

**LOAN CONTRACT N° -----/2025**

**This Agreement is entered into by and between:**

**LOLC UNGUKA FINANCE Plc**, a deposit-taking microfinance company registered in accordance with Laws of Rwanda, TIN: **100500249**, P.O Box **6417**, Kigali, represented by -----, hereinafter referred to as the “**Company**”, on one part.

**And**

-----son/daughter of-----and of-----, having Identity card No.-----issued at-----/-----, residing at -----, telephone: -----, hereinafter referred to as “**the Borrower**”, on the other part;

**The undersigned parties agreed to the following terms and conditions of loan contract:**

**Article 1 : Purpose of this contract**

**1.1.** This contract is entered into between the Company and the Borrower for the purpose of providing the Borrower with a loan equal to ----- Rwandan Francs (**FRW-----**) to be used for -----

**Article 2: Cost of credit**

2.1. The commission fees is ----% of on the loan amount plus Value Added Tax (VAT). These fees may also be charged on the outstanding amount of the loan if the Borrower requests a loan restructuring, extension of the payment period, consolidation of the loan, change of collateral, or any other request that may result in changes to the loan contract.

2.2. The interest on the loan is calculated at ----% per annum (declining). In case of late payment, the Borrower shall pay a late interest of **4%** per month, calculated on the amount in arrears.

2.3. Subject to thirty (30) days prior notice, the Company may change the interest rate at any time during the term of the credit facility based on the prevailing market conditions.

2.4. If the Borrower refuses to accept a change in the interest rate, the loan contract will be terminated immediately. The principal amount of the loan and accrued interest shall become due and payable immediately.

### **Article 3: Loan term**

This loan is repayable over a period of ---- months, with monthly payment of FRW ----- . The amount of the loan to be repaid may increase if the Borrower fails to make timely payments in accordance with the terms of the loan contract. The repayment date is set out in the attached loan repayment schedule, which forms an integral part of this contract.

### **Article 4: Source of repayment**

The Borrower informs the Company that the repayment of the loan will come from ----- . Both parties agree that any change in the stated source of repayment shall not relieve the Borrower from any of its obligations under this contract. In the event of any change in the source of repayment, the Borrower shall immediately notify the Company and provide a new source of repayment to ensure compliance with the regular repayment schedule set forth in this contract.

### **Article 5: Obligations of Borrower**

The Borrower's responsibilities include:

- a. to comply with the payment schedule as stated in clauses 2 and 3 of this contract;
- b. to transfer to the bank account opened with LOLC Unguka Finance Plc, the proceeds of business and other income derived from the activities that were the basis for granting this loan;
- c. to regularly maintain an annual fire insurance policy on the Collateral and to designate the Company as the first loss payee for insurance payments and to provide the Company with proof of payment of the insurance premium to the Company in order to show that he/she has complied with the obligation set forth herein;
- d. If the Borrower fails to renew the insurance in a timely manner, the Company may renew the insurance on behalf of the Borrower and any premium paid will then be charged to the Borrower
- e. take annual life insurance.

### **Article 6 : Rights conferred to the Company**

6.1. The Borrower expressly authorizes the Company to apply to the Registrar General for the registration of the collateral referred to in article 7 and the collateral shall be registered in favour of the Company for a period of 8 years.

6.2 The Borrower and the Company agree that, during the registration period of the collateral referred to in the previous paragraph, the Borrower may apply for an additional loan amount equal to the difference between the loan amount received and the loan amount paid, without the need to re-register the collateral. However, the Company reserves the right to assess the Borrower's motivation and creditworthiness to repay the additional loan. The approved additional loan amount will not exceed **70%** of the forced value of the collateral.

6.3. Each additional loan will be granted to the Borrower after the Borrower signs an addendum to the main loan contract stating the additional loan amount added to the existing loan amount.

6.4 The Borrower gives the Company the right to deduct money from the Borrower's account with LOLC Unguka Finance Plc and set it off against the unpaid amount of the loan before exercising the remedies available to the Company in the event of the borrower's default as set out in article **8** of this contract.

6.5. The Borrower hereby expressly consents to and authorizes the Company to inspect, exchange, and transmit information concerning the Borrower's account(s) to credit reference bureaus and other relevant authorities as the Company deems necessary.

6.6. Without prejudice to the other provisions of this contract, any payment reminder notice fees incurred by the Company will be charged to the Borrower's account.

#### **Article 7 : Collateral**

7.1.the Borrower hereby pledges the following collateral which shall be an integral part of this loan contract until the full repayment of the entire loan amount:

| <b>UPI</b> | <b>Village</b> | <b>Cell</b> | <b>Sector</b> | <b>District</b> |
|------------|----------------|-------------|---------------|-----------------|
|            |                |             |               |                 |
|            |                |             |               |                 |

7.2.The Borrower represents and warrants that it is legal and beneficial owner of the collaterals described above and that the collaterals are free and clear from any encumbrances or seizure by the Government or any third party for any reason whatsoever.

## **Article 8: Remedies of the Company in case of default in payment**

If the Borrower fails to repay the loan or commits any of the acts that cause the Loan to be repossessed, the Company shall have the right to either sell, manage, lease, or acquire the collateral in accordance with the provisions of Law No. 10/2009 of 14/05/2009 regarding mortgages on immovable property as amended up to date and the Instructions of the Registrar General N° 001/2020/ORG of 12/05/2020 regulating modalities of management, lease, auction and acquisition of mortgages.

## **Article 9: Loan Recovery**

9.1. The Company may initiate the process of loan recovery without waiting for the expiration of the loan term stipulated in Article 3 of this contract in case the Borrower commits the following:

- a. misrepresentation or violation of any of the provisions of this contract;
- b. loan diversion;
- c. delays in payment for more than two months;
- d. non-payment of annual fire insurance policy for the collateral;
- e. not take annual life insurance.

9.2. The Borrower shall pay all costs and expenses incurred by the Company as a result of the Borrower's default and other costs and expenses arising from the contract and its consequences, including fees for mortgage registration and notarization of this contract.

9.3. If the loan is taken over by another financial institution, the borrower will be charged and pay to the Company a loan takeover fee (*frais de rachat*) equal to 10% of the outstanding loan balance on the takeover date. For this purpose, any additional interest payable by the Borrower will be calculated on the basis of the Borrower's last payment.

## **Article 10 : Amendment**

This contract may be amended by mutual written consent of the parties. No amendment to this contract shall be binding on either party unless made in writing and signed by both parties.

## **Article 11 : Governing law and dispute settlement**

11.1. This contract shall be governed by and construed in accordance with the laws of the Republic of Rwanda.

11.2. The Company informs the Borrower that it has established a committee responsible for resolving disputes arising from the performance of this contract. The means and procedures for submitting a complaint to the above committee are available on the Company's social media platform and are also posted on the notice board of the Company's branches.

11.3. If the Company's Committee for the Settlement of Financial Consumer Complaints fails to resolve the dispute, the Borrower shall submit the complaint to the competent court.

#### **Article 12: Final provision**

12.1. This Loan Contract shall be signed in the presence of the Notary and shall be executed in triplicate, each party having one copy, all of which shall be of equal value.

12.2. The Borrower is given two (2) days to read the contract and seek advice before signing it.

#### **Article 13: Effective date of this contract**

This contract is effective upon signature by both parties.

**Done at Kigali, on ----/----/2025**

**For the Borrower**

**For the Company**