

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Guarantee Agreement — *Southern Rhodesia* — *Electric Power Project* — (with annexed Loan Regulations No. 4 and Loan Agreement — *Electric Power Project* — between the Bank and the Colony of Southern Rhodesia). Signed at Washington, on 27 February 1952

Official text: English.

Registered by the International Bank for Reconstruction and Development on 11 February 1953.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

Contrat de garantie — *Rhodésie du Sud* — *Projet relatif à l'énergie électrique* — (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet relatif à l'énergie électrique* — entre la Banque et la colonie de la Rhodésie du Sud). Signé à Washington, le 27 février 1952

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 11 février 1953.

No. 2088. GUARANTEE AGREEMENT¹ (*SOUTHERN RHODESIA — ELECTRIC POWER PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 27 FEBRUARY 1952

AGREEMENT, dated February 27, 1952, between UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Colony of Southern Rhodesia (hereinafter called the Borrower) and the Bank, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement², the Bank has agreed to make to the Borrower a loan in the aggregate principal amount of twenty-eight million dollars (\$28,000,000), or the equivalent in other currencies, on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, agrees so to guarantee such loan ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4² of the Bank dated December 6, 1950, subject, however, to the modifications thereof set forth in Schedule 3³ to the Loan Agreement (such Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 1 May 1952, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

² See p. 188 of this volume.

³ See p. 202 of this volume.

Section 1.02. The term "Plan" means the Second Four-Year Plan of Capital Development of the Borrower described in Part 1¹ of Schedule 2 to the Loan Agreement.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as provided in the Loan Agreement and the Bonds.

Section 2.02. Whenever there is reasonable cause to believe that the funds available to the Borrower will fall short of the funds required for the execution of the Plan and the Project described in Schedule 2¹ to the Loan Agreement, the Guarantor will permit the Borrower to borrow in the markets of the Guarantor the amount of such shortfall, it being understood that in considering the precise timing of such borrowings the Guarantor will have regard to the importance of maintaining orderly market conditions.

Article III

Section 3.01. It is the mutual understanding of the Guarantor and the Bank that, except as otherwise herein provided, the Guarantor will not grant in favor of any external debt any preference or priority over the Loan. To that end, the Guarantor undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the Guarantor and the Bank, if any lien shall be created on any assets or revenues of the Guarantor as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect. This Section shall not apply to the following :

(a) the creation of any lien on any property purchased at the time of the purchase, solely as security for the payment of the purchase price of such property ;

(b) any pledge of commercial goods to secure external debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods ; or

(c) any pledge by or on behalf of the Guarantor of any of its assets in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

¹ See p. 200 of this volume.

For the purposes of this Section the expression "assets or revenues of the Guarantor" shall include assets or revenues of any territorial subdivision of the United Kingdom which has power to raise revenues by taxation and to charge such revenues or any of its assets as security for external debt.

Section 3.02. (a) The Guarantor and the Bank will cooperate to the fullest possible extent in order to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall from time to time furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. The Guarantor and the Bank will from time to time and as often as the circumstances shall require exchange views through their accredited representatives with regard to matters relating to the purposes of the Loan, the maintenance of the service thereof and the Bonds, and the Guarantor will afford all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the metropolitan territory of the Guarantor or of the territory of the Borrower.

(b) The Guarantor will promptly inform the Bank of any condition which shall arise that shall prevent, obstruct or interfere with, or threaten to prevent, obstruct or interfere with, the accomplishment of the purpose of the Loan or the maintenance of the service of the Loan.

Section 3.03. The Guarantor covenants that the principal of, and interest and other charges on, the Loan and the Bonds will be paid without deduction for and free of any taxes, imposts, fees or duties of any nature now or at any time hereafter imposed by the Guarantor or by any taxing authority thereof or therein and will be paid free from all restrictions of the Guarantor or its local authorities or its dependent overseas territories. This Section shall not apply to taxation of payments made under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. The Guarantor covenants that this Guarantee Agreement, the Loan Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Guarantor or any taxing authority thereof or therein.

Article IV

Section 4.01. The Guarantor agrees to endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary of the Treasury of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor : H. M. Treasury, Treasury Chambers, Great George Street, London S.W. 1, United Kingdom.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington 25, D.C., United States of America.

Section 5.02. The Ambassador of the Guarantor to the United States is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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.

United Kingdom of Great Britain and Northern Ireland :

By D. H. F. RICKETT
Authorized Representative

International Bank for Reconstruction and Development :

By W. W. B. ILIFF
Assistant to the President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 6 DECEMBER 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 158, p. 222.*]

LOAN AGREEMENT

(ELECTRIC POWER PROJECT)

AGREEMENT, dated February 27, 1952, between COLONY OF SOUTHERN RHODESIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4¹ of the Bank dated December 6, 1950, subject, however, to the modi-

¹ See p. 202 of this volume.

fications thereof set forth in Schedule 3¹ to this Agreement (such Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. The term "Plan" means the Second Four-Year Plan of Capital Development of the Borrower described in Part 1² of Schedule 2 to this Agreement.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, the sum of twenty-eight million dollars (\$28,000,000), or the equivalent thereof in currencies other than dollars.

