

LESSON 12

CONTRACT LAW

1. Examine the table given below. Learn the terms contained therein:

TERM	TRANSLATION
to conclude (enter into) a contract	заключить договор
to execute a contract (document)	оформлять (совершать, подписывать) договор
to seal a contract	скреплять договор печатью
common seal	печать организации
bilateral contract	двусторонний договор
multilateral contract	многосторонний договор
certification	нотариальное удостоверение
notarization	нотариальное удостоверение
remunerative contract	возмездный договор
gratuitous contract	безвозмездный договор
consideration	встречное удовлетворение
nominate contracts	договоры определенного вида
mixed contracts	смешанные договоры
suspensive condition	отлагательное условие
resolutive condition	отменительное условие
identification of parties	обозначение сторон
preamble	преамбула
rules of interpretation	правила толкования

representations and warranties	заявления и гарантии
covenant	обязательство
default and penalties	неисполнение обязательств и штрафные санкции
indemnity undertakings	гарантии возмещения убытков
effective term and termination	срок действия и расторжение
applicable law and dispute resolution	применимое право и порядок расторжения споров
miscellaneous	прочие положения

2. Translate into English:

Когда две или более сторон приходят к соглашению об установлении, изменении или прекращении гражданских прав или обязательств, они *заключают договор*. Договор должен быть *оформлен или совершен* надлежащим образом. Обычно это означает, что он должен быть подписан, а в случае юридического лица - также скреплен официальной печатью (*печатью организации*). Надлежащее оформление договора также может включать в себя *нотариальное удостоверение*.

Договоры могут быть:

- *двусторонними и многосторонними*;
- *возмездными и безвозмездными (со встречным удовлетворением или без такового)*;

Стороны могут вступать в договорные отношения, предусмотренные законом (*договоры определенного вида*), или

в иные договорные отношения по собственному усмотрению (обычно подобные договоры именуются *смешанными*).

Основные виды договоров включают в себя, помимо прочего, договор купли-продажи, договор аренды, агентский договор, договор о предоставлении услуг, договор займа (кредитный договор), договор поручительства, банковские гарантии, договор уступки требования (уступки прав и обязательств), договор залога/ипотеки и т.п.

Договор может быть заключен под *отлагательным* или *отменительным* условием.

Типовой английский договор имеет следующую структуру:

1. Обозначение сторон (сведения о сторонах) (с указанием их наименований, места учреждения, юридического адреса и лиц, действующих от их имени).
2. Преамбула.
3. Термины, определения, правила толкования.
4. Существенные условия (в зависимости от типа договора, например, условия продажи, поставки, платежа, либо суммы займа, процентов, погашения, либо прав и обязанностей агента и т.д.)
5. Заявления и гарантии; обязательства о совершении действий, обязательства о воздержании от действий.
6. Неисполнение обязательств и штрафные санкции (ответственность сторон), гарантия возмещения убытков.
7. Срок действия и расторжение.
8. Применимое право и порядок разрешения споров.
9. Прочие положения: уведомления, изменения, самостоятельность положений, отказ от прав, уступка прав и обязательств, язык договора, экземпляры.

3. Find the appropriate Russian terms for these types of contracts:

- sale and purchase contract
- lease
- agency contract
- loan / credit contract
- suretyship contract
- bank guarantee
- assignment (contract)
- pledge contract
- mortgage contract.

4. Identify the structure of a typical English contract.

5. Examine the chart. Learn the contents thereof.

Type of Contract	Parties		Examples
Договор купи- продажи <i>Sale (and Purchase) Agreement</i>	Продавец <i>Seller</i>	Покупатель <i>Buyer / Purchaser</i>	The Seller shall sell to the Purchaser and the Purchaser shall accept and pay for the Products specified in Annex 1 hereto.

<p>Договор поставки</p> <p><i>Supply Agreement</i></p>	<p>Поставщик</p> <p><i>Supplier</i></p>	<p>Покупатель</p> <p><i>Buyer / Purchaser</i></p>	<p>Any goods delivered by the Supplier to the Purchaser hereunder shall be accepted by the Purchaser in accordance with Section 3.1 hereof.</p>
<p>Договор подряда (<i>Work</i>) <i>Contract</i></p>	<p>Подрядчик</p> <p><i>Contractor</i></p>	<p>Заказчик</p> <p><i>Customer</i></p>	<p>In the performance of the work, the Contractor shall comply with all instructions of the Customer consistent with the Statement of Work.</p>
<p>Договор (возмездного) оказания услуг <i>Service(s) Agreement</i></p>	<p>Исполнитель</p> <p><i>Provider</i></p>	<p>Заказчик</p> <p><i>Customer</i></p>	<p>The Customer shall pay for any services rendered by the Provider hereunder at the rates indicated in the Provider's then current Fee Schedule.</p>
<p>Договор аренды <i>Lease (Agreement)</i></p>	<p>Арендодатель</p> <p><i>Lessor / Landlord</i></p>	<p>Арендатор</p> <p><i>Lessee / Tenant</i></p>	<p>The Landlord shall ensure free and unrestricted access to the Leased Premises for the Lessee, its employees, clients and invitees.</p>

<p>Договор займа <i>Loan Agreement</i></p>	<p>Займодавец <i>Lender</i></p>	<p>Заемщик <i>Borrower</i></p>	<p>The Borrower shall repay the Loan forthwith upon receipt of a Default Notice from the Lender</p>
<p>Кредитный договор <i>Credit/Loan Agreement</i></p>	<p>Кредитор <i>Lender / Creditor</i></p>	<p>Заемщик <i>Borrower</i></p>	<p>The Borrower shall pay interest to the Creditor on the outstanding principal of the Loan at a rate of LIBOR plus 3% per annum.</p>
<p>Агентский договор <i>Agency Agreement</i></p>	<p>Агент <i>Agent</i></p>	<p>Принципал <i>Principal</i></p>	<p>The Agent shall act as the Principal's agent with respect to the marketing and sale of the Products in the Territory.</p>
<p>Договор доверительного управления <i>Trust Deed / Deed of Settlement</i></p>	<p>Доверительный управляющий <i>Trustee</i></p>	<p>Учредитель управления <i>Settlor</i></p>	<p>A trust is a relationship created by a "settlor" whereby during his lifetime he transfers assets to a "trustee" for the benefit of another person or class of persons called "beneficiaries".</p>

<p>Договор залога <i>Pledge Agreement</i></p>	<p>Залогодатель <i>Pledgor</i></p>	<p>Залогодер- жатель <i>Pledgee / Pledgeholder</i></p>	<p>If at any time any of the Pledged Assets are lost or damaged, the Pledgor shall pledge to the Pledgee new assets instead of such lost or damaged Pledged Assets so that the value of the Pledged Assets after such replacement shall be not less than stipulated in Article 2.1 hereof.</p>
<p>Договор ипотеки</p>	<p>Залогодатель <i>Mortgagor</i></p>	<p>Залогодер- жатель <i>Mortgagee</i></p>	<p>The Land Plot mortgaged to the Mortgagee hereunder shall remain in the possession and use of the Mortgagor.</p>
<p>Договор поручи- тельства <i>Suretyship Agreement</i></p>	<p>Поручитель <i>Surety</i></p>	<p>Кредитор <i>Creditor</i></p>	<p>In any of the events listed in (a) through (d) above, the Surety shall pay the full amount of the Obligations promptly upon demand of the Creditor.</p>

<p>Договор банковской гарантии <i>Guarantee (Agreement)</i></p>	<p>Гарант <i>Guarantor</i></p>	<p>Бенефициар <i>Beneficiary</i></p>	<p>On request by, and at the expense of, the guarantee debtor, we, as the Guarantor hereunder, guarantee payment to the Beneficiary on his first request of a sum not exceeding the accumulated maximum guarantee amount.</p>
<p>Договор страхования <i>Insurance Policy</i></p>	<p>Страховщик <i>Insurer</i></p>	<p>Страхователь <i>Insurant</i> Застрахованное лицо <i>Insured</i> Выгодоприобретатель <i>Beneficiary</i></p>	<p>The Insurant shall promptly notify the Insurer of any changes in the address or any other material details of the Insurant or any Beneficiary under this Policy.</p>
<p>Договор коммерческой концессии <i>Franchise Agreement</i></p>	<p>Правообладатель <i>Franchisor</i></p>	<p>Пользователь <i>Franchisee</i></p>	<p>In its business operations under this Franchise Agreement, the Franchisee shall comply with the Rules of Business Conduct as established from time to time by the Franchisor.</p>

Лицензион- ный договор (договор о предостав- лении лицензии) <i>License Agreement</i>	Лицензиар <i>Licensor</i>	Лицензиат <i>Licensee</i>	Pursuant to this License Agreement, the Licensee shall acquire no title, right or interest to or in the Trademark except for the limited right to use the Trademark as described herein.
Договор уступки требования <i>Assignment Agreement</i>	Цедент <i>Assignor</i>	Цессиона- рий <i>Assignee</i>	In consideration for the rights assigned to the Assignee hereunder, the Assignee shall release the Assignor from its obligation to pay to the Assignee the amount of One hundred thousand U.S. Dollars(\$100,000).

6. Translate into English:

1. В качестве встречного удовлетворения по настоящему договору Цессионарий освобождает Цедента от данного ему обязательства выплатить сумму в размере 100.000 (сто тысяч) долларов США.
2. По требованию и за счет должника Гарант по настоящему договору гарантирует выплату суммы, не превышающей совокупную максимальную сумму по гарантии.

3. По настоящему договору Заемщик обязуется погасить основную сумму кредита незамедлительно по требованию Кредитора.
4. В соответствии с условиями настоящего договора Лицензиат приобретает право собственности, вещное или иное право на товарный знак.
5. Страхователь своевременно информирует Страховщика о каких-либо изменениях в существенных сведениях о Страхователе или Выгодоприобретателе.
6. При осуществлении своей коммерческой деятельности по настоящему договору Пользователь выполняет правила коммерческой деятельности, которые периодически устанавливаются Правообладателем.
7. Арендодатель обеспечивает свободный и беспрепятственный доступ в Арендуемые помещения для Арендатора и его работников.
8. Заемщик выплачивает Кредитору проценты по непогашенной основной сумме кредита по ставке ЛИБОР.
9. В ходе выполнения работ Подрядчик обязуется выполнять все поручения Заказчика по настоящему договору.
10. Заемщик обязуется погасить кредит незамедлительно после получения от Кредитора уведомления о неисполнении обязательств.

