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|  | | (Operation Number 50083) | |
| **[***DRAFT FOR NEGOTIATIONS PURPOSES ONLY. ALL PARTIES CONFIRM THAT THE MAIN TERMS OF THE CONTRACT ARE NOT YET AGREED, AS PROVIDED BY ART. 1182 OF THE CIVIL CODE OF ROMANIA*.] | | | |
| ***ANEXA NR.2 LA HOTĂRÂREA CONSILIULUI LOCAL AL MUNICIPIULUI CRAIOVA NR.324/2020***  **Municipality of Craiova**  as Mortgagor  and  **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**  as mortgagee  dated \_\_\_\_\_\_\_\_\_\_ 2020 | | | |
|  | AMENDED AND RESTATEDSECURITY AGREEMENT | |  |

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**THISSECURITY AGREEMENT** (this "**Agreement**")is made on \_\_\_\_\_\_\_\_\_\_ 2020

**BETWEEN:**

* 1. **MUNICIPALITY OF CRAIOVA**, existing as a municipality under the laws of Romania and acting under the authority of the Municipality of Craiova Local Council, being a borrower under the Loan Agreement (as defined below) and herein acting as mortgagor (the "**Mortgagor**"), acting and represented by the person(s) indicated on the signatures pages hereof, its duly authorised representative(s);
  2. **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**, an international organisation established by the Agreement Establishing the European Bank for Reconstruction and Development and ratified by Romania by Law No. 24 of 24 October 1990 (the "**Bank**" or the "**Lender**"), being the lender under the Loan Agreement (as defined below) and herein acting as mortgagee and being represented by the persons indicated on the signatures pages hereof, its duly authorised representatives;

(collectively referred herein as the "**Parties**", each a "**Party**").

**WHEREAS:**

* + - 1. The Mortgagor as borrower and the Bank have entered into a loan agreement originally dated 4 December 2018, as amended and restated pursuant to an amendment and restatement agreement dated on or about the date hereof(the "**ARA**"), whereby the Bank has agreed, *inter alia*, to make available to the Mortgagor, under certain terms and conditions, a loan in maximum aggregate amount of EUR 24,200,000 (the"**Loan Agreement**")for the purpose of implementing of the Project (as defined in the Loan Agreement), as further detailed in the Loan Agreement.
      2. In order to secure the obligations arising from time to time under the Financing Agreements (as defined in the Loan Agreement), the Mortgagor and the Bank entered into a security agreementoriginally dated 4 December 2018, as amended on 14 November 2019, providing for, inter alia, the mortgage in favour of the Bank on the Mortgagor’s own revenues, as defined in the Local Public Finance Law, and accounts of the Mortgagor where such revenues are received, under terms and conditions set forth therein (the "**Original Mortgage Agreement**").
      3. By virtue of the ARA, it is a condition precedent thereunder that the Mortgagor shall have agreed to enter into this Agreement.
      4. In consideration of the Bank entering into the ARAand in order to induce the Bank to make or agree to make disbursements or other financial accommodations under or in connection with the Loan Agreement(including, without limitation, renewals or extensions of or any other variations to the Loan Agreement) the Mortgagor and the Bank have agreed to enter into this Agreement for the purpose of securing the obligations of the Mortgagor under the Loan Agreement.

**NOW, THEREFORE, THE PARTIES HERETO AGREE THATTHE ORIGINAL MORTGAGE AGREEMENT IS HEREBY AMENDED ANDRESTATED SO THAT IT SHALL BE READ AND CONSTRUED AS SETOUT BELOW:**

1. Definitions and construction
   1. Loan Agreement defined terms

Whenever used in this Agreement, unless the context otherwise requires or grants a different meaning thereto, the terms defined in the Loan Agreement have the same meanings herein.

* 1. Amended agreements

References herein to the Loan Agreement and to any other Financing Agreements shall be construed as references to the Loan Agreement and to any other Financing Agreements as the same may be amended or supplemented or varied in any other way from time to time.

* 1. Certain defined terms

1. In this Agreement, unless otherwise stated or otherwise required by the context hereof, the following terms have the following meanings:
2. "**Account Moneys and Claims**" means all moneys periodically credited to or periodically being standing to the credit of the MortgagedAccounts or any of them and all interest periodically payable thereon, and all and any claims of the Mortgagor under or in relation to the Mortgaged Accounts, including without limitation the Charged Revenues.
3. "**Charged Revenues**" means any and all own revenues of the Mortgagor part of the local budget revenues as contemplated by Article 5 paragraph (1) letter (a) of the Local Public Finance Law, including, for the avoidance of doubt, all revenue resulting from taxes, fees, contributions, other payments and other quotas allocated from time to time from individual income tax collected from the Romanian state budget, which may be charged in accordance with the provisions of Article 63 of the Local Public Finance Law along with any other types of taxes, fees, contributions, payments, revenues and quotas which may be charged in favour of a third party in accordance with the provisions of any applicable law from time to time and any benefits and rights arising from or in connection with the previously mentioned revenues.
4. "**Craiova Municipality Treasury**" means the Treasury of the Municipality of Craiova.
5. "**Enforcement Costs**" means all and any amounts of money representing costs, charges and expenses (including legal costs and legal counsels' fees) incurred by the Lender for protecting, perfecting, preserving and/or enforcing any of the Lender's rights as secured creditor under the Financing Agreements or any other document evidencing or securing any such liabilities. For the avoidance of any doubt, the Enforcement Costs shall include but shall not be limited to all and any costs, charges and expenses for the takeover or remittance (forced or voluntary) of the Mortgaged Property and/or all expenses incurred by the Lender or on its behalf with the registration, preservation and/or sale, appropriation or takeover of the Mortgaged Property as contemplated by the Civil Code of Romania and this Agreement.
6. "**Event of Default**" means any event or circumstance specified as such in Clause 6.1 (*Events of Default*) of the Loan Agreement.
7. "**Existing Security**"[[1]](#footnote-1) means the security created under the following agreements:
   1. the security agreement no. 46693 dated 14 June 2006 made between BRD-Groupe Societe Generale SA – Craiova Branch as secured party and the Mortgagor as security provider, in connection with the loan agreement no. 69 dated 13 June 2006 in a maximum aggregate principal amount of RON 70,000,000.00 made between BRD-Groupe Societe Generale SA – Craiova Branch as lender and the Mortgagor as borrower; and
   2. the security agreements no. 167289 dated 2 December 2010 and respectively no. 33807 dated 13 March 2012, made between Hypo Noe Gruppe Bank AG as secured party and the Mortgagor as security provider, in connection with the loan agreement no. 167199 dated 2 December 2010 in a maximum principal aggregate amount of EUR 20,000,000.00 made between Hypo Noe Gruppe Bank AG as lender and the Mortgagor as borrower, as further amended by addendum no. 1 of 13 March 2012.

