

No. 11179

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
MOROCCO**

Guarantee Agreement—*Hotel Development Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the *Crédit immobilier et hôtelier*). Signed at Washington on 12 August 1970

Authentic text : English.

Registered by the International Bank for Reconstruction and Development on 22 June 1971.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
MAROC**

Contrat de garantie — *Projet de développement de l'hôtellerie* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et le *Crédit immobilier et hôtelier*). Signé à Washington le 12 août 1970

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 22 juin 1971.

GUARANTEE AGREEMENT¹

AGREEMENT, dated August 12, 1970, between the KINGDOM OF MOROCCO (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith² between the Bank and Crédit Immobilier et Hôtelier (hereinafter called the Borrower), the Bank has agreed to make to the Borrower a loan in various currencies equivalent to ten million dollars (\$10,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal of and interest and other charges on such loan; and

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

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 the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,³ subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the General Conditions shall have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this 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

¹ Came into force on 28 January 1971, upon notification by the Bank to the Government of Morocco.

² See p. 58 of this volume.

³ *Ibid.*

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 set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external 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 will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property, or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “ assets of the Guarantor ” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Banque du Maroc or any other institution performing the functions of a central bank.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to ensure that the purposes of the Loan shall 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank 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 Guarantor 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.

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

Section 3.03. 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, and free from all restrictions, imposed under the laws of the Guarantor or laws in

effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of 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 Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. (a) The Guarantor shall not take any action or permit any of its political subdivisions or any of its agencies or instrumentalities or any agency or instrumentality of any such political subdivision to take any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and enterprise in an efficient and businesslike manner, or with the performance by the Borrower of any of its covenants, agreements and obligations in the Loan Agreement contained, and shall take or cause to be taken all reasonable action which shall be required on its part in order to enable the Borrower to perform such covenants, agreements and obligations.

(b) Pursuant to the foregoing, the Guarantor shall take such steps as shall be satisfactory to the Bank to make or cause to be made available to the Borrower financial resources sufficient for the credit operations of the Borrower.

Section 3.06. The Guarantor shall make arrangements to protect the Borrower against any loss in connection with the payment of interest or other charges on or the repayment of principal of the Loan or the Bonds as a result of a change in the rate of exchange between Dirhams and the currency or currencies in which such payments are to be made.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on any Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor is designated as the authorized representative of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions. The Minister of Finance may designate other or additional authorized representatives for the purposes of such Section, by notice to the Bank.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Guarantor :

Ministère des Finances

Rabat, Morocco

Alternative address for cables :

Ministère Finances

Rabat, Morocco

For the Bank :

International Bank for Reconstruction and Development

1818 H Street, N.W.

Washington, D.C. 20433

United States of America

Alternative address for cables :

Intbafrad

Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 10.03 of the General Conditions.

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.

Kingdom of Morocco :

By AHMED OSMAN

Authorized Representative

International Bank for Reconstruction and Development :

By J. BURKE KNAPP

Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated August 12, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CRÉDIT

IMMOBILIER ET HÔTELIER (hereinafter called the Borrower), a company organized and existing under the laws of the Kingdom of Morocco (hereinafter called the Guarantor) :

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings :

(a) "Sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of the Loan to or for the benefit of an Investment Enterprise for an Investment Project;

(b) "Investment" means an investment other than a sub-loan, made or proposed to be made by the Borrower out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(c) "Investment Enterprise" means an enterprise to or for the benefit of which the Borrower proposes to make or has made a sub-loan or in which it proposes to make or has made an investment, in accordance with and as provided in Section 3.01 of this Agreement;

(d) "Investment Project" means a specific project to be carried out by an Investment Enterprise, as approved or in respect of which withdrawals from the Loan Account have been authorized by the Bank, pursuant to Section 3.02 of this Agreement;

(e) "Statutes" means the statutes of the Borrower, as amended to May 19, 1967 and as the same may be further amended from time to time;

(f) "Dirhams" and the letters "DH" mean currency of the Guarantor;

(g) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned, or which is effectively controlled, by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries.

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, an amount in various currencies equivalent to ten million dollars (\$10,000,000).

¹ See p. 58 of this volume.

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 Agreement.

Section 2.03. (a) Subject to the provisions of paragraphs (b), (c), (d) and (e) of this Section, the Borrower shall be entitled to withdraw from the Loan Account :

- (i) amounts expended, or, if the Bank shall so agree, such amounts as shall be required to meet payments to be made, for the reasonable foreign-exchange cost of goods and services required for carrying out the Investment Project in respect of which the withdrawal is requested and imported directly for the purpose;
- (ii) the equivalent of 65% of the invoiced price paid for goods previously imported into Morocco through normal trade channels or produced in Morocco from components or raw materials so imported, with a resulting foreign-exchange cost component in excess of or approximating such percentage, and purchased by Investment Enterprises to carry out Investment Projects; and
- (iii) the equivalent of 11% of amounts expended by Investment Enterprises for works of hotel construction comprising or included in Investment Projects, such percentage representing the foreign-exchange component of the costs of such construction.