LESSON 13

CONTRACT LAW

FORM OF SUBSCRIPTION AGREEMENT

PART I

1. Read the following table:

<i>ARTICLE #</i>	<i>ARTICLE NAME</i>	<i>TRANSLATION</i>
	Preamble	Преамбула
Article 1	Share purchase and sale	Купля-продажа акций

Article 2	Payment of purchase price	Платеж покупной цены
Article 3	Passage of title and subsequent obligations	Переход права собственности и последующие обязательства
Article 4	Accomplishment of corporate formalities	Выполнение корпоративных формальностей
Article 5	Conditions precedent	Предварительные условия
Article 6	Representations and warranties	Заявления и гарантии

2. Fill in the blanks and translate the provision:

This **STAGE 1 SUBSCRIPTION AGREEMENT** (the “**Agreement**”) is made and entered into this ____ day of _____, 2001 by and between:

_____, a company registered under the laws of _____, with its registered address at _____, represented by [____], [____], and [____], [____], authorised pursuant to its Charter (the “**Investor**”); and

OAO _____, an open joint stock company organised under the laws of the Russian Federation, with its registered address at _____, Russian

Federation, represented by _____, General Director, authorised pursuant to the Company's Charter, and _____, Chief Accountant, appointed pursuant to the order of the General Director dated [_____] (the "**Company**").

For the purposes of this Agreement, the Company and the Investor are from time to time referred to herein collectively as "**Parties**" and each individually as a "**Party**".

3. Read and translate Preamble and Article I. Remember the underlined legal clichés:

WHEREAS:

- (A) The Company, the Investor, and the Moscow City Government have entered into an Investment Agreement dated [_____] 2001 (the "**Investment Agreement**"), **under which the parties thereto have agreed to enter into a three-stage program of equity investment** by the Investor in the Company;
- (B) Pursuant to a resolution to increase the charter capital from one million four hundred and thirty thousand Roubles (RR1,430,000) to one million nine hundred thirty two thousand four hundred and thirty three Roubles (RR1,932,433), adopted by the Company's general assembly of shareholders, dated [_____] 2001, the Company has, in order to initiate the first stage of the three-stage program, approved the issuance of five hun-

dred two thousand four hundred and thirty-three (502,433) new common shares of the Company to be placed by closed subscription to the Investor (the “**Stage 1 Shares**”);

(C) Pursuant to above resolution of the Company’s general assembly of shareholders, dated [____], 2001, the Board of Directors of the Company approved a decision to issue the Stage 1 Shares, dated [____], 2001 which decision was registered by the Federal Securities Market Commission of the Russian Federation (the “Securities Commission”) on _____, and a notarised copy of this decision bearing the registration stamp of the Securities Commission is attached hereto as Appendix 1];

(D) The Company desires to sell to the Investor and the Investor desires to purchase from the Company the Stage 1 Shares on the terms and conditions herein contained;

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1. SHARE PURCHASE AND SALE

Subject to the terms and conditions of this Agreement, the Company hereby agrees to sell to the Investor, and the Investor hereby agrees to purchase from the Company, five hundred two thousand four hundred and thirty-three (502,433) newly issued common shares of the Company, each with a nominal value of

one (1) Rouble (the “**Stage 1 Shares**”), representing not less than twenty-six percent (26%) of the charter capital of the Company (after giving effect to the increase in charter capital represented by such shares) and not less than twenty-six percent (26%) of the votes in a general meeting of shareholders of the Company. The Stage 1 Shares are the shares of the [____]th issuance of the Company which has been registered by the Securities Commission under stage registration N°[_____] on _____, 2001.

4. A) Find the appropriate English legal cliches and use them in sentences of your own:

Учитывая, что; соглашение, в котором его стороны договорились об осуществлении программы инвестиций в акции; в соответствии с вышеуказанным решением общего собрания акционеров общества от [_____] 2001 года; нотариально удостоверенная копия этого решения со штампом ФКЦБ о регистрации приведена в приложении 1 к настоящему договору; общество желает продать инвестору, а инвестор желает купить у общества акции на условиях, содержащихся в настоящем договоре; стороны настоящим договорились о нижеследующем; номинальная стоимость; при соблюдении условий настоящего Договора; настоящим соглашается; уставной капитал; обыкновенные акции; выпуск (акций).

B) Translate into English:

Учитывая, что Стороны Соглашения договорились об осуществлении программы инвестиций в акции в соответ-

ствии с решением общего собрания акционеров Общества от 12 мая 2003 года и соблюдении условий настоящего Соглашения, Стороны настоящим договорились о нижеследующем.

Нотариально заверенная копия вышеуказанного решения со штампом ФКЦБ о регистрации приведена в Приложении 1 к настоящему Соглашению.

Учитывая, что Общество желает продать Инвестору, а Инвестор желает купить у Общества акции на условиях, содержащихся в настоящем договоре, Стороны настоящим договорились о нижеследующем.

При соблюдении условий настоящего Договора Общество настоящим соглашается продать Инвестору 500 (пятьсот) акций номинальной стоимостью 1 (один) Рубль каждая («Акции Этапа 1»), которые составят не менее чем 26% (двадцать шесть процентов) уставного капитала Общества.

Акции Этапа 1 являются акциями Общества 5-го выпуска, зарегистрированными ФКЦБ 23.02.2001 года.

В соответствии с решением от 12 мая 2001 года об увеличении уставного капитала, принятым общим собранием акционеров Общества, в целях реализации первого этапа трехэтапной программы Общество одобрило эмиссию 500 (пятисот) новых обыкновенных акций Общества.

NB: Learn the name of the body!

<i>the Federal Securities Commission</i>	ФКЦБ (Федеральная комиссия по рынку ценных бумаг)
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Learn the pattern:

English: five hundred (500)

Russian: 500 (пятьсот)

5. Read and translate the article using the vocabulary given below. Pay attention to the highlighted terms and expressions within the article:

in-kind/cash contribution	не денежный / денежный вклад
schedule	здесь: приложение (описание)
total complete consideration	полное встречное удовлетворение
to be due or payable	подлежать уплате
taxes, fees and commissions (including bank charges)	налоги, сборы и комиссии, в том числе банковские сборы
receipt	получение
in accordance with	в соответствии с
funds and assets of the Company	средства и активы компании
if any	если таковые имеются (при наличии таковых)
including, without limitation	включая, без ограничений (в частности, помимо прочего)
to obtain prompt customs clearance	скорейшее проведение таможенной очистки

bank transfer	банковский перевод
under the most favourable terms	при наиболее благоприятных условиях
in good faith	добросовестный
any loss, including depreciation	любые убытки, включая амортизацию
withdrawal	здесь: списание (также: выход из соглашения его участника, аннулирование соглашения и т.д.)

ARTICLE 2. PAYMENT OF PURCHASE PRICE

2.1 The purchase price for the Stage 1 Shares shall be fourteen million seven hundred thousand U.S. Dollars (US\$14,700,000) (the “**Purchase Price**”), or the **Rouble equivalent of this amount at the applicable exchange rates, which shall be paid by the Investor in the combination of cash and in-kind contributions** as set forth in the Stage 1 Investment **Schedule** attached hereto as Appendix 2 (the “**Schedule**”). The Purchase Price is the **total complete consideration** to be provided by the Investor to the Company for the Stage 1 Shares, and no additional amounts shall **be due or payable** from the Investor to the Company in connection therewith. For avoidance of doubt, any additional amounts, fees or taxes connected with the registration or the acquisition by the Investor of the Stage 1 Shares payable to any third parties (including all **taxes, fees and commissions (including bank charges) due by it in respect of the receipt of the Investor’s contributions to the Company’s charter capital, including with respect to any in-kind contributions, all applicable customs duties and**

VAT on imports) shall be borne entirely by the Company and the payment of such amounts shall not reduce or otherwise affect the Purchase Price.

Translate into English:

- равняться эквиваленту этой суммы в рублях по соответствующим обменным курсам
- уплачивать покупную цену в форме сочетания денежных и не денежных вкладов
- полное встречное удовлетворение
- включая все налоги, сборы и комиссии, в том числе банковские сборы, причитающиеся в связи с получением вкладов в уставной капитал общества
- все применимые таможенные пошлины и НДС на импорт в связи с любыми не денежными вкладами.

2.2 The Investor shall **contribute the Purchase Price to the Company** within one (1) year from the moment of the acquisition of the Stage 1 Shares by the Investor, provided that at least one hundred twenty five thousand six hundred and ten (125,610) Roubles, or its equivalent in U.S. Dollars or in Euros at the applicable exchange rates, representing payment for not less than twenty-five percent (25%) of **the total nominal value** of the Stage 1 Shares, shall be paid by the Investor within [_____ (____)] working days from the date hereof.

Give the English equivalents to the following expressions:

- уплачивать обществу покупную цену
- суммарная номинальная стоимость.

2.3 Cash contributions may be made in Roubles, U.S. Dollars, or Euros, at the option of the Investor. Investor's Rouble and Euro **contributions (if any) shall be credited against the Purchase Price** at the rates of exchange quoted by the Bank of Russia and applicable on the day when the Company's account in Roubles or in Euros, as the case may be, is credited with such cash contributions. Any amount paid by the Investor in U.S. Dollars or in Euros shall be reflected **on the Company's books** in Roubles in accordance with the applicable Russian accounting rules.

Put the following in English:

- вносить денежные вклады
- принимать вклады в счет уплаты покупной цены
- бухгалтерский учет общества.

