



File no. _____

Account no. _____

GENERAL TERMS AND CONDITIONS

1. The Agreement Documents; Definitions

- (a) The Special Terms and Conditions (as defined hereunder), the recitals thereto, the General Terms and Conditions (as defined hereunder) and all the appendices thereto (if any), together with any Loan application or Account Opening Document (as defined hereunder), constitute an integral part hereof and all their provisions shall be treated as though included in the body of the Agreement ("**Agreement**").
- (b) In this Agreement, the following expressions shall bear the meanings set forth alongside them, unless the context otherwise admits:
- (1) "**Account**" - the Borrower's current account at the Bank;
 - (2) "**Account Opening Document**"- The account opening document/s in pertaining to the opening of the Account, including without limitation the Application to Open an Account, the Lien and Set-off Document and the Agreement for Opening an Account.
 - (3) "**Bank**" -Bank of Jerusalem Ltd., including any of its branches, and including without limitation any assignee or transferee or anyone else acting on the Bank's behalf;
 - (4) "**Base Rate**"- as defined in clause 2.1 of the Special Terms and Conditions.
 - (5) "**Borrower**" - shall include without limitation, jointly and severally, each of the individuals and/or entities comprising the Borrower, including their heirs, guardians and/or administrators of estate, and including without limitation any successors or anyone else acting on their behalf.
 - (6) "**Business Day**"-
 - (a) For the purpose of the Interest Determination Date where the Interest is a variable interest on the basis of Interest Rate Anchors for Foreign Currencies, a Business Day shall mean: a day on which banks in London carry out interbank transactions in deposits in the currency of the Loan in London Interbank Euromarket and which is also a day on which the Bank actually effects transactions in the currency of the Loan.
 - (b) for all other purposes, a Business Day shall mean: a day on which the Bank, the banks in the country in which the currency relevant to the transaction is legal tender, and the bank at which the clearing of the transaction will be performed are open for the performance of banking transactions and for currency conversions.
 - (7) "**Credit**" - including any loan and/or transaction and/or act of any kind giving rise and/or likely to give rise to a debt and/or obligation of the Borrower and/or Pledgor and/or Guarantor towards the Bank, whether alone and/or together with others, due certainly and/or conditionally, directly and/or indirectly, done



in Israel or abroad, including -but without derogating from the generality of the foregoing -overdraft, revolving credit, renewing credit, one-time credit, credit pursuant to a debit card, a loan, the discounting of bills, the purchase of bills and brokerage of bills, the grant of a guarantee, indemnity undertakings and the opening of documentary and other credit, the granting of time and/or an extension, banking concessions, handling of bills of lading, actions with securities of any kind, the provision of a service or any other payment including a comfort letter that the Bank in respect of which the Bank is liable to make a payment, which were provided or will be provided by the Bank to the Borrower and/or Pledgor and/or Guarantor, as the case may be, or to their order;

"Future Credit" - any additional Credit that may be provided in the future by the Bank to the Borrower, in addition to the Loan pursuant to this Agreement;

- (8) **"Default Interest"**-as defined in clause 9(a).
- (9) **"Drawdown Date"** - The date on which the first disbursement on account of the Loan or any part thereof is or shall be granted by the Bank to the Borrower, or subject to the Bank's prior separate written approval, to the seller of the Property.
- (10) **"General Terms and Conditions"** - the General Terms and Conditions of this Agreement, as set out herein.
- (11) **"Guarantor"**- shall include without limitation, jointly and severally, each of the individuals and/or entities comprising the Guarantor, including their heirs, guardians and/or administrators of estate, and including without limitation any successors or anyone else acting on their behalf.
- (12) **"Interest Determination Date"** - means with respect to the first Interest Period - the day falling two Business Days prior to the Drawdown Date as defined below, and with respect to the consecutive Interest Periods - the day falling two Business Days prior to each Repayment Date as defined below, until the Loan, the accrued interest thereon, and all other sums due and to become due to the bank under this Agreement shall be fully repaid.
- (13) **"Interest Period"** - each of the periods of time in which the rate of the interest will be fixed and the duration of which will be determined in the Special Terms and Conditions (monthly/quarterly/semi-annually, 60 months), calculated in the following manner: the first Interest Period shall commence on the date of granting the Loan and end on the day immediately preceding the following Repayment Date; every subsequent Interest Period shall commence on the day the previous Repayment Date ended, and end on the day immediately preceding the following Repayment Date, provided that the last Interest Period shall terminate on the date on which the balance of the Loan, the accrued interest thereon and all other sums due and to become due to the Bank under the this Agreement shall be fully paid.



(14) **"Interest"/ "Interest Rate"**- The interest/ interest rate as set out in the Special Terms and Conditions

(15) **Interest Rate Anchors for Foreign Currencies**

a. US Dollar - USD, changes every 3 months

SOFR - Secured Overnight Financing Rate: The interest rate is based on one-night repo (O/N) transactions, in which US bonds are used as collateral. The interest rate for the various periods is based on a forward-looking interest rate curve. The anchor interest quote will be obtained from CME.

If CME ceases to publish the interest rate, whether temporarily or permanently, the Bank will find an alternative source for quoting the interest rate.

b. US Dollar - USD, changes every 5 years

The interest rate anchor is a 5-year US government bond index. The interest rate anchor will be obtained from the Bloomberg trading system. The interest rate will be adjusted every 5 years.

If Bloomberg trading system ceases to publish the interest rate, whether temporarily or permanently, the Bank will find an alternative source for quoting the interest rate.

c. Euro - EUR, changes every 3 months

EURIBOR: Interbank interest rate, based on the European interbank financing market. The interest rate is based on transactions/quotes from several banks. The interest rate for the various periods is based on a forward-looking interest rate curve. The anchor interest rate quote will be obtained from EMMI (European Money Markets Institute).

If EMMI ceases to publish the interest rate, whether temporarily or permanently, the Bank will find an alternative source for quoting the interest rate.

d. Euro - EUR, changes every 5 years

The interest rate anchor is a 5-year IRS Euro (fixed). The interest rate anchor will be obtained from the Bloomberg trading system. The interest rate will be adjusted every 5 years.

If Bloomberg trading system ceases to publish the interest rate, whether temporarily or permanently, the Bank will find an alternative source for quoting the interest rate.

e. British Pounds GBP changes every 3 months

SONIA - Sterling Overnight Index Average: O/N interest rate based on the OIS (Overnight Index Swap) transaction market in the GBP. The interest rate for the various periods is based on a forward-looking interest rate curve. The anchor interest rate quote will be obtained from ICE.



If ICE ceases to publish the interest rate, whether temporarily or permanently, the Bank will find an alternative source for quoting the interest rate.

f. Japanese YEN - JPY changes every 3 months

TONA - Tokyo Overnight Average Rate: O/N interest rate based on the OIS (Overnight Index Swap) transactions in the Japanese Yen currency. The interest rate for the various periods is based on a forward-looking interest rate curve, the TORF (Tokyo Term Risk-Free Rate) curve. The anchor interest quote will be obtained from Quick CORP.

If Quick CORP ceases to publish the interest rate, whether temporarily or permanently, the Bank will find an alternative source for quoting the interest rate.

g. Swiss Franc –CHF changes every 3 months

SARON - Swiss Average Rate Overnight: The interest rate is based on one-night repo (O/N) transactions, in which the Swiss government bonds are used as collateral. The anchor interest rate quote will be obtained from Six Swiss.

If Six Swiss ceases to publish the interest rate, whether temporarily or permanently, the Bank will find an alternative source for quoting the interest rate.

With regard to all Interest Rate Anchors for Foreign Currencies mentioned above, to the extent that in the future the interest rate will cease to exist, on the date on which the Interest Rate Anchors for Foreign Currencies is sampled, on any business day, whether in Israel or abroad, which precedes the date of executing the loan, or the date on which the interest rate was revised, the Bank shall stipulate an alternative type of interest rate, which will replace the said interest rate as an anchor, which, in the Bank's opinion, will constitute an appropriate alternative to the said interest rate which was agreed upon, including if required, at the Bank's discretion, adding to it or subtracting from it a margin that will reflect the difference between the original interest rate and the new interest rate.

- (16) **"Loan"**- Shall mean all amounts lent to the Borrower by the Bank and/or any portion thereof, as the case may, including without limitation the amount of the loan indicated in the recitals of the Special Terms and Conditions, as well as all the amounts and components referred to in Section 2 of the Special Terms and Conditions ;
- (17) **"Loan Date"** - With respect to each and every portion of the Loan, the earlier of the following dates: the date the Loan monies were actually made available to the Borrower, whether directly or if transferred to the credit of such other person as may be instructed by the Borrower in writing, including without limitation the date of delivering and/or sending the cheque to



the Borrower or to such other person as may be instructed by the Borrower with respect of the entire amount of the Loan or any portion thereof, and/or any other date upon which the amount of the Loan or any portion thereof is transferred to the credit of any other person's account pursuant to irrevocable instructions of the Borrower to the Bank, all as the case may be, whether such date is prior to the execution of this Agreement or subsequent thereto, and according to the earlier of any of the foregoing dates;

- (18) **"Pledgor"**- shall include without limitation, jointly and severally, each of the individuals and/or entities comprising the Pledgor, including their heirs, guardians and/or administrators of estate, and including without limitation any successors or anyone else acting on their behalf;
- (19) **"Prime Interest Rate"** – the basic interest on debit balances in current NIS accounts, as determined from time to time by the bank.
- (20) **"Property" and/or "Pledged Property"** - as such terms are defined in the recitals to this Agreement and/or any other property charged by the Borrower and/or the Pledgor and/or any other third party, to secure the Loan and/or the Credit, instead of the property and/or the Pledged Property and/or in addition thereto, subject to the Bank's consent;
- (21) **"Repayment Date"** - Monthly: means the first Business Day of every month of the year, commencing with the first such date following the Drawdown Date. Quarterly: means the first Business Day of the months January, April, July and October of each year, commencing with (1) the first such date following the date of granting the Loan - if the date of granting the Loan shall fall in the first month of a calendar quarter (January, April, July or October) or (2) the second such date following the Draw Down Date if the Draw Down Date shall fall in any other month. Semi-Annually: means the first Business Day of the months January and July of each year, commencing with (1) the first such date following the Draw Down Date - if the Draw Down Date shall fall in the first calendar year of the relevant interest period or (2) the second such date following the Draw Down Date if the Draw Down Date shall fall in any other month. Whenever any payment hereunder shall be stated due, on a day other than a Business Day, such payments shall be made, and the last day of such Interest Period shall occur, on the next succeeding Business Day. Any such change in time of payment shall be taken into account in the computation of payment of Interest.
- (22) **"Special Terms and Conditions"** - the Special Terms and Conditions of this Agreement, as referred to above;

- (c) Everything mentioned herein in the singular shall also include the plural and vice versa, as the case may be and as the context admits.



Any reference herein to the masculine gender includes the feminine where appropriate, and vice versa.

- (d) If the Borrower, the Pledgor and/or the Guarantor and/or any of their components is a corporation, the signatory to this Agreement on the corporation's behalf warrants that he is authorized to sign this Agreement on the corporation's behalf and to bind the corporation by his signature in respect of any thing and matter mentioned in this Agreement and/or in any other and/or additional document signed by him on the corporation's behalf. In the event that the warranty of the signatory on the corporation's behalf as aforesaid is not completely correct, the signatory on the corporation's behalf shall be personally liable for the performance of the obligations that are supposed to apply to such corporation pursuant to this Agreement, without derogating from the corporation's liability.

