Financing Agreement

(Odisha Disaster Recovery Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 11, 2014
CREDIT NUMBER 5378-IN

FINANCING AGREEMENT

AGREEMENT dated July 11, 2014, entered into between INDIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to ninety nine million four hundred thousand Special Drawing Rights (SDR99,400,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 15 and August 15 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is any of the following officials, acting severally: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Director, or Under Secretary of the Department of Economic Affairs of the Recipient’s Ministry of Finance.
5.02. The Recipient’s Address is:

Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
North Block
New Delhi 110 001, India

Facsimile:

+91-11-23092039

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:

1-202-477-6391
AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By

Authorized Representative

Name: Nitya Mitash
Title: Joint Secretary (M1)

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Michael Haney
Title: Operations Advisor
SCHEDULE 1

Project Description

The objectives of the Project are to restore and improve housing and public services in Targeted Communities of Odisha, and increase the capacity of state entities to respond promptly and effectively to an Eligible Crisis or Emergency.

The Project consists of the following parts:

Component 1: Resilient Housing Reconstruction and Community Infrastructure

1.1. Resilient Housing Reconstruction: Constructing about 30,000 multi-hazard resistant houses of Selected Beneficiaries, including the financing of a 10-year insurance coverage therefor, through a combination of conditional cash grants for owner-driven construction and turn-key contractor-built dwellings.

1.2. Selected Community Infrastructure: Carrying out improvement to public service infrastructure, as per agreed village development plans, in Targeted Communities benefiting from the resilient housing reconstruction program.

Component 2: Urban Infrastructure in Berhampur

2.1. Upgrading of Slums: Carrying out improvement to public services infrastructure in selected Berhampur slums.

2.2. Public Service Infrastructure: Carrying out improvements to priority public infrastructure in the city of Berhampur as identified by BeMC’s Damage and Needs Assessment and its ancillary investment plan.

2.3. Community Participation: Mobilizing Berhampur’s slums resident communities in order to facilitate their participation in the planning of public services infrastructure improvements under sub-component 2.1 above.

2.4. Technical Assistance to BeMC: Providing technical support to BeMC for the preparation of improved city-wide sectoral master plans and priority detailed project reports.

Component 3: Capacity Building in Disaster Risk Management

Strengthening Odisha’s disaster preparedness and response capabilities through: (i) the integration of disaster management activities and the establishment of a geographic information system and a decision support center within OSDMA; (ii) the provision of specialized dedicated manpower and technical expertise; and (iii) the carrying out of community-based vulnerability mapping and need assessments and the preparation/ construction of common facilities for income
activities and community-based risk mitigation initiatives of vulnerable and marginalized groups.

Component 4: Implementation Support

4.1. *OSDMA Support*: Strengthening the institutional capacity of OSDMA, in particular its PMU, PIU and DIUs, for the management and implementation of Components 1 and 3 of the Project.

4.2. *H&UD Department/BeMC Support*: Strengthening the institutional capacity of the H&UD Department as well as BeMC, in particular their respective PMU and PIU, for the management and implementation of Component 2 of the Project.

Component 5: Contingent Emergency Response

Providing immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending Arrangements

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity in accordance with the Recipient’s standard arrangements for development assistance to the States of India.

2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Recipient’s standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall govern.

3. The Recipient shall at all times protect its own interests and the interests of the Association to accomplish the purposes of the Financing.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Project Implementing Entity to prepare, and furnish to the Association by not later than forty-five (45) days after the end of each calendar quarter, interim financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

The Recipient shall cause the Project Implementing Entity to have its respective Financial Statements for the Project, audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient or the Project Implementing Entity, as the case may be, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding,
may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions agreed from time to time between the Recipient and the Association and reflected in the Procurement Plan; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (e) Direct Contracting; and (f) Force Account.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Procurement of Emergency Expenditures under the CER Component of the Project

Notwithstanding any other provision in this Section, Emergency Expenditures required for each of the CER Component of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CER Operations Manual.

E. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient
(including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services, Insurance Premia, Training and Workshops, Incremental Operating Costs, Housing Sub-grants, Rental Assistance, Relocation Allowance and Construction Incentives for Components 1 through 4 of the Project</td>
<td>99,400,000</td>
<td>70%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures for the CER Component</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>99,400,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed the equivalent of twenty million United States Dollars (USD 20,000,000) may be made for payments made prior to this date but on or after October 12, 2013, for Eligible Expenditures under Category (1); or
(b) under Category (2), unless and until the Association is satisfied, and has notified the Recipient and the Project Implementing Entity of its satisfaction, that all of the following conditions have been met:

(i) the Recipient and the Project Implementing Entity have determined that an Eligible Crisis or Emergency has occurred, have furnished to the Association a request to include certain activities in the CER Component in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request, and notified the Recipient and the Project Implementing Entity thereof;