"**Local Public Finance Law**" means Law No. 273 of 29 June 2006 regarding local public finances, published in the Official Gazette No. 618 of 18 July 2006, as the same may be amended or replaced by similar legislation from time to time;

1. "**Mortgage**" means the security created under the Local Public Finance Law and the real movable mortgage right (in Romanian "*drept de ipoteca mobiliara*")regulated by the Civil Code of Romania.
2. "**Mortgage Period**" means the period from the date of this Agreement and until the date the Mortgaged Property is discharged according to Section 11 (*Termination and release*) hereof.
3. "**Mortgaged Accounts**" means all the accounts opened by, or on behalf of, or for the benefit of, the Mortgagor where the Mortgagor receives the Charged Revenues, including without limitation the TreasuryAccounts listed in Schedule 1 (*MortgagedAccounts*) to this Agreement or any such other account of the Mortgagor, including without limitation any account notified to the Lender pursuant to Sub-section 6.1.1paragraph (b)(i)**Eroare! Fără sursă de referință.** of this Agreement.
4. "**Mortgaged Property**" means all and each movable property individualised in this Agreement, as follows:
   1. the Charged Revenues;
   2. the Mortgaged Accounts;
   3. the Account Moneys and Claims;
   4. the Proceeds of the above; and
   5. any and all current and future rights of the Mortgagor acquired, or which may be acquired in connection with the assets and rights referred in paragraphs (a) to (d) above.
5. "**National Registry**" means the National Registry for Movable Publicity (*Registrul National de Publicitate Mobiliara*), organised and operating pursuant to Article 2.413 of the Civil Code of Romania and Law no. 297/2018 regarding the National Registry for Movable Publicity and repealing Government Ordinance no. 89/2000 regarding measures for authorising operators and performance of notices in the Electronic Archive for Secured Transactions (former name of the National Registry for Movable Publicity).
6. "**Proceeds**" means the fruits and products ("*fructe si producte"*) of the movable tangible and intangible property of the Mortgagor, including without limitation any property received by the Mortgagor as a result of any administration or disposal act concluded with respect to any asset from the Mortgaged Property, as well as any assets replacing them or within which their value is transferred, pursuant to Articles 547-550 and 2392 of the Civil Code of Romania.
7. "**Registration Notice**" means the notice to be registered with the National Registry to perfect and protect the Mortgage hereby created (or intended to be created) and to preserve and protect the rights of the Lender hereunder as contemplated, *inter alia*, by Article 2409 and 2413 of the Civil Code of Romania.
8. "**Secured Amount**" means EUR 36,300,000 representing the maximum fair equivalent estimated in good faith by the Parties of all and any Secured Obligations including, without limitation, all and any principal and interest, fees, costs and expenses arising out of or in connection with the Financing Agreements, together with all and any Enforcement Costs.
9. "**Secured Obligations**" means all present and future obligations and liabilities (whether actual or contingent, owed jointly or severally, as principal or as surety or in any other capacity whatsoever and whether originally incurred by the Mortgagor or by some other person under the Financing Agreements) of the Mortgagor to the Lenderunder each and all of the Financing Agreements, including, but without being limited to, all and any Enforcement Costs.

"**Treasury Accounts**" means all of the Mortgagor's accounts, both present and future, opened or to be opened with the Craiova Municipality Treasury where it receives the Charged Revenues.

* 1. Certain additional defined terms

The terms and expressions defined in the preamble to and recitals preceding this Agreement constitute an integral part hereof and the respective meanings of such terms and expressions are herein incorporated by reference.

* 1. Number and persons

In this Agreement, words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and *vice versa* and words importing persons shall include individuals, partnerships, associations, fiduciaries, unincorporated organisations and companies.

* 1. Sections and references

The division of this Agreement into Sections, Sub-sections, paragraphs, sub-paragraphs and Schedules and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder", "pursuant hereto" and similar expressions refer to the present Agreement and not to any particular Section, Schedule or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Sections or Schedules are to Sections or Schedules of this Agreement.

1. Representations and Warranties
   1. Reliance

The Mortgagor makes the representations set out in this Section 2 (*Representations and Warranties*) to the Bankand acknowledges that such representations were essential in the Bank's entering into this Agreement. The Bank does not undertake the risk of any error as regards the truth and correctness of the representations below.

* 1. Status

It is an administrative-territorial unit (municipality), duly organised and validly existing under:

the Constitution of Romania;

Law No. 2 of 1968 relating to the administrative organisation of the territory of the Socialist Republic of Romania, republished in the Official Bulletin of Socialist Republic of Romania No. 54/27 July 1981, reinstated into force by Decree Law No. 38/1990 published in the Official Gazette of Romania, Part I, No. 14/23 January 1990, as further amended and supplemented, and Law No. 215 of 23 April 2001 relating local public administration, republished with the Official Gazette of Romania, Part I, No.123/20 February 2007, as further amended and supplemented; and

all other applicable laws of Romania;

and it has full power to carry out its activity as presently carried out by it and has the necessary power and authority to enter into and perform its obligations hereunder.

* 1. Insolvency

It is not in financial crisis (*criză financiar*), financial rehabilitation (*redresare financiară*) or insolvency (*insolvenţă*) as such terms are understood under Romanian law, including the Government Emergency Ordinance No. 46 of 21 May 2013 regarding the financial crisis and insolvency of administrative territorial units, as such may be amended from time to time.

* 1. Binding obligations

The obligations expressed to be assumed by it in this Agreement, are legal, valid, binding and enforceable obligations.

This Agreement validly creates the Mortgage it is expressed herein to create over the Mortgaged Property and accurately evidences such Mortgage.

* 1. Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, this Agreement and the granting of the Mortgage hereunder do not and will not conflict with:

any law or regulation applicable to it;

its constitutional documents; or

any agreement or instrument binding upon it or any of its assets.

* 1. Power and authority

It has the power to enter into and perform the obligations arising from this Agreement and has taken all necessary action to obtain all necessary authorizations for the conclusion and the performance of this Agreement and the transactions contemplated by it (including without limitation the creation of Mortgage as expressed to be created hereunder).

No limit on its powers will be exceeded as a result of the creation of the Mortgage as expressed to be created hereunder.

* 1. Validity and admissibility in evidence

All Authorisations required or desirable:

to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Agreement; and

to create and perfect the Mortgage hereunder in favour of the Lender; and

to make this Agreement admissible in evidence in Romania;

have been duly obtained or effected and are in full force and effect, including without limitation the approval of the Local Debenture Authorisation Commission for the execution of the Loan Agreement and the approval of the Municipality of Craiova Local Council for the execution of the Loan Agreement and this Agreement, and the notification of the Romanian Ministry of Public Finances of the Loan Agreement in accordance with the provisions of Article 62 paragraph (9) of the Local Public Finance Law will be carried out by the Mortgagor as required by law and within the timeline prescribed by law.

* 1. No filing or stamp taxes

Subject to due registration of this Agreement in accordance with the laws governing the National Registry, it is not necessary that this Agreement be filed, recorded or enrolled with any court or other authority or that any stamp, registration or similar tax be paid on or in relation to this Agreement or the transactions contemplated by this Agreement.

* 1. *Pari Passu* Ranking

Its payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by laws applying to Romanian administrative-territorial units generally.

* 1. No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which:

may restrain its entry into, the exercise of its rights under, or the performance, enforcement of or compliance with any of its obligations under this Agreement, or

if adversely determined, might have a material adverse effect,

have been started in writing or threatened against it.