2. The Loan

- (a) The Borrower agrees to accept a Loan from the Bank in the amount and composition and subject to all the terms and conditions set forth in the Agreement. The parties' signature upon this Agreement, subject to the terms and conditions herein, constitutes the Borrower's approval to, and confirmation of, the receipt of the Loan from the Bank. It is expressly agreed that only the Bank's signature on a copy of this Agreement and the actual grant of the Loan shall constitute the Bank's approval of and consent to the grant of the Loan, subject to the performance of all the provisions of the Agreement by the Borrower and/or the Pledgor.

The Loan and/or any portion thereof shall be granted by the Bank to the Borrower only by means of the Bank crediting the Account hereinabove stipulated with the proceeds of the Loan. **It is hereby agreed and understood by the Borrower that all such disbursements of the Loan shall be made only and solely through the Account.**

- (b) The Loan shall consist of the amounts specified in the recitals and in clause 2 of the Special Terms and Conditions, each of which shall be repaid to the Bank at the times and/or in the payments set forth in clause 2 of the Special Terms and Conditions and in the other provisions of this Agreement, and shall be given to the Borrower in the installments and at the times as agreed between the Bank and the Borrower in the Special Terms and Conditions, or in any other document attached to this agreement. Where the Loan is given to the Borrower in parts, each part shall be deemed a separate Loan pursuant to this Agreement for all intents and purposes.
- (c) The Borrower undertakes to use the Loan monies solely for his stated purpose in accordance with the recitals to this Agreement.
- (d) The Borrower undertakes to repay the Loan and the interest thereon as set forth herein and in the Special Terms and Conditions in full and on time in such consecutive periodic payments, on such day of the month all as is determined in clause 2 of the Special Terms and Conditions (hereinafter referred to as the "**Designated Repayment Dates**").



It is expressed and agreed that subject to the provisions of any law that may not be qualified, including Bank of Israel's Directives, the determination of the Designated Repayment Dates shall be irrevocable so far as the Borrower is concerned and this date may not be changed without the consent of the Bank, in its exclusive discretion.

- (e) The Borrower undertakes to pay interest in accordance with the terms and conditions set out herein and in the Special Terms and Conditions, as calculated by the Bank, on the balance of the principal amount of the Loan, including any accrued interest thereon, outstanding from time to time as from the Drawdown Date, such interest being payable in arrears commencing on each Repayment Date, and at maturity, at the Interest Rate that shall be determined once every Interest Period in advance on the relevant Interest Determination Date as stipulated herein.
- (f) Such instalments of principal and interest shall be due commencing with the first Repayment Date, unless a period of grace for the repayment of principal and/or Interest, as stipulated in the Special Terms and Conditions, shall have been agreed upon by the parties, and shall continue to be due until the Loan, the Interest thereon, and all other sums due and to become due to the Bank hereunder shall be fully paid, with the addition of all accrued interest thereon.
- (g) (1) The various interest rates stipulated in the Special Terms and Conditions are nominal annual interest rates; however, the interest shall be computed on a periodic (monthly/ quarterly/ semi-annually) compound basis, and for the purpose of computing the payments of principal and interest that the Borrower is liable to pay the Bank pursuant hereto, the periodic interest rate shall be the annual interest rate on the basis of the annual number of days noted below divided by 12 or 4 or 2 (according to the Interest Period), and it shall be added to the amount of the Loan each month/quarter/6 months (according to the Interest Period) for the purpose of computing the interest in the following month/ quarter/ 6 months.
Interest shall be calculated on the basis of the actual number of days in each Interest Period divided
▶ by 360 if the Loan is repaid in fixed payments of principal and interest over a set term,
▶ or by 365 if the currency of the Loan is £ -and in all other cases.
- (2) The interest rate stipulated in the Special Terms and Conditions
▶ is reserved for 30 days from the date of the Agreement, if the rate is variable rate on the basis of Interest Rate Anchors for Foreign Currencies (with regard to the margin above the Base rate) (for the avoidance of doubt - the actual rate will be determined on the Interest Determination Date).
▶ or for 12 days from the date of the Agreement, , if the rate is a Fixed Rate.
- (h) It is clarified that the amounts of the periodic installments shall be in accordance with the payments schedules made by the Bank from time



to time. The rate of the periodic installments could change in the course of the Loan Period due to changes in interest rates or linkage differentials.

- (i) In addition to the Loan and the interest that the Borrower is liable to pay the Bank, pursuant to this Agreement and its appendices, the Borrower undertakes to also pay the Bank, at such times as determined by the Bank, various commission and charges in connection with this Agreement and/or related transactions and/or services, as well as expenses and payments to a third party in connection with the Agreement and/or that are imposed on the Borrower pursuant to the law in connection with this Agreement, in accordance with the Bank's prevailing tariff from time to time, subject to the provisions of the Banking (Service to Customer) Law, 5741-1981, and subject to the directives and rules promulgated by virtue thereof (hereinafter referred to as "the Ancillary Payments"). The rate of the effective cost (hereinafter - the "**Real Cost**") of the Loan is based on the interest rate set forth in the Special Terms and Conditions and the amounts of the Ancillary Payments. The rate of the Real Cost of the Loan known on the date of signing this Loan Agreement shall not exceed the rate of the maximum cost of the loan known on that date.
- (j) If for any reason the Borrower does not receive the full amount of the Loan at one time, the Borrower shall be entitled to receive the balance of the Loan, if at all, only subject to the Bank's prior written consent and on the terms and conditions prevailing at the bank at the time of actually giving each part of the Loan. In addition, the Bank may decide not to grant the Loan or any part thereof, after the execution of this Agreement, on the occurrence of one or more of the events listed in clause 9(b) of the General Terms and Conditions below. Without derogating from the aforesaid, the Bank may decide not to give the Borrower the full amount of the Loan at once, but rather in installments, such being, *inter alia*, in accordance with the progress in construction, where the property being purchased and/or being built through own-construction, through the Loan monies, has not yet been completed and the Borrower has not charged and assigned suitable collateral to the Bank, in accordance with the provisions of the Sale (Apartments) (Assurance of Investments of Persons Acquiring Apartments) Law, 5735-1974, as set forth in clause 5(k) of the General Terms and Conditions below. Without howsoever derogating from the Bank's rights pursuant hereto, the Borrower undertakes to comply with all the conditions for receiving the Loan within no more than 12 days (if the interest rate is fixed) or 30 days (if the interest is **Interest Rate Anchors for Foreign Currencies**) of signing the Loan documents or any other period determined by the Bank in such regard, from time to time.

Subject to the provisions of documents drawn up in connection with the Loan regarding maintenance of the interest rate for the Loan, the Borrower and the Guarantors hereby agree in advance that the interest rate for the Loan might change at the time of granting the Loan or any part thereof, in accordance with the change mechanism prescribed in the loan documents and subject to any law.



- (k) Notwithstanding the provisions of this Agreement, including the Special Terms and Conditions, the Bank's undertaking to give the Borrower the Loan and/or any part thereof and the Borrower's right to receive the Loan and/or any part thereof shall in any case and at any time be subject to the restrictions imposed on the Bank pursuant to the directives of the Supervisor of Banks on behalf of Bank of Israel and/or any law, including restrictions regarding the liability of a "single borrower" and/or "a group of borrowers" vis-a-vis the Bank and/or minimum capital restrictions in relation to risk assets and/or industry concentration restrictions and/or any other and/or additional restriction applicable to the Bank at the time of giving the Loan and/or any part thereof.
- (l) Notwithstanding the provisions of this Agreement, it is expressed that the Bank may, in accordance with instructions received from time to time from Bank of Israel and/or any other competent authority, alter the provisions of this Agreement at any time.
- The Bank may at any time, in its exclusive discretion, execute technical operations that do not prejudice the Borrower and/or the Guarantors and/or their rights pursuant to this Agreement, as provided below: a change in the number of the Borrower, a change in the number of the Loan, consolidation of a loan/loans or parts of a loan/loans, splitting of a loan/loans or parts of a loan/loans. The Bank shall give the Borrower written notice of the technical changes made as aforesaid, together with an explanation to the effect that the changes are technical and do not prejudice the Borrower and/or the Guarantors and/or their rights pursuant to this Agreement.
- The Borrower and the Guarantors hereby agree that if the Borrower does not accept the Loan within 30 days of his signature of the Agreement, the Bank may cancel the Agreement, and the Borrower and/or the Guarantors shall compensate the Bank for all the expenses incurred by it in respect of this Agreement's execution, including stamping fees, advocates' professional fees and appraisal fees, provided that non-acceptance of the Loan as aforesaid is not caused by the Bank. The Bank shall notify the Borrower of the Agreement's cancellation in a written notice.

3. Early Repayment

- (a) The Borrower may repay the Loan, or part thereof, before its agreed repayment date, provided that the amount of the repayment shall equal at least 10% of the original amount of the Loan, or at least 10% of the balance of the Loan, plus interest accrued but not yet paid as at the actual repayment date, whichever is higher.
- (b) For early repayment as aforesaid, the Borrower shall pay the Bank an early repayment commission in accordance with the provisions of the Banking (Early Repayment of a Housing Loan) Order, 5762-2002 as amended from time to time (including any other order replacing it) (hereinafter referred to as the "**Early Repayment Order**"), in the maximum amount the Bank may collect pursuant to the law, and without derogating from the generality of the aforesaid, pursuant to any legislation, regulation, order or any of Bank of Israel's directives, as in force from time to time. The provisions of the Early Repayment



Order shall apply in any case of a loan with a pledge and/or charge of a dwelling and/or if the Loan was granted for the purpose of purchasing a residential dwelling. With respect to any other loan - Bank of Israel's directives shall apply.

The Borrower hereby agrees in advance to being debited with early repayment commission as aforesaid, including all the components thereof.

- (c) Notwithstanding the provisions of sub-clauses (a) and (b), the Borrower may not make early repayment of the Loan or any part thereof, except subject to the law and/or subject to any other special provisions in this Agreement and/or subject to such instructions as it receives from time to time from Bank of Israel and/or any other competent authority. It is agreed that early repayment as aforesaid may only be made at the Bank's offices, by arrangement with the Bank, and not in any other way.

In addition to the aforesaid, the Bank may determine dates for prior notice of early repayment and/or any other condition, subject to the law and/or Bank of Israel's directives. It is hereby expressed that section 13(b) of the Pledge Law, 5727-1967 or any other provision amending or replacing it shall not apply to the parties.

- (d) The Borrower confirms that the Bank has given him an explanation sheet in connection with early repayment, including details of the types of early repayment commissions that the Borrower might be liable for at the time of making the early repayment, in their amount on the date of executing this Agreement; however, it is expressed that the amount of the early repayment commission that shall actually apply in any case of early repayment of the Loan and/or any part thereof, including in connection with the various commissions that shall be included therein, shall be in accordance with the repayment commissions then prevailing at the Bank on the actual repayment date.

4. The Rights of the Borrower and the Pledgor in the Property and the Pledged Property

- (a) The Borrower warrants and confirms that he exclusively purchased the ownership right and/or long-term leasehold right in the Property, that he has not pledged and/or charged it and/or his rights therein, that he has not granted a short or long lease in or transferred any rights in the Property to another and/or others, that the Property is not attached and that no other person and/or entity apart from the Borrower has any right in the Property, save for the right of the Israel Land Administration in the case of a long-term lease and save for the right of any third party of whom the Borrower has notified the Bank expressly and in writing prior to the execution hereof.

The Pledgor warrants and confirms that the warranty and confirmation of the Borrower, in respect of the Property, as set forth above in this sub-clause (a), are correct and valid also in respect of the Pledgor's rights in the Pledged Property.