(ii) the Project Implementing Entity has prepared and disclosed all safeguard instruments, acceptable to the Association, required for said activities, and has implemented any actions which are required to be taken under said instruments all in accordance with the provisions of Section I.G.3(b) of the Schedule to the Project Agreement;

(iii) the Project Implementing Entity has provided sufficient evidence satisfactory to the Association, that the Coordinating Authority has adequate staff and resources in accordance with the provision of Section I.G.2 of the Schedule to the Project Agreement, for the purposes of said activities; and

(iv) the Project Implementing Entity has adopted a CER Operations Manual in form, substance and manner acceptable to the Association and the provisions of the CER Operations Manual remain, or have been updated in accordance with the provisions of Section I.G.1(a) of the Schedule to the Project Agreement, so as to be appropriate for the inclusion and implementation of said activities under the respective CER Component.

2. The Closing Date is March 31, 2019.
### SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit Repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>Commencing August 15, 2019 to and including February 15, 2029</td>
<td>1.65%</td>
</tr>
<tr>
<td>Commencing August 15, 2029 to and including February 15, 2039</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions


2. “Berhampur” means the city of Berhampur (aka as Brahmapur) in Odisha’s Ganjam District.


4. “BeMC’s Damage and Needs Assessment” means the assessment carried out by BeMC in November 2013 on account of the damages caused by, and mitigation needs arising from, the Cyclone Phailin’s landfall on Odisha’s coastline in October 2013.

5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “CER Component” means Component 5 of the Project, as described in Schedule 1 to this Agreement.

7. “CER Operations Manual” means the immediate response mechanism operations manual referred to in Section I.G.1(a) through (c) of the Schedule to the Project Agreement, acceptable to the Association to be adopted by the Project Implementing Entity for the implementation of the CER Component, in accordance with the provision of said Section.

8. “Construction Incentives” means the amount of ten thousand Indian Rupees (INR10,000), or any other amount agreed from time to time in writing with the Association, to be paid as a lump sum, per household, to Selected Beneficiaries opting for owner-driven house construction/reconstruction, provided that the Selected Beneficiary has satisfactorily completed its house construction within an agreed time frame in accordance with the Project Operations Manual.


10. “Coordinating Authority” means the entity or entities designated by the Project Implementing Entity in the CER Operations Manual, and approved by the
Association pursuant to Section I.G.1(a) of the Schedule to the Project Agreement, to be responsible for coordinating their respective CER Component.

11. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impact on the livelihoods of such persons.

12. “DIUs” means collectively, OSDMA district-level implementation units referred to in Section I.A.2(b) of the Schedule to the Project Agreement.

13. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Project Implementing Entity, associated with a natural or man-made crisis or disaster.

14. “Emergency Expenditures” means any of the eligible expenditures set forth in the CER Operations Manual, in accordance with the provision of Section I.G.1(a)(ii) of the Schedule to the Project Agreement, and required for the activities described in such manual to be financed under the said CER Component.

15. “ESMF” means the Project Implementing Entity’s environmental and social management framework acceptable to the Association and disclosed by OSDMA on January 17, 2014, setting forth the guiding principles, standards and procedures for: (a) the screening of Project activities and the identification of any adverse or positive environmental impacts caused, or expected to be caused, on account of their implementation; and (b) the preparation of their prescribed environmental impact assessments and environmental management plans, social impact assessments and social management plans, and resettlement action plans for Displaced Persons (as necessary); as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Association.

16. “GAAP” means the Project Implementing Entity’s governance and accountability action plan incorporated in the Project Operations Manual; which plan sets out the key actions to be undertaken by the OSDMA and/or BeMC to strengthen governance, transparency and accountability under the Project; as such action plan may be revised, updated or supplemented, from time to time, with the prior written concurrence of the Association.
“General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

“H&UD Department” means Odisha’s Department of Housing and Urban Development and any successor thereto.

“Housing Sub-grant” means each conditional cash grant to be provided by a DIU to a Selected Beneficiary in various installments, for up to the amount of approximately two hundred and eighty thousand Indian Rupees (INR280,000), or any other amount agreed from time to time in writing with the Association, subject to: (i) the terms and conditions set out in Section I.D.2 of the Schedule to the Project Agreement and the Project Operations Manual; and (ii) the verification of the achievement of the housing construction milestones set forth in the Project Operations Manual.

“Housing Reconstruction Guidelines” means Odisha’s Policy Guidelines for Post Cyclone Phailin Resilient Housing, approved on December 24, 2013, setting forth the eligibility criteria for Selected Beneficiaries, the amounts and terms and conditions of the Housing Sub-grants, and the designs, technical specifications and minimum quality standards/requirements for the (re-)construction of multi-hazard resilient houses, whether under the owner driven construction or turn-key constructor built approach.