* 1. Security

No security exists over the Mortgaged Property other than the Existing Security and other than as permitted by the Loan Agreement, and the Mortgagor is not a party to, nor is any of the Mortgaged Property bound by, any agreement under which the Mortgagor is or may be required to create, assume or permit to arise any security, other than any security permitted under the Loan Agreement.

* 1. Full and legal ownership right

It is the sole, absolute, exclusive, full, legal and beneficial owner of the Mortgaged Property and has an actual, valid and alienable title over the Mortgaged Property.

All the contracts and instruments in connection with the Charged Revenues, the MortgagedAccounts and Account Moneys and Claims are legal, valid, and enforceable.

It holds all necessary authorisations according to the applicable law in connection with its ownership right over the Mortgaged Property, and these authorisations are in force and full effect;

No breach of any law or regulation by the Mortgagor which could reasonably have an adverse effect over the Mortgaged Property subsists;

There is no understanding, easement, agreement, reservation, restriction, condition or another aspect which could have an adverse effect over the Mortgaged Property.

* 1. Schedules

Schedule 1 (*MortgagedAccounts*), of this Agreement contains a true, updated and complete list of all the MortgagedAccounts.

* 1. Repetition

The Representations set out in this Section 2 (*Representations and Warranties*) are deemed to be made by the Mortgagor on the date of this Agreement and are deemed to be repeated (by reference to the facts and circumstances then existing) thereafter on each occasion the representations and warranties are repeated pursuant to the terms of the Loan Agreement until full discharge of the Secured Obligations.

In respect of any Mortgaged Property that becomes subject to this Agreement following the date hereof, the representations and warranties set out in this Section 2 (*Representations and Warranties*) will be deemed to be first made by the Mortgagor upon such Mortgaged Property becoming subject to this Agreement and will be deemed to be repeated thereafter on each occasion the representations and warranties are repeated pursuant to the terms of the Loan Agreement until full discharge of the Secured Obligations in relation to the then existing circumstances.

1. COVENANT TO PAY

The Mortgagor undertakes and covenants to pay when due to the Bank all such sums of money and satisfy all and any Secured Obligations in accordance with the terms of this Agreement, of the Loan Agreement and of the other Financing Agreements.

1. Mortgage
   1. Mortgage

For securing the performance of the Secured Obligations up to the Secured Amount, including without limitation the payment of all and any amounts due by the Mortgagor under the Financing Agreements when the same shall become due, the Mortgagor as owner of the Mortgaged Property, as such it is as at the date hereof and shall become from time to time, hereby creates in favour of the Bank a Mortgage over the Mortgaged Property pursuant to the terms of this Agreement, the Civil Code of Romania and Article 63 of the Local Public Finance Law.

* 1. Cause of the Secured Obligations

The cause of the Secured Obligations is to finance the rehabilitation of a pool of public buildings and the acquisition of approximately 40 EURO-6 buses.

* 1. The Mortgage extends over all the Proceeds

The Mortgage created under this Agreement covers all the Proceeds of the Mortgaged Property and any other property interest hereafter obtained by the Mortgagor (including without limitation all and any property obtained pursuant to any act of administration or disposal, concluded in respect of the Mortgaged Property, and any assets which replace or into which the value of the Mortgaged Property is transferred, or any of its parts) being mortgaged in favour of the Bank by way of Mortgage pursuant to this Agreement, in the same manner as the original Mortgaged Property hereunder, in accordance with the Civil Code of Romania.

* 1. Future assets

The Parties understand and agree that this Mortgage is created and established on the entire Mortgaged Property of the Mortgagor, whether existing at the date of signing of this Agreement or acquired or otherwise obtained or created in the future and that the Mortgage created hereunder over such future assets shall become effective in respect of such future assets as of the date of their respective acquisition, creation, issue or obtaining (or acquisition of rights in any other way by the Mortgagor), and the ranking of the Mortgage over such assets shall be the ranking given at the moment of registration of the first Registration Notice hereunder with the National Registry without any additional registration or formality being necessary, in accordance with Articles 1228, 2365, 2387 and 2392 of the Civil Code of Romania.

* 1. Future Obligations

The Parties hereby agree that any and all future Disbursements and any and all future obligations under the Loan Agreement shall be covered by the Mortgage created under this Agreement, that shall maintain its ranking throughout the entire Mortgage Period, pursuant to Article 2370 of the Civil Code of Romania.

* 1. Registration of Mortgage
     1. The Mortgagor shall:
        1. within two (2) Business Days of the date hereof or (as applicable) any amendment hereto, register the Mortgage contemplated hereby in the records of the Mortgagor, in accordance with the Local Public Finance Law and within two (2) Business Days thereafter provide the Bank with the evidence of such registration which is satisfactory to the Bank;
        2. within fifteen (15) Business Days of the date hereof register a Registration Notice in respect of the Mortgage created hereunder with the National Registry, at its own cost and expense and deliver to the Bank the original initial Registration Notice (*aviz initial*) certified by the National Registry's operator who has carried out the registration with the National Registry;
        3. within fifteen (15)Business Days of the date of any change of headquarters or, as applicable, of the date of any amendment hereto, register, subject to receiving all consents and/or powers of attorney required by law, a Registration Notice in respect of the Mortgage created hereunder with the National Registry, at its own cost and expense and deliver to the Bank the original initial (*aviz initial*) Registration Notice (or, as applicable, the original modifying (*aviz modificator*) Registration Notice to reflect any change of headquarters) certified by the National Registry's operator who has carried out the registration with the National Registry;
        4. in respect of the MortgagedAccounts listed in Schedule 1, within five (5) Business Days of the date hereof or any amendment hereto, deliver to Craiova Municipality Treasury a notice in form and substance conforming to that set forth in attached Schedule 2 and within two (2) Business Days thereafter provide the Bank with the evidence of such notice given to Craiova Municipality Treasury which is satisfactory to the Bank;
        5. deliver within five (5) Business Days from the date of notification any other document, recording, filing, notification, registration, notarisation or other evidence which has been notified by the Bank to the Mortgagor, in form and substance satisfactory to the Bank and in accordance with the law;
        6. at the latest ninety (90) Business Days before each and every fifth year anniversary of the registration of this Agreement with the National Registry or any other date provided under Romanian law, cause the filing of a new Registration Notice with the National Registry for purposes of ensuring the continuing validity and perfection of the Mortgage arising hereunder, in accordance with the legal provisions in force at that time; and
        7. at all times for the duration of this Agreement, register or otherwise notify third parties, if at any time, Romanian legislation requires or permits any registration of the Bank's Mortgage over the Mortgaged Property to be registered or otherwise notified to third parties, and the Mortgagor undertakes to immediately register such Mortgage and to take all other necessary actions in order to ensure that the Bank continues to have good and enforceable Mortgage in respect of the Mortgaged Property and promptly notify the Bank in writing of each such registration forthwith upon the same being effected.
     2. In the event that the description of the Mortgaged Property as initially registered with the National Registry does not cover the Proceeds related to the Mortgaged Property (except for the amounts/monies whose origin may be established), the Bank may, or the Mortgagor, at the request of the Bank shall, register with the National Registry an amending Registration Notice within 15 days as of the date the Mortgagor obtained those Proceeds for the purpose of maintaining the ranking of the Mortgage over those Proceeds, in accordance with Article 2412 of the Civil Code of Romania.
     3. In case of any discrepancies between the information registered in the Registration Notice as registered with the National Registry and the information herein, the information herein shall prevail.
  2. Right of Lender to register

The Mortgagor hereby acknowledges and agrees that the Lender shall have the right (but not an obligation) without notice to the Mortgagor, on the Mortgagor's expense, to file, to amend or to renew the relevant Registration Notice with the National Registry according to the applicable legal provisions and/or to make all and any notification or registration with any applicable registry and take any other steps permitted by law to ensure that the Mortgage created hereunder is and continues to be a valid and legal Mortgage, fully opposable and enforceable against the Mortgagor and third parties.

