RWAKYAKIBUNYA SAVINGS AND CREDIT SOCIETY

LOAN AGREEMENT

This agreement is made this ………day of ……………….……/…………………….

Between ……………………………………………………………………………………. (The borrower) located in ………………………………………………………………and RWAKYAKIBUNYA SACCO(Hereby referred to as the lender). And whereas

The lender, as the financing agency, is desirous of lending to the borrower and whereas the borrower is desirous of borrowing from the lender RWAKYAKIBUNYA SACCO under the terms and conditions herein below agreed.

THIS AGREEMENT WITNESSETH AS FOLLOWS:

The lender lends to the borrower the principle sum of shs:……………………………………….. (In words)………

For a period of …………………………….months to be repaid to RWAKYAKIBUNYA SACCO as the principal and interests thereon at the rate of **2%** per month in…………………….….….monthly installments.

Without prejudice to the provisions above, it is hereby agreed between both parties that in the event of the borrower failing to pay back on time hereinafter agreed, the borrower shall be liable to pay **0.2%** on the principle and interest due from the date of default to payment in full together with all expenses incurred during the recovery process. The borrower shall use the money lent by RWAKYAKIBUNYA SACCO for ……………………………………………………………… in accordance with the purpose other than the one applied for and acknowledge him and or her without the written consent of the lender.

Unless otherwise agreed, if the borrower diverts the loan for any purpose(s) other than the one herein acknowledged and agreed or fails to pay any installments on time, the lender may at any time thereafter demand payment of the whole amount of the principle and interest then due without following the repayment schedule hereto.

As security for the loan, the borrower hereby surrenders to the RWAKYAKIBUNYA SACCO the items listed as follows, which are free from any encumbrances:

………

Additionally, the borrower is presenting the following to be guarantors for the loan being taken.

(GUARATORS) ONLY

1. Name…………………………………………………signature …………………………Tel no……………..

2. Name ………………………………………………signature …………………………Tel no……………..

By signing this agreement, the guarantor undertakes to ensure that the borrower shall repay in full the principal and interest due and that in event of the borrower failing to repay in full, and that if the sale proceeds from the securities do not fully cover the principle and interest due, the guarantor shall be fully liable for the full repayment of the principal and interest due on the loan.
In the event of the borrower's failure to pay back all the principle and interest due or any pay thereof at the agreed time, the lender shall be free to sell by private treaty (without any obstruction or legal challenges from the borrower or the borrower's agents) the security hereby pledged and the interest without recourse to courts of law, and the guarantor will be called upon to assist in ensuring full repayment of the above mentioned moneys to the lender. In case of a short fall the lender may consequently be freed to seize the borrower's savings and ultimately the borrower's shares in RWAKYAKIBUNYA SACCO (the lender).

Provide that such securities shall be sold to the highest bidder at the time of sale and after the lender has realized the loan plus the accumulated interest and all other costs of sale and other expenses incurred by the lender during the recovery process it shall hand over the balance, if any, to the borrower.

Signed by the lender date

…………………………………………………………………. …………………………………

Signed by the borrower date

……………………………………………………………………… ……………………………………

In the presence of………………………………………………………………………………………………………........

Manager