

**LOAN AGREEMENT FORM**



**REPUBLIC OF ZAMBIA**

**CONSTITUENCY DEVELOPMENT FUND (CDF)**

**LOAN AGREEMENT FORM**

**This LOAN AGREEMENT, is made this ----- day of ----- 20----, between**

**----- (hereinafter known as “BORROWER”) of address:**

**-----**

**----- in Ward \_\_\_\_\_ constituency \_\_\_\_\_**

**and \_\_\_\_\_ (hereinafter known as “LENDER”).**

**The LENDER and BORROWER shall collectively be known herein as “Parties.” In determining the rights and duties of the Parties under this LOAN AGREEMENT, the entire document must be read as a whole.**

**The Lender agrees to give loan funds/material/equipment worth K-----**

**----- on loan basis to the Beneficiary for purposes of venturing into-----**

**-----Business as contained in the application form.**

**Therefore, the Beneficiary accepts the Terms and Conditions of the said loan amounting to ----- (Amount in Words) ----**

**-----**

**----- (Amount in Figures) at 5% minimal simple interest rate.**

## **LOAN TERMS AND CONDITIONS**

**The BENEFICIARY and LENDER hereby set further forth their rights and obligations to one another under this LOAN AGREEMENT and agree to be legally binding as follows: -**

### **a) Payback Period**

**The payback period for the loan shall be .....months.**

### **b) Loan Repayment**

- i. The first payment shall be 60 days from the date of getting the loan;**
- ii. The subsequent instalments shall be paid at the end of the month;**
- iii. Delayed payments shall not exceed 5 days after the end of the month; and**
- iv. Payments made after 5 days shall attract a charge 2% of the instalment amount**

### **c) Repayment Method**

**The Borrower shall deposit the loan repayment by way of monthly instalments through;**

- i. Bank Account.....**
- ii. Mobile Money.....**
- iii. E-Wallet.....**

**The Borrower shall be responsible to ensure that repayments are made to the correct Bank Account or Mobile number.**

### **d) Ownership of Equipment and Machinery using this Fund:**

- i. All Equipment and Machinery bought using this facility shall be vested in the name of the LENDER;**
- ii. All Equipment and Machinery bought using this facility shall be registered in the name of the Local Authority; and**
- iii. Ownership shall NOT be transferred to the LOAN BENEFICIARY until the loan amount is fully paid.**

**e) Repayment for Equipment:**

- i. **The first payment shall be made 60 days from the date of getting the loan;**
- ii. **The subsequent instalments shall be paid at the end of the month;**
- iii. **Delayed payments shall not exceed 5 days after the end of the month;**
- iv. **Payments made after 5 days shall attract a charge 2% of the instalment amount;**
- v. **Neglecting to pay the loan instalments for any reason for three consecutive months, shall result in termination of the agreement;**
- vi. **Following the termination of the agreement:**
  - a. **The equipment shall be recovered from the borrower within seven (7) days;**
  - b. **The borrower shall forfeit the initial deposit and other payments made before the termination of the agreement; and**
  - c. **The borrower shall be blacklisted on the Constituency list for 5 years.**

**SIGNED BY..... (Name)**  
**(FOR AND ON BEHALF OF THE FINANCIAL INSTITUTION)**

**Full Name of Financial Institution: .....**

**Date: .....**

**Signature:.....**

**Position:.....**

**1. IN THE WITNESS OF:**

**Full Name: .....**

**Date: .....Signature: .....**

**Designation: .....**

**2. IN THE WITNESS OF:**

**Full Name:** .....

**Date:** .....

**Signature:** .....

**Designation:** .....

**SIGNED BY..... (APPLICANT)**

**Full Name:** .....

**Date:** .....

**Signature:** .....

**1. IN THE WITNESS OF**

**Full Name:**.....

**NRC Number:**.....

**Date:**.....

**Signature:**.....

**Designation:**.....

**Ward Development Chairperson/Area Councilor**

**2. IN THE WITNESS OF**

**Full Name:**.....

**NRC Number:**.....

**Date:** .....

**Signature:**.....