* 1. Dealing with the Mortgaged Property

Notwithstanding Section 4.1 (*Mortgage*) above, until the occurrence of an Event of Default and provided that the Mortgagor has not been discharged from the Mortgage hereby created, the Mortgagor will:

deal with its property within the Mortgaged Property in the ordinary course of its business but in any case only as permitted under the Loan Agreement; and

collect, get in and realise all the respective Proceeds in the ordinary course of its business but in any case only as permitted under the Loan Agreement.

1. Continuing Mortgage

This Mortgage shall constitute and be a continuing Mortgage notwithstanding any settlement of account or reduction or repayment of the Secured Obligations as from time to time outstanding and due to the Lender and shall be in addition to and shall not be in any way prejudiced or affected by any collateral or other security created by the Mortgagor in favour of the Lender or any other movable securities, or guarantees which may now or at any time hereafter be held or judgment or order obtained by the Lender for all or any part of the Secured Obligations nor shall any such collateral or other security, judgment or order or any pledge to which the Lender may be otherwise entitled (including any security, charge or lien prior to the date hereof on the Mortgaged Property or any part thereof) or the liability of the Mortgagor or any others not Parties hereto for all or any part of the Secured Obligations be in anyway prejudiced or affected by this Mortgage.

1. Covenants by the Mortgagor
   1. Affirmative covenants by the Mortgagor

The Mortgagor hereby undertakes and covenants with the Lender:

* + 1. *Mortgaged Accounts and Account Moneys and Claims*
       1. In respect of each of the MortgagedAccounts:
          1. ensure that the Account Moneys and Claims shall be cashed through the MortgagedAccounts in a timely manner;
          2. unless otherwise specified in this Agreement or in other Financing Agreements, to deposit or to cause the deposit in the MortgagedAccounts of all monetary Proceeds of the Mortgaged Property;
       2. Following the execution of this Agreement and for the duration of the Mortgage Period, on each and every occasion that the Mortgagor opens a Mortgaged Account where Charged Revenues are received and not listed in Schedule 1 (*MortgagedAccounts*):
          1. within five (5) Business Days from the day on which such new Mortgaged Account is opened execute an amendment to this Agreement to include such new MortgagedAccount in Schedule 1 (*MortgagedAccounts*) (by delivery to the Lender of a notice in the form provided in Schedule 3 (*Notice and Acknowledgement of Amendment*) hereof and of an updated list of MortgagedAccounts in the form provided by Schedule 1 (*MortgagedAccounts*) hereof, to include such new Mortgaged Account in Schedule 1 (*MortgagedAccounts*));
          2. comply with the requirements of Sub-section 6.1.1 (*MortgagedAccounts and Account Moneys and Claims*) paragraphs (a) above and with Section 4.6 (*Registration of Mortgage*); and
          3. in case the Mortgaged Account is opened with a credit institution, obtain the acknowledgement and acceptance from the credit institution for providing the Bank with the control in the sense of Articles 2410 of the Civil Code with respect to such new Mortgaged Account, in form and substance satisfactory to the Bank, within five (5) Business Days of opening a new Mortgaged Account.
    2. *Notification of Default*

Notify the Lender immediately of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

* + 1. *Litigation*

Promptly upon becoming aware of the same, shall inform in writing the Lender with respect to the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against the Mortgagor (or against the directors of the Mortgagor) in relation to the Mortgaged Property or any material part thereof.

* + 1. *Material adverse effect*

Promptly upon becoming aware, the Mortgagor shall inform the Lender of any event having a material adverse effect on the Mortgaged Property.

* + 1. *Budgetary credits.*

The Mortgagor hereby undertakes and covenants with the Bank that the Mortgagor will:

* + - 1. take or cause to be taken all actions necessary or advisable in order to ensure that the payment obligations under this Agreement or the Loan Agreement, even in the case of enforcement under Section 7 (*Enforcement*) of this Agreement, are included in the respective chapter of expenses of the Mortgagor’s local budget; and
      2. take or cause to be taken all actions necessary in order to ensure that all necessary measures, including adequate budgetary credits transfers (*virări de credite bugetare*) are made or will be made by the competent main financial budgets managers (*ordonatori principali de credite bugetare*), as the case may be, so as payments under this Agreement or the Loan Agreement are duly made, even in the case of enforcement under Section 7 (*Enforcement*) of this Agreement.
  1. Negative Covenants by the Mortgagor

Save as otherwise agreed under the Loan Agreement, the Mortgagor hereby undertakes and covenants with the Lender that the Mortgagor will not:

* + 1. *Negative pledge*

Save for the Existing Security, create, grant or permit to subsist any security over the whole or any part of the Mortgaged Property. No security interest created over the Mortgaged Accounts and Charged Revenues after the date of this Agreement will be valid without the prior written consent of the Bank if such security interest affects the ranking of the Mortgage. For the avoidance of any doubt, the Parties hereby agree that this Section 6.2 (*Negative Covenants by the Mortgagor*) is not essential (*determinant* in Romanian) for the purposes of this Agreement and the prohibition imposed on the Mortgagor against a disposal of the Mortgaged Property as set out in Sections 6.2.1 to 6.2.3 hereof shall subsist for as long as any part of the Secured Obligations remains outstanding, but in any event will not subsist for more than 49 years as of the date of this Agreement.

* + 1. *No transfer (disposal)*

Transfer, sell, assign, dispose of, or otherwise alienate, any right of ownership or any dismemberment thereof or any other right or interest in the whole or any part of the Mortgaged Property, otherwise than in the ordinary course of business.

* + 1. *No waiver*

Waive, release, settle, compromise or abandon any claim under or in connection to the Charged Revenues, MortgagedAccounts and Account Moneys and Claims or do or omit to do any other act or thing whereby the recovery in full of any proceeds of the Charged Revenues and monetary Proceeds as and when they become mature may be impeded.

* 1. Remedy

If the Mortgagor shall fail to perform any of the covenants contained in this Section 6 (*Covenants by the Mortgagor*) the Lender may (but shall not be obliged to) remedy such failure at the Mortgagor's expense either itself or through any other person and on such terms as the Lender shall consider appropriate.

1. Enforcement
   1. Enforceability

At any time following the occurrence of an Event of Default, the Lender may enforce the Mortgage hereby created. The Lendermay enforce all or any part of the Mortgage constituted herein and in any order that the Lender may choose.

