

THE REPUBLIC OF UGANDA

LOAN AGREEMENT (INDIVIDUAL LOANS)

THIS LOAN AGREEMENT is made on the date specified in Item 1 of the Schedule hereto (the Schedule) BETWEEN **PRIDE MICROFINANCE LTD(MDI)** (hereinafter called as “**PRIDE**” of the one part. AND the party named in item 3 of the Schedule (hereinafter called “**the Borrower**”) of the other part.

WHEREAS

- A. The Borrower is desirous of borrowing the sum specified in item 4 of the schedule (herein after referred to as “**the Principal Sum**”) and has made an application to that effect to **PRIDE**.
- B. **PRIDE** is willing and prepared to lend/ advance to the borrower the principal sum on the terms and conditions herein below appearing.

NOW THEREFORE THE PARTIES HERETO AGREE as follows:-

1.0 AGREEMENT TO LEND

- 1.1 **PRIDE** shall lend/advance the principal sum to the borrower which sum shall be used exclusively for the purpose(s) set out in item 5 of the schedule (hereinafter referred as “**the project / business**”)

2.0 INTEREST

- 2.1 The Borrower shall pay interest on the principal sum at the rate specified in item 6 of the schedule (hereinafter referred to as “**the rate of interest**”) and computed and accruing in the manner set out in item 7 of the schedule. **PROVIDED that** and it is hereby agreed that the said rate of interest may be adjusted by **PRIDE** from time to time in accordance with **PRIDE’S policy** framework for determining interest rates. Whenever interest shall be adjusted, **PRIDE** shall advise the borrower of the ruling interest rate and the adjustments in the amounts of interest payable.

3.0 PROMISSORY NOTE

- 3.1 The borrower shall before disbursement of the principal sum execute a promissory note in favor of **PRIDE** for the principal sum and interest. Provided that the borrower may issue a post – dated cheque or cheques in lieu of the promissory note.

4.0 DISBURSEMENT OF THE PRINCIPAL SUM

- 4.1 **PRIDE** shall disburse the principal sum of the borrower on the date specified in item 8 of the schedule (herein after referred to as “the disbursement date”) and the borrower shall acknowledge in writing receipt of the principal sum.

5.0 REPAYMENT DATE

- 5.1 The borrower shall repay the principal sum together with interest (hereinafter referred to as “the loan”) by the date specified in item 9 of the schedule (hereinafter referred to as “the repayment date”).

6.0 SECURITIES AND CAVEATS

- 6.1 The borrower shall secure the loan as provided in item 10 of the schedule. **PROVIDED that PRIDE** may in addition to the securities provided in item 10 of the schedule require the borrower to provide additional securities as **PRIDE** may deem fit.
- 6.2 If **PRIDE** or borrower shall alter or change its/his/her name after the issue by the borrower of any post dated cheques in accordance herein or if any such post dated cheques shall be removed from circulation or shall become stale , out dated or other wise unenforceable, then the borrower shall be duty bound to issue replacement cheques. If the borrower shall refuse or neglect to issue such replacement cheques then the loan or the balance remaining unpaid shall become immediately due and payable.
- 6.3 **PRIDE** shall be at liberty to lodge a caveat or caveats against or any land, property, chattel or asset provided by the borrower as security for repayment of the loan.

7.0 MODE OF REPAYMENT OF THE LOAN

- 7.1 The borrower shall repay the loan to **PRIDE** by Monthly, / Quarterly, / Bi-annual, / Tri-annual, /Bullet Installments as indicated and specified in item 11 of the schedule and with each installment shall pay the interest then due.

8.0 INSURANCE

- 8.1 The borrower consents with **PRIDE**:-
 - a) To insure and keep insured for the benefit of the Borrower and **PRIDE** the chattels /assets/ properties forming part of the securities for the loan specified in item 12 of the schedule with full comprehensive cover with an insurance company approved by **PRIDE** and to produce the policy and premium receipts on demand;

- b) Not to suffer any execution or distress to be levied on the chattels /assets/properties specified in item 12 of the schedule or on any other goods of the Borrower but to give immediate notice of any such event or occurrence to **PRIDE**;
- c) To maintain the chattels/assets/properties specified in item 12 of the schedule in good order and condition and as applicable properly housed.
- d) To permit **PRIDE** to view the chattels/assets/properties specified in item 12 of the schedule on reasonable notice;
- e) Not to sell/charge/pledge or assign, let or hire or part with the possession of the chattels/assets/properties specified in item 12 of the schedule or permit an lien or legal or equitable interest to be created thereon or therein. Provided that this sub clause shall not affect the letting or hiring of any chattels/assets/properties specified in item 12 of the schedule as part of the ordinary business of the Borrower.

9.0 BORROWERS OBLIGATIONS IN RELATION TO THE PROJECT/BUSINESS

9.1 The Borrower hereby further covenants:

- i. To carry out and execute the project/business for which the loan has been granted with due diligence and efficiency and in accordance with sound financial and managerial standards.
- ii. To maintain proper records of books of accounts for the business/project as would be adequate to reflect the Borrower's operations and financial situation.
- iii. To permit or allow **PRIDE** or its authorized agents or employees to inspect the project or business and such other relevant records related to the project/ business.

10.0 REGISTRATION FEES STAMP DUTY, ETC.

10.1 The Borrower hereby undertakes to pay legal fees, stamp duty and other charges that shall be required in preparing and registering the securities set out in item 10 and item 12 of the schedule.

11.0 RIGHTS OF PRIDE

11.1 **PRIDE** may at its discretion with or without notice to the Borrower.