(b) For the purposes of subparagraphs (ii) and (iii) of paragraph (a) of this Section, the prices paid for goods and the amounts expended for construction works shall not include any taxes imposed by the Guarantor or any of its agencies or political subdivisions on or in connection with the importation or supply of the goods and services in question.

(c) No amount shall be withdrawn from the Loan Account in respect of an Investment Project unless it shall have been approved in writing by the Bank; provided, however, that such withdrawals may be made in respect of sub-loans for Investment Projects described to and authorized by the Bank for financing hereunder in accordance with the provisions of Section 3.02 (b) of this Agreement, but only up to an amount or amounts previously approved or requested for such Investment Project under this Agreement and not repaid, shall not exceed the equivalent of \$100,000 and, in respect of all such Investment Projects, the equivalent of \$2,000,000 in the aggregate, or, in either case, of such other limit as shall from time to time be determined by the Bank.

(d) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of (i) expenditures made prior to the date of the Loan Agreement but within the limits set forth in paragraph (e) of this Section and (ii) expenditures in the currency of the Guarantor, but only under subparagraphs (ii) and (iii) of paragraph (a) of this Section.

(e) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made by any Investment Enterprise (i) for any Investment Project subject to the Bank's approval more than ninety days prior to the date on which the Bank shall have received in respect of such Project the application required under Section 3.02 (a) of this Agreement or (ii) in the case of any

other Investment Project, more than ninety days prior to the date on which the Bank shall have received the description thereof pursuant to Section 3.02 (b).

Section 2.04. Three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum is specified for the purpose of Section 3.02 of the General Conditions as the commitment charge payable on the unwithdrawn amount of the Loan.

Section 2.05. The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.07. (a) The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to : (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the sub-loans and investments in respect of which withdrawals from the Loan Account shall have been approved or authorized pursuant to Section 3.02 of this Agreement and (ii) take into account any cancellation pursuant to Article VI of the General Conditions and any repayments made by the Borrower under Section 2.08 of this Agreement, except that repayments due hereunder shall be made on February 15 and August 15 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayment and redemption, if required.

(b) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace, and, unless the Bank and the Borrower shall otherwise agree, (i) shall not extend beyond eighteen years from the date of approval by the Bank of such Investment Project or of authorization by the Bank to make withdrawals from the Loan Account in respect of such Investment Project, and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal, semi-annual, or more frequent, payments of principal.

Section 2.08. Unless the Bank and the Borrower shall otherwise agree :

(a) (i) If a sub-loan or any portion thereof shall be repaid to the Borrower in advance of maturity or (ii) if the Borrower shall sell, transfer, assign or otherwise dispose of a sub-loan or investment or any portion thereof, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date an amount of the Loan equal to the amount so repaid to, or disposed of by, the Borrower, but not exceeding the amount withdrawn from the Loan Account in respect of such sub-loan or investment, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.07 (a). The policy stated in Section 3.05 (c) of the General Conditions with respect to premiums shall apply to any such repayment.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the principal amount of the Loan corresponding to the

maturity or maturities of the sub-loan or investment or portion thereof so paid or disposed of.

(c) For the purposes of paragraph (a) of this Section, assignments to financial institutions of portions of sub-loans to secure debts for periods not exceeding one year (*mise en pension*) shall not be considered disposals of sub-loans.

(d) The first sentence of Section 3.05 (b) of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.

Article III

DESCRIPTION OF PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is the financing by the Borrower of specific projects of construction, rehabilitation, expansion, modernization or equipment of tourist hotels in Morocco by providing loans for such purposes and through other productive investments in such field, all in accordance with the Statutes of the Borrower and in furtherance of the corporate purposes of the Borrower as set forth in the Statutes.

Section 3.02. (a) When submitting an Investment Project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with a description of such Investment Project (including a description of the costs thereof proposed to be financed out of the proceeds of the Loan), the terms and conditions of the sub-loan to or investment in the Investment Enterprise, including the schedule of amortization proposed therefor, a financial and economic analysis thereof and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of sub-loans for Investment Projects not requiring approval by the Bank shall contain a summary description of the Investment Enterprise and the Investment Project for which such authorization is requested (including an economic analysis thereof and a description of costs proposed to be financed out of the Loan) and the terms and conditions of the sub-loan for such Investment Project including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provisions of Section 3.02 (a) of this Agreement and requests for authorizations to withdraw from the Loan Account pursuant to the provisions of Section 3.02 (b) of this Agreement shall be submitted on or before December 31, 1971.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The Borrower shall from time to time, as required, notify the Bank in writing of the person or persons designated by it as its authorized representatives for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project described in Section 3.01 and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and personnel.

