reasonable attorneys fees, incurred in connection with any such action.

Section 11.8. Headings. The headings of the various provisions of this Agreement are for convenience of reference only, do not constitute a part hereof, and shall not affect the meaning or construction of any provision hereof.

Section 11.9. Assignment of Rights. The Borrower may not assign any of its rights and delegate any of its duties under this Agreement without the express written consent of A.I.D.

Section 11.10. Language of Agreement. This Agreement is executed in the English language. Translations may be made into Spanish or any other language, but the original English version will remain definitive.

Section 11.11. 1984 Loan Agreement. This Agreement supersedes those provisions of the loan agreement dated September 27, 1984, by and between the the Borrower and A.I.D. ("1984 Loan Agreement") relating to the issuance of development bonds by the Borrower. Except to the extent superseded hereby, the 1984 Loan Agreement, and the Three-Party Agreement dated September 5, 1985 by and between the Borrower, A.I.D. and the

First Pennsylvania Bank N.A., as amended, remain in full force and effect.

IN WITNESS WHEREOF, the Financiera Ibero-Americana, S.A., and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the date(s) written below.

FINANCIERA IBERO-AMERICANA S.A.

UNITED STATES OF AMERICA

By: [Signature]

By: [Signature]

Title: Presidente de la Institucion

Title: Assistant Administrator
Bureau for Private Enterprise

Date: 26/sep/86

Date: 9/19/86

ANNEX A

PROJECT DESCRIPTION

Annex A is for descriptive purposes only and does not create or vary contractual obligations except as specifically provided in the main body of the Agreement.

I. Objectives

The Project consists of funding an account ("Collateral Account") in the name of the Borrower which will be used to guaranty the Borrower's obligations under Sucre-denominated Debt Instruments issued by the Borrower. The funds thus obtained will be used to finance agriculture and agribusiness-related activities in Ecuador conducted by Eligible Subborrowers. The Collateral Account will be established with an Eligible Bank which will invest the funds in Qualifying Investments. The funds and investments in the Collateral Account will be used to secure the Borrower's indemnification obligations under Standby Letters of Credit opened by the Depository Bank in favor of the purchasers of Borrower's Debt Instruments to guaranty the Borrower's repayment at maturity.

The Project has the following developmental benefits for Ecuador: (1) increasing the flow of outside capital into the agribusiness sector of the Ecuadorean economy, (2) increasing the availability of credit to small agribusinesses in Ecuador with the corresponding employment generation and technology transfer, and (3) encouraging the Government of Ecuador to adopt policies which will improve the ability of private Ecuadorean financial institutions to provide credit to small enterprises generally.

II. Project Implementation

The Borrower expects to satisfy the conditions precedent to disbursement within several weeks of the Execution Date and in no event later than six (6) months after the Execution Date. The Borrower intends to draw down the entire amount of the Loan shortly after satisfaction of the conditions precedent and to begin requesting Standby Letters of Credit immediately after disbursement. By the end of six (6) months after disbursement, the Borrower intends to have no less than US\$1,500,000 in outstanding liabilities under Standby Letters of Credit and to

have made Qualifying Subloans with Sucres raised through such issuance and other forms in an amount not less than the equivalent of US\$3,000,000.

In summary, the Borrower intends to adhere to the following implementation schedule:

Execution Date	September, 1986
Satisfaction of Conditions Precedent to Initial Disbursement	Latest March, 1987
Disbursement into Collateral Account	- Latest March, 1987
Borrower reaches \$1,500,000 of outstanding liabilities under Standby Letters of Credit	- September, 1987
Borrower has Qualifying Subloans outstanding in the amount of the Sucre equi- valent of US\$3,000,000	- September, 1987

III. Reporting Requirements

The Borrower is required to submit quarterly and annual financial statements consistent with the terms and conditions of the Loan and to maintain complete and accurate books and records in accordance with generally accepted accounting standards. The Borrower will provide A.I.D. its unaudited financial statements -- footnoted and certified by its Chief Financial Officer -- within approximately forty-five (45) days of the end of each quarter, and statements audited by an accounting firm acceptable to A.I.D. within approximately ninety (90) days after the end of each fiscal year. The Borrower agrees upon reasonable notice and at reasonable times and frequencies to permit A.I.D. and its representatives access to its books and records maintained hereunder together with all supporting documents relating to the A.I.D. Loan:

The Borrower's management shall furnish to A.I.D. semi-annual operating reports whose contents shall include, in addition to commercial matters, details of the impact of Subloans in terms of certain development criteria, including:

(a) Direct employment creation and identifiable indirect employment creation, broken out by skill and compensation levels.

(b) Identifiable employment displacement, if any.

(c) Net foreign exchange generation, including imported inputs, export sales, and identifiable import substitution.