2.4 All cash amounts contributed by the Investor **in accordance with the Schedule and applied against the Purchase Price** in accordance with Section 2.3 hereof, shall be made to the Company by **bank transfer to a special purpose account** or accounts **with a Russian authorised bank** approved by the Investor and shall **be kept segregated from all other funds and assets of the Company**. **Withdrawals and payments from the special purpose account** or accounts shall require the sig-

nature of the General Director and the CFO of the Company (or, in the CFO's absence, another person designated by the Investor). The account maintenance agreement(s) entered into by the Company and the bank in respect of the special purpose account(s) shall at all times require the signature of the persons listed above in order for funds to be transferred from the special purpose account(s).

Translate into English:

- вносить денежную сумму
- зачитывать денежную сумму в счет уплаты покупной цены
- перечислить сумму денежным переводом на целевой счет в уполномоченном банке
- хранить обособленно от всех прочих средств и активов
- осуществлять списания и платежи с лицевого счета.

2.5 The Company shall assist the Investor to the extent necessary **to obtain prompt customs clearance of any in-kind contribution under the most favourable terms** reasonably obtainable and, to that end, shall render all necessary co-operation to the Investor, customs officials or other authorities, **including, without limitation, the prompt provision of documents** or other information. If, **having exerted its best efforts**, the Company and the Investor are unable to obtain customs clearance of any in-kind contribution within eleven (11) months of the date of **passage of title to the Stage 1 Shares** in accordance with Article 3.1 hereof, the Parties shall **in good faith negotiate an alternative contribution** in cash, and the Investor shall be held harmless from **any loss, including depreciation and costs**

of transportation, resulting from such change in the form of its payment toward the Purchase Price.

Put the following in English:

- скорейшее проведение таможенной очистки любого не денежного вклада
- переход прав собственности на акции
- провести добросовестные переговоры о внесении альтернативного денежного вклада
- своевременное предоставление документов
- прилагать максимальные усилия.

Assignments

1. Fill in the blanks with appropriate words if necessary:

- a. at the exchange _____ rates
- b. to apply an amount _____ the purchase price
- c. withdrawals _____ the special purpose account
- d. transfer _____ the special purpose account
- e. to credit contributions _____ the purchase price
- f. the total nominal _____ value
- g. to obtain prompt customs clearance of any _____ contribution.

2. Translate the following sentences into English:

1. Инвестор обязуется своевременно уплатить сумму в долларах США или эквивалент этой суммы в рублях по соответствующему обменному курсу.
2. Стороны соглашаются уплачивать покупную цену в форме сочетания денежных и не денежных вкладов.
3. По настоящему договору все налоги, сборы и комиссии, в том числе банковские сборы, причитающиеся в связи с получением вкладов в уставной капитал общества, а также все применимые таможенные пошлины и НДС на импорт в связи с любыми не денежными вкладами оплачиваются исключительно обществом.
4. Стороны обязуются провести добросовестные переговоры о внесении альтернативного денежного вклада.
5. Инвестор обязуется перечислить сумму денежным переводом на целевой счет в уполномоченном банке и хранить ее обособленно от всех прочих средств и активов.
6. Стороны договора обязуются прилагать максимальные усилия по скорейшему проведению таможенной очистки и своевременному предоставлению документов и данных.
7. Ни одна из сторон не вправе зачитывать денежную сумму в счет уплаты покупной цены и осуществлять списания и платежи с лицевого счета.
8. Настоящим просим вас перечислить сумму денежным переводом на целевой счет в уполномоченном банке.

3. Translate the following:

- title to
- at the applicable exchange rate toward the Purchase Price
- Threshold Contribution Level
- to effect the registration
- to introduce an entry in such account in the register-keeping system
- to issue an excerpt from
- to timely effect the actions
- to keep in custody documents
- to file notifications to
- without limiting the generality of foregoing
- to materially and adversely affect the carrying out of the Company's business
- to incur any material loss or liability
- requisite power and authority
- to constitute a valid, binding and legal obligation of the Company

4. Fill in the chart:

PASSAGE OF TITLE AND SUBSEQUENT OBLIGATIONS	
ACCOMPLISHMENT OF COR- PORATE FORMALITIES	
CONDITIONS PRECEDENT	
REPRESENTATIONS AND WARRANTIES	

5. Translate the passages given below:

a) The Parties each agree and undertake to sign any acts and make, without limitation, any filings, obtain any approvals, permissions, authorisations, and licenses and accomplish any other formalities and/or cause the keeper of the Company's shareholders register to complete the required formalities to implement passage of the title to the Stage 1 Shares as provided in Article 3 herein.

b) Without limiting the generality of the foregoing, the Company shall assist in acquiring or shall acquire, as the case may be, such licenses and certificates, including Bank of Russia licenses and customs clearance documents, as are required to permit the Investor to contribute the Purchase Price in accordance with this Agreement.

c) The Company shall have acquired all necessary approvals, licenses and certificates, including, without limitation, all required customs clearance documentation, to enable the Investor to contribute the Purchase Price in accordance with the Schedule.

d) As a result of such payment the Company shall not be in violation of its Charter, any provision contained in any agreement or instrument to which the Company is a party (including without limitation this Agreement) or by which the Company is bound, or any law, statute, rule, regulation, judgment, decree or order applicable to the Company.

e) The execution and delivery of this Agreement and the performance of the terms hereof will not conflict with any provision of the Company's constitutional documents or result in any material violation or default or loss of material benefit under, or permit acceleration of any obligation under, any mortgage, assignment, lease or any other material agreement with any third party, or conflict with any provision of applicable law with respect to the Company or its property.

6. *Translate the following articles:*

ARTICLE 3. PASSAGE OF TITLE AND SUBSEQUENT OBLIGATIONS

3.1 The Parties agree that title to the Stage 1 Shares shall pass to the Investor at such time as the Investor has contributed not less than one hundred twenty five thousand six hundred and ten (125,610) Roubles or its equivalent in U.S. Dollars or in Euros at the applicable exchange rates toward the Purchase Price (or twenty five percent (25%) of the nominal value of the Stage 1 Shares) (the "Threshold Contribution Level").

3.2 The Investor shall acquire title to the Stage 1 Shares upon registration of the Investor as the owner of the Stage 1 Shares in the Company's register of shareholders. To effect such registration, on the date the Investor has reached the Threshold Contribution Level, the Company shall cause the keeper of the Company's register of shareholders (a) not later than within three (3) days to amend the Company's register of shareholders to create a personal account for the Investor and introduce an entry in such account in the register-keeping system (*vnesenije prikladnoi zapisi po litsevomu schetu v sisteme*

vedeniya reestra) to reflect the Investor's ownership of the Stage 1 Shares; and (b) not later than within five (5) days to issue to the Investor an excerpt from the Company's register of shareholders evidencing Investor's title to the Stage 1 Shares. The Company shall promptly provide all necessary documents and information required from it and necessary for the keeper of the Company's shareholders register to timely effect above actions.

3.3 The Company shall keep in its custody documents related to the sale of the Stage 1 Shares and payment of the Purchase Price for a period of at least five (5) years from the date of passage of title.

ARTICLE 4. ACCOMPLISHMENT OF CORPORATE FORMALITIES

To the extent required by applicable legislation and by competent registration and other authorities in the Russian Federation, the Parties each agree and undertake to sign any acts and make, without limitation, any filings, obtain any approvals, permissions, authorisations, and licenses and accomplish any other formalities and/or cause the keeper of the Company's shareholders register to complete the required formalities to implement passage of the title to the Stage 1 Shares as provided in Article 3 herein, and as may be required from time to time by legislation of the Russian Federation, including, without limitation, obtaining approvals of the Ministry of Antimonopoly Policy, and filing notifications to the Securities Commission in connection with the acquisition of the Stage 1 Shares. Without limiting the generality of the foregoing, the Company shall as-

sist in acquiring or shall acquire, as the case may be, such licenses and certificates, including Bank of Russia licenses and customs clearance documents, as are required to permit the Investor to contribute the Purchase Price in accordance with this Agreement.

ARTICLE 5. CONDITIONS PRECEDENT

5.1 The obligation of the Investor to pay any portion of the Purchase Price shall be subject to the conditions that:

5.2.1 All the conditions precedent provided in Sections 7.1 and 7.2 of the Investment Agreement shall have been fulfilled in a manner satisfactory to the Investor.

5.2.2 The Company shall have acquired all necessary approvals, licenses and certificates, including, without limitation, all required customs clearance documentation, to enable the Investor to contribute the Purchase Price in accordance with the Schedule.

5.2.3 The representations and warranties confirmed or made in this Agreement and in the Investment Agreement shall be true on and as of such date with the same effect as though such representations and warranties had been made on and as of such date.

5.2.4 As a result of such payment the Company shall not be in violation of its Charter, any provision contained in any agreement or instrument to which the

Company is a party (including without limitation this Agreement) or by which the Company is bound, or any law, statute, rule, regulation, judgment, decree or order applicable to the Company.

5.2.5 Nothing shall have occurred which might materially and adversely affect the carrying out of the Company's business or the Company's business prospects or financial condition, or which shall make it unlikely that the Company will be able to perform any obligation under this Agreement, nor shall the Company have incurred any material loss or liability.

ARTICLE 6. REPRESENTATIONS AND WARRANTIES

6.1 The Company hereby represents, warrants and undertakes to the Investor that:

6.1.1 The persons signing this Agreement on its behalf are its authorised representatives and have all requisite powers and authority to execute and deliver this Agreement, the Company has authorised the execution and delivery of this Agreement in accordance with its constitutional documents, and all actions necessary under the Company's constitutional documents have been taken to permit and authorise its execution and performance of this Agreement.

6.1.2 The Company has all requisite power and authority to perform its obligations hereunder, and, upon exe-

cution by the Company's duly authorised representatives, this Agreement shall constitute a valid, binding and legal obligation of the Company.