- (b) The Borrower and/or the Pledgor warrant and confirm that they have examined all the facts and the planning and legal position in connection with the Property and/or the Pledged Property, including in connection with the transaction for its purchase, and that they have



not relied and shall not rely on any act and/or failure to act on the part of the Bank in connection with the Property and/or the Pledged Property, including in connection with the transaction for its purchase, and including the transfer of the Loan amount, or part thereof, by the Bank to the beneficiary. Accordingly, the Borrower and/or the Pledgor warrant, confirm and undertake that the Bank shall not be liable for any information in connection with the Property and/or the Pledged Property, including in connection with the transaction for the purchase thereof, and shall not bear any liability, directly and/or indirectly, in connection therewith.

- (c) The Borrower and/or the Pledgor undertake to immediately notify the Bank of any change in the value of the Property and/or the Pledged Property, and for such purpose to check the value of the Property and/or the Pledged Property from time to time. In such context, the Borrower and/or the Pledgor shall immediately notify the Bank of any building addition and/or other changes affecting the Property and/or the Pledged Property.
- (d) The Borrower and/or the Pledgor warrant and confirm that all the monies used by them for the purchase of the Pledged Property are from permitted sources pursuant to the foreign currency control provisions in force on the date of purchasing the Property and on the date of signing this Agreement.

5. Charges and Collateral

- (a) The Borrower undertakes to charge the Property in favor of the Bank, by registering a first-ranking mortgage over the Property and/or a first-ranking pledge over the rights in the Property in favor of the Bank and/or in any other way elected by the Bank, in its exclusive discretion, by no later than the end of six months from the execution hereof.
- (b) Without prejudice to the provisions of clause 5(a) above, the Pledgor undertakes to charge the Pledged Property in favor of the Bank by registering a first-ranking mortgage over the Pledged Property and/or a first-ranking pledge over the rights in the Pledged Property in favor of the Bank and/or in any other way elected by the Bank, in its exclusive discretion, by no later than the end of six months from the execution hereof.

A breach of the provisions of clause 5(a) and/or clause 5(b) above by the Borrower and/or the Pledgor shall constitute a fundamental breach of this Agreement.

- (c) The mortgage deed and/or pledge agreement shall include the terms and conditions customary at the Bank at the time of registering the mortgage and/or pledge.
The Borrower and/or the Pledgor shall act in accordance with the Bank's instructions, in connection with the verification and/or registration of the mortgage deed and/or pledge agreement, if such instructions are given.
- (d) The aforesaid Charges over the Property and/or the Pledged Property (hereinafter referred to as "**Charges**") shall be made and registered to secure the unpaid balance of the Loan on the date of registering the Charges, including the interest thereon, all the Ancillary Payments due to the Bank from the Borrower and/or the Pledgor pursuant to this



Agreement, the full and precise payment of all the amounts that the Borrower owes the Bank in accordance with the terms and conditions of this Agreement and/or any other agreement made between the Bank and the Borrower, any other amount due to the Bank from the Borrower of any origin, the full and precise fulfillment of all the terms and conditions of this Agreement and/or of any other agreement made between the Borrower and the Bank and the performance of all the Borrower's obligations to the Bank pursuant hereto (hereinafter jointly and severally referred to as "**Secured Amounts**").

For the avoidance of doubt, and without derogating from the provisions of sub-clause (n) below, if the Borrower in future receives a revised Loan from the Bank, for the recycling of the original Loan balance or parts thereof, such that the revised Loan replaces the original Loan balance and/or parts thereof, *inter alia* in consequence of the Borrower's preference for the terms and conditions of the revised Loan, the Charges over the Property and/or the Pledged Property shall continue to apply, including the mortgage and/or the pledge and the other collateral pursuant to this Agreement shall also secure the revised Loan and the performance of all the Borrower's obligations in connection with the revised Loan.

- (e) To facilitate and secure the Charges' execution and registration, as well as the realization, sale, rental and the like of the Property and/or the Pledged Property, as set forth in this Agreement, the Borrower and/or the Pledgor shall immediately sign, before a notary, an irrevocable notarized power of attorney in favor of whomever the Bank directs, in the form of wording furnished to the Borrower and/or the Pledgor by the Bank, pursuant whereto the Borrower and/or the Pledgor shall empower the attorneys detailed in the power of attorney to act in accordance with the provisions thereof and they hereby also give them an irrevocable instruction to act in accordance with the aforesaid power of attorney for the registration of the Property and/or the Pledged Property in the name of the Borrower and/or in the name of the Pledgor and for the registration of the Charges in favor of the Bank at any time the Bank requests.

The power of attorney shall be furnished to the Bank on the execution hereof. The granting of the aforesaid power of attorney does not release the Borrower and/or the Pledgor from his and/or their personal obligation to register the Charges.

- (f) The Borrower and/or the Pledgor hereby pledge all their rights in respect of the Property and/or the Pledged Property to the Bank, to secure the Secured Amounts, and undertake to register the pledge in favor of the Bank at the Registrar of Pledges and not to create any other collateral in respect of the rights hereby pledged and not to create any other charge, save for this Agreement, without the Bank's prior written consent.

A breach of the above provisions of this clause 5(f) by the Borrower and/or the Pledgor shall constitute a fundamental breach of this Agreement.

- (g) The Borrower and/or the Pledgor undertake to appear, immediately upon the Bank's first demand, at such place as the Bank directs them in order to sign a pledge agreement in the form of wording furnished by the Bank and a notice of pledge to the Registrar of Pledges as



- provided in the Pledge (Registration and Inspection Arrangements) Regulations, 5727-1967 and in any legislative provisions adding to them or replacing them from time to time, and to sign all the documents required for the purpose of registering a pledge pursuant where to the Borrower and/or the Pledgor pledge all their rights in the Property and/or the Pledged Property in favor of the Bank.
- (h) Until the registration of the Charges over the rights of the Borrower and/or the Pledgor in the Property and/or the Pledged Property, the Bank may make demand of the Borrower and/or the Pledgor, as a preliminary condition, to register a caution at the Land Registry over the Property and/or the Pledged Property in favor of the Bank regarding the Borrower's financial obligations to the Bank. The Borrower and/or the Pledgor undertake to arrange for the registration of such a caution in the form of wording determined by the Bank, immediately upon receiving the Bank's demand. In addition, the Bank may make demand of the Borrower, as a preliminary condition, to furnish it with a written undertaking in such form of wording as determined by the bank, from the housing company and/or the Israel Land Administration and/or the owners of the Property and/or from an advocate, *inter alia*, regarding the registration of a mortgage in favor of the Bank as set forth above in this Agreement and/or regarding the non-sale of the rights of the Borrower and/or the Pledgor in the Property and/or the Pledged Property without the early repayment of the Loan at such time and/or regarding the registration of the Property and/or the Pledged Property in the name of the Borrower and/or the Pledgor and registration of the mortgage in favor of the Bank. If the Loan is given before an undertaking as aforesaid is received, the Borrower shall give the Bank the undertaking demanded by the Bank by no more than the end of 30 days from the Loan date. A breach of any of the provisions of this clause 5(h) by the Borrower and/or the Pledgor shall constitute a fundamental breach of this Agreement.
- (i) All the registration fees and other expenses in respect of the mortgage and/or the pledge, power of attorney, caution and any other expense relating to the Charges shall be borne by the Borrower and/or the Pledgor who shall also pay the Bank all the expenses involved in all the aforesaid, including fees, stamps and advocates' professional fees, including advocates' professional fees where the advocate acts pursuant to the power of attorney to register the Property and/or the Pledged Property in the name of the Borrower and/or the Pledgor and to register the mortgage in favor of the Bank. In addition, the Borrower and/or the Pledgor shall bear all the expenses incurred by the Bank, including advocates' professional fees, whenever required, in the Bank's discretion, in order to safeguard the rights of the bank in connection with the Loan and/or in connection with the Charges and/or in connection with proceedings for the Charges' realization, including in the event that a plea and/or claim and/or demand is raised against the Borrower and/or the Pledgor and/or the Bank in connection with the rights of the Borrower and/or the Pledgor and/or the Bank in the Property and/or the Pledged Property.
- (j) Any right of the Borrower and/or the Pledgor as protected tenant in the Property and/or the Pledged Property and any payment due to the



Borrower and/or the Pledgor pursuant to the Tenant's Protection Law (Consolidated Version), 5732-1972, or any other law replacing it, as key money or otherwise, is hereby charged to the Bank for the repayment of the amounts due to the Bank.

- (k) The Borrower undertakes to give the Bank additional collateral on the Bank's demand, which shall serve as additional collateral for the performance of all the obligations of the Borrower and/or the Pledgor of whatsoever type, and to give the Bank guarantees to the Bank's satisfaction as provided below. The failure to give guarantees as aforesaid shall constitute a fundamental breach of this Agreement by the Borrower.

The Borrower acknowledges that if he purchased the Property first-hand, he must make sure to obtain collateral from the apartment seller the collateral as required pursuant to the Sale (Apartments) (Assurance of Investments of Persons Acquiring Apartments) Law, 5735-1974, and liability in such regard shall apply to him alone. If the Borrower has received any of the aforesaid collateral, he hereby charges and/or assigns all his rights in respect of any collateral received by him as aforesaid, and such charge and/or assignment shall be governed by the provisions of this clause 5 of the General Terms and Conditions, *mutatis mutandis*.

- (l) For the avoidance of doubt, it is expressed that the carrying over of the mortgage to another Property shall be done, if at all, subject to the prior written consent of the Bank, in its absolute discretion and on the terms and conditions prevailing at the relevant time at the Bank and Bank of Israel in connection with a Loan of the same type as the Loan the subject of this Agreement.

- (m) It is agreed that without derogating from the above provisions of this clause 5, the Borrower and the Pledgor, by signing this Agreement, agree that in the event of the realization of the mortgage and/or the pledge, the Bank and any provisional or permanent receiver and/or business manager and/or special manager and/or liquidator appointed for the Property and/or the Pledged Property and/or in respect of the Borrower and/or the Pledgor, or some of them, shall be deemed the attorney of the Borrower and/or the Pledgor and may, *inter alia* and without derogating from any other right and/or power pursuant to this Agreement and/or at law, step into the shoes of the Borrower and/or the Pledgor, as the case may be, for all intents and purposes relating to the Property and/or the Pledged Property, or part thereof, including with regard to any exemption, concession, discount and the like relating to the Property and/or the Pledged Property and/or the realization thereof, including in connection with taxes and/or fees and/or levies applicable to the Property and/or the Pledged Property and/or in connection therewith and/or in connection with the realization thereof, or part thereof, in accordance with the circumstances.

(n) **Collateral for Future Obligations**

- (1) Without derogating from the aforesaid, it is agreed that the Property and/or the Pledged Property shall also serve as collateral for any Future Credit, as defined herein, received by the Borrower in future from time to time from the Bank, in respect of which it has been agreed with the Borrower, in a



written document, that it shall be secured by the Property and/or the Pledged Property, and for all the Ancillary Payments and/or additional amounts that the Borrower is liable to pay the Bank in connection with the Future Credit and including in current accounts and/or in other accounts. The Property and/or the Pledged Property shall also serve as collateral for Future Credit as aforesaid without it being necessary to obtain further consent thereto from the Borrower and/or the Pledgor, without the Borrower and/or the Pledgor having to sign any other document and including without the Pledgor having to sign the Future Credit documents. Wherever it is mentioned herein that the Property and/or the Pledged Property shall be used to secure the Borrower's obligations pursuant hereto - such shall also include Future Credit, in respect of which it has been agreed with the Borrower in a written document that it shall be secured by the Property and/or the Pledged Property, which shall for all intents and purposes constitute part of the Secured Amounts.