* 1. No implicit waiver

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

* 1. Authorisation

Forthwith upon the Mortgage over the Mortgaged Property hereby constituted having become enforceable, the Lender and each of its officers and/or representatives are hereby irrevocably authorised and empowered to take any steps which may be necessary or useful in realising or otherwise dealing with the Mortgaged Property.

* 1. No liability

Neither the Lender nor its agents, managers, officers, employees, delegates and advisers shall be liable for any claim, demand, liability, loss, damage, cost or expense incurred or arising in connection with the exercise or purported exercise of any rights, powers and discretion hereunder in the absence of gross negligence or wilful misconduct.

* 1. Means of enforcement

In connection with the enforcement of this Agreement, the Lender has the discretion, in order to ensure the recovery of the Secured Obligations from the Mortgagor, to:

as regards the MortgagedAccounts over which the Lender has no control in accordance with Article 2410 paragraph (2) from the Civil Code of Romania, notify the Craiova Municipality Treasury or the banks that the MortgagedAccounts are opened with, of its intention to recover the Secured Obligations from the moneys deposited in the respective MortgagedAccounts, and instruct the Craiova Municipality Treasury or such banks to freeze all the MortgagedAccounts and any payments from such MortgagedAccounts and maintain such MortgagedAccounts frozen and to release the balance of the MortgagedAccounts in his favour for the purpose of recovering the Secured Obligations; and/or

as regards the Account Moneys and Claims, it may set off any amount of the available Account Moneys and Claims collected by the Mortgagor, against any owed Secured Obligations; and/or

take over the Proceeds on account of the Secured Obligations, the amount of the Secured Obligation decreasing, in any case, according to the value of the Proceeds taken over; and/or

take any action that is permitted under Romanian law in order to recover the Secured Obligations, including to carry out any registration, notification or other formalities necessary or desirable to enable the Lender or any third party buyer of the Mortgaged Property or of any part thereof to take full and beneficial title to such Mortgaged Property or part thereof; and/or

obtain from the Mortgagor on demand the payment of all and any outstanding Secured Obligations; and/or

convert any amounts of money recovered in the currency of the Secured Obligations at the exchange rate charged by it and compensate these amounts against any Secured Obligations; and/or

utilise any combination of the methods set forth above in this Section 7.5 (*Means of enforcement*) paragraphs (a) to (f) above for the purpose of satisfying the obligations of the Mortgagor hereunder and under the other Financing Agreements;

and the Lender shall apply the proceeds of enforcement towards the satisfaction of the Secured Obligations.

Notwithstanding the above, in any event in which the Mortgagor does not pay any amounts when due to the Bank, in order to enforce the Mortgage, the Bank shall have the right to send to the Mortgagor and the Craiova Municipality Treasury a notice of payment ("*somatie de plata*") (the "**Notice of Payment**") through an enforcement officer, by which to demand immediate payment of all outstanding amounts.

In accordance with the provisions of Article 2 and Article 5 of the Government Ordinance No. 22/2002 regarding the enforcement of payment obligations of public institutions, established under writs of execution, should the enforcement of payment obligations arising from or in connection with the Loan Agreement or this Agreement not begin or continue due to lack of funds, the Mortgagor has the obligation to, within thirty (30) days from the receipt of a Notice of Payment by the Mortgagor, make all necessary actions to fulfil its payment obligations.

If the Mortgagor and/or the Craiova Municipality Treasury fail to comply with their obligation to pay under the terms set out in this clause, the Bank has the right to require the continuation of the enforcement proceedings according to the Romanian Civil Procedure Code and/or to other legal provisions applicable in the matter, including the provisions of the Civil Code.

* 1. Partial recovery

The Parties agree that no partial recovery of the Secured Obligations, by way of: (i) enforcement, irrespective of method, under this Agreement, or (ii) otherwise, will result in the termination, or otherwise impairment of the remaining Secured Obligations and these shall survive until their unconditional and irrevocable payment and discharge in full in accordance with the Loan Agreement, and the Mortgagor hereby expressly waives the provisions of paragraph (a) of Article 2.463 of the Civil Code of Romania.

* 1. Cooperation to enforcement

In the event of enforcement carried out under this Agreement, the Mortgagor hereby undertakes to carry out and complete any and all formalities required by Romanian law to enable the Lender (and/or, as appropriate, the person(s) to whom the Lender will sell or dispose of the Mortgaged Property as aforesaid) to take full and beneficial title to such assets and further undertakes not to obstruct or delay the enforcement proceedings against the Mortgaged Property or any part thereof.

1. Further Assurances
   1. Assurances

The Mortgagorshall promptly do all such assurances, acts, deeds and things and/or execute all such documents (including any amendment to this Agreement, assignments, transfers, pledges, charges, notices and instructions) and take all such action as is available to it (including making all filings and registrations) as the Lender may specify (and in such form as the Lender may require):

to create, register, maintain, perfect, extend or protect the Mortgage hereby created (or, as the case may be, intended to be created) or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to this Agreement, the other Financing Agreements or by law;

to confer on the Lender a Mortgage over any new assets of the Mortgagor equivalent to or similar to the Mortgage intended to be conferred by or pursuant to this Agreement; and/or

following the occurrence of an Event of Default, to facilitate the appropriation or enforcement by or on behalf or for the benefit of Lender of the Mortgaged Property or any part thereof.

* 1. Authorisations

The Mortgagor shall promptly:

obtain, comply with and do all that is necessary to maintain in full force and effect; and

upon request of the Lender supply certified copies to the Lender of,

any authorisation required under any law or regulation of Romania to:

enable it to perform its obligations hereunder,

ensure the legality, validity, enforceability or admissibility in evidence in Romania of this Agreement; and

enable it to own its assets and to carry on its business, trade and ordinary activities as currently conducted.

1. Notices
   1. Any notice made under this Agreement shall be in writing and shall observe Clause 7.02 (*Notices*) of the Loan Agreement.
   2. The Lendermay notify the Mortgagor in respect of any change of its headquarters. The Mortgagor undertakes, on his expenses, to give notice to the Lender regarding any change in its headquarters and to register at the National Registry any change of the registered office, of a party to this Agreement.
2. Miscellaneous
   1. Amendment

No amendment to this Agreement shall be effective unless made in writing and signed by the authorised representatives of each of the Parties.

* 1. Severability

The invalidity or unenforceability of any part of this Agreement shall not prejudice or affect the validity or enforceability of the remainder.

* 1. Successors

This Agreement is binding for the Mortgagor and its successors and shall benefit to the Lender, their successors, transferees and assigns and to the ones to which this/those have transferred rights and obligations by way of novation. The Mortgagor shall not assign, novate or otherwise transfer all or any part of its rights or obligations under this Agreement, without written consent of the Lender. Subject to the provisions of the Financing Agreements, the benefit of this Agreement may be assigned, transferred or otherwise disposed of, in whole or in part, under and if the conditions of the Loan Agreement allow it, by the Lender (and this Mortgage shall continue for the benefit of any transferee of the Lender upon any transfer by novation, subrogation, assumption of debt, assignment of contract or other transfer made by the Lender with respect to any of its rights and obligations under any Financing Agreement).