- 6.1.3** The execution and delivery of this Agreement and the performance of the terms hereof will not conflict with any provision of the Company's constitutional documents or result in any material violation or default or loss of material benefit under, or permit acceleration of any obligation under, any mortgage, assignment, lease or any other material agreement with any third party, or conflict with any provision of applicable law with respect to the Company or its property.
- 6.1.4** The issuance of the Stage 1 Shares has been duly approved by the Company and duly registered by the Securities Commission.
- 6.1.5** Immediately preceding the moment of passage of title to the Stage 1 Shares, there will be no commitments, pre-emptive rights, options, warrants, calls or other agreements or obligations binding upon the Company which would require or could require the Company to sell, transfer, assign, mortgage, pledge or otherwise dispose of the Stage 1 Shares.
- 6.1.6** Upon the passage of title to the Stage 1 Shares to the Investor, the Investor will have good and marketable title to the Stage 1 Shares free and clear of all liabilities, liens, options, pre-emptive rights, encumbrances or third party rights, and the Stage 1 Shares will not be subject to any commitments, options, warrants, calls or other agreements or obligations, of

any kind whatsoever except as provided under this Agreement.

6.1.7 All of the representations and warranties of the Company set forth in the Investment Agreement remain true and correct with respect to the facts and circumstances existing on and as if made on the date hereof.

6.1.8 It has acquired all of the necessary licenses, certificates and approvals, including, without limitation, customs clearance documents, to enable the Investor to contribute the Purchase Price in accordance with the Schedule and in accordance with the agreement between the Parties set down in the Investment Agreement.

6.1.9 No event, including any change in the Company's management structure resulting in a material adverse change to the Company or its business has occurred since the date of the execution of the Investment Agreement.

6.2 The Investor hereby represents, warrants and undertakes to the Company that:

6.2.1 The persons signing this Agreement on its behalf are its authorised representatives and have all requisite powers and authority to execute and deliver this Agreement, the Investor has authorised the execution and delivery of this Agreement in accordance with its constitutional documents, and all actions necessary under the Investor's constitutional docu-

ments have been taken to permit and authorise its execution and performance of this Agreement.

6.2.2 The Investor has all requisite power and authority to perform its obligations hereunder, and, upon execution by the Investor's duly authorised representatives, this Agreement shall constitute a valid, binding and legal obligation of the Investor.

6.2.3 The execution and delivery of this Agreement and the performance of the terms hereof will not conflict with any provision of the Investor's constitutional documents or, to the best of the Investor's knowledge, result in any material violation or default or loss of material benefit under, or permit acceleration of any obligation under, any mortgage, assignment, lease or any other material agreement with any third party, or conflict with any provision of applicable law with respect to the Investor or its property.

6.2.4 All of the representations and warranties of the Investor set forth in the Investment Agreement remain true and correct with respect to the facts and circumstances existing on and as if made on the date hereof.

PRACTICE

1. Translate and remember the following word combinations:

- Material breach
- Material violation
- Loss of material benefit

- Material agreement
- Material details
- To incur any material loss
- To materially affect the Company's business

NOTE: One should use the term “breach” when speaking of the obligations a person assumes (e.g. the breach of one's contractual rights); but the term “violation” should be used with respect to any obligations imposed by law or any other statute, rule or regulation.

REMEMBER: “MATERIAL BREACH” – «СУЩЕСТВЕННОЕ НАРУШЕНИЕ»

2. Translate the following expressions and use them in the sentences of your own:

A.

To assign rights; to delegate rights; to exercise rights; to confer rights; to convey rights; to assume rights; to transfer rights; to grant rights; to infringe the copyrights; to invade the right of privacy.

B.

To create legal relations; to create a personal account; to create a contract.

3. Translate into English:

Получить любые одобрения, разрешения, согласования и лицензии, а также выполнить любые иные формальности; организация, ведущая реестр акционеров Общества; нарушение положений любого договора или документа, стороной которого Общество является или которое имеет для него обязательную силу; любые законы, положения, нормы, правила, судебные решения, постановления или приказы, действие которых распространяется на Общество; заключение и вручение настоящего договора и выполнение его условий не вступят в противоречие с каким-либо положением учредительных документов Общества; приобретать право собственности с момента регистрации; в течение 3(трех) дней; осуществлять регистрацию; открыть лицевой счет; внести приходную запись по лицевому счету; в объеме, требуемом по действующему законодательству; каждая из сторон соглашается и обязуется; подать любые документы; без ограничения общего смысла вышесказанного; документы таможенной очистки; быть верными в соответствующую дату и на нее; как если бы; оказывать существенное отрицательное воздействие; нести существенные убытки или долговые обязательства; необходимые полномочия для выполнения своих обязательств по данному договору; быть действительным и законным обязательством Общества, имеющим для него обязательную силу; обязательства о предоставлении преимущественных прав, опционов, варрантов, соглашений о продаже; продать, передать, уступить, заложить акции или иным образом распорядиться ими; безусловное и пригодное для продажи право собственности, свободное от всех долговых обязательств, прав удержания, опционов, варрантов, соглашений о продаже или иных соглашений или обязательств.

4. Translate the following expressions into English using the pattern given below:

NOTE: *Pay special attention to the highlighted component of the pattern!*

e.g. «предусмотренные статьей 3 настоящего договора» - as provided in Article 3 hereof;

Необходимые для внесения покупной цены; в соответствии с условиями настоящего договора; предусмотренные действующим законодательством; необходимые в то или иное время в соответствии с требованиями законодательства Российской Федерации; периодически устанавливаемые Инвестором; содержащиеся в данном соглашении; подтвержденные или предоставленные в настоящем договоре.

5. Translate into English:

1. Каждая из сторон соглашается и обязуется подписать любые акты, подать (без ограничения) любые документы, получить любые одобрения, разрешения, согласования и лицензии, предусмотренные условиями настоящего соглашения.
2. Общество не должно допустить нарушения своего устава, положений любого договора или документа, стороной которого оно является.
3. Любые законы, положения, нормы, правила, судебные решения, постановления или приказы, действие которых распространяется на Общество, имеют обязательную силу.

4. Совершение настоящего договора не вступят в противоречие с каким-либо положением учредительных документов общества, не станут причиной каких-либо существенных нарушений или потери существенной выгоды и не дадут оснований для ускорения исполнения обязательств по какому-либо соглашению о залоге, уступке требования или иному существенному соглашению с любым третьим лицом.
5. Инвестор приобретает право собственности на акции с момента регистрации его в качестве собственника акций в реестре акционеров общества.
6. Для осуществления такой регистрации общество распоряжается о том, чтобы организация, ведущая реестр акционеров общества в течение 3 (трех) дней внесла изменения в реестр акционеров общества путем открытия лицевого счета Инвестора.
7. В объеме, требуемом действующим законодательством, каждая из сторон соглашается и обязуется выполнить любые формальности и обеспечить выполнение формальностей, необходимых для осуществления перехода прав собственности на акции, организацией, ведущей реестр акционеров.
8. Заявления и гарантии, предоставленные в настоящем соглашении, должны быть верными в соответствующую дату и по состоянию на нее.
9. Заключение и вручение настоящего договора не станут причиной каких-либо существенных нарушений или потери существенной выгоды.
10. После перехода прав собственности на акции у Инвестора будет иметься безупречное и пригодное для продажи право собственности на акции, свободное от всех долговых обязательств, прав удержания, опционов, преимущественных прав, обременений или прав третьих лиц.

PART II

1. Examine the table:

<i>ARTICLE #</i>	<i>ARTICLE NAME</i>	<i>TRANSLATION</i>
Article 7	Taxes and fees	налоги и пошлины
Article 8	Termination	расторжение
Article 9	Force majeure and adverse circumstances	обстоятельства непреодолимой силы и неблагоприятные обстоятельства
Article 10	Governing law and dispute resolution	регламентирующее право и разрешение споров
Article 11	Notices	уведомления
Article 12	Miscellaneous provisions	прочие положения

2. A) Translate into Russian:

To pay all registration fees and taxes due in respect of the registration of the issuance of the Stage 1 Shares.

To pay all taxes, fees and commissions (including bank charges) due from it in respect of the receipt of the Investor's payments hereunder.

B) Translate into English:

Общество отвечает за уплату всех регистрационных сборов и налогов, взимаемых в связи с регистрацией эмиссии Акций Этапа 1.

Общество также отвечает за уплату всех налогов, сборов и комиссий (включая банковские сборы), причитающихся в связи с получением платежей Инвестора по настоящему Договору.

3. Draw up an appropriate article of the Agreement on the basis of the following legal terms and word combinations:

ARTICLE 8. TERMINATION

A.

e.g. The Investor may terminate this Agreement by thirty (30) days' written notice to the Company should any of the following events occur: the Company makes an assignment or like arrangement for the benefit of its creditors or any bankruptcy or liquidation proceedings are initiated or threatened against the Company

- the Investor, to terminate this Agreement by thirty (30) days' written notice to the Company.
- should any of the following events occur.
- to make an assignment or like arrangement for the benefit of its creditors or any bankruptcy or liquidation pro-

ceedings are initiated or threatened against the Company.

- to commit a breach of this Agreement or of the Investment Agreement and such breach has a material adverse effect on the implementation of the Investment.
- default, to have a material adverse effect on the successful implementation of the Agreement.

B.

e.g. The Company may terminate this Agreement by thirty (30) days' written notice to the Investor if the Investor commits a voluntary breach resulting in its failure to pay hundred percent (100%) of the Purchase Price.

- The Company, to terminate this Agreement, by thirty (30) days' written notice, to commit a voluntary breach.
- to result in the Investor's failure to pay hundred percent (100%) of the Purchase Price.

4. Translate the article into Russian. Remember the standard provisions thereof:

ARTICLE 9. FORCE MAJEURE AND ADVERSE CIRCUMSTANCES

9.1 Default by either Party on any of its obligations set forth herein will not be considered a breach of this Agreement and will not give the other Party to this Agreement any claim against the defaulting party for indemnification against damages

caused by such default to the extent that such default arises from force-majeure circumstances. If owing to the occurrence of force-majeure circumstances the fulfilment by either Party of any obligation set forth herein will be delayed, the period established hereby for fulfilment of the respective obligation shall be extended by a period of time equal to the duration of the force-majeure circumstances.