- (2) By signing this Agreement, the Pledgor confirms and agrees that in the event that the Bank agrees to give the Borrower Future Credit, in respect of which it has been agreed with the Borrower in a written document that it shall be secured by the Property and/or the Pledged Property, the Property and/or the Pledged Property shall also serve as collateral for any Future Credit as aforesaid, in accordance with all the provisions of this clause 5(n), without it being necessary to obtain additional consent thereto from the Pledgor and/or the Guarantor and without it being necessary for them to also sign the Future Credit documents.
- (3) For the avoidance of doubt, it is expressed that the Borrower shall be entitled to receive Future Credit of any type and such Future Credit shall be given if at all, only subject to the prior written consent of the Bank and on the terms and conditions prevailing at the Bank at the time of giving Future Credit as aforesaid, and that the Bank's signature of this document shall not constitute or be interpreted as consent to or approval for the grant of Future Credit as aforesaid.
- (4) The Borrower and the Pledgor agree and confirm that the Bank is not under any duty to cancel the pledge and/or charge imposed on the Property and/or the Pledged Property, unless so requested by the Borrower and/or the Pledgor in writing, and provided that at the time of submitting the request, the Borrower has performed all his obligations pursuant to this Agreement and pursuant to any other agreement between him and the Bank and pursuant to all the Future Credit agreements that have been executed as at such time between the Borrower and the Bank and that the Borrower has paid the Bank, in full and on time, all the Secured Amounts, including pursuant to the Future Credit agreements, and does not owe the Bank any amount, whatever the origin thereof.
- (5) For the avoidance of doubt, it is expressed that even if, at the time of the parties' signature hereof, the Bank has not yet begun providing any type of banking service, or has begun the partial



provision of any banking service, the Borrower and the Pledgor are aware that if the Borrower is granted Future Credit of any type after the Bank begins providing the said service or widens the scope of its provision, the provisions of this Agreement shall also apply to such Future Credit.

6. Property Insurance and Life Insurance

(a) Insurance of the Property

- (1) The Borrower undertakes that so long as the Loan has not been repaid in full (and in relation to a housing loan, so long more than NIS 30,000 remains payable on account of the Loan), including any Future Credit as defined herein and the performance of all the Borrower's obligations pursuant to the provisions of this Agreement and/or so long as the Ancillary Payments and/or additional amounts, as defined herein, have not been paid, the Borrower and/or the Pledgor shall, at their expense, take out from a reputable Israeli Insurance Company comprehensive insurance for the Property and/or the Pledged Property and/or their rights in the Property and/or the Pledged Property, on terms and conditions acceptable to the Bank, and shall maintain the insurance of the Property and/or the Pledged Property against such reasonable risks as the Bank demands (hereinafter referred to as the "**Property Insurance**" or the "**Property Policy**"), all subject to the law and in accordance with Bank of Israel's directives.
- (2) No later than 30 days prior to the expiration of the Property Insurance and/or the expiration of the confirmation of assignment, as defined below, and/or the expiration of any extension of each of the aforesaid, the Borrower shall give the Bank confirmation of the Property Insurance's extension and of the confirmation of assignment's extension.
- (3) The Borrower and/or the Pledgor undertake that in accordance with the Property Policy's provisions, the Bank shall be named as irrevocable beneficiary and any amount due from the insurer pursuant to the Property Insurance, in connection with any loss or damage, up to the amount of the balance of the Borrower's debt to the bank and including all the amounts detailed in clause 9(c) below, shall be paid directly to the Bank alone or to whomever the Bank directs in writing and shall be used by the Bank for the repayment of the balance of the Borrower's debt to the Bank and/or any part thereof, pursuant to this Agreement or pursuant to any other and/or additional agreement drawn up between the Borrower and the bank, and including any Future Credit, and/or - in accordance with the Bank's exclusive determination - any such amount or part thereof shall be transferred, in such installments and at such pace as determined by the Bank, to the Borrower and/or the Pledgor and/or whomever the Bank directs, for the purpose of reinstating the damage.
- (4) Any right to compensation available to the Borrower and/or the Pledgor and any payment due to the Borrower and/or the Pledgor



in accordance with the Property Tax and Compensation Fund Law, 5721-1961 or any other law by virtue thereof and/or replacing it and/or adding thereto, or otherwise originating in damages occasioned to the Property and/or the Pledged Property, are charged to the Bank for the repayment of the amounts due to the Bank.

(b) Life Insurance

- (1) The Borrower undertakes that so long as the Loan has not been repaid in full including any Future Credit as defined herein and the performance of all the Borrower's obligations pursuant hereto and/or so long as the Ancillary Payments, as defined herein, remain unpaid, each of the components of the Borrower shall take out and maintain life insurance, on such terms and conditions as acceptable to the Bank (hereinafter referred to as the "**Life Insurance**" or the "**Life Insurance Policy**").
- (2) The Borrower undertakes that in accordance with the provisions of the Life Insurance Policy, the Bank shall be named as irrevocable beneficiary and on the occurrence of the insurance event, the Life Insurance amount shall be paid by the insurer, up to the amount of the balance of the Borrower's debt to the Bank, including all the amounts detailed in clause 9(c) below, directly to the Bank, within 30 days of the Bank's first demand of the insurer for payment of the insurance amount. The balance of the insurance amount, if any, shall be paid at such time to such beneficiaries as determined in such regard pursuant to the Policy.

(c) Bank of Israel Directives

The Borrower and/or the Pledgor acknowledge and confirm that they are aware of the following:

- (1) In the event of the insurance of property that is a residential apartment purchased by the Borrower from a contractor, the Borrower shall not be required to insure the apartment at a date that is earlier than the date that the seller, in the sale agreement, undertook to transfer the apartment to the Borrower, unless the apartment is transferred to the Borrower prior to such date. If no such date is stipulated in the sale agreement, or if the Borrower requested another date on which the insurance should start and that date does not increase the risk of the Bank, as determined in the Bank's sole discretion, the date shall be determined in accordance with the written statement of the Borrower.
- (2) The Borrower and/or the Pledgor are not required to insure the Property and/or the Pledged Property for a value exceeding the Adjusted Loan Balance. For the purposes of this Clause (c) the Adjusted Loan Balance shall mean: "the balance of the adjusted loan less the value of the land related to the apartment, plus up to 20% of said balance.
- (3) If the Borrower and/or the Pledgor choose to insure the Property and/or the Pledged Property in an amount that does not exceed the Adjusted Loan Balance, then in the event of a claim based upon the policy, the foregoing might cause the insurer not to pay the full amount of the damages, and the amount received from



the insurer will not suffice and will only serve for the repayment of the Adjusted Loan Balance and/or any part thereof.

- (4) The Borrower and/or the Pledgor are not required to obtain the insurances (in relation to housing loans) with respect to a loan in the amount of up to NIS 30,000 or that the Adjusted Loan Balance does not exceed such amount.
- (5) In the event that the Borrower and/or Pledgor choose not to obtain the insurances and/or any of them with respect to the Loan and/or with respect to the Adjusted Loan Balance as aforesaid in Sub-Section (4), this amount shall not be repaid in the event of the death of the Borrower and/or the loss of the Property and/or the Pledged Property and the Borrower and/or each of its components and/or heirs and/or the Borrower's estate shall be required to repay such amount at their own expense.

(d) Insurance through Ir Shalem (waiver of confidentiality) or Through Any Other Insurer

- (1) The Borrower and/or the Pledgor acknowledge that they may take out the insurance either through Ir Shalem Insurance Agents (1996) Ltd, a licensed insurance agency fully owned by the Bank (hereinafter referred to as "Ir Shalem"), which operates unmanned marketing stands at the Bank's branches, at which it possible to obtain relevant information and take out the insurances, in the course of the Loan (hereinafter referred to as the "Marketing Stands") or through any other insurance agent and/or reputable Israeli Insurance Company.
In any event, the Policies must fulfill the terms and conditions required by the Bank to secure its rights, they shall name the Bank as irrevocable beneficiary, they shall be assigned and charged, by the Borrower and/or the Pledgor, in favor of the Bank by way of a first-ranking charge and the Borrower and/or the Pledgor must give the Bank confirmation of assignment, as provided below.
- (2) The Borrower and/or the Pledgor authorize and empower the Bank to approach any insurer and/or insurance agent, through which the Borrower and/or the Pledgor have taken out the insurances and/or any of them, including Ir Shalem, in order to obtain any information required by the Bank in connection with the Policies, including with regard to payments of the premium and the compliance of the Borrower and/or the Pledgor with the Policies' terms and conditions.
- (3) The Borrower and/or the Pledgor waive any duty of confidentiality applicable to the Bank and/or the relevant insurance agent and/or insurer, including Ir Shalem, in accordance with the provisions of any law and/or custom and including, without derogating from the generality of the aforesaid, pursuant to the Protection of Privacy Law, 5751-1981, for the purpose of implementing the provisions of sub-clause (2) above, provided that the furnishing of the information is legally obliged and/or required for the purpose of protecting a vital public interest and/or necessary for the purpose of protecting a vital interest of the Bank and/or intended for the Borrower's benefit. The Bank shall not furnish information as aforesaid for marketing purposes



of the Bank and/or of the information recipient and/or any other entity.

- (4) The Borrower and/or the Pledgor warrant and confirm that their contracts for the insurances and/or any of them, with the relevant insurer and/or with the relevant insurance agency, including Ir Shalem where the Borrower and/or the Pledgor take out the relevant Policy through Ir Shalem, are independent and separate contracts. The Borrower and/or the Guarantors exempt the Bank in advance from any liability in the event that the insurance company does not pay all or some of the insurance amount pursuant to the policy, for any reason, save in the event that the non-payment derives from the Bank's negligence.

(e) Additional Provisions

- (1) The Property Insurance and/or the Life Insurance (jointly and severally referred hereinafter as the "**Insurances**" or the "**Policies**") shall be assigned to the Bank and shall be charged to the Bank by way of a first-ranking charge. Any payment made, by the insurance company, if at all, in connection with any damage, shall be paid to the Bank, which shall first collect the amount due to it. The Borrower and/or the Pledgor undertake to give the Bank confirmation of the assignment and charge of the Policies in favor of the Bank (herein referred to as "**confirmation/s of assignment**"). The furnishing of the confirmation of assignment to the Bank is a condition for the Loan's execution. The Bank may decide not to provide the Borrower with the Loan monies and/or any part thereof before confirmations of assignment have been furnished, unless the Bank has approved otherwise, in advance and in writing. The confirmation of assignment shall include a clause regarding the insurer's obligation to notify the Bank of the Policy's cancellation no later than 30 days prior to the cancellation.
- (2) The amount of the insurance pursuant to the Property Insurance Policy and/or the Life Insurance Policy in respect of each of the components of the Borrower shall not be less than the Borrower's debt to the Bank in respect of the Loan on the date of the insurance event's occurrence, whether payable or not, and including all the amounts detailed in clause 9(c) below, in accordance with the entries in the Bank's books.
- (3) The Borrower and/or the Pledgor undertake to comply with all the Policies' terms and conditions and to refrain from any act and/or omission that might prejudice the right of the Borrower and/or the Pledgor and/or the Bank to collect the insurance monies. In the event that damage is occasioned to the Property and/or the Pledged Property and in the event of the death of one of the components of the Borrower, the Borrower and/or the Pledgor undertake to immediately notify the Bank and the insurance company thereof, in writing.