(d) Forward/backward linkages to other local enterprises, including especially the extent to which non-traditional export production is accomplished through small independent farmers, agro-industrial intermediaries or other entrepreneurs.

(e) Significant transfers of technology, including training of employees or independent suppliers.

(f) Degree of local ownership, including a description of the Subborrowers' assets.

ANNEX B

REQUEST AND CERTIFICATE

Under the terms of the loan agreement ("Agreement") between Financiera Ibero-Americana S.A., a corporation organized and existing under the laws of Ecuador ("Borrower"), and the United States of America acting through the Agency for International Development ("A.I.D"), dated September __, 1986, for Project No. 940-0002.61, the Borrower hereby requests a disbursement of _____ U.S. Dollars (\$_____).

Without limiting any other representations, warranties or certifications the Borrower has made under the Agreement, the Borrower certifies that, with the submission of this Request and Certificate, it has complied with all Conditions Precedent to Initial Disbursement set forth in Section 6.1, or if the disbursement requested is other than the initial disbursement, that all representations set forth in Section 6.3 of the Agreement are true and correct as of the date of the submission of this Request and Certificate.

The Borrower further certifies that it is in compliance with all the covenants and other terms and conditions of the Loan Agreement and that there has been no material adverse change in the financial condition of the Borrower since the date of the Agreement which has affected or is likely to affect the Borrower's operations.

FINANCIERA IBERO-AMERICANA S.A.

By: _____

Position: _____

Date: _____

ANNEX C

BORROWER STANDBY CERTIFICATE

Financiera Ibero-Americana S.A. ("Borrower") hereby requests _____ ("Depository Bank") to issue a Standby Letter of Credit in the amount of _____ [Ecuadorean Sucres] [U.S. Dollars] plus interest thereon at _____ percent (_____%) per annum in the form of the document approved by A.I.D. pursuant to that agreement among the Borrower, the Depository Bank and the United States of America, acting through the Agency for International Development ("A.I.D.") dated _____ ("Three-Party Agreement"). The Borrower certifies that it has satisfied all conditions precedent set forth in Section 6.1 of the Loan Agreement dated September __, 1986, between the Borrower and A.I.D. ("Loan Agreement") and that the document attached to this Borrower Standby Certificate as Exhibit A is a true and correct copy of A.I.D.'s written acknowledgement of the satisfaction of those conditions precedent.

The Borrower acknowledges that its obligation to indemnify the Depository Bank for payments made on the Standby Letter of Credit requested herein is secured in accordance with the Three-Party Agreement. The Borrower certifies that the letter of credit whose issuance is being sought satisfies the requirements for a Qualifying Standby Letter of Credit contained in Section 2.15 of the Loan Agreement.

FINANCIERA IBERO-AMERICANA S.A.

By: _____

Title: _____

Date: _____

ANNEX D

SUPPLEMENTAL SUBLOAN TERMS

The provisions contained in this Annex shall supplement the terms of the loan agreement between Financiera Ibero-Americana S.A. and [the Subborrower] dated _____.

1. [The Subborrower] covenants that no portion of the credit extended shall be used

(a) to finance enterprises involving the production, processing or marketing of sugar, palm oil, cotton, or citrus, in whole or in part, for export;

(b) to finance the purchase, manufacture, importation, distribution or application of pesticides;

(c) to finance luxury goods or gambling equipment, activities related to abortion or involuntary sterilization, police, other law enforcement, or military activities, materials for explosives, surveillance equipment, or weather modification equipment

unless the United States Government, acting through the Agency for International Development ("A.I.D."), agrees otherwise in writing.

2. [The Subborrower] covenants that it will not use more than fifty percent (50%) of the proceeds of this loan to finance the purchase of motor vehicles not manufactured in the United States.

3. (a) [The Subborrower] covenants that it will not use any of the credit extended to finance goods or services which have their Source, Origin or Nationality in USSR, Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Poland, Vietnam, North Korea, People's Republic of China, Mongolia, Laos, Cambodia, and Cuba.

(b) For purposes of this Section

(1) "Source" means the country from which the good is shipped;

(2) "Origin" means the country in which the good is produced; and

(3) "Nationality" for an individual means the country of citizenship and country of principal place of business, and for a firm means country of incorporation or legal organization, country of principal place of business and country of citizenship of owners of more than fifty-percent (50%) of each class of stock.

4. [The Subborrower] agrees to maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, its books and records related to this loan, adequate to show, without limitation the receipt and use of goods and services acquired under this loan. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained, except as A.I.D. may otherwise agree in writing, until the loan has been fully repaid by [the Subborrower].

5. [The Subborrower] also acknowledges that the only person or entity which can waive any of these supplemental provisions is A.I.D. The existence of the letter of credit has no effect on [the Subborrower's] obligation to repay this loan and creates no rights in [the Subborrower] against any other person or entity.

[Subborrower]

By: _____

Title: _____

Date: _____