

Section 1.04

Repayment of the principal amount of the loan shall be made in eighty (80) semi-annual installments of fifteen thousand Canadian dollars (Cdn \$15,000) each due and payable on March 31 and September 30 of each year, commencing on September 30, 1988 and ending on March 31, 2028.

Section 1.05

El Salvador shall have the right to prepay the principal in whole or in part on any date without notice to Canada. The amount of any pre-payment shall be applied on the installments of the principal then remaining payable, in the reverse order of their maturity.

Section 1.06

All payments and repayments as set forth herein shall be made by El Salvador in Canadian dollars to the Receiver General for Canada and shall be deemed to have been paid when received by the Receiver General for Canada.

Section 1.07

The principal of the loan shall be paid to Canada without any deduction whatsoever and more particularly shall be free from any taxes, charges or other fiscal restrictions imposed under the laws of El Salvador and those in effect in its territory or administrative, political or judicial divisions or subdivisions.

Section 1.08

El Salvador could agree to negotiate, at the request of Canada, concerning acceleration of payments to the Receiver General for Canada to be made under this Agreement at any time within six (6) months before the first payment of principal becomes due and payable. El Salvador and Canada shall mutually determine whether such acceleration should take place on the basis of the capacity of El Salvador to service a more rapid liquidation of its obligations in the light of its internal and external financial and economic position.

ARTICLE II*Use of the Loan***Section 2.01**

Except as may otherwise be specifically agreed to by Canada, the proceeds of the loan shall be used by El Salvador exclusively for the purchase of materials, equipment, industrial machinery, spare parts or services from Canadian suppliers and may be used to meet the costs for insurance, ocean shipping, and in exceptional circumstances for air freight. Eligible purchases shall be as described in Annex "A", and procedures for administration, purchasing and payment shall be those set forth in Annex "B".