(f) Breach and the Bank's Right to take out the Insurances

- (1) If the Borrower and/or the Pledgor do not take out the Property Insurance and/or if the Borrower and/or any of its components do not take out the Life Insurance and/or if the Borrower does not give the Bank confirmation of assignment and/or the Policies



and/or the confirmation of insurance do not conform with the provisions of this Agreement and/or do not meet the Bank's requirements, before the date of providing the Loan or part thereof, and all or part of the Loan has been given, and in the event of the cancellation of the Policies and/or any of them and/or the confirmation/s of insurance, in consequence of default/s in payment/s of the premium or for any other reason, without the Borrower and/or the Pledgor providing an alternative Policy and confirmation of insurance, such shall be deemed, for all intents and purposes, a request and consent of the Borrower and/or of the Pledgor to take out the Property Insurance in accordance with the value of the Property and/or to take out the Life Insurance, as the case may be, through the bank and at the Borrower's expense. For the avoidance of doubt, it is expressed that the aforesaid does not derogate from the provisions of sub-clause (9) below.

- (2) In the cases detailed in sub-clause (1) above, the Bank may, without obligation, insure the Property and/or the Pledged Property and/or the life of the Borrower, as the case may be, at the Borrower's expense, from time to time, and pay any premium and other expense necessary for the insurance as aforesaid.
- (3) Property Insurance taken out by the Bank in accordance with the provisions of this sub-clause (f), in the Bank's exclusive discretion, shall only cover the Property and/or the Pledged Property and/or the rights in the Property and/or the Pledged Property, and shall not cover moveable Property situated inside it or any other contents thereof.
- (4) Without derogating from the Bank's rights in accordance with this sub-clause (f), the Borrower and/or the Pledgor undertake to furnish the Bank, immediately, with any document and any declaration, including a declaration of health, required in order to take out the Property Insurance and/or the Life Insurance by the bank in accordance with the provisions of this sub-clause (f).
- (5) It is expressed that the Bank has exclusive and absolute discretion whether or not to take out the Property Insurance and/or the Life Insurance in the cases detailed in sub-clause (1) above, on what terms and conditions and from when, including with regard to the Property Insurance - before occupation of the Property and/or the Pledged Property; in addition, the Bank may choose the insurance company or the entity that will draw up the Policies, as provided in this sub-clause (f).
- (6) For the avoidance of doubt, it is warranted and agreed that the Bank's right to take out the insurances at the Borrower's expense does not impose any liability on the Bank in connection with the insurance taken out by it, including liability in connection with the nature and scope of the insurance, the insurance cover of the policy taken out by it as aforesaid and the date of the insurance term's commencement.
- (7) Without derogating from the provisions of sub-clause (6) above, if property insurance is taken out in an amount lower than the real value of the Property and/or the Pledged Property, as shall be on the Loan date or as changing from time to time (situations



of "under insurance" and the like), the Borrower and/or the Pledgor shall be exclusively liable for damages and/or expense occasioned as a result of the partial indemnity, if at all, received pursuant to the Property Insurance.

- (8) Any premium or other amount paid by the Bank and/or that it undertakes to pay for the purpose of taking out the Property Insurance and/or the Life Insurance in accordance with the provisions of this clause 6 of the General Terms and Conditions (including this sub-clause (e)) and/or for the purpose of renewing the insurance and/or for the purpose of maintaining its validity shall be reimbursed to the Bank by the Borrower and/or the Pledgor upon the Bank's first demand. In addition, the Bank may debit the Loan account for such purpose.

For the avoidance of doubt, the above payments shall include any change in the amount of the insurance premium and linkage and interest. The Borrower and/or the Pledgor acknowledge that if the Property Insurance and/or the Life Insurance is taken out by the Bank, in accordance with the provisions of this clause 6 of the General Terms and Conditions (including this sub-clause (e)), the amount of the premiums applicable to him might be higher, *inter alia* having regard to the age and/or state of health of the Borrower (in the case of Life Insurance) and, *inter alia*, as a result of changes in the value of the Property and/or the Pledged Property (in the case of Property Insurance) and/or for any other reason, including a change in the amount of the premium at the insurance company, as shall be from time to time.

- (9) A breach of any of the provisions of this clause 6 of the General Terms and Conditions by the Borrower and/or the Pledgor, including, *inter alia*, the failure to take out the Property Insurance and/or the Life Insurance in accordance with the provisions of this Agreement and/or the cancellation thereof, shall constitute a fundamental breach of the Agreement.

(g) The End of the Insurance Duty

- (1) After the Loan's repayment in full and after the repayment of all the Future Credit as defined herein, and the performance of all the Borrower's obligations pursuant to this Agreement and any other agreement between the Borrower and the Bank, and provided that there is no other Loan and/or credit of any type of the Bank to the Borrower, the Borrower may cancel the Policies.
- (2) For the avoidance of doubt, since the insurance contracts are separate contracts between the Borrower and/or the Pledgor, on the one hand, and the insurance company and/or insurance agency, on the other hand, to which the Bank is not a party, including where the relevant Policy is drawn up through Ir Shalem, the Borrower and/or the Pledgor shall be exclusively liable for the cancellation of the Policy and regulation of the cessation of the insurance payments after the repayment in full of the Borrower's debt as aforesaid in sub-clause (1).
- (3) It is also expressed that if the Property and/or the Pledged Property continues to be charged to the Bank and serves as collateral up to the secured amount, to secure Future Credit of any type that might be provided to the Borrower, in accordance



with the provisions of this Agreement, in the event of the Policy's cancellation after the Loan's repayment in full, as set forth in sub-clause (1) above, the Borrower and/or the Pledgor shall be liable to take out the Property Insurance again, in accordance with the provisions of this clause 6 of the General Terms and Conditions, for the purpose of obtaining any additional Future Credit that shall be secured through the charge over the Property and/or the Pledged Property, until the full repayment of the Future Credit and all the provisions of this Agreement and/or any other agreement in respect of the insurance shall continue to apply and bind the Borrower and/or the Pledgor. All of the various insurance constitute additional collateral for the benefit of the Bank, and the Bank is entitled to waive the demands for said insurance at any time and at its sole discretion.

7. Miscellaneous obligations

- (a) The Borrower instructs the Bank to collect, at his expense, all the payments due to the Bank from the Borrower pursuant to this Agreement, *inter alia*, and without derogating from the generality of the aforesaid - all the payments of principal and interest and all the Ancillary Payments as defined in sub-clause 2(i) above, directly from his account. For such purpose, the Borrower undertakes to sign any document required by the bank in order to allow the payments to be made as aforesaid. In addition, the Borrower undertakes to pay all the expenses and commission that the Bank demands of the Borrower in connection with collection as aforesaid. With respect to the authorization to debit the Borrower's account, the Borrower acknowledges and agrees that the interest that will be charged in the framework of the account might be higher than the Default Interest pursuant hereto. The Bank shall not be liable for any expenses and/or consequences in the event that in light of the state of the Borrower's account at the Bank, the Bank does not honor the authorization. Without derogating from the generality of the aforesaid, the Bank's failure to honor authorization as aforesaid or the honoring of the authorization by the Bank which results in the Borrower's account at the Bank having a debit balance that is outside the Borrower's approved credit facility at the Bank, in respect of any payment and/or part thereof, for any reason, shall be deemed non-payment of such amount by the Borrower and shall constitute a fundamental breach of this Agreement by the Borrower.
- (b) The Bank shall not be obliged to send any notice to the Borrower in connection with the payment date of any payment owed by the Borrower or any notice in connection with his debt and/or the amount of this debt and the Borrower himself shall be liable for the full and punctual payment of every payment owed by him. In addition, the Borrower shall be under a duty to check at the Bank that the payments he is liable to make have actually been paid in full and on time. If the Borrower does not do so, and the Bank considers it appropriate to send the Borrower notice, the Borrower shall pay the Bank the notice Charges on the Bank's demand. The Bank may send notice to the Guarantor even if it has not sent notice to the Borrower.



- a. (1) As collateral for the Loan's repayment in full and on time and as collateral for the repayment of the periodic payments, in accordance with the provisions of this Agreement, including as collateral for the early repayment of the Loan in the event that the Bank may, pursuant to this Agreement, call for the early repayment of the Loan and as additional collateral for the performance of the other obligations of the Borrower and/or the Pledgor pursuant hereto, the Borrower shall give the Bank promissory notes (hereinafter referred to as the "**Bills**"). The giving of the Bills shall not be deemed payment on account of the Loan except on their actual payment.
- Without derogating from the aforesaid and in addition thereto, it is agreed that the Bills shall also serve as collateral for any Future Credit, as defined herein, received by the Borrower in future from time to time from the Bank, and for all the Ancillary Payments and/or additional amounts that the Borrower owes the Bank in connection with the Future Credit, including in current accounts and/or in other accounts. The Bills shall also serve as collateral for Future Credit as aforesaid without it being necessary to obtain additional consent thereto from the Borrower and without the Borrower having to sign any other document. For the avoidance of doubt, the aforesaid shall apply to any Future Credit as aforesaid, unless expressly provided otherwise in the documents pursuant whereto the Future Credit is provided.
- (2) The Borrower exempts the Bank from all the duties of a holder of a bill, including presentation for acceptance or payment, protest and notice of dishonor. All the Borrower's obligations pursuant hereto and/or the Bills shall remain valid even if such acts are not done at all by the Bank or are not done at the correct time and place and/or in the correct way.
- (3) The Bank may protest the Bills and exercise all the legal or other measures required or desirable in respect thereof; however, it is under no duty to do so. All the expenses involved therein, if any, shall be debited to the Borrower.
- (4) The Bank may, in its absolute discretion, fill out the Bills, cross them, complete them and transfer them to others, by discounting them or otherwise and in any manner it deems fit.
- (5) The Borrower's obligations pursuant to the Bills shall not lapse even if the amount denominated therein has been paid and the Bank may sue in reliance on such bill such number of times as is equal to the number of payments not made on time and in full.
- (6) All the Bills, obligations, guarantees and other collateral given by the Borrower and/or the Pledgor and/or the Guarantor to the Bank pursuant hereto shall be independent of each other for the purpose of their realization, and in addition to each other, and shall not affect or be affected by other collateral held by the Bank at any time.
- (c) The Borrower and/or the Pledgor must adopt reasonable measures to safeguard the Property and/or the Pledged Property and to secure the rights in respect thereof. Accordingly, in addition to the other obligations, the Borrower and/or the Pledgor undertake, so long as the Loan has not been repaid and/or so long as the Future Credit and/or



the Ancillary Payments have not been repaid, as provided herein, to perform all their obligations pursuant to the mortgage deed and/or the pledge agreement, as an integral part of this Agreement, and a breach of any of their provisions shall constitute a fundamental breach of this Agreement for all intents and purposes.

- (d) If the Borrower and/or the Pledgor do not make one and/or more of the payments they are required to make pursuant to this clause 7 of the foregoing General Terms and Conditions and as provided below, the Bank shall be entitled, though not obliged, to make such payment, provided that it gives 15 days' notice of its intention to do so, save in cases of special urgency with respect to the date of making the payment, in which failure to make immediate payment might result in material damage to the Bank, and claim reimbursement from the Borrower and/or the Pledgor together with linkage and interest, and together with statutory interest from the date paid by the Bank until its full payment by the Borrower.
- (e) Subject to the provisions of any law, the Bank and all those claiming by and through it, including the transferee pursuant to this sub-clause (f) may, at any time, transfer to any person and/or entity, all or any of their rights and/or obligations pursuant hereto, including pursuant to any charge, mortgage, pledge, promissory note, guarantee and/or any other collateral, without requiring the permission of the Borrower and/or the Pledgor and/or the Guarantor to do so. The transfer of rights as aforesaid shall not prejudice or derogate from the validity of any charge, mortgage, pledge, guarantee, promissory note and/or any other collateral, whether the rights therein have been transferred or not, and the Bank and/or the transferee shall be entitled to realize them, subject to any law, in the Bank's exclusive discretion.
- (f) The Borrower and/or the Pledgor undertake to notify the Bank immediately and by registered letter of any case in which a provisional attachment is imposed over the Property and/or the Pledged Property and/or of any case in which any execution act is taken in respect of the Property and/or the Pledged Property and/or of any case in which an application is filed for bankruptcy and/or receivership and/or for grant of an order to institute proceedings under the Insolvency and Economic Rehabilitation Law, 5778-2018 (hereinafter – the Insolvency Law) and/or for the appointment of a trustee and/or for the appointment of a provisional receiver and the like for the Borrower and/or his assets and/or the Property and/or the Pledged Property and/or of any case in which an application is filed against the Borrower for his winding up and/or for the appointment of a business manager and/or for the appointment of a provisional liquidator and/or in the event of the death of any of the Borrowers and/or Guarantors. A breach of the provisions of this clause 7(g) of the General Terms and Conditions by the Borrower and/or the Pledgor shall constitute a fundamental breach of this Agreement.
- (g) The Borrower and/or the Pledgor undertake to sign, on the Bank's demand, at any time and from time to time, any document necessary, in the Bank's opinion, in connection with the provisions of this Agreement, its validity and/or the validity of the Charges and/or collateral pursuant thereto and/or their execution.