* 1. Writ of execution

This Agreement is writ of execution (*titlu executoriu*), in accordance with Article 2.431 of the Civil Code of Romania.

* 1. Waiver of rights
     1. All payments due to Lender under this Agreement shall be made, without set-off, counterclaimor withholding.
     2. Other than expressly permitted under the Financing Agreements the Mortgagor waives any right to avoid liability or obligations or raise defences on the basis of hardship (*impreviziune*), force majeure (*forţă majoră*) or unforseable event (*caz fortuit*).
     3. The Mortgagor waives the right to request and obtain the diminishment or the termination of the Mortgage created under this Agreement, as such rights are provided by Article 2.371 paragraph (2) of the Civil Code of Romania, and accepts the consequences of this waiver, in the event in which the refusal of the Lender to disburse the relevant amounts under the Loan Agreement as provided under this article from the Civil Code of Romania is triggered due to the Mortgagor's fault or the fault of third parties for which the Mortgagor may be held liable.
  2. Governing Language

The governing language of this Agreement is English. All certificates, instruments and other documents to be delivered under or supplied in connection with this Agreement shall be in the English language or shall be accompanied by a certified English translation upon which the Lender shall be entitled to rely.

* 1. Schedules

Schedules from 1 to 3 hereto form an integral part of this Agreement.

* 1. Number of originals executed

This Agreement has been executed in 6 (six) identical originals, 3 (three) in English and 3 (three) Romanian language, (2 (two) originals of each language for the Lender and 1 (one) of each language for the Mortgagor), signed by the respective authorised representatives of the Parties. In the event of any discrepancy or inconsistency between the English and Romanian language versions of this Agreement, the terms of the English language versions shall prevail and shall be governing between the parties.

* 1. Acknowledgement and understanding of risks
     1. The Mortgagor hereby represents as follows:
        1. It received an executed copy all Financing Agreements to which it is a party, and it hereby confirms their receipt;
        2. It concludes this Agreement on its behalf and in its own name, and not as a proxy, agent, trustee or fiduciary of another person;
        3. It decided to conclude this Agreement independently, based on its own analysis or, where it deemed necessary, upon relying on the judicial, financial or technical expertise of external independent consultants which it selected. It does not rely on any written or oral communication from the Lender as regards its decision to conclude this Agreement;
        4. It is capable to understand (either by itself, or with the assistance of any consultants it deemed necessary) and it understands, accepts and undertakes the content of all (internal and external) clauses and all rights and obligations deriving under the conclusion of this Agreement and of the Financing Agreements, as well as the terms, conditions and risks deriving under this Agreement and the other Financing Agreements to which it is a party;
        5. It negotiated each clause of this Agreement with the Lender. For the purpose of this clause, negotiation means both the exchange of suggestions by the parties which resulted in a final agreement with respect to certain clauses, as well as the full acceptance, without reserve by one party of the clauses suggested by the other party.
     2. This Agreement is the result of the negotiation between the Parties and it represents the full agreement of the Parties with respect to absolutely all the essential and secondary aspects of this Agreement. In particular, the Mortgagor hereby states that, for the purpose of Article 1203 of the Civil Code of Romania, it understands and accepts the provisions of Sections 3 (*Covenant to Pay*), 4 (*Mortgage*), 6 (*Covenants by the Mortgagor*), 7 (*Enforcement*), 8 (*Further assurances*), 10 (*Miscellaneous*) and 12 (*Governing law and jurisdiction*) of this Agreement.

1. Termination AND RELEASE
   1. Termination and release

This Agreement shall terminate and the Mortgaged Property shall be discharged upon the delivery by the Lenderto the Mortgagor of a written acknowledgment of satisfaction of full and final payment of all sums and liabilities which are or may become owed under the Financing Agreements, which shall be provided subject to the Lender being satisfied that the Lender is under no further obligations under the Financing Agreements to make any other amount available or to provide any further financial accommodation to the Mortgagor.

* 1. Deregistration

The Lender shall take all reasonable actions (on the Mortgagor's expense) in assisting the Mortgagor to deregister the Mortgage registered in the National Registry after the discharge has occurred.

* 1. Unilateral termination

The Mortgagor may not unilaterally terminate (*denunţare unilaterală*) this Agreement.

1. Governing Law and Jurisdiction
   1. Governing law

The present Agreement as well as the non-contractual obligations arising out of or in connection therewith shall be governed by and construed in all respects in accordance with the laws of Romania.

* 1. Jurisdiction
     1. Any dispute, controversy or claim arising out of or relating to (1) this Agreement, (2) the breach, termination or invalidity hereof or (3) any non-contractual obligations arising out of or in connection with this Agreement shall be settled by arbitration in accordance with the UNCITRAL Rules. There shall be one arbitrator and the appointing authority shall be the LCIA (London Court of International Arbitration). The seat and place of arbitration shall be London, England and the English language shall be used throughout the arbitral proceedings. The parties waive any rights under the Arbitration Act 1996 or otherwise to appeal any arbitration award to, or to seek determination of a preliminary point of law by, the courts of England. The arbitral tribunal shall not be authorised to grant, and the Mortgagor agrees that it shall not seek from any judicial authority, any interim measures or pre-award relief against the Bank, any provisions of the UNCITRAL Rules notwithstanding. The arbitral tribunal shall have authority to consider and include in any proceeding, decision or award any further dispute properly brought before it by the Bank (but no other party) insofar as such dispute arises out of this Agreement, but, subject to the foregoing, no other parties or other disputes shall be included in, or consolidated with, the arbitral proceedings. In any arbitral proceeding, the certificate of the Bank as to any amount due to the Bank under this Agreement shall be prima facie evidence of such amount.
     2. Notwithstanding clause 12.2.1 above, this Agreement and the other agreements contemplated hereby may, at the option of the Bank, be enforced by the Bank in any courts having jurisdiction. For the benefit of the Bank, the Mortgagor hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Romania with respect to any claim arising out of this Agreement or any other agreement contemplated hereby. The Mortgagor hereby irrevocably consents to the service of process by registered airmail postage prepaid to its address specified herein. Nothing herein shall affect the right of the Bank to commence legal proceedings against the Mortgagor in any manner authorised by the laws of any relevant jurisdiction.
     3. Nothing in this Agreement shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Bank accorded under the Agreement Establishing the European Bank for Reconstruction and Development, international convention or any applicable law. Notwithstanding the foregoing, the Bank has made an express submission to arbitration under clause 12.2.1 and accordingly, and without prejudice to its other privileges and immunities (including, without limitation, the inviolability of its archives), it acknowledges that it does not have immunity from suit and legal process under Article 5(2) of Statutory Instrument 1991, No. 757 (The European Bank for Reconstruction and Development (Immunities and Privileges) Order 1991), or any similar provision under English law, in respect of the enforcement of an arbitration award duly made against it as a result of its express submission to arbitration pursuant to clause 12.2.1.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement in their respective names by their duly authorised representatives on the day, month and year first above written.