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of four and three-quarters per cent ($4\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one half of one percent ($\frac{1}{2}$ of 1 %) per annum on the principal amount of such special commitment outstanding.

Section 2.06. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1³ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to the cost of goods which will be required for the carrying out of the Project described in

¹ See p. 202 of this volume.

² See p. 200 of this volume.

³ See p. 198 of this volume.

Part 2¹ of Schedule 2 to this Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, and the list of such goods may be modified from time to time by agreement between them.

Section 3.02. The Borrower shall cause all goods purchased with the proceeds of the Loan to be imported into the territory of the Borrower and there to be used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out or cause to be carried out the Plan and the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

Section 5.02. The Borrower shall make the proceeds of the Loan available to the body or bodies charged with the carrying out of the Project, on terms and conditions satisfactory to the Bank.

Section 5.03. (a) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Plan, the Project and any material modifications subsequently made therein.

(b) The Borrower shall maintain or cause to be maintained records showing the use made of the goods and the progress of the Project (including the cost thereof) and of the Plan and the financial condition and operations of the body or bodies responsible for the construction or operation of the Plan, the Project or any part of the Plan or the Project; shall enable the Bank's representatives to examine the Plan, the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the goods, the Plan, the Project, and the financial condition and operations of the body or bodies responsible for the construction or operation of the Plan, the Project or any part of the Plan or the Project.

¹ See p. 200 of this volume.

Section 5.04. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territory of the Borrower and the external balance of payments position of the Borrower, including its balance of payments position with the United Kingdom.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof or shall increase, or threaten to increase, the estimated cost of the Project materially over the estimated cost set forth in Schedule 2 to this Agreement.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territory of the Borrower for purposes related to the Loan.

Section 5.05. It is the mutual intention of the Borrower and the Bank that no debt other than debt payable in Southern Rhodesia currency shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision as security for any such debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to (a) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (b) any lien on commercial goods to secure debt maturing not more than one year after its incurrence and to be paid out of the proceeds of sale of such commercial goods; or (c) any lien created by the Borrower or any agency of the Borrower on any assets in the ordinary course of banking business to secure any debt maturing by its terms not more than one year after its incurrence.

Section 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes or fees imposed under the laws of the Borrower or laws in effect in its territory; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.07. The Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territory on or in connection with the execution, issue, delivery or registration thereof and the

Borrower shall pay all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.08. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territory.

Section 5.09. The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territory of the Borrower.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be March 31, 1955.

Section 7.02. May 1, 1952 is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Minister of Finance, Treasury, Salisbury, Southern Rhodesia.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C., United States of America.

Section 7.04. The Secretary to the Treasury of the Borrower is designated for the purposes of Section 8.03 (a) of the Loan Regulations, set forth in Schedule 3 to this Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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.

Colony of Southern Rhodesia :

By D. H. CUMMINGS

Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF

Assistant to the President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (Expressed in dollars*)</i>	<i>Principal Amount Outstanding After Each Payment (Expressed in dollars*)</i>	<i>Date Payment Due</i>	<i>Payment of Principal (Expressed in dollars*)</i>	<i>Principal Amount Outstanding After Each Payment (Expressed in dollars*)</i>
May 1, 1956 . . .	\$ —	\$ 28,000,000	May 1, 1967 . . .	\$667,000	\$13,333,000
Nov. 1, 1956 . . .	667,000	27,333,000	Nov. 1, 1967 . . .	666,000	12,667,000
May 1, 1957 . . .	666,000	26,667,000	May 1, 1968 . . .	667,000	12,000,000
Nov. 1, 1957 . . .	667,000	26,000,000	Nov. 1, 1968 . . .	667,000	11,333,000
May 1, 1958 . . .	667,000	25,333,000	May 1, 1969 . . .	666,000	10,667,000
Nov. 1, 1958 . . .	666,000	24,667,000	Nov. 1, 1969 . . .	667,000	10,000,000
May 1, 1959 . . .	667,000	24,000,000	May 1, 1970 . . .	667,000	9,333,000
Nov. 1, 1959 . . .	667,000	23,333,000	Nov. 1, 1970 . . .	666,000	8,667,000
May 1, 1960 . . .	666,000	22,667,000	May 1, 1971 . . .	667,000	8,000,000
Nov. 1, 1960 . . .	667,000	22,000,000	Nov. 1, 1971 . . .	667,000	7,333,000
May 1, 1961 . . .	667,000	21,333,000	May 1, 1972 . . .	666,000	6,667,000
Nov. 1, 1961 . . .	666,000	20,667,000	Nov. 1, 1972 . . .	667,000	6,000,000
May 1, 1962 . . .	667,000	20,000,000	May 1, 1973 . . .	667,000	5,333,000
Nov. 1, 1962 . . .	667,000	19,333,000	Nov. 1, 1973 . . .	666,000	4,667,000
May 1, 1963 . . .	666,000	18,667,000	May 1, 1974 . . .	667,000	4,000,000
Nov. 1, 1963 . . .	667,000	18,000,000	Nov. 1, 1974 . . .	667,000	3,333,000
May 1, 1964 . . .	667,000	17,333,000	May 1, 1975 . . .	666,000	2,667,000
Nov. 1, 1964 . . .	666,000	16,667,000	Nov. 1, 1975 . . .	667,000	2,000,000
May 1, 1965 . . .	667,000	16,000,000	May 1, 1976 . . .	667,000	1,333,000
Nov. 1, 1965 . . .	667,000	15,333,000	Nov. 1, 1976 . . .	666,000	667,000
May 1, 1966 . . .	666,000	14,667,000	May 1, 1977 . . .	667,000	
Nov. 1, 1966 . . .	667,000	14,000,000			