- (h) The Borrower acknowledges and agrees that if the repayment of the Loan, or part thereof, or the making of any payment on account of the Loan, is done through monies deposited in the account by way of a cheque drawn on an overseas bank, such payment shall be deemed conditional payment/repayment for a period of six months from the date of the cheque's deposit in the account, and shall be deemed actual payment/repayment only if the cheque is not returned by the drawee bank by the end of the said period. Accordingly, if the Borrower uses such monies for the purpose of the full repayment of the Loan, the Borrower agrees that the Bank shall not be obliged to agree to the removal of the Charges pursuant to clause 5 above, or any of them, until six months have passed from the date of depositing the cheque intended to be used for the Loan's repayment. In addition, the Borrower agrees that in the aforesaid case, the payment pursuant to the cheque shall only be deemed actually made after a number of business days have passed from the date of the cheque's deposit at the Bank, in accordance with the Bank's procedures.
- (i) The **Borrower** consents that the Bank will be entitled to demand verification regarding the sources of the funds that the **Borrower** will deposit in the Bank in accordance with this agreement, and in any event in which the **Borrower** will not submit said verification to the satisfaction of the Bank, the Bank will be entitled to refuse to receive said funds from the **Borrower** and the **Borrower** will remain obligated to deposit said funds with the Bank, without derogating from the **Borrowers** other undertakings towards the Bank, in accordance with this agreement.
- The **Borrower** hereby waives any claim or demand against the Bank regarding a refusal to receive funds in accordance with this section above

8. Accounts

- (a) if the Borrower has or shall have several parts of a loan or several loans at the Bank, any amount paid to the Bank by the Borrower and/or any other person and/or collected and/or received by the Bank in any way shall be credited to such loan or part thereof that is determined by the Borrower at the time of payment. If the Borrower does not do so, the Bank may credit the amount in its discretion. Notwithstanding the aforesaid, in the case of housing loans, the Bank shall act in accordance with the provisions of the law and Bank of Israel's directives as in force from time to time, and in the case of eligibility loans pursuant to assistance plans, the amount paid shall be credited in accordance with the Government's instructions as in force from time to time.
- (b) The Bank's books and accounts shall constitute admissible evidence in proof of their contents.
- (c) Without derogating from the provisions of sub-clause (b) above, the Borrower undertakes to notify the Bank in writing of any reservation and/or objection with regard to any account, notice, confirmation and/or document received from the Bank and/or anyone on its behalf in connection with the Loan (hereinafter in this sub-clause referred to, jointly and severally, as "Document") within 15 days of the document's dispatch. If the Borrower does not express any reservation



or objection with regard to any Document within the aforesaid period of time, the Borrower shall be deemed to have confirmed the correctness of such Document's contents.

9. Breach

(a) If the Borrower does not pay the Bank any amount due to the Bank pursuant hereto in time and in full, or on the occurrence of one or more of the events listed in sub-clauses 9(b) of the General Terms and Conditions, the following provisions shall apply to any Amount in Default, including to the principal and the interest thereon and to all the amounts called for immediate repayment in accordance with sub-clauses 9(b) and (c) of the General Terms and Conditions (hereinafter jointly and severally referred to as the **"Amount in Default"**):

(1) The Borrower shall pay the Bank, on any Amount in Default, Default Interest in accordance with sub section (3) hereunder (**"Default Interest"**) for the period from the day of the default or from the day of the occurrence of one and/or more of the events detailed in clause 9)(b) of the General Terms and Conditions, as the case may be, until the actual payment in full of any Amount in Default and the interest thereon, at the maximum rate permitted pursuant to any law at such time, such being without prejudice to the Bank's other rights to adopt all possible measures to collect any amount that the Borrower owes the Bank, by virtue of this Agreement or at law.

The formula for calculating interest on arrears is as follows:
Prime Interest Rate , as defined above, plus 6.5% per annum.

(2) The Bank may debit the Borrower with Default Interest without notifying the Borrower and/or the Guarantor and/or the Pledgor thereof. The Bank may also, at any time, without notifying the Borrower and/or the Guarantor and/or the Pledgor, add the Default Interest to the Amount in Default and apply all the terms and conditions of this Agreement governing the Amount in Default to the Default Interest, subject to the following provisions and to the provisions of any law.

(3) (a) In the case of a loan in respect of which the maximum default interest on loans of such type is statutorily determined, the Amount in Default shall bear, during the default period, Default Interest at the rate prevailing at the Bank, which shall not exceed the maximum statutory rate during the default period. If such loan is linked to the consumer price index or to any foreign currency, the Amount in Default shall bear, during the default period, in addition to the said interest, also linkage and/or rate differentials, as the case may be, subject to any law.

(b) In the case of a loan in respect of which the maximum default interest is not statutorily determined, the Amount in Default shall bear, during the default period, 'maximum interest' at the highest rate prevailing at the Bank from time to time on debit balances in current accounts in the relevant currency, which are not paid to the Bank on time.



- (4) The Bank shall determine the ways of computing and recording for the implementation of the provisions of this clause and its determination shall bind the Borrower, the Guarantor and the Pledgor.
- (b) The Bank may call for the immediate repayment of the entire unpaid balance of the Loan including amounts not yet due and the interest thereon as well as Default Interest, as the case may be, in each of the following cases:
- (1) if the Borrower has used and/or uses the loan monies for an object that is materially different to the object for which the loan was given and/or if for any reason the agreement by virtue whereof the Borrower and/or the Pledgor purchased and/or intended purchasing the Property and/or the Pledged Property is cancelled (hereinafter referred to as "**the Purchase Agreement**") and/or in the event that the Borrower commits a fundamental breach of any of the conditions of the Purchase Agreement, a breach that entitles the other party to terminate the agreement, and/or if for any reason it is not possible to register the Property and/or the Pledged Property in the name of the Borrower and/or the Pledgor and/or to register the Charges in favor of the Bank;
 - (2) in the event that the Borrower does not pay, within 30 days of the date on which demand is made of him in writing to make aggregate payments due to the Bank pursuant to this Agreement, the amount of which, together with the Default Interest, exceeds 5% of the loan amount, or if the Borrower defaults in the payment of more than two payments, provided that at least 90 days have passed from the date on which the first of the payments in default should have been made;
 - (3) if the Borrower and/or the Pledgor breaches and/or does not fulfill a fundamental condition of this Agreement and/or of any other agreement executed between it and the Bank, where a probable result of the breach is that the Bank might be occasioned grave damage if it does not call for the immediate repayment of the Loan and/or in the event that collateral is not furnished and/or provided to the Bank at the time and in the manner determined, which the Borrower and/or the Pledgor is required to furnish and/or provide to the Bank pursuant thereto;
 - (4) if the Bank learns that any warranty or declaration given by the Borrower and/or the Pledgor pursuant to and/or in the framework of this Agreement and/or the Loan application and/or any other document given and/or presented by the Borrower and/or the Pledgor to the Bank in connection with the Loan application is not correct and/or is misleading and/or is intended to mislead the Bank and/or misled the Bank;
 - (5) if the Bank learns that the price of the Property specified in the agreement pursuant whereto the Borrower purchased the Property and/or his rights therein is fictitious and/or is unrealistic, and if it transpires that any collateral and/or all or any rights of the Borrower and/or the Pledgor in the Property, given to the Bank pursuant to the terms and conditions of this Agreement have expired and/or been cancelled and/or if their value as



- collateral has fallen for any reason, and the Borrower does not provide other collateral in their stead or in addition thereto, to the Bank's satisfaction, within 15 days of the Bank's demand;
- (6) if an attachment is imposed on the Property and/or the Pledged Property, including a provisional and/or other attachment and/or if any execution act is taken against the Property and/or the Pledged Property and the attachment and/or execution proceedings are not set aside within 30 days of their imposition, and/or in the event that the Borrower and/or the Pledgor charge the Property and/or the Pledged Property by way of an additional charge without the prior written approval of the Bank. It is expressed that the Bank shall not unreasonably refuse a second-ranking charge over the Property in favour of another entity;
- (7) in the event that the Borrower dissolves his business and/or is liquidated (in the case of a corporation) and/or in the event, G-d forbid, that one of the Borrowers dies and/or passes a winding up resolution or is declared bankrupt or an order is given against him to institute proceedings under the Insolvency Law, or is declared insolvent or a (permanent or provisional) liquidation order or receivership order is given against it or a suspension of proceedings order is given against it and/or if an application is filed for bankruptcy or to issue an order to institute proceedings under the Insolvency Law or and/or receivership and/or for the appointment of a trustee and/or for the appointment of a provisional receiver and the like against him or in his matter and/or the Property and/or the Pledged Property and the application is not dismissed and/or struck out within 14 days of being filed, and where the Borrower is a company, partnership, amuta [non-profit organization] or any other corporation and an application is filed against it and/or against its Property for winding up and/or the appointment of a receiver and/or business manager and/or provisional liquidator and the like and/or an application to institute proceedings under the Insolvency Law and the application is not dismissed and/or struck out within 14 days of being filed or if the Borrower reaches a compromise or any arrangement with all its creditors or with a particular class of its creditors and/or if it calls a creditors' meeting for the purpose of an arrangement with them and/or if a suspension of proceeding order against it is applied for and/or issued and/or recovery proceedings are commenced by it;
- (8) if the Borrower and/or the Pledgor do not furnish the Bank, within the period of time specified in this Agreement, with all the documents required for the performance hereof, including a mortgage deed approved by the Registrar of Land and/or an undertaking to register a mortgage from the housing company and/or from the Israel Land Administration and/or from an advocate and/or from the owners of the Property and/or the Pledged Property and/or a guarantee pursuant to the Sale (Apartments (Assurance of Investments of Persons Acquiring Apartments) Law, 57351974 and/or the assignment of the aforesaid guarantee, all as provided herein. In the event that the



Borrower and/or the Pledgor furnish the Bank with documents the provisions of which are not consistent with his obligations pursuant hereto, the Bank shall allow the Borrower to amend the provisions thereof within 15 days;