9.2. A Party that fails to perform its obligations hereunder due to the onset and effect of force-majeure circumstances shall give notice in writing to the other Party of the onset of such force-majeure circumstances as soon as possible after such circumstances arise. Force-majeure circumstances means any war, severe civil disorder, epidemics, political unrest, a material adverse change in any applicable law, an action of state authorities, government, or any other event of any kind beyond the reasonable control of the Parties that directly hinders or prevents the Parties from commencing or proceeding with the performance of the obligations contemplated hereby. A Party that defaults on its obligations hereunder as a result of force-majeure circumstances will, upon the cessation of the effect thereof, take all reasonable steps within its power to resume the performance of its obligations with the least possible delay.

9.3 Should force-majeure circumstances preclude the performance of this Agreement by either Party and/or the operation of the Company for a continuous period of 90 (ninety) days, either Party may terminate this Agreement upon thirty (30) days' written notice given to the other Party, provided that neither Party may send such notice should the force majeure circumstances have terminated.

5. Learn the terms given below:

ARTICLE 12. MISCELLANEOUS PROVISIONS

Expenses	Расходы
Severability	Самостоятельность положений
Amendments	Изменения
Waiver	Отказ от прав
Remedies cumulative	Дополнительный характер средств правовой защиты
Assignment and succession	Уступка и правопреемство

5. Translate the following provision. Pay attention to the signature block layout:

IN WITNESS WHEREOF, the Company and the Investor have caused this Agreement to be signed in by their duly authorised officers as of the day and year first above written.

This Agreement is executed in [four (4) originals, two (2) in English and two (2) in Russian]. In the event of any discrepancy between the two texts the English version shall prevail.

For: **ОАО** _____

Name: Mr. _____

Name: _____

Title: General Director

Title: Chief Accountant

For: _____

Name: [_____]

Name: [_____]

Title: [_____]

Title: [_____]

PART III

FORCE MAJEURE PRACTICE

1. Translate into Russian:

A. For the purposes of this Agreement, such circumstances (a "Force Majeure") shall include (but not be limited to) acts of

God, acts or regulations of any governmental or supra-national authority, wars (whether declared or undeclared) or national emergencies, accidents, fires, riots, strikes, lock-outs, industrial disputes, epidemics, communication line failures or failures of electrical power.

B. Force-majeure circumstances means any war, severe civil disorder, epidemics, political unrest, a material adverse change in any applicable law, an action of state authorities, government, or any other event of any kind beyond the reasonable control of the Parties that directly hinders or prevents the Parties from commencing or proceeding with the performance of the obligations contemplated hereby.

C. In this agreement, “force majeure” means any circumstance beyond the reasonable control of a party which is independent of any act or omission of such party and which materially and adversely affects its ability to comply with its obligations under this agreement, including (but without limitation) any act of God, war, armed hostilities, act of terrorism, riot, civil commotion, revolution, blockade, any change of law, governmental order, rule, regulation or direction or any form or governmental, official or regulatory intervention (but only to the extent that it is binding upon the relevant party), collective labour dispute, strike, lock-out, sit-in, fire, earthquake, explosion, flood, but provided always that a party’s lack of funds (arising for any reason) shall not constitute force majeure.

2. Translate into English, using the following key terms and expressions:

Circumstances beyond the reasonable control of the parties, without prejudice to the rights of a party, to specify the cause and extent of such non-performance, the means proposed to be adopted to remedy or abate the Force Majeure, to use one's best endeavors, to an extent which permits resumption of such performance.

А. Положения настоящего Договора не применяются в период действия и в том объеме, в каком исполнению обязательств сторон будет препятствовать действие обстоятельств, находящихся вне разумного контроля сторон.

В. Без ущерба для прав стороны, если сторона в силу Форс-мажорных обстоятельств неспособна исполнить какое-либо обязательство по настоящему Договору, она обязана как можно скорее уведомить об этом другую сторону, указав причину и объем неисполнения, дату начала исполнения и средства, предлагаемые для устранения или смягчения действия.

С. Стороны обязуются:

- а) прилагать максимальные усилия для того, чтобы в кратчайший возможный срок устранить Форс-

мажорные обстоятельства или смягчить их действие, используя все разумные средства;

b) возобновить исполнение обязательств в кратчайший возможный срок после прекращения действия Форс-мажорных обстоятельств или уменьшения их воздействия до уровня, позволяющего возобновить исполнение обязательств и

c) уведомить другую сторону о возобновлении исполнения обязательств.

D. По окончании Обстоятельства непреодолимой силы Сторона, заявившая о наличии Обстоятельств непреодолимой силы, обязана незамедлительно предоставить другой Стороне уведомление с указанием срока, в течение которого она исполнит свои обязательства по настоящему Соглашению.

LESSON 14

CONTRACT LAW

LEASE AGREEMENT

1. Read and translate the following:

CONTRACT OF LEASE

Under a contract of lease (rent of property), the lessor (renter) undertakes to grant the temporary possession and use or the temporary use of property to the lessee (rentee) for compensation.

Fruits, products, and income received by the lessee as a result of the use of the leased property under the contract shall belong to him.

OBJECTS OF A LEASE

1. Land plots and other isolated natural objects, enterprises, and other complex property, buildings, structures, equipment, transport vehicles, and other things that do not lose their natural qualities in the course of their use (nonconsumable things) may be transferred under a lease.

Law may establish types of property that cannot be leased or the lease of which may be restricted.

2. Law may establish specific conditions for the lease of land plots and other isolated natural objects.

3. A contract of lease must include data which would permit specific determination of the property to be transferred to the lessee as the object of lease. In the absence of such data in the contract, the conditions on the object of lease shall be deemed not to have been agreed to by the parties, and the respective contract shall be deemed not to have concluded.

LESSOR

The right to lease property belongs to its owner. Persons authorized by law or by the owner to lease property may also be lessors.

FORM AND STATE REGISTRATION OF A CONTRACT OF LEASE

1. A contract of lease for a term exceeding one year, and if even one of the parties to the contract is a legal person, irrespective of its term, shall be concluded in written form.

2. A contract of lease of immovable property is subject to state registration, unless otherwise provided by law.

3. A contract of lease of property providing for a subsequent transfer of the ownership right to this property to the lessee shall be concluded in the form prescribed for the contract for sale of such property.

TERM OF A CONTRACT OF LEASE

1. Contract of lease is concluded for the term established by the contract.

2. If the contract does not specify the term of the lease, it shall be deemed concluded for an indefinite term.

In such case, each party shall have the right to renounce the contract at any time by giving a one-month notice of termination to the other party and in case of lease of an immovable property – a three-month notice. Law or contract may stipulate another time limit for giving notice of the termination of a lease contract concluded for an indefinite term.

3. Law may establish the maximum (utmost) time limits of the contract for specific types of lease, and also for the lease of specific types of property. In such instances, if the contract does not establish the time limit of the lease and neither party has renounced the contract before the expiration of the utmost contract time limit established by law, the contract shall terminate upon the expiration of the utmost time limit.

A lease contract concluded for a term exceeding the utmost time limit established by law shall be deemed concluded for a time limit equal to the utmost time limit.”

2. Examine the tables given below. Remember the terms:

STRUCTURE OF A LAND LEASE AGREEMENT

1. Subject of Agreement	Предмет договора
2. Duration of Agreement	Срок действия договора
3. Permitted Uses of the Land Plot	Разрешенные виды использования земельного участка
4. Lease Payments	Арендные платежи
5. Ownership of Improvements	Право собственности на улучшения
6. Right to Purchase	Право выкупа
7. Encumbrance, Assignment and Sublease by the Lessee	Обременение, уступка прав и передача в субаренду со стороны Арендатора
8. Encumbrance, Transfer and Assignment by the Lessor	Обременение, уступка и передача прав со стороны Арендодателя
9. Compliance with Safety and Environmental Regulations	Соблюдение правил безопасности и охраны окружающей среды
10. Inspection by the Lessor	Проверка со стороны Арендодателя
11. Further Obligations of the Lessor	Дополнительные обязательства Арендодателя
12. Further Obligations of the Lessee	Дополнительные обязательства Арендатора
13. Representations and Warranties	Заявления и гарантии

14. Breach of the Agreement	Нарушение договора
15. Termination of the Agreement	Расторжение договора
16. Consequences of Termination	Последствия расторжения
17. Force Majeure	Форс-мажор
18. Adverse Changes	Отрицательные изменения
19. Dispute Resolution; Applicable Law	Разрешение споров, применяемое право
20. Notices	Уведомления
21. General Provisions	Общие положения
22. Legal Addresses; Bank Details	Юридические адреса, банковские реквизиты.

LAND LEASE AGREEMENT GLOSSARY

Term	Translation
Lessee	арендатор
Lessor	арендодатель
encumbrance	обременение
improvements	улучшения
investment period	инвестиционный период
investment project	инвестиционный проект
land plot	земельный участок
Law on Allocation of Ownership	Закон “О разграничении собственности”
Land Code	Земельный кодекс
lease payment	арендный платеж
lease term	срок аренды
permitted uses	разрешенные виды исполь-

	звания
sublease	субаренда

Assignments

1. Translate the following extracts from the agreement

a) into Russian:

“Adverse Change” shall mean a change which materially and adversely affects the rights and/or obligations of the Lessor and/or the Lessee hereunder and which is not remedied by applicable legislation, including, but not limited to, the repeal or amendment of any legislation now in force, the cancellation, limitation or non-renewal of any Permits required for the Lessee to carry on its business in accordance with the Permitted Uses or any material increase in tax rates, material adverse change in applicable international tax treaties or imposition of material new taxes.

“Encumbrance” shall mean an arrest, mortgage, charge, pledge, lien, easement, option, restriction, right of first refusal, right of pre-emption, third party right of interest, other security interest of any kind, or any other type of preferential arrangement having a similar effect.

“Permit” shall mean a permit, license, grant, consent, approval, waiver, certificate, registration and/or authorization of any kind.”

b) into English:

“Аффилированное лицо” юридического лица означает лицо, контролирующее такое юридическое лицо, контролируемое им или находящееся под общим с ним контролем, при этом “контроль” понимается как способность прямо или косвенно контролировать свыше 50% голосующих акций контролируемого лица.