“Incremental Operating Costs” means the reasonable costs of incremental expenditures incurred by the Project Implementing Entity on account of Project implementation, management and monitoring, including, inter alia: (i) costs of incremental contractual staff salaries (other than consultants) and civil servants deputed to the Project; (ii) dissemination of Project related information; (iii) office rental and leasing operation and maintenance of equipment; (iv) office supplies and utilities; (v) travel and boarding/lodging allowances; (vi) leasing, operation and maintenance of vehicles; (vii) advertising and communication expenses; and (viii) bank charges.

“Insurance Premia” means the reasonable amount paid by the Project Implementing Entity for the insurance coverage for up to ten (10) years of the resilient houses (excluding assets within) constructed/reconstructed under sub-component 1.1. of the Project.

“Odisha” means the Recipient’s State of Odisha and any successor thereto.

“OSDMA” means Odisha’s State Disaster Management Authority and any successor thereto.
25. “PMU” means, unless the context suggests otherwise, either of the Project management units to be established by OSDMA and the H&UD Department pursuant to Section I.A.2(b) and Section I.A.2(c), respectively, of the Schedule to the Project Agreement.


27. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 23, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

28. “Project Implementing Entity” means Odisha, including all its public corporations, and decentralized and/or autonomous agencies.

29. “PIU” means, unless the context suggests otherwise, either of the Project implementation units to be established by OSDMA and BeMC pursuant to Section I.A.2(b) and Section I.A.2(d), respectively, of the Schedule to the Project Agreement.

30. “Project Operations Manual” means the manual dated January 23, 2014, prepared and adopted by the Project Implementing Entity, setting forth guidelines and procedures for the implementation of the Project, including: (i) the allocation of functions, powers and responsibilities between OSDMA, H&UD Department, BeMC, and their respective PMUs, PIUs, and DIUs, for purposes of Project implementation; (ii) the financial management arrangements consistent with Section II. B of Schedule 2 to this Agreement and Section II.B of the Schedule to the Project Agreement; (iii) the Housing Reconstruction Guidelines; (iv) the GAAP; (v) the monitoring and evaluation framework for Project activities; (vi) design, technical specifications and minimum quality standards/requirements for multi-hazard resilient houses and public service infrastructure to be constructed/reconstructed under the Project; and (vii) the environmental and social management arrangements consistent with the ESMF, as such manual may be amended from time to time with the prior concurrence of the Association.

31. “R&DM Department” means Odisha’s Revenue and Disaster Management Department and any successor thereto.

32. “Relocation Allowance” means the amount of twelve thousand Indian Rupees (INR12,000) (or such amount as might be revised from time to time with the prior written concurrence of the Association) to be paid as a lump sum, per household, as voluntary relocation assistance to Selected Beneficiaries opting for a turn-key contractor-built house and relocating to a new residence venue, upon
the respective contractor’s handing over their respective finished houses, all in accordance with the Project Operations Manual.

33. "Rental Assistance" means the rental allowance in the amount of one thousand five hundred Indian Rupees INR1,500 per household, per month (or such amount as might be revised from time to time with the prior written concurrence of the Association), and to be paid by Odisha to Selected Beneficiaries for in-situ construction under Component 1.1. of the Project; all in accordance with the provisions of the Project Operations Manual.

34. "Safeguard Documents" means collectively, the ESMF and the screening reports, the environmental assessments, environmental management plans, social assessments, social management plans, resettlement action plans for Displaced Persons and other documents (to be) prepared, disclosed and implemented pursuant to Section 1.E.2.(b) of the Schedule to the Project Agreement.

35. "Selected Beneficiaries" means the individuals who have voluntarily chosen to be beneficiaries of housing reconstruction assistance, whether as recipients of Housing Sub-grants or recipients of turn-key contractor built dwellings, selected by the OSDMA and validated by their respective communities pursuant to the criteria set out in the Housing Reconstruction Guidelines and the Project Operations Manual.

36. "Targeted Communities" means the communities in the coastal areas in Odisha’s districts of Ganjam, Puri, and Khorda, as well as the slums in the city of Berhampur, and or any other areas that the Recipient may agree in writing from time to time with the Association.

37. "Training and Workshops" means the reasonable costs of training and workshops incurred by the Project Implementing Entity on account of Project implementation, including inter alia: (i) study tours, courses, conferences and workshops conducted and/or attended by staff of the Project Implementing Entities and/or stakeholders in the territory of the Recipient or, subject to the prior no-objection of the Association, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. Service Charge and Interest Charge"
(a) **Service Charge.** The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) **Interest Charge.** The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).