- (9) if anyone who has given the Bank an undertaking in accordance with clause 5(h) of the General Terms and Conditions does not fulfill any of the terms and conditions of the undertaking in full and on time;
 - (10) if the Bank learns that the Borrower was not entitled to receive the Loan and/or any part thereof and/or if it transpires that he received it unlawfully;
 - (11) if the Borrower becomes a "**restricted customer**" and/or if any bank account of the Borrower becomes a "**restricted account**", within the meaning of such expressions in the Cheques Without Cover Law, 5741-1981;
 - (12) if one or more of the aforesaid cases set out in Subsections (3), (4), (6), (7) or (8) applies in respect of any guarantor and/or if G-d forbid one of the Borrowers and/or the Guarantors dies;
 - (13) on the occurrence of one of the events mentioned in sub-clause 9(b) above, in respect of any other Loan secured, inter alia, by a charge over the Property and/or the Pledged Property, whether given to the Borrower and/or the Pledgor and/or to any other person and/or on the occurrence of one of the events mentioned in sub-clause 9(b) above in respect of any other Loan given to the Borrower and/or the Pledgor, whether secured by a charge over the Property and/or the Pledged Property or not;
 - (14) if the Borrower does not take out "**the Property Insurance**";
 - (15) in the event that the Borrower is a corporation – is there is a change of control, as defined in the Companies Law, 5759-1999, in the Borrower, without the prior written approval of the Bank. It is expressed that the Bank may call for the immediate repayment of the entire Loan as provided in clauses 9(a) and (b) of the General Terms and Conditions, even if the circumstances described in the relevant sub-paragraphs of clause 9(b) of the General Terms and Conditions relate or apply to only part of the Loan.
- (c) For the avoidance of doubt, it is warranted and agreed that on the occurrence of one of the events listed in clause 9(b) of the General Terms and Conditions, paragraphs (1) to (15) the Bank may immediately realize the collateral given to it pursuant hereto or any part thereof and take all the steps available to it pursuant hereto and/or at law for the purpose of collecting the Loan monies and any amount added thereto pursuant thereto, including a demand that the Guarantors make early repayment of the unpaid balance of the Loan and any amount added thereto pursuant hereto, including presentation of the Bills for immediate payment and the institution of execution proceedings for the purpose of collecting the amounts specified therein.
- In addition, if the Bank calls for the early repayment of the balance of the Loan or any part thereof as set forth above, the Borrower shall pay the Bank, in addition to the amounts listed above, also early repayment commission in accordance with clause 3 of the General



Terms and Conditions, and such amount shall be deemed part of the unpaid balance of the Loan for all intents and purposes.

- (d) For the avoidance of doubt, it is expressed that a call for the immediate repayment of a loan secured by a mortgage over a residential dwelling used as the Borrower's residence or the realisation of a pledge over rights in respect of a resident dwelling as aforesaid shall be governed by the provisions of section 81(b)(1) of the Execution Law, 5727-1967.
- (e) Notwithstanding the aforesaid, the Bank shall not call for the immediate repayment of the Loan unless it has sent the Borrower 21 business days' written warning of its intention to do so, save for special circumstances in which it is necessary to act without delay, and subject to any law.
- (f) All expenses and/or costs involved in exercising the securities given and/or to be given to secure the Secured Amounts and the execution thereof, including collection and/or receivership and/or insolvency procedures, under the Insolvency Law, and/or lien exercise and/or execution procedures, and everything involved therein, including, inter alia, fees, taxes, lawyers' fees, appraisal, warnings, costs of locating the Borrower and/or the Pledgor and/or the Guarantors, and any other reasonable expense involved in exercising and executing the securities, which the Bank could not avoid by reasonable means, shall apply to and be paid by the Borrower. All securities given and/or to be given hereunder shall also serve to assure all the above amounts which shall be part of the Secured Amounts.
- (g) Any waiver, authorization, concession, extension, postponement, failure to take action on time, failure to exercise a right and/or delay on the part of the Bank shall not be deemed or interpreted as a waiver or abandonment by the Bank of its rights pursuant hereto and shall not serve as a precedent and shall not constitute preclusion vis-a-vis the Bank, and the Bank may exercise all its rights pursuant to this Agreement and/or act in any way it deems fit and/or take all the steps it deems fit.
Any waiver, authorisation, concession, grant of an extension, postponement or compromise, including with regard to the payment dates, shall not be valid unless given in writing.

10. Guarantee

For the avoidance of doubt, it is warranted and agreed that the provisions of this clause constitute a guarantee agreement for all intents and purposes within the meaning thereof in the Guarantee Law, 57271967 (hereinafter referred to as the "**Guarantee Law**"), of which the provisions of this Agreement constitute an integral part.

- (a) The undersigned Guarantors personally, jointly and severally, irrevocably and unconditionally guarantee the full and precise discharge of the Loan, interest, Default Interest and all the other Charges and obligations of the Borrower and/or the Pledgor pursuant to this Agreement, in addition to all the other collateral given by them to the Bank.
- (b) All the components of the Guarantor agree that their guarantee is being given for the amount of the Loan, the interest, the Default Interest and all the other amounts due to the Bank from the Borrower



and/or the Pledgor pursuant hereto. For the avoidance of doubt, the Loan principal correct as at the date of signing the guarantee agreement is the total of all the amounts specified in clause 2 of the Special Terms and Conditions.

- (c) All the components of the Guarantor jointly and severally undertake to pay the Bank, immediately upon its first written demand, the amount of the Loan including interest, Default Interest and all the other amounts due to the Bank pursuant hereto, as noted by the Bank in its demand.
- (d) All the components of the Guarantor agree and warrant that their guarantee shall remain valid until the full repayment of the Loan, including the interest, Default Interest and other amounts that the Borrower is liable to pay pursuant hereto and they agree that the guarantee's validity shall not be affected, derogated from or lapse even if the Bank gives the Borrower and/or the Pledgor any extensions, concessions and/or agrees to replace and/or release one of the Borrowers and/or one of the Pledgors and/or one of the Guarantors or several of them and/or agrees to changes in the terms and conditions of the agreement and/or settles with the Borrower and/or the Pledgor and/or some of the Guarantors. In addition, the Guarantors agree that the guarantee shall remain valid regardless of the extent of the performance or non-performance of the obligations of the Borrower and/or the Pledgor. The Guarantors will not be entitled to make any claim that the Borrower and/or the Pledgor may have vis a vis the Bank; in such context, the guarantee shall not be howsoever dependent on the performance, existence or validity of the Charges and/or the other collateral, the subject of this Agreement. The aforesaid shall apply insofar as involved is a reasonable commercial transaction that is being done in good faith or in consequence of an occurrence over which the Bank has no control, except where any collateral or guarantee loses value or lapses as a result of a negligent act or omission of the Bank. The guarantee shall also remain valid if it is found that the Borrower's obligation pursuant to this Agreement is void ab initio by reason of a defect therein, unless at the time of this Agreement's execution the Bank knew or should have known about the defect, through the reasonable means at its disposal, while the Guarantors did not know about the said defect. In addition, the guarantee shall remain valid in any other case in which the Bank may call for the early repayment of the Loan. Notwithstanding the aforesaid, if the Bank is responsible for the non-registration or lapse of the mortgage over the property (which is the property purchased with the mortgage monies) and as a result thereof damage is occasioned to a Guarantor, the Guarantor shall be exempt in the amount of the damage occasioned to him.
- (e) All the components of the Guarantor agree that the Bank may act as it deems fit, including make any waiver and/or amendment and/or alteration and/or replacement as aforesaid, without obtaining their consent, and that this guarantee shall continue to apply to the Agreement even if it is altered and/or replaced and/or transferred to another. In addition, it is expressed that the validity of the guarantee shall not be howsoever prejudiced if the collateral the subject of this Agreement, or any part thereof, is replaced, cancelled, altered and/or



amended. Without derogating from the generality of the aforesaid, it is agreed that the validity of the guarantee shall not be prejudiced if the mortgages and/or other Charges the subject of this Agreement are carried over to any other Property and/or properties, in accordance with the directives of the Bank of Israel, and in any event as customary at the Bank at the relevant time.

The guarantee's validity is not conditional on the existence of any other and/or additional collateral, and shall not be affected even if for any reason the validity of another and/or additional collateral given in respect of this Loan expires.

The guarantee's validity as aforesaid shall not be affected even if the terms and conditions of the Agreement are altered, including the terms and conditions of the Loan, *inter alia* the repayment period and/or the interest, as customary at the Bank at the time of carrying over the mortgages and/or Charges as aforesaid.

- (f) All the components of the Guarantor agree that all the relief available to the Bank against the Borrower pursuant to this Agreement and/or at law shall also be available to the Bank against each and every one of the Guarantors separately, including - and without derogating from the generality of the aforesaid - the right to call for the early and immediate repayment of the balance of the Loan, the interest, the Default Interest and any other amount that the Bank may demand from the Borrower and/or the Pledgor pursuant hereto, without the need to give notice and/or fulfill any condition precedent.
- (g) The guarantee is not dependent on the Bank having any other collateral from the Borrower and/or the Pledgor and/or from others, even if the Borrower and/or the Pledgor and/or others, including if the owners of the Property, an advocate, a housing company and the like have undertaken to give it pursuant to this Agreement and/or pursuant to any other document. The guarantee shall not prejudice and/or derogate from any other collateral in the Bank's possession. For the avoidance of doubt, but subject to the provisions of subparagraph (d) above, it is warranted and agreed that any waiver, extension or omission with regard to the receipt or non-receipt of any collateral, the Bills, the Charges and the other collateral mentioned herein and/or any release of collateral as aforesaid, by the Bank or by others, for any reason, shall not prejudice and/or derogate from the guarantee and from the binding validity thereof.
- (h) The guarantee of each of the components of the Guarantor is not dependent on the Bank having a guarantee from another guarantor, including the Guarantors mentioned herein. All the components of the Guarantor agree that the Bank may, without obtaining their consent and/or the consent of any of them, release all the Guarantors and/or any of them from their guarantee pursuant hereto without such affecting and/or derogate from the obligations of the other Guarantors. In the event of the release of a Guarantor that reduces the number of protected guarantors, as defined in the Guarantee Law, the relative share of each protected guarantor shall be increased and determined in accordance with the new number of Guarantors after the aforesaid release, and each of the components of the Guarantor agrees in advance to the increase of his relative share as aforesaid.



- (i) All the components of the Guarantor undertake to notify the Bank immediately, by registered letter, if an attachment, including a provisional attachment, is imposed over their property and/or if execution proceedings are instituted against them and/or in the event that an application is filed against them for bankruptcy and/or receivership and to institute proceedings under the Insolvency Law and/or for the appointment of a trustee and/or for the appointment of a provisional receiver and/or for winding up and/or for the appointment of a business manager and/or provisional liquidator and the like.
- (j) Notwithstanding all the provisions of this Agreement, it is expressed that if any of the components of the Guarantor pursuant hereto (together with any amount in addition to the Loan pursuant hereto) is an individual guarantor or protected guarantor as such expressions are defined in the Guarantee Law, the guarantee of the individual guarantor or protected guarantor, as the case may be, pursuant to this Agreement shall be governed by the relevant provisions of the Guarantee Law; however, the provisions of this Agreement regarding his guarantee shall continue to apply for all intents and purposes insofar as they are not inconsistent with provisions of the Guarantee Law that may not be qualified. It is expressed that the total of all the amounts specified in clause 2 of the Special Terms and Conditions are **"the amount of the guarantee"** for the purpose of section 21 of the Guarantee Law.

All the components of the Guarantee agree and confirm that the fact that any of them is an individual guarantor or protected guarantor, as the case may be, and the application of the relevant provisions of the Guarantee Law to his guarantee, if they are indeed fulfilled in respect of this Agreement, shall not howsoever derogate from the obligations of the other components of the Guarantor pursuant hereto.

In addition, all the components of the Guarantee irrevocably agree to join any legal proceedings instituted by the Bank against the Borrower and/or the Pledgor in connection with the Loan documents, including the promissory note.