“Форс-мажор” означает: (а) стихийные действия, такие как пожар, взрыв, наводнение, землетрясение, (б) войну, оккупацию, гражданскую войну, гражданские волнения, (в) забастовки, уголовные преступления, если эти факторы значительно затрудняют или делают невозможным исполнение Арендодателем или Арендатором своих обязательств по настоящему Договору.

Предмет договора

1. При соблюдении условий настоящего Договора Арендодатель настоящим передает Арендатору, а Арендатор настоящим принимает Земельный участок в полное, неограниченное и исключительное владение и пользование (на условиях аренды) для целей, указанных ниже в статье 4.
2. На дату заключения настоящего Договора Земельный участок не застроен, свободен от любых обременений и от любого имущества арендодателя или третьих лиц.
3. Рыночная стоимость Земельного участка составляет ____ рублей, что подтверждено независимой оценкой от “ ____ ” ____ 2001 года.

2. The articles given below are the most typical for this kind of contract. Read and translate them in writing. Discuss their contents. Draw up articles of your own following the said pattern:

A.

PERMITTED USES OF THE LAND PLOT

The Permitted Uses for the Land Plot shall include all uses as are necessary or appropriate in connection with the Investment Project as well as any other purposes set forth in the charter of the Lessee (as amended from time to time) and/or otherwise permitted by applicable RF Legislation.

The Permitted Uses of the Land Plot shall include, but shall not be limited to, the following:

- (a) Surveying, planning, construction, use, reconstruction, refurbishment, repair, destruction and removal of Improvements.
- (b) Operation and use of Improvements for all aspects of commercial and non-commercial purposes.
- (c) Installation, commissioning, operation, repair and removal of production, technical, office and other types of equipment and/or other moveable property on the Land Plot for commercial and non-commercial purposes in connection with Improvements.
- (d) Operation of private and commercial vehicles on the Land Plot in connection with Improvements.
- (e) Creation of vehicle parking spaces, loading and unloading areas and other development of the Land Plot.

- (f) Use of the Land Plot for advertising of goods and services (including holding promotional events and installing and displaying all manner of notices, signs and other advertising materials on the exterior of the Improvements and/or on the Land Plot) in the established manner and subject to RF Legislation.

The Lessee shall use the Land Plot and the Improvements exclusively in accordance with the Permitted Uses. The Lessee shall ensure that the Permitted Uses are in accordance with applicable construction, sanitary, fire, safety, environmental and other RF Legislation.

B.

LEASE PAYMENTS

For the period of the Lease Term, the Lessee shall make Lease Payments to the Lessor for the use of the Land Plot in the Ruble Equivalent of US\$ _____ (_____ US Dollars) per annum per square meter, equal to a total Ruble Equivalent of US\$ _____ (_____ US Dollars) per annum for the entire Land Plot.

Notwithstanding the above, for the Investment Period, the Lease Payments shall be reduced by __% (_____ percent) to the Ruble Equivalent of US\$ _____ (_____ US Dollars) per annum per square meter, equal to a total Ruble Equivalent of US\$ _____ (_____ US Dollars) per annum for the entire Land Plot .

VAT shall be added to the above Lease Payments to the extent required by applicable RF Legislation.

Neither the amount nor the method of calculating Lease Payments set forth in this Article 5 shall be subject to change for any reason whatsoever, including (without limitation) any changes in RF Legislation.

The Lessee shall independently calculate the amount of and make Lease Payments pursuant to Clause 5.1 and Clause 5.2 above on a quarterly basis in advance. Each Lease Payment shall be made no later than 10 (ten) Business Days following the first day of the calendar quarter to which such Lease Payment relates. The first Lease Payment shall be made no later than 10 (ten) Business Days following the date of entry into effect hereof, and shall cover the remainder of the calendar quarter including such date.

If the Lessee fails to make any Lease Payment within the time provided in Clause 5.5 above, such payment shall accrue interest at an annual rate (based on a 360-day year) of __% (____%) (calculated on the US dollar amount of the relevant Lease Payment) until paid in full. The date of each Lease Payment shall be considered the date on which the Lessee provides its bank with a payment instruction for the relevant Payment.

The Lessee shall make all Lease Payments under this Agreement (including any interest payments under Clause 5.6) to the account shown in Article 23 below or to such other account or accounts as may be instructed in writing by the Lessor, provided that any such instructions shall be received by the Lessee no later than 30 (thirty) days prior to the relevant payment date.

Following the final date of the Investment Period, the Lessee shall be entitled at any time and at its discretion to pay the balance of all Lease Payments for the entire then-remaining Lease Period in a single payment. Such single payment shall be the

Ruble Equivalent of the net present value of all then-remaining future Lease Payments (calculated in US dollars). Such net present value shall be calculated by applying an annual discount rate (calculated on the basis of a 360-day year) of __% (___ percent) to the relevant US dollar figures, as set forth in **Annex 4** hereto. The net present value calculated and paid hereunder shall represent the full and final payment by the Lessee of all Lease Payments for the remainder of the Lease Term. Following such payment, the Lessee shall have no further obligations to make any lease or similar payments of any kind to ensure its exclusive use and possession of the Land Plot for the remainder of the Lease Term.

If the Lessee exercises its right to conclude one or more further lease agreements in accordance with Clause 3.4 above, the lease payments under such new agreements shall be equivalent to lease payments for similar state-owned land plots (zoned for industrial use) at such time, located in the City of N. in the same zone of architectural value as the Land Plot, excluding the value of the Improvements and any other alterations made to the Land Plot by the Lessee. Should the Parties fail to agree upon a new level of lease payments at least 90 (ninety) days prior to the expiration of the prior lease agreement then in effect, the new lease payments shall be determined by an international auditing firm with an office in S. appointed by (and at the expense of) the Lessee. The Lessor hereby agrees to accept the level of lease payments as thus determined. The Lessee shall have the right to refuse conclusion of a further lease agreement at any time in the event that the Parties fail to agree upon a new level of lease payments or in the event that the Lessee disagrees with the determination of such payments by an international auditing firm as set forth above.

C.

RIGHT TO PURCHASE

The Lessee shall have the exclusive right to purchase the Land Plot at any time during the Lease Term in accordance with such procedures as may be established by RF Legislation in accordance with the Land Code. The purchase price for the Land Plot shall be equal to the market value of the Land Plot as of the date of such purchase, excluding the market value of the Improvements and any other alterations made to the Land Plot by the Lessee, and reduced by the Ruble Equivalent of the US dollar value of all Lease Payments (plus interest on such Lease Payments of __% per annum (calculated on the basis of a 360-day year), applied to the period from the date of each Lease Payment to the purchase date), made by the Lessee prior to the purchase date. Unless otherwise required by RF Legislation, the purchase price for the Land Plot shall be determined in accordance with the preceding sentence by an international auditing firm with an office in St. Petersburg appointed by (and at the expense of) the Lessee. Both Parties hereby agree to accept the purchase price as thus determined. If such purchase price has a negative value, the Lessor shall obtain all necessary authorizations and take all other steps as may be required under RF Legislation to ensure payment to the Lessee of such negative amount, whether from budgetary resources or other sources acceptable to the Lessee, promptly following the date of such purchase.

If requested by the Lessee, the Lessor shall provide all necessary assistance to the Lessee in registering ownership rights to the Land Plot with relevant government bodies following a purchase of the Land Plot by the Lessee

LESSON 15

CONTRACT LAW

LOAN AGREEMENT

PART I

1. Read and translate the extract from the RF Civil Code:

ARTICLE 807. LOAN CONTRACT

1. Under a loan contract, one party (the lender) transfers to the other party (the borrower) money or other generic things, and the borrower is obligated to return to the lender the same amount of money or equal amount of things of the same kind and quality.

The loan contract is deemed concluded from the time of transfer of the money or other things.

2. Foreign currency or currency valuables may be the object of a loan contract on the territory of the Russian Federation, provided the rules set forth in Articles 140, 141, and 317 of this Code are followed.

ARTICLE 808. FORM OF THE LOAN CONTRACT

1. A loan contract between individuals shall be concluded in writing in the event its amount exceeds at least by ten times the minimum monthly wage established by law, and in the event the lender is a legal person – irrespective of the amount.

2. To confirm the loan contract and its terms, a borrower's receipt or any other document certifying the transfer of a specific amount of money or a specific quantity of things may be presented.

ARTICLE 809. INTEREST UNDER A LOAN CONTRACT

1. Unless otherwise provided by law or by loan contract, the lender is entitled to receive an interest from the borrower on the amount of the loan in the amounts and in accordance with the procedure prescribed by the contract. In the absence of a provision in the contract on the interest rate, the rate shall be determined by the prevailing interest rate (refinancing rate) at the place of residence of the lender, and if the lender is a legal person – at its seat, on the date of payment by the borrower of the amount of debt or its respective part.

2. Unless there is a different agreement to that effect, the interest shall be paid monthly until the day of return of the amount of the loan.

3. The loan contract shall be considered interest-free, unless it otherwise provides, in the instances when:

- the contract is concluded between citizens for an amount not exceeding fifty times the minimum monthly wage established by law, and is not related to performance of entrepreneurial activity by at least one of the parties:

- under the contract instead of money generic things are to be transferred to the borrower.

ARTICLE 810. RESPONSIBILITY OF THE BORROWER TO RETURN THE LOAN AMOUNT

1. The borrower is obligated to return to the lender the amount received by him within the time limits and in accordance with the procedure provided by the loan contract.

In the instances when the time of return is not specified in the contract or is determined by the time a demand for payment is made, the loan amount shall be returned by the borrower within thirty days from the time a demand for payment is made by the lender, unless otherwise provided by the contract.

2. Unless otherwise provided by the loan contract the amount of interest-free loan may be returned by the borrower prior to maturity.

The amount of an interest-bearing loan may be returned prior to maturity with the consent of the lender.

3. Unless otherwise provided by the loan contract, the amount of loan shall be deemed returned at the time of its transfer to the lender or at the time the proper amount is credited to the lender's bank account.

Note: *the Russian Civil Code makes a distinction between loan agreements and credit agreements. The latter are a type of loan agreements that covers only monetary loans, so any credit agreement under Russian law is governed not only by the specific Civil Code articles referring to that*

type of contracts but also, to a certain extent, by the provisions relating to loan agreements (Art. 819(2)).