1. [[2]](#footnote-2)  
   MortgagedACCOUNTS

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Type of Revenue** | **IBAN** | |
| 1. | Revenues from realisation of public institution assets | | RO02TREZ29121390201XXXXX | |
| 2. | Taxes and tariffs for the issuance of licences and operation authorisations | | RO05TREZ29121160203XXXXX | |
| 3. | Revenues from supply of services | | RO06TREZ29121330208XXXXX | |
| 4. | Entertainment related tax | | RO08TREZ29121150201XXXXX | |
| 5. | Special taxes | | RO08TREZ29121360206XXXXX | |
| 6. | Tax on transportation means owned by legal entities | | RO11TREZ2912116020202XXX | |
| 7. | Extra-judicial stamp duties | | RO14TREZ29121340202XXXXX | |
| 8. | Revenues from the sale of assets privately owned by the state or territorial administrative divisions | | RO18TREZ29121390207XXXXX | |
| 9. | State budget subsidies for health care finance | | RO19TREZ29121420241XXXXX | |
| 10. | Other income from supply of services and other activities | | RO21TREZ29121330250XXXXX | |
| 11. | Heating rehabilitation tax | | RO21TREZ29121360223XXXXX | |
| 12. | Other revenues from concessions and leases by public institutions | | RO23TREZ29121A300530XXXX | |
| 13. | Income tax from the transfer of real property from personal estate | | RO24TREZ29121030218XXXXX | |
| 14. | Payments from operation chapter to finance local budget development chapter | | RO24TREZ29121370203XXXXX | |
| 15. | Special deposits for housing | | RO26TREZ29121390210XXXXX | |
| 16. | Liquidities from proceeds collected for the state budget representing undue state aids | | RO26TREZ291503203X020581 | |
| 17. | Payments made during the previous years and recovered in the course of the current year in the local budget operation chapter | | RO34TREZ24A681501850101X | |
| 18. | Income tax itemized quotas | | RO35TREZ29121040201XXXXX | |
| 19. | Land tax and duties from legal entities | | RO36TREZ2912107020202XXX | |
| 20. | Buildings tax for individuals | | RO42TREZ2912107020101XXX | |
| 21. | Proceeds assigned from itemized quotas of income tax for local budget balance | | RO43TREZ29121040204XXXXX | |
| 22. | Itemized VAT derived proceeds to financedecentralised expenditure at municipality level | | RO44TREZ29121110202XXXXX | |
| 23. | Other income from administrative fees, authorisation issuance | | RO45TREZ29121340250XXXXX | |
| 24. | Dividends from businesses and national companies as well as state-controlled undertakings | | RO46TREZ2912130020803XXX | |
| 25. | Other ownership related income | | RO46TREZ29121300250XXXXX | |
| 26. | Hotel taxes | | RO49TREZ29121120207XXXXX | |
| 27. | Other taxes and fees | | RO49TREZ29121180250XXXXX | |
| 28. | Itemised VAT derived proceeds to finance private education | | RO49TREZ29121A110900XXXX | |
| 29. | Revenues from fines and other sanctions enforced by other specialised institutions | | RO49TREZ29121A350102XXXX | |
| 30. | Donations and sponsorships | | RO51TREZ29121370201XXXXX | |
| 31. | Operation chapter payments | | RO59TREZ29121370204XXXXX | |
| 32. | Profit tax from business entities | | RO60TREZ29121010201XXXXX | |
| 33. | Tax on transportation means owned by individuals | | RO61TREZ2912116020201XXX | |
| 34. | Subsidies in the form of aids destined for house heating with wood, coal, petrol fuels | | RO65TREZ29121420234XXXXX | |
| 35. | Proceeds collected for the local budget into the single account, to be distributed | | RO65TREZ29121A470400XXXX | |
| 36. | Liquidities from proceeds collected for the local budget | | RO67TREZ2915033XXX000315 | |
| 37. | Liquidities from itemized proceeds from realisation of movable and immovable assets subject to forced execution proceedings by territorial administrative divisions | | RO68TREZ2915059XXX006175 | |
| 38. | Other fines, penalties and seizures | | RO69TREZ29121350250XXXXX | |
| 39. | Payments from public institutions proceeds and/or liquidities | | RO70TREZ29121360205XXXXX | |
| 40. | Revenues from the disposal of state financed houses | | RO72TREZ29121390203XXXXX | |
| 41. | Other taxeson specific services | | RO74TREZ29121150250XXXXX | |
| 42. | State budget proceeds destined for financial adjustments | | RO75TREZ29121420262XXXXX | |
| 43. | Other property taxes and fees | | RO76TREZ29121070250XXXXX | |
| 44. | Parent contributions to child care in nursery facilities | | RO76TREZ29121330210XXXXX | |
| 45. | Payments from net profits made by autonomous entities | | RO77TREZ29121300201XXXXX | |
| 46. | Judicial stamp duties and other stamp duties | | RO80TREZ29121070203XXXXX | |
| 47. | Tax on land located outside the built-up areas | | RO83TREZ2912107020203XXX | |
| 48. | Tax on land owned by individuals | | RO86TREZ2912107020201XXX | |
| 49. | Itemized VAT derived proceeds for local budget balance | | RO87TREZ29121110206XXXXX | |
| 50. | Building tax and fee owed by legal entities | | RO89TREZ2912107020102XXX | |
| 51. | Other income | | RO93TREZ29121360250XXXXX | |
| 52. | Local budget surplus proceeds used to finance expenses under the development chapter | | RO93TREZ29121400214XXXXX | |
| 53. | Revenues from recovery of expenses incurred with forced execution proceeding | | RO94TREZ29121360214XXXXX | |
| 54. | Revenues form dividends from other payers | | RO96TREZ2912130020802XXX | |
| 55. | State budget subsidies to finance national interest programs destined for the local budget operation chapter | | RO97TREZ2912142025101XXX | |
| 56. | Other taxes on the use of goods, authorisation of use of goods or performance of activities | | RO98TREZ29121160250XXXXX | |
| 57. | County council budget subsidies for child protection | | RO98TREZ29121430201XXXXX | |
| 58. | Other proceeds from EU funding for 2014-2020 programs | | RO57TREZ29121A460400XXXX | |
| 59. | State budget subsidies to local budgets meant for supporting the development of projects based on EU grants related to 2014-2020 | | RO69TREZ29121A426900XXXX | |
| 60. | European Social Fund – proceeds received against payments made in the course of the current year | | RO47TREZ291A21480201XXXX | |
| 61. | Subsidies from the state budget to the local budget to finance repair works in the health care system | | RO59TREZ29121A42021602XX | |
| 62. | Subsidies from the state budget to the local budget to support the development of projects financed under post-accession foreign grants | | RO60TREZ29121420220XXXXX | |
| 63. | Proceeds allocated from the budget of ANCPI (Land Registry National Office)to financesystematic registration works underthe Cadastre and Land Book Program | | RO16TREZ29121A433400XXXX | |
| 64. | European Regional Development Fund (ERDF) –proceeds received against payments made in the course of the previous years | | RO05TREZ2912145020102XXX | |
| 65. | Liquidities held by public institutions from revenues collected under G.D. no. 1235/2010 | | RO64TREZ2915012XXX014126 | |
| 66. | Subsidies from the state budget to the local budgets for financing medical equipment and emergency communications equipment in health | | RO12TREZ2912142021601XXX | |
| 67. | European Regional Development Fund (ERDF) - Amounts received on account of payments made in the current year | | RO12TREZ29121A480101XXXX | |
| 68. | Revenue from recovery of costs, charges and damages | | RO27TREZ29121330228XXXXX | |
| 69. | European Social Fund (ESF) - Pre-financing | | RO38TREZ29121A480203XXXX | |
| 70. | European Regional Development Fund (ERDF) - Amounts received on account of payments made in previous years | | RO56TREZ29121A480102XXXX | |
| 71. | European Social Fund (ESF) - Amounts received from payments made in previous years | | RO91TREZ29121A480202XXXX | |