Section 5.02. (a) The Borrower shall exercise its rights in relation to each Investment Project financed in whole or in part with the proceeds of the Loan in such manner as to protect the interests of the Bank and of the Borrower.

(b) The Borrower undertakes that unless the Bank shall otherwise agree, any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment : (i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and management standards and to maintain adequate records; (ii) the right to require that the goods to be financed with the proceeds of the Loan shall be used exclusively in the carrying out of the Investment Project; (iii) the right of the Bank and the Borrower to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) the right to require that the Investment Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; (v) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and (vi) the right of the Borrower to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its agreement with the Borrower.

(c) The Borrower shall take such steps, satisfactory to the Bank, as shall be necessary to protect itself against risk of loss resulting from changes in the rate of exchange between the various currencies (including Dirhams) used in its operations.

Section 5.03. (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects, the sub-loans

and investments, the subsidiaries, and the administration, operations and financial condition of the Borrower.

(b) The Borrower shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower, and shall enable the Bank's representatives to examine such records.

(c) The Borrower shall: (a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited by independent auditors acceptable to the Bank in accordance with sound auditing principles consistently applied; (b) furnish to the Bank, as soon as available but, in any case, not later than five months after the end of each such year certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Bank shall have reasonably requested; and (c) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.04. (a) The Bank and the Borrower shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.05. The Borrower undertakes that, except as the Bank shall otherwise agree: (a) if the Borrower or any subsidiary shall create any lien on any of its assets as security for any debt, such lien will 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 will be made to that effect; and (b) if any lien shall be created on any assets of the Borrower, other than under (a) above, as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.06. Subject to such exemption as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement,¹ the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue,

¹ See p. 52 of this volume.

delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of 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 Guarantor.

Section 5.07. The Borrower shall pay or cause to be paid all taxes, 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 on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.08. Except as the Bank shall otherwise agree, the Borrower shall not propose to its shareholders any amendment to its Statutes.

Section 5.09. The Borrower shall cause its subsidiaries to observe and perform the obligations of the Borrower hereunder to the extent to which the same may be applied thereto as though such obligations were binding upon such subsidiaries.

Section 5.10. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurring of such debt, the consolidated debt of the Borrower and all its subsidiaries then incurred and outstanding would be greater than six times the consolidated capital and surplus of the Borrower and all its subsidiaries.

For the purposes of this Section :

(a) The term "debt" means (i) any debt incurred by the Borrower or any subsidiary maturing more than one year after the date on which it is originally incurred, including debt assumed or guaranteed by the Borrower or by a subsidiary but not including debt so guaranteed by the Borrower or subsidiary when the liability of the Borrower or subsidiary resulting from such guarantee is fully covered by a guarantee of the Guarantor in favor of the Borrower or subsidiary, as the case may be, and (ii) the aggregate principal amount utilized by the Borrower pursuant to any rediscounting facility granted by the Banque du Maroc in favor of the Borrower for the rediscounting of its loans for housing and hotels.

(b) Wherever reference is made in this Section to the incurring of debt, such reference shall include any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement on the date and to the extent it is drawn down pursuant to such loan contract or agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(c) Whenever in connection with this Section it shall be necessary to value in terms of Dirhams debt payable in another currency, such valuation shall be made at the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

(d) The term "consolidated debt of the Borrower and all its subsidiaries" means the total amount of debt of the Borrower and all its subsidiaries, excluding (i) any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower

or to any other subsidiary and (ii) the amounts referred to in paragraph (e) (ii) and (iii) of this Section.

(e) The term "consolidated capital and surplus of the Borrower and all its subsidiaries" means the aggregate of (i) the total unimpaired capital, surplus and free reserves of the Borrower and of all its subsidiaries after excluding such items of capital, surplus and free reserves as shall represent equity interests of the Borrower in any such subsidiary or of any such subsidiary in the Borrower or in any other subsidiary, (ii) such amounts of the principal of the 15-year subordinated bonds of the Borrower subscribed for initially by the Caisse de Dépôts et de Gestion and of the 15-year subordinated bonds issued in renewal thereof as shall mature after the latest of the dates of all outstanding maturities of the sub-loans and the schedules of amortization agreed to by the Bank in respect of the investments, and (iii) such amount of any other borrowing of the Borrower which the Bank may determine to be included in the consolidated capital and surplus of the Borrower.

