

**GENERAL TERMS AND CONDITIONS TO SPECIAL PLEDGE CONTRACT****I. SUBJECT OF THE CONTRACT**

1. The present Contract is signed in the order of Law on Special Pledges and the pledge rights of the BANK refer to the chattels (goods in turnover, machinery, plant, equipment and/or motor vehicles) and/or the receivables explicitly specified in the Pledge Contract, briefly called "Pledged Property".
2. Pledge rights established by virtue of the present Pledge Contract also refer to all money amounts received from the eventual expropriation of the Pledged Property or compensations received thereof.

**II. PLEDGOR'S RIGHTS AND OBLIGATIONS**

3. The PLEDGOR has the right to use the pledged chattels in his/her/its enterprise in line with their regular purpose and taking due care. The BANK has the right to inspect the condition of the Pledged Property at all times, and the PLEDGOR is obliged to allow such inspections upon request.
4. By signing the present Pledge Contract, the PLEDGOR declares that he/she/it is the sole owner of the Pledged Property and has full rights to dispose with it, and that the Pledged Property is free of any encumbrances and no third parties have any rights and/or claims on it. The PLEDGOR shall be obliged to refrain from establishing any pledges in favour of third parties and to not otherwise encumber the Pledged Property.
5. The PLEDGOR shall be obliged to request and obtain the BANK'S consent prior to arranging for any deals of disposal with the Pledged Property not encompassed in his/her/its regular business activities. Should the PLEDGOR breach such obligation, he/she/it shall owe the BANK a penalty in the amount of 10% of the loan amount as per the Loan Contract.
6. In the case of pledges on future property (i.e. when the property is to be purchased with funds from the loan), the PLEDGOR shall be obliged to acquire the property within the term stated in the Loan Contract and to provide the BANK with proof thereof.

**III. SPECIFIC PROVISIONS APPLICABLE TO PLEDGES ON RECEIVABLES**

7. The PLEDGOR is obliged to provide the BANK with the original written notification to the debtor for the constitution of a pledge on the receivable within 3 business days from signing the Special Pledge Contract. The notification should fulfil the requirements of article 17 of the Law on Special Pledges, have been duly accepted by the debtor for the pledged receivable and bear the date of receipt, the legal representative's signature and stamp.
8. The PLEDGOR is obliged to redirect the pledged receivable to the accounts indicated in the Loan Contract within 3 days from signing the Pledge Contract. The PLEDGOR gives his/her/its irrevocable and explicit consent for the BANK to collect *ex officio* its due receivables arising from the Loan Contract from the PLEDGOR's accounts with it.
9. The PLEDGOR is obliged to immediately inform the BANK should the contract constituting the pledged receivable be terminated for any reasons or should the value of the pledged receivable fall below the amount stated in the Loan Contract.
10. The PLEDGOR is obliged to inform the BANK in writing of all proceedings and procedures involving the pledged receivable, as well as of all legal and actual acts which lead to transfer or establishment of rights in favour of third parties with reference to the pledged receivable, or to a change in its identity.
11. In the event that the pledged receivable is collected prior to the final completion of the borrower's obligations pursuant to the Loan Contract, the PLEDGOR shall be obliged to deposit the amount received with the BANK.

**IV. REGISTRATION OF THE PLEDGE IN THE SPECIAL REGISTER**

12. The Pledge Contract takes effect from the date of its signing by the PARTIES and is effective until all due amounts pursuant to it are repaid in full.

13. The PLEDGOR shall also be obliged to provide the BANK with a certificate for the circumstances registered under his/her/its batch from the Central Register of Special Pledges indicating the BANK as the first-rank pledge creditor with reference to the Pledged Property; the certificate shall be provided within 7 days from signing the present Pledge Contract. All costs for pledge registration/deregistration and issue of certificates for registered circumstances in the PLEDGOR's batch shall be borne by the PLEDGOR.

**V. SATISFYING THE BANK'S CLAIMS**

14. In the event that for whatever reason provisioned in the Loan Contract, Pledge Contract, or the prevailing law, the BANK terminates the Loan Contract before its term and all its receivables pursuant to the Contract are demanded immediately and prior to their terms, having received the notification for initiation of proceedings as per article 33, paragraph 1 of the Law on Special Pledges, the PLEDGOR shall be obliged to refrain from disposing of the Pledged Property in either an evident or hidden way, as well as to not undertake any evident or hidden actions to depreciate its value. In such an event the BANK shall have the right to take possession of the Pledged Property, and it shall be entitled to store it at a location of its choice, while costs and risks shall be borne by the PLEDGOR.

**VI. NON-FULFILMENT**

15. Should the PLEDGOR fail to fulfil any of his/her/its obligations set out in the Pledge Contract, then he/she/it shall bear full financial liability for losses suffered by the BANK resulting from such failure.

- 15.1. If the PLEDGOR, in violation of the Special Pledges Act, establishes a subsequent pledge on the assets pledged to the Bank without its previous consent, the Bank shall have the following rights:
  - To make the entire credit pre-term chargeable;
  - To charge a penalty of 5% of the principal amount (regular and overdue).

**VII. NOTIFICATIONS**

16. All notifications referring to the present Contract shall be deemed received by the relevant PARTY if delivered personally or sent to the correspondence address designated in the present Contract.

**VIII. APPLICABLE LAW**

17. For any matters not settled in the present Contract, the Law on Special Pledges and the applicable legislation shall apply.
18. In case of discrepancies between the contents of the Pledge Contract and these General Terms and Conditions, the clauses of the Pledge Contract shall prevail.

**These General Terms and Conditions to Special Pledge Contract apply to all special pledge contracts of ProCredit Bank (Bulgaria) EAD. They were approved by the Management Board of ProCredit Bank (Bulgaria) EAD on 07.10.2013 and are effective as of 21.10.2013.**

**These General Terms and Conditions for Special Pledge Contract were approved by the Management Board of ProCredit Bank (Bulgaria) EAD with Protocol №677/ 15.08.2018, effective as of 03.09.2018.**

**This translation from Bulgarian into English of the General Terms and Conditions to Special Pledge Contract is provided for information purposes only. The Bulgarian original text remains the only legally enforceable version.**