ARTICLE 819. CREDIT CONTRACT

1. Under a credit contract, a bank or any other credit organization (creditor) undertakes to provide funds (credit) to the borrower in the amount and on the conditions provided by the contract, and the borrower undertakes to return the received amount of money and pay interest on it.

2. The rules specified in paragraph 1 of this article shall apply to the relations arising from a credit contract, unless otherwise provided by the rules of this paragraph and otherwise indicated by the nature of the credit contract.

ARTICLE 820. FORM OF THE CREDIT CONTRACT

A credit contract shall be concluded in written form.

Noncompliance with the written form shall entail the invalidity of the credit contract. Such contract shall be deemed void.

ARTICLE 821. REFUSAL TO EXTEND OR RECEIVE CREDIT

1. The creditor has the right to refuse to grant a credit provided by a credit contract to the borrower in full or in part if circumstances exist which clearly suggest that the amount granted to the borrower will not be returned on time.

2. The borrower has the right to refuse the receipt of a credit in full or in part, having notified the creditor thereof before the time scheduled by the contract for its disbursement, unless otherwise provided by law, other legal acts or the contract.

3. In the event of a violation by the borrower of the responsibility provided by the contract with respect to the purposeful use of the credit (Article 814), the creditor shall have the right to refuse to disburse further credit to the borrower under a contract”.

2. Translate the structure of the Loan Agreement given below. Remember the highlighted terms.

Section 1. Commitment.....

1 The Loans.

2 Manner of Borrowing Loans.

3 Notes; Evidence of Debt.....

Section 2. Payments of Principal and Interest.

1 Repayment of the Loans.

2 Interest.

3 Voluntary Prepayments

4 Mandatory Prepayments

Section 3. Payments; Pro Rata Treatment; Computations, Etc.	
1 Payments.....	
2 Computations.....	
Section 4. Yield Protection and Illegality.....	
1 Illegality	
2 Taxes.....	
3 Compensation	
Section 5. Conditions Precedent.....	
1 Conditions to Initial Loan	
2 Conditions to All Loans.....	
Section 6. Representations and Warranties	
1 Existence.....	
2 Financial Condition.	
3 Litigation	
4 No Breach	
5 Action	
6 Approvals.....	
7 Taxes.....	
8 Nature of Business.....	
9 Licenses for Operation of Business	
10 Solvency	
11 No Default on Outstanding Judgments.....	
12 Security	
Section 7. Covenants of the Company	
1 Financial Statements; Reports and Other Information....	
2 Litigation	
3 Existence, Etc	
4 Payment of Obligations	
5 Liens	

6	Mergers and Consolidations
7	Business
8	Transactions with Affiliates.....
9	Subsidiaries.....
Section 8. Events of Default.....	
Section 9. Miscellaneous.....	
1	Waiver
2	Notices
3	Expenses, Etc
4	Amendments, Etc.....
5	Successors and Assigns
6	Assignments.....
7	Survival.....
8	Captions
9	Counterparts.....
10	Governing Law
	JURISDICTION
	Rule of Construction.....
	Severability
	Marshalling; Recapture.....
	Waiver of Jury Trial.....

3. Translate into English:

Предварительные условия, основной долг, проценты, незаконность, судебные разбирательства, отсутствие нарушений, защита доходов и незаконность исполнения, финансовая состоятельность, обеспечение исполнения обязательств, особые обязательства компании, случаи неисполнения обя-

зательств, правопреемники и цессионарии, самостоятельность положений, сохранение силы положений, заголовки, экземпляры, передача имущества, восстановление обязательств, отказ от обращения в суд присяжных, объединения и присоединения.

NOTE: The RF Civil Code provides for the following types of corporate restructuring:

- объединение (**merger**)
- присоединение (**acquisition**)
- разделение (**split-up**)
- отделение (**split-off**)
- преобразование (**transformation**)

PART II

DEFINITIONS AND ACCOUNTING MATTERS

1. Translate into Russian:

a) Definitions and Accounting Matters, Collateral, Commitment, Commitment Termination Date, Event of Default, Final Maturity Date, Interest Period, LIBOR, Loan Documents, Material Adverse Effect, Notes, Prime Rate, Security Agreement, Security Documents, Uniform Commercial Code;

b) “Collateral” means all right, title and interest of the Company in the Holding Company and all right, title and interest of

the Company in and to the Investment Agreement, and all earnings, dividends, distributions and other proceeds and products of the foregoing, all as more fully described in the Security Agreement.

“Commitment” shall mean the obligation of the Lender to make a loans to the Company pursuant to Section 2.1 hereof in an aggregate principal amount up to but not exceeding US\$_____.

“GAAP” shall mean generally accepted accounting principles in the United States of America consistently applied (unless otherwise specified in this Agreement).

“LIBOR” shall mean, for any Interest Period (a) the rate determined by the Lender to be the offered rate for US Dollar deposits, for a period approximately equal to such Interest Period and, if the amount is so quoted, in an amount approximately equal to the principal amount of the Loans, quoted as of approximately 11:00 a.m. ([London] time), two Business Days prior to the first day of such Interest Period, as such rate appears on the display designated as page “3750” on the Telerate service (or such other page as may replace “3750” on the Telerate service or such other service as may be nominated by the British Bankers’ Association as the information vendor for the purpose of displaying British Bankers’ Association Interest Settlement Rates for US Dollar deposits) (“Telerate Page 3750”), or (b) if, as of 11:00 a.m. ([London] time) on any such date such rate does not appear on the Telerate Page 3750, the London inter-bank offered rate as of such time as determined by the Lender in its sole discretion.

“Lien” shall mean, with respect to any asset or other property, any mortgage, lien, pledge, charge, security interest, attachment, option or other encumbrance or adverse claim of any

kind in respect of such asset or property, any agreement to grant any of the foregoing with respect to such asset, and the filing of a financing statement or similar recording in any jurisdiction with respect to such asset.

“Material Adverse Effect” shall mean that the matter or circumstance in question (a) has or could have a material adverse effect on the business, properties, financial condition, prospects or operations of the Company, or (b) has or could have a material adverse effect on the ability of the Company to perform its obligations under this Agreement, the Notes, or the other Loan Documents, or (c) has or could have a material adverse effect on the rights or obligations of the Lender under this Agreement, the Notes, the Security Agreement or the other Loan Documents or on the ability of the Lender to enforce its rights hereunder or thereunder (including, without limitation, a material adverse effect on the value, validity, perfection or priority of any of the Collateral or any Lien thereon), or (d) imposes or could impose any liability whatsoever on the Lender.

“Notes” shall mean each of the promissory notes provided for by Section 2.3 hereof.

“Person” shall mean an individual, a corporation, a company, a limited liability company, a voluntary association, a partnership, a limited liability partnership, a trust, an unincorporated organization or a government or any agency, instrumentality or political subdivision thereof.

“Prime Rate” shall mean, for any day, the rate per annum announced from time to time by [Citibank, N.A.] as its “prime rate”, “prime commercial lending rate” or “base rate”, as the case may be for such bank, for extensions of credit in Dollars, as published for such day in the Wall Street Journal or other reliable news source, medium or on-line service selected by the

Lender in its reasonable discretion. Such_rate is merely a reference rate and not necessarily the lowest rate of interest charged by such bank.

“Security Agreement” shall mean the Security Agreement, substantially in the form of Exhibit C hereto, dated on or prior to the date of the initial Loan, made by the Company in favor of the Lender, as thereafter from time to time amended, supplemented or modified.

“Security Documents” shall mean the Security Agreement, all filings under the Uniform Commercial Code as in effect in any jurisdiction, and any other instrument at any time delivered or filed in connection with this Agreement to secure the Obligations.

“Subsidiary” of any Person, shall mean any other corporation, company, limited liability company, voluntary association, partnership, limited liability partnership, trust, unincorporated organization or other entity of which at least a majority of the outstanding shares of capital stock or other ownership interests ordinarily having, in the absence of contingencies, by the terms thereof voting power to elect a majority of the board of directors or similar governing body of such entity is at the time directly or indirectly owned or controlled by such Person.

2. Define the following terms and notions:

- a) subsidiary
- b) prime rate
- c) LIBOR
- d) Lien
- e) material adverse effect
- f) collateral

3. Provide the abbreviations given below with the appropriate Russian translation:

VAT, LIBOR, GAAP, CEO; UCC.

4. Translate the following statements into English:

- I. «Процентный период» означает в период с даты предоставления каждого Кредита до наступления срока его погашения последовательные периоды продолжительностью в один месяц, каждый из которых начинается в дате предоставления данного Кредита (или в последний день предыдущего Процентного периода) и заканчивается того же числа следующего календарного месяца.
- II. «Рабочий день» означает любой день (не являющийся субботой или воскресеньем), в который коммерческие банки не уполномочены и не обязаны быть закрытыми в г. Нью-Йорке, штат Нью-Йорк.
- III. «Дата вступления в силу» означает дату, в которую настоящий Договор был подписан и передан Компанией Кредитору и было выполнено каждое из предварительных условий, изложенных в пункте 6.1 настоящего Договора.
- IV. «ЕТК» означает Единый торговый кодекс, действующий в то или иное время в штате Нью-Йорк.
- V. «ОПБУ» означает последовательно применяемые общепринятые принципы бухгалтерского учета, действующие в Соединенных Штатах Америки (если в настоящем Договоре не указано иное).

NOTE: **Here**-words (*herein, hereto, hereof etc.*) are used as a reference to the document in which they occur (typically the document as a whole). **There**-words (*therein, thereto, thereof etc.*) point to some other word or document already mentioned in the same text (including, in particular, a different section of the same document).

5. Translate into Russian paying attention to there- and here-patterns:

“Loan Documents” shall mean this Agreement, the Notes, the Security Agreement, each other Security Document, and each other agreement, instrument or other document now or **hereafter** provided **for herein or therein**, contemplated **hereby or thereby**, or delivered by the Company pursuant **hereto or thereto**, in each case as any of the foregoing may from time to time be respectively amended, modified, substituted, extended or renewed.