Section 5.11. The Borrower shall make and maintain arrangements satisfactory to the Bank to ensure that the maturities of such of its borrowings as are or will be utilized as resources for relending are appropriate to ensure as of right the availability to the Borrower of such resources when and as necessary according to the terms and conditions of the Borrower's present and anticipated commitments towards beneficiaries of such relending.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon; and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Section 6.02. The following additional events are specified for the purposes of Section 7.01 of the General Conditions :

- (a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity by reason of any default on the part of the Borrower or otherwise as provided in the relative contractual instruments, or any security constituted thereunder shall have become enforceable;
- (b) a resolution shall have been passed for the dissolution or liquidation of the Borrower;
- (c) a change shall have been made in the Borrower's Statutes without the Bank's consent which, in the Bank's judgment, shall be a substantial change, and such situation shall not have been corrected within a period of sixty days following notice thereof by the Bank to the Borrower; and
- (d) a subsidiary or any other entity shall have been created or acquired or taken over

by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's financial situation or the efficiency of the Borrower's management and personnel, and such situation shall not have been corrected within a period of sixty days following notice thereof by the Bank to the Borrower.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely, the Borrower has sold at par an issue of 15-year subordinated bonds of the Borrower in an aggregate principal amount of 15 million DH and has arranged for the issue and sale prior to December 31, 1972 of an additional 15 million DH aggregate principal amount of such bonds, all such bonds being by their terms subordinated in the event of any bankruptcy, dissolution or other liquidation of the Borrower to (i) all other indebtedness of the Borrower maturing more than one year after the date on which it was originally incurred and (ii) the indebtedness of the Borrower to the Bank of Morocco resulting from the Borrower's utilization of any rediscounting facility granted to the Borrower for rediscounting its housing and hotel loans, and the other terms and conditions of such bonds and of the arrangement for such issue and sale being satisfactory to the Bank.

Section 7.02. The date of November 12, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1973 or such other date as shall be agreed upon between the Bank and the Borrower.

Section 8.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables :

Intbafrad
Washington, D.C.

For the Borrower :

Crédit Immobilier et Hôtelier
159, Avenue Hassan II
Casablanca, Morocco

Alternative address for cables :

Credithotel
Casablanca

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.

International Bank for Reconstruction and Development :

By J. BURKE KNAPP

Vice President

Crédit immobilier et hôtelier :

By MOHAMED LAZRAK

Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
February 15, 1973	165,000	August 15, 1981	410,000
August 15, 1973	205,000	February 15, 1982	430,000
February 15, 1974	215,000	August 15, 1982	445,000
August 15, 1974	225,000	February 15, 1983	455,000
February 15, 1975	260,000	August 15, 1983	480,000
August 15, 1975	275,000	February 15, 1984	355,000
February 15, 1976	280,000	August 15, 1984	375,000
August 15, 1976	295,000	February 15, 1985	385,000
February 15, 1977	300,000	August 15, 1985	395,000
August 15, 1977	315,000	February 15, 1986	275,000
February 15, 1978	320,000	August 15, 1986	160,000
August 15, 1978	330,000	February 15, 1987	170,000
February 15, 1979	355,000	August 15, 1987	170,000
August 15, 1979	355,000	February 15, 1988	180,000
February 15, 1980	370,000	August 15, 1988	190,000
August 15, 1980	385,000	February 15, 1989	80,000
February 15, 1981	395,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or to Section 2.08 (a) of the Loan Agreement or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	3½%
More than eleven years but not more than fourteen years before maturity	5%
More than fourteen years but not more than seventeen years before maturity	6%
More than seventeen years before maturity	7%

SCHEDULE 2

MODIFICATIONS OF THE GENERAL CONDITIONS

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows :

- (1) The following subparagraph (*d*) is added to Section 3.05 :

“ (*d*) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in paragraph (*b*) of Section 3.05 and in Section 8.15. ”

- (2) The words “ Investment Projects ” are substituted for the words “ the Project ” at the end of Section 5.03.

- (3) Section 6.03 is deleted and replaced by the following new Section :

“ SECTION 6.03. *Cancellation by the Bank.* If (*a*) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (*b*) by the date specified in Section 3.02 (*c*) of the Loan Agreement no applications for approval or requests for authorization to withdraw from the Loan Account in respect of any portion of the Loan shall have been received by the Bank, or having been so received, shall have been denied, or (*c*) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request such approvals and authorizations or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled. ”

- (4) Paragraph (*d*) of Section 7.01 is amended to read as follows :

“ (*d*) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor. ”