1. Notice of security

To: Craiova Municipality Treasury

Re: Mortgage on Treasury Accounts/Revenues

Dear Sirs,

We hereby give you notice that, by the Security Agreement originally dated4 December 2018, as amended on 14 November 2019 and as further amended and restated on \_\_\_\_\_\_\_\_\_\_ 2020, the Municipality of Craiova (the "**City**") created a Mortgage for securing an amount estimated in good-faith by the parties atEUR 36,300,000 (*ipoteca mobiliara*, in Romanian) on the City’s present and future own revenues comprising any and all own revenues of the City part of the local budget revenues as contemplated by Article 5 paragraph (1) letter (a) of the Local Public Finance Law, including, for the avoidance of doubt, all revenue resulting from taxes, fees, contributions, other payments and other quotas allocated from time to time from individual income tax collected from the Romanian state budget, which may be charged in accordance with the provisions of Article 63 of the Local Public Finance Law along with any other types of taxes, fees, contributions, payments, revenues and quotas which may be charged in favour of a third party in accordance with the provisions of any applicable law from time to time and any benefits and rights arising from or in connection with the previously mentioned revenues, as well as Treasury Accounts where the City receives the Charged Revenues, together with all amounts standing to the credit of such accounts from time to time and all and any claims of the City under or in relation to such accounts, provided that any reference to a Mortgaged Account includes any sub-accounts into which such account may be divided (and any account and sub-account, opened by any successor of the Craiova Municipality Treasury) in each case as such account or sub-account may from time to time be renumbered, renewed or re-designated, where such revenues are collected in favour of the European Bank for Reconstruction of Development (the "**Bank**"), as well as the proceeds (in Romanian: *fructe civile*) of any of the prior listed revenues and accounts, including any and all assets received by the City in exchange of or as a result of the administration or disposal of the revenues and accounts or which replaces one of the revenues or accounts and any and all current and future rights of the City, acquired or which may be acquired in connection with the revenues, accounts and proceeds described above.

Please be informed that all the required formalities applicable under Romanian law to make the Mortgage effective against third parties and secure the ranking in favour of the Bank have been complied with and the Mortgage is to be registered with the National Registry for Movable Publicity and in the records of the Municipality of Craiova, in accordance with the Local Public Finance Law.

Consequently, please be on notice that the following revenues and the following accounts/sub-accounts opened with the Craiova Municipality Treasury are secured in favour of the Bank:

|  |  |  |
| --- | --- | --- |
| **No.** | **Type of Revenue** | **Account/Sub-account No.** |
|  | [●] | [●] |
|  | [●] | [●] |
|  | [●] | [●] |
|  | [●] | [●] |

Yours truly,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

for and on behalf of

Municipality of Craiova

Name:

Title:

1. NOTICE AND ACKNOWLEDGEMENT OF AMENDMENT

To: European Bank of Reconstruction and Development

1 Exchange Square, EC2A 2JN, London

Attn: Operation Administration Department

Date: [●]

**Re: Security Agreement originally dated4 December 2018, as amended on 14 November 2019 and as further amended and restated on \_\_\_\_\_\_\_\_\_\_ 2020– Operation No. 50083**

In connection with the security agreement originally dated 4 December 2018,as amended on 14 November 2019 andas further amended and restated on \_\_\_\_\_\_\_\_\_\_ 2020 (the "**Mortgage Agreement**") between ourselves as Mortgagor and yourself in your capacity as Lender:

* + 1. We hereby inform you that we have opened certain new MortgagedAccounts.
    2. Therefore, in consideration of the relevant provisions of, and of our relevant undertakings under, the Mortgage Agreement, we hereby propose that the relevant Schedule of the Mortgage Agreement is amended as such amendments are evidenced in red colour in the relevant Schedule attached hereto which, as signed by the Lender and the Mortgagor, shall replace the initial relevant Schedule.

The terms not defined herein bear the meaning given to such terms in the Mortgage Agreement.

Kindly acknowledge that you have been informed of the situation described at point 1 of this notice and that you acknowledge the amendments provided at point 2 of this notice by signing the acknowledgment set out below and by signing the amendments made in the relevant Schedule attached hereto.

Yours faithfully,

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_[signature(s) and stamp]

[●]

**duly authorised for and on behalf of**

**MUNICIPALITY OF CRAIOVA**

We hereby acknowledge the situation described at point 1 of the notice dated [●] and we accept the amendments notified under point 2 of that notice as detailed in the Schedule attached hereto,

Yours faithfully

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[●]

**duly authorised for and on behalf of**

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**Date:** [●]

**Schedule to Notice and acknowledgement of amendment**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Type of Revenue** | **Account/Sub-account No.** | **Account Institution** |
|  | [●] | [●] | [●] |
|  | [●] | [●] | [●] |
|  | [●] | [●] | [●] |
|  | [●] | [●] | [●] |

**SIGNATURES**

**THE MORTGAGOR**

MUNICIPALITY OF CRAIOVA[[3]](#footnote-3)

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Mihail Genoiu

Title: Mayor

PUBLIC MANAGER

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Dumitru Cosmin Durle

Title: Public Manager

ECONOMIC – FINANCIAL DEPARTMENT

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Lucia Ştefan CFP visa: Insp. Rugeanu Simona

Crenguţa

Title: Deputy Executive Manager

INVESTMENTS, ACQUISITIONS AND TENDERS DEPARTMENT

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Maria Nuţă

Title: Executive Manager

PATRIMONY DEPARTMENT

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Ionuţ Gâlea

Title: Executive Manager

LEGAL, SPECIAL ASSISTANCE AND ADMINISTRATIVE DISPUTES DEPARTMENT

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: Ovidiu Mischianu

Title: Executive Manager

Address: 7 A.I.Cuza Street, 200585 Craiova

Attention: Mayor

Fax: +40-251-415-222

**THE LENDER**

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: One Exchange Square

London EC2A 2JN

United Kingdom

Attention: Operation Administration Department

Fax: +44-20-7338-6100

**PREŞEDINTE DE ŞEDINŢĂ,**

**Adrian COSMAN**

1. NOTE to CITY: To be confirmed if still in force. [↑](#footnote-ref-1)
2. To be updated/confirmed. [↑](#footnote-ref-2)
3. NOTE to CITY: Please confirm names of signatories. [↑](#footnote-ref-3)