PART III

ESSENTIAL TERMS

1. Translate the articles given below. Pay attention to the highlighted words and word combinations:

A.

COMMITMENT.

THE LOANS.

The Lender agrees, on the terms and subject to the conditions of this Agreement, to make loans to the Company in Dollars on any Business Days during the period from the date hereof to the Commitment Termination Date **in an aggregate principal amount** not to exceed US \$_____. Each such Loan shall be called a “Loan”. The Commitment will automatically terminate on **the Commitment Termination Date.**

MANNER OF BORROWING LOANS.

Upon fulfillment, to the satisfaction of the Lender, of the conditions precedent set forth in Section 6 of this Agreement, the Company may request Loans from the Lender solely for the purpose of making **equity investments** in the NNN Holding Company at the times and in the amounts required by Clause _____ of the Investment Agreement. Whenever the Company wishes to borrow a Loan, the Company shall send to the Lender a notice, not later than the date which is four_____ Business

Days prior to the date of the requested Loan, requesting such borrowing, together with such other documents as the Lender may reasonably request, including the Notes defined in Section 2.3. If (i) such documents are, in the reasonable judgment of the Lender, satisfactory, and (ii) all conditions precedent to the making of a Loan are then fulfilled, and (iii) the amount of such requested Loan, when added to all other Loans then outstanding, does not exceed the Commitment, the Lender shall make such Loan to the Company by contributing such funds directly to the NNN Holding Company in the manner provided in Clause ____ of the Investment Agreement, and the amount of such payment shall be deemed have been disbursed to the Company and shall be a “Loan” hereunder.

The Lender’s decision to make a payment to the NNN Holding Company as provided in Section 2.2(a) shall not serve to waive or otherwise impair any rights or remedies of the Lender against the Company arising out of the Investment Agreement or any transaction in connection therewith.

NOTES; EVIDENCE OF DEBT.

Each Loan made by the Lender shall be evidenced by a **single promissory note** of the Company in substantially the form of Exhibit A hereto, dated the date of such Loan, duly executed by the Company, payable to the order of the Lender in the principal amount of such Loan and otherwise duly completed.

The Loans made by the Lender, and **all payments and pre-payments** made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of the Notes held by it, endorsed by the Lender on the schedule attached to the respective Note or any continuation thereof (which recordings and endorsements shall be conclusive and binding on

the Company); provided, that no failure by the Lender to make such recording or endorsement shall affect the obligations of the Company under this Agreement or the other Loan Documents to the Lender or any other holder of the Notes.

PAYMENTS OF PRINCIPAL AND INTEREST.

REPAYMENT OF THE LOANS.

The Company shall repay to the Lender **the full principal amount** of each Loan on **the Final Maturity Date**.

Interest.

The Company shall pay to the Lender **interest on the unpaid principal amount** of each Loan from and including the date on which such Loan is made to but excluding the date on which such Loan shall be paid in full, for each Interest Period for such Loan, at a rate per annum equal to LIBOR for such Interest Period *plus* a **margin** of ____ percent (____%) (the “Margin”). **Accrued interest** on each Loan shall be payable on each date on which such Loan or any portion thereof shall become due (whether at stated maturity, **by acceleration** or otherwise) and also on each date on which such Loan or any portion thereof shall be paid.

Notwithstanding any of the foregoing provisions of this Section 3.2, at any time during the period commencing on the date on which any Obligation is not paid in full when due (whether **at stated maturity**, by acceleration or otherwise) and ending on the date on which all such **overdue Obligations** are paid in full, the Company shall pay to the Lender interest on the principal of each Loan and (to the fullest extent permitted by law) on any unpaid interest or any other amount payable by the Company hereunder or under the Notes at a rate per annum equal to the sum of LIBOR in effect from time to time *plus* the

Margin *plus* two percent (2%), such interest to be payable from time to time on demand by the Lender.

No provision of this Agreement or the Notes or any other Loan Document and no transaction contemplated hereby or thereby shall be construed or shall operate so as to require the Company or any other Person liable for payment of any of the Obligations to pay interest in an amount or at a rate greater than the maximum allowed from time to time by applicable law. Should any interest or other charges paid by the Company or any such other Person under any such document result in a computation or earning of interest in excess of the maximum rate of interest permitted under applicable law in effect while such interest is being earned, then such excess shall be and hereby is waived by the Lender and all such excess shall be automatically credited against and in reduction of the principal balance of such amounts payable under such documents and any portion of such excess received by the Lender and not applied to the payment of principal as aforesaid shall be paid over by the Lender to the Company or such other Person, as the case may be, it being the intent of the parties hereto that under no circumstances shall the Company or such other Person be required to pay interest in excess of the maximum rate allowed by such applicable law.

Voluntary Prepayments. The Company shall have the right to prepay the Loans, at any time; provided that the Company shall give the Lender notice of each such prepayment not less than ___ days prior to the date of such prepayment. Loans prepaid may not be **reborrowed**.

Mandatory prepayments. Upon the payment by the nnn holding company of any dividend in respect of its capital stock or the investment agreement or otherwise in respect of the collat-

eral which are generated from manufacturing and sales activity (the amount of such cash payment being called the (“dividend distribution amount”), the company shall immediately pay any interest accrued on the loans as of the date such payment. Upon the payment by the nnn holding company of any other distribution or other cash payment in respect of its capital stock or the investment agreement or otherwise in respect of the collateral, (the amount of such cash payment being called the “**distribution amount**”), or **proceeds of any sale** or other transfer of the company’s interest in the nnn holding company, the company shall immediately **prepay the loans** in an amount equal to the distribution amount. Loans prepaid may not be reborrowed.

Assignments

1. Find the respective English legal terms and expressions for those given below:

Кредитное обязательство; вклады в капитал; добровольное досрочное погашение; обязательное досрочное погашение; повторное заимствование; дата прекращения кредитного обязательства; совокупная основная сумма; платежи основного долга и процентов; досрочно погашенные кредиты; простой вексель; документы, подтверждающие задолженность; начислить проценты; сумма распределенных средств; невзирая на любое из вышеприведенных положений; маржа; накопленные проценты по кредиту.

2. Translate the following statements:

1. Каждый Кредит, предоставленный Кредитором, подтверждается одним простым векселем Компании, составляемым в форме Приложения А к настоящему Договору, датированным датой такого Кредита, должным образом подписанным Компанией.
2. Компания погашает Кредитору в полном объеме основную сумму каждого Кредита в Дату окончательного погашения.
3. Компания уплачивает Кредитору проценты на непогашенную основную сумму каждого Кредита за период с даты предоставления Кредита включительно по дату его полного погашения, исключая эту дату, за каждый Процентный период для такого Кредита по годовой ставке, равной ставке ЛИБОР.
4. Компания имеет право в любое время досрочно погасить Кредиты при условии, что Компания направит Кредитору уведомление о каждом досрочном платеже не позднее, чем за ____ дней до даты досрочного платежа. Досрочно погашенные кредиты не подлежат повторному заимствованию.
5. Компания незамедлительно уплатит любые проценты по Кредитам, начисленные на дату такого платежа.

B.

Translate into Russian:

Events of default. If one or more of the following events (herein called “events of default”) shall occur and be continuing:

The Company shall fail to pay the principal of or interest on any Loan when due; or the Company shall fail to pay any fees, indemnities or other amounts payable by it hereunder and such failure shall continue for two (2) Business Days or more after the date when any such amount shall have become due; or

Any representation, warranty or certification made or deemed made herein or in any of the other Loan Documents by the Company, or any certificate furnished to the Lender pursuant to the provisions hereof or thereof, shall have been false or misleading as of the time made or deemed made or furnished in any material respect; or

The Company shall default in the performance of any of its agreements or other obligations under this Agreement or any of the other Loan Documents or the Investment Agreement between Company and ____ dated _____; or

The Company shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

The Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the U.S. federal bankruptcy code or any other applicable law (domestic or foreign) relating to bankruptcy, insolvency, reorganization, moratorium, reorganization, creditor or debtor rights, winding-up, or composition or readjustment of debts, (iv) file a petition

seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, moratorium, reorganization, creditor or debtor rights, winding-up, or composition or readjustment of debts, or (v) take any corporate action for the purpose of effecting any of the foregoing; or

A proceeding or case shall be commenced, without the application or consent of the Company in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, including the filing of an involuntary petition under the U.S. federal bankruptcy code, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Company or of all or any substantial part of its assets, or (iii) similar relief in respect of the Company under any law relating to bankruptcy, insolvency, reorganization, creditor or debtor rights, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and shall not be vacated or dismissed within 30 days; or an order for relief against the Company shall be entered in an involuntary case under any applicable bankruptcy code; or

The Security Agreement or any of the other Security Documents shall at any time and for any reason cease to be in full force and effect, or shall be declared to be null and void, or the validity, enforceability, perfection or priority thereof shall be contested by the Company, or the Company shall deny that it has any further liability or obligation under the Security Agreement or any other Security Document, as applicable, or the Company shall fail to perform any of its obligations under the Security Agreement or any other Security Document; or

Any attachment or other Lien, whether or not with the Company's consent, shall be levied against any of the Collateral, or the Lender for any reason whatsoever shall fail to hold pursuant to the Security Agreement a valid, perfected, first priority security interest in and to all of the Collateral, subject to no other Lien whatsoever, enforceable against the Company, the Collateral, and all other third parties whatsoever; or

THEREUPON: (i) in the case of an Event of Default other than one referred to in clause (e), (f) or (g) of this Section 9, the Lender may, by notice to the Company, terminate the Commitment and/or declare the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Company hereunder and under the Notes to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, diligence, protest or other formalities of any kind, all of which are hereby expressly waived by the Company; and (ii) in the case of the occurrence of an Event of Default referred to in clause (e), (f) or (g) of this Section 9, the Commitment shall be automatically terminated and the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Company hereunder and under the Notes shall become automatically immediately due and payable without presentment, demand, diligence, protest or other formalities of any kind, all of which are hereby expressly waived by the Company.

Issues to be discussed:

1. Enumerate the major events of default.
2. Explain the effect of an event of default.