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity	½ %
More than 5 years but not more than 10 years before maturity	1 %
More than 10 years but not more than 15 years before maturity	1½ %
More than 15 years but not more than 20 years before maturity	2 %
More than 20 years before maturity	2½ %

SCHEDULE 2

PART 1—DESCRIPTION OF THE PLAN

The Plan is the Second Four-Year Plan of Capital Development of the Borrower, covering the period April 1, 1951 to March 31, 1955, as set forth in the Report thereon of June 9, 1951, prepared by the Treasury of the Borrower, as such Plan may be amended from time to time by agreement between the Bank, the Borrower and the Guarantor.

The Plan provides for capital expenditures substantially as follows :

Rhodesia Railways	£ 33,600,000
Electric power	21,700,000
Roads, civil aviation and airways	6,875,000
Radio and telecommunications	3,450,000
Water supply and irrigation	6,100,000
Housing and public buildings	14,280,000
Pool of mechanical equipment	1,555,000
Agriculture and industry	5,785,000
Native affairs, including native housing	5,500,000
Health and education and other services	1,155,000
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	£ 100,000,000

PART 2—DESCRIPTION OF THE PROJECT

The Project consists of the expansion, during the period April 1, 1952 to March 31, 1955, of the electricity generating, transmission and distribution facilities of the principal suppliers of electricity in the territory of the Borrower, namely the Electricity Supply Commission, the Municipality of Salisbury and the Municipality of Bulawayo, by the installation of about 230,000 kilowatts of thermal generating capacity, the construction of about 2,000 miles of transmission lines having capacities varying from 11,000 to 88,000 volts and the installation of sub-station, transformer and other distribution equipment appropriate thereto.

The estimated cost of the Project is £18,500,000.

SCHEDULE 3

MODIFICATION OF LOAN REGULATIONS No. 4¹

For the purposes of this Loan Agreement, Loan Regulations No. 4 of the Bank, dated December 6, 1950, shall be deemed to be modified as follows :

(a) The second sentence of Section 2.02 shall read as follows : "Such commitment charge shall accrue from the Effective Date or from May 1, 1952, whichever shall be the earlier, or from such other date as may be agreed upon between the Bank and the Borrower, to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV or shall be cancelled pursuant to Article V."

(b) Section 4.01 shall read as follows : "The Borrower shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account (i) such amounts as shall be required by the Borrower to reimburse it for the reasonable cost of goods to be financed under the Loan Agreement, and (ii), if the Bank shall so agree, such amounts as shall be required by the Borrower to meet the reasonable cost of such goods ; provided, however, that the rate of such withdrawals shall be determined in such manner, mutually satisfactory to the Bank and the Borrower, as to ensure that the aggregate amount of the Loan withdrawn at any one time in respect of goods purchased in the United Kingdom shall not be a substantially greater percentage of the total amount of the Loan than the amount expended on the Plan by that time is of £100,000,000. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in Southern Rhodesia currency or (c) goods acquired from sources within the Borrower's territory."

(c) The last two sentences of Section 4.02 shall be deleted.

(d) A new Section 8.03 (a) shall be inserted : "*Action on behalf of Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him ; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agree-

¹ See p. 188 of this volume.

ment effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.”

(e) Section 9.01 shall read as follows: “*Conditions Precedent to Effectiveness of Loan Agreement.* The Loan Agreement shall not become effective until (a) the execution and delivery of the Loan Agreement on behalf of the Borrower shall have been duly authorized or ratified by all necessary governmental action; (b) the execution and delivery of the Guarantee Agreement shall have been duly authorized or ratified by all necessary governmental action; (c) all other events specified in the Loan Agreement as conditions to its effectiveness shall have occurred; and (d) evidence thereof satisfactory to the Bank shall have been furnished to the Bank.”