- (k) The Borrower, the Pledgor and the Guarantor confirm and agree that notwithstanding the number of vacant spaces designated for the names and signatures of the Borrower, the Pledgor and the Guarantor herein and including in any of the Loan agreement documents, the Bank is not undertake to arrange for the Loan agreement documents and/or any of them to be signed by any particular number of borrowers and/or Pledgors and/or guarantors, if at all, and that the guarantee of each of the components of the Guarantor is not howsoever conditional or dependent on the guarantee of the other components of the Guarantor or other guarantors, or on the number of guarantors, or on the signature of any pledgors or on the number of borrowers or on the number of pledgors.
- (l) All the components of the Guarantor acknowledge and agree that the Property and/or the Pledged Property shall also serve as collateral for Future Credit received by the Borrower from time to time from the bank, including Future Credit not guaranteed by them, and that they shall not have any plea and/or claim in connection therewith and that the validity of their guarantee shall not be affected by or derogated



from if Future Credit is given as aforesaid. The components of the Guarantor also acknowledge and agree that if they are not guarantors for the Future Credit and/or any part thereof, they shall not be entitled to receive any information in respect thereof, including notice that the bank has given the Borrower Future Credit as aforesaid, whether the Property and/or the Pledged Property and/or any other Property serves as collateral for it or not.

Notwithstanding the aforesaid, the Borrower waives the duty of confidentiality vis-a-vis any of the components of the Guarantor, and the Bank may, without obligation, notify the Guarantor of the grant of Future Credit to the Borrower even if he is not a guarantor for the Future Credit.

- (m) For the avoidance of doubt, by signing this Agreement all the components of the Guarantor warrant and confirm that they have received a copy identical to the version signed by them, and that they have been given all the information and/or any document which they are entitled to receive in accordance with the Guarantee Law, including the amendments thereto, *inter alia* a "guarantor disclosure document" and the Guarantor's signature of this agreement shall constitute a declaration, proof and confirmation of the aforesaid.
- (n) It is agreed that the General Terms and Conditions shall also apply in the event that a copy of the General Terms and Conditions received by the components of the Guarantor or any of them has not been signed by the Borrower and/or the Pledgor and/or any of the components and/or by the bank, and that these terms and conditions shall be deemed part of the Loan terms and conditions and shall bind all the components of the Guarantor as though signed by all the parties.
- (o) Development contract with Israel Land Administration
If the Property and/or the Pledged Property is registered with the Israel Land Administration (hereinafter referred to as the "ILA"), and a development agreement was or will be signed between the Borrower and/or the Pledgor, on the one hand, and the ILA on the other hand, but a lease has not yet been signed between the Borrower and/or the Pledgor, on the one hand, and the ILA on the other hand, all the components of the Guarantor warrant that they are aware that if the Borrower and/or the Pledgor breach their obligations pursuant to the development agreements, it will not be possible to obtain payment from the Property and/or the Pledged Property, and accordingly their guarantee might be the only collateral.

It is expressed that the Guarantors' duty pursuant to this Agreement is wider than the ordinary duty of a guarantor pursuant to the Guarantee Law, 5727-1967.

11. Bankruptcy

The Borrower, the Pledgor and the Guarantor warrant that they have not committed any act of bankruptcy or been declared insolvent under the Insolvency Law, and that they have not been declared bankrupt and that there are no bankruptcy proceedings or insolvency proceedings pending against them and/or against any of them.



12. Lien, Right to Withhold and Set-off

Without derogating from the other provisions of the Loan agreement and in addition thereto, the Borrower and/or the Pledgor and/or the Guarantor warrant, agree and confirm that they have signed an instrument of set-off, lien and right to withhold in favor of the Bank and that the Bank shall have a right of lien, a right to withhold and a right of set-off over all the deposits, assets and rights standing to the credit of any of them at the Bank, and the Bank may, without obligation, in the case of a breach or in any one of the cases detailed in clause 9(b) above, exercise these rights, to secure the repayment of any credit, including the Secured Amounts and including in respect of Future Credit as such expressions are defined above.

13. Examinations and Provision of Information

- (a) (1) The Borrower, the Pledgor and the Guarantor confirm that all the information given to the Bank, including pursuant to sub-clauses (b) and (c) below, in connection with the Loan and/or the Property and/or the Pledged Property and/or the parties and/or any of them (hereinafter in this clause 13(a) referred to as the "**Information**") was given by them voluntarily and with their full consent, and that they were not under any legal duty to do so.
- (2) The Bank hereby notifies the Borrower, the Pledgor and the Guarantor that the Information in the Bank's possession and/or given to the Bank by the parties and/or any of them shall be stored in databases at the Bank and/or at a company that provides the Bank with data processing services.
- (3) It is agreed that the Bank may at any time furnish information to the Ministry of Housing and Construction and/or the Ministry of Finance or any other entity involved in the financing of any part of the Loan, or the Property's insurance or any other insurance relating to the Loan, at their request, provided that the furnishing of the information is obliged by law and/or required for the purpose of protecting a vital public interest and/or necessary for the purpose of protecting a vital interest of the Bank and/or intended for the benefit of the Borrower. the Bank shall not furnish information as aforesaid for marketing objects of the Bank and/or of the information recipient and/or of any other entity.
- (4) In addition, the Bank may give the Information and/or any part thereof to any person and/or entity filling an official position and/or to anyone on their behalf and/or pursuant to the order of a competent judicial instance, and allow them to inspect the Bank's books, accounts and documents in its possession in connection with the Information, for any object that in the Bank's discretion is related to the performance of their positions in accordance with the provisions of any law and/or administrative order and/or judicial order, including - without derogating from the generality of the aforesaid - in accordance with the provisions of the Prohibition on Money Laundering Law, 5760-2000 and any subsidiary legislation pursuant thereto and/or Bank of Israel's directives and/or



- any law and/or subsidiary legislation and/or order replacing them and/or adding thereto;
- (5) The Borrower, the Pledgor and the Guarantor confirm and agree that the Bank and/or anyone on its behalf may send them, from time to time, various publications of the Bank and its products and/or any other information.
- (b) The Bank may from time to time, in its exclusive discretion, carry out examinations and/or enquiries, itself or through others, into any matter concerning the Property and/or the Pledged Property and/or the Borrower and/or the Pledgor and/or the Guarantor (hereinafter referred to as the "**Parties**") and/or the performance of any obligation and/or fulfillment of any condition pursuant to this Agreement and/or the correctness of any warranty and/or information given by the Parties or any of them to the Bank, whether given in the framework of this Agreement or pursuant to any other information or document.
- (c) With regard to the provisions of clause 13(b) above of the General Terms and Conditions, the Parties hereby waive confidentiality vis-a-vis the Bank and empower the Bank and agree that the Bank may carry out examinations and/or enquiries as aforesaid, itself and/or through others, at the Parties and/or any third party, including other banks and an employer of any of the Parties, and that it may refer to a database regarding guarantors and borrowers, if one is established, and in connection with all the aforesaid, that the Bank may receive, from any of the aforesaid entities, all the information or documents necessary in its discretion.
In addition, the Parties empower the Bank and agree that the Bank may also give any information and documents in its possession in connection with them and the Loan to other parties and banks.
In addition, the Parties empower the Bank and agree that the Bank may give positive data about them, as such expression is defined in the Credit Data Service Law, 5762-2002 and in accordance with the provisions thereof.
- (d) All the expenses involving in carrying out the examinations and enquiries as aforesaid and/or in locating the address of the Borrower and/or the Pledgor and/or the Guarantor and/or obtaining and/or giving documents and information in accordance with this clause 13 shall be borne and paid by the Borrower, immediately upon the Bank's first demand.
- (e) The aforesaid also constitutes a notice from the Bank to the Borrower, the Pledgor and the Guarantor in accordance with section 11 of the Protection of Privacy Law, 5741-1981.
- (f) If the Borrower is a corporation and the Loan is in an amount of NIS 1,000,000 (one million) or more (as determined by the Israeli Supervisor of Banks), the Borrower undertakes to furnish the Bank with all its audited financial statements at or about the first business day after their signature. The aforesaid does not derogate from any provision and/or demand and/or procedure applicable in connection with a Borrower that is a corporation.

14. Cancelled.



15. Law and jurisdiction

The Bank, the Borrower, the Pledgor and the Guarantor agree that sole and exclusive jurisdiction for clarifying disputes stemming from this Agreement shall rest in Israel, with the court closest to the branch at which the Agreement was signed, from amongst the competent courts in Jerusalem, Tel Aviv, Haifa, Beersheva and Nazareth.

In addition, the Parties agree that the Israeli law alone shall govern any claim or litigation stemming from this Agreement, without reference to any choice of law principles.

16. Notices

- (a) The Parties waive the need to sending warnings and/or other notices in connection with this Agreement, unless expressly provided otherwise.
- (b) The Parties' addresses for the purpose of this Agreement are as set forth in the recitals hereto and/or the address of the Property or any other address of which the Borrower and/or the Guarantors give notice.

Any notice sent by registered mail by one party to another in accordance with the above address and any notice sent by the Bank to the address noted, in the recitals to this Agreement, by the Borrower or the Guarantor or the Pledgor, as the case may be, as his address in Israel for the delivery of the Bank's notices and/or court process, shall be deemed to have been sent and received by the other party at such times as coincide with the ordinary postal arrangements, if not proven otherwise. A written declaration from the Bank shall serve as admissible evidence regarding the time and dispatch of the notice.

- (c) Without derogating from the provisions of sub-clauses (a) to (b) above, the Borrower undertakes to notify the Bank in writing of any change in his name and/or address and/or any other detail he has given the Bank, in the framework of the Loan application and/or this Agreement, within 14 days of the change.

17. Strikes and Disturbances

Without derogating from the other provisions of the Loan agreement and the provisions of any law and in addition thereto, the Borrower, the Pledgor and the Guarantor warrant and confirm that they shall not have any plea and/or claim and/or demand vis-a-vis the Bank and/or anyone on its behalf, in connection with the non-execution of banking acts as a result of a strike and/or lockout and/or work stoppages and/or organized disturbances and the like, at the Bank and/or any other relevant entity, and/or in connection with computer and/or communication malfunctions and/or any other circumstances not in the Bank's control, and that they shall not be entitled to any compensation and/or indemnity in respect of any damage and/or loss and/or cost and/or expense occasioned as a result of the aforesaid. Without derogating from the aforesaid, the Borrower and/or the Pledgor and/or the Guarantor shall not be howsoever entitled to compensation and/or indemnity in respect of indirect damage.



18. Clarification

- (a) For the avoidance of any doubt, it is expressed that the attention of each of the components of the Guarantor is especially drawn to their obligations pursuant to the ninth "whereas" of the recitals to this agreement and pursuant to clauses 4(c), 5(n), 10, 12, 13 and 17 of the General Terms and Conditions.
- (b) It is emphasized and agreed that the provisions of sub-clause (a) above do not derogate from the consent of the Borrower and/or the Pledgor and/or the Guarantor to all the provisions of this agreement and their respective obligations.

19. The entity supervising the Bank's operation is the Supervisor of Banks.

20. For inquiries and requests on any topic regarding the Loan, please apply to the Mortgage Service Center, Tel: 076-8095143, or the bank's website - www.bankjerusalem.co.il.

As witness the hands of the parties:

Bank of Jerusalem Ltd

The Borrower	
Name	Signature

The Pledgor	
Name	Signature

The Guarantor	
Name	Signature



Confirmation of signatures

The Borrower:

Borrower's name	ID/passport/corporation no.	Official's name/ Bank's stamp	Date	Signature

The Pledgor:

Pledgor's name	ID/passport/corporation no.	Official's name/ Bank's stamp	Date	Signature

The Guarantor:

Guarantor's name	ID/passport/corporation no.	Official's name/ Bank's stamp	Date	Signature