- a) Suspend or recall the loan
- b) Declare due and payable with immediate effect the whole loan amount or the balance thereof out standing together with interest accrued thereon;
- c) Exercise its rights under the mortgage deed, debentures, guarantee or any other deed or instrument executed as security for the loan;
- d) Institute legal action against the borrower.

If any of the following events shall occur:-

- i. The Borrower defaults for the period specified in item 13 of the schedule (herein referred to as “**the default period**”) in the payment of any installment of the loan or any other monies falling due under this agreement;
- ii. There's evidence of diversion of funds from the business or project.
- iii. **PRIDE** detects any management or financial weaknesses in the business/project of the Borrower;
- iv. The Borrower defaults in the performance of any covenant or condition of this agreement and such default continues for the period specified in item 13 of the schedule after notice to rectify the same has been given by **PRIDE** to the Borrower;
- v. Distress or execution is levied against any property of the Borrower;
- vi. After execution of this Agreement an extra ordinary situation has arisen which makes it impracticable or impossible for the borrower to fulfill his or her obligations under this agreement;
- vii. The Borrower commits any act of bankruptcy or is declared bankrupt.

12.0 NO WAIVER

12.1 Non exercise or delayed exercise of any of **PRIDE**'s rights or privileges under this Agreement shall not be construed as a waiver of such rights nor shall any partial exercise of such right or privilege preclude any other or further exercise thereof.

13.0 RECOVERY/COLLECTION CHARGES

13.1 The Borrower hereby agrees to pay all fees ,charges and costs incidental to the recovery or collection of the outstanding loan and **PRIDE** shall be at liberty to debit the Borrower's account(s) accordingly.

14.0 OTHER CONDITIONS

14.1 The Borrower further agrees to observe and perform the additional conditions set out in item 14 of the schedule.

15.0 NOTICE

15.1 Any notice, consent or communication (hereinafter collectively refereed to as “notice”) required or permitted to be given or made under this agreement shall be in writing and shall be deemed or to have been dully given or made to the Borrower or sent by registered post/mail to the Borrower's last known address. Notice shall be deemed to have been given to **PRIDE** when it shall be delivered to the principal office of **PRIDE** or its relevant branch or sent by registered mail to **PRIDE**'s postal address or that of its relevant branch.

CERTIFICATE OF TRANSLATION

I/We, the undersigned hereby certify that the contents of this Agreement have, prior to execution, been read over and explained to the Borrower in the _____ language and he/she appeared fully to understand the same.

	<u>Name</u>	<u>Position</u>	<u>Signature</u>	<u>Date</u>
1	_____			
2	_____			

IN WITNESS WHEREOF of the parties here to have caused this agreement to be executed the day and year first above written.

**SIGNED FOR AND ON BEHALF
OF PRIDE MICROFINANCE
LIMITED (MDI)**

In the presence of:

Name	:	_____
Occupation	:	_____
Address	:	_____
Signature	:	_____

SIGNED by THE BORROWER

In the presence of:

Name	:	_____
Occupation	:	_____
Address	:	_____
Signature	:	_____

THE SCHEDULE

[Forming part of the loan Agreement]

Item 1: Date of Agreement	_____
Item 2: PRIDE	PRIDE MICROFINANCE LIMITED (MDI) Metropole House, Plot - 10 Entebbe Rd. P.O Box 7566, Kampala, Uganda
Item 3: Borrower:	_____
Item 4: Principle Sum:	U shs _____
Item 5: The Project/ Business:	_____
Item 6: Rate of Interest:	_____
Item 7: Method of Computing: Interest:	_____
Item 8: Disbursement Date:	_____
Item 9: Repayment date:	_____
Item 10: Securities:	PROVIDED THAT the whole loan plus interest shall become due and payable if any of the installments are not paid on time.
a)	_____
b)	_____
c)	_____
d)	_____

e) _____

Item 11: Repayment installments _____ Monthly, / Quarterly, / Bi-annual, / Tri-annual, /Bullet Installments of UShs _____ commencing on _____

Item 12: Chattels/assets/properties to be insured:

a) _____

b) _____

c) _____

Item 13: Default Period: (0) Zero days

Item 14: Other Conditions:

a) _____

b) _____

c) _____

**SIGNED FOR AND ON BEHALF OF
PRIDE MICROFINANCE LIMITED (MDI)** _____

In the presence of:] _____

SIGNED by THE BORROWER] _____

In the presence of:] Name _____
Occupation _____
Address _____
Signature _____

ASSENT BY BORROWER'S SPOUSE

I _____ being a spouse to _____ (herein after being referred to as the "Borrower") hereby certify that the contents of this Loan agreement in which the borrower has pledged our Matrimonial home /family land/Chattels/mortgaged property located/ kept at _____, in consideration of a loan of UShs _____, have prior to execution thereof been read over and explained to me both by an officer of **PRIDE** by the names of _____ and in the presence of an independent advisor /person of my Choice who has witnessed this assent herein below .

I have understood all the legal implications of the borrower and I executing this Loan Agreement in respect of our Matrimonial home /family land /the mortgaged property /chattels and I hereby accept to be bound by the terms therein.

I understand that the loan to be obtained from **PRIDE** is for the use of the borrower and I am aware that in the event that the borrower fails to pay the loan plus interest and any costs thereon, **PRIDE** may exercise its right to sell our Matrimonial home/family land/the mortgaged property to recover its money.

Signed by the Borrower's Spouse Name: _____
Occupation _____
Signature _____

In the presence of: Name : _____
Occupation : _____
Address : _____
Signature : _____

DRAWN BY:

THE LEGAL DEPARTMENT
PRIDE MICROFINANCE LIMITED (MDI)
P.O.BOX 7566
KAMPALA.