

## Standard Loan Agreement

### LOAN AGREEMENT

THE UNDERSIGNED:

1. Oikocredit, Ecumenical Development Cooperative Society U.A., a co-operative society ("cooperatieve vereniging") organized under the laws of the Netherlands and having its registered seat at Amersfoort, the Netherlands (hereinafter to be called "Oikocredit"), and

2. \_\_\_\_\_, a \_\_\_\_\_ company, located at \_\_\_\_\_, (hereinafter to be called "the Borrower"),

State that

WHEREAS:

(a) it is the policy of Oikocredit to make investment capital available, on appropriate terms, to projects promoting the self-reliance of the poor, especially in the developing countries, and

(b) the Borrower is an enterprise of the aforementioned type and requires capital for \_\_\_\_\_ (hereinafter referred to as "the project"),

HAVE AGREED AS FOLLOWS:

#### **1. The Loan**

Subject to and upon terms and conditions as laid down in "Oikocredit's General Conditions Applicable to Loan Agreements dated September 2nd, 1985" (hereinafter to be called "the General Conditions"), which General Conditions signed by Oikocredit and the Borrower are part of this Loan Agreement and binding upon the parties and as set forth herein, Oikocredit agrees to make available to the Borrower for the Project a Loan in the amount of US\$ \_\_\_\_\_ (say U.S. dollars). This money will be used exclusively for the project;

#### **2. Interest**

The loan or outstanding amount thereof shall bear interest at the rate of \_\_\_% (\_\_\_ per cent) per annum, payable in U.S. dollars, semi-annually, the first payment of interest to be made \_\_\_\_\_ months after the first disbursement under this loan agreement;

#### **3. Repayment**

The loan shall be repaid in U.S. dollars in \_\_\_ (\_\_\_\_\_) equal, semi-annual instalments of US\$ \_\_\_\_\_ (say \_\_\_\_\_ U.S. dollars); the first repayment to be made \_\_\_ (\_\_\_\_\_) months after the first disbursement under this loan agreement.

#### **4. Euro** (for loans in European currencies only)

At the request of Oikocredit, all obligations under this agreement shall be converted to and payable in euros at the official rate of exchange.

#### **5. Additional Conditions**

a. Direct disbursements to vendors

It is understood that Oikocredit may, in its discretion, disburse proceeds of this loan (a) to the borrower or (b) directly to vendors or suppliers to the project and that all such disbursements will

be part of the loan provided for in this agreement. Upon request, the borrower will provide Oikocredit with a list of items to be purchased, their costs, and the names and addresses of the vendors.

b. Security

As an additional condition precedent to the disbursement of the loan as set out in article 2 of the General Conditions, the Borrower shall as security for the repayment of the loan and payment of interest and all other amounts due by the Borrower under this agreement:

- 1) Procure a first mortgage in favor of Oikocredit on \_\_\_\_\_ [\_\_\_\_, **please add details of this**];
- 2) Procure a lien/pledge in favor of Oikocredit on \_\_\_\_\_ [\_\_\_\_, **please add details of this**];
- 3) Procure personal guarantees in favor of Oikocredit by [name]\_\_\_\_\_.

c. Warranties

- i. the Borrower warrants that the financial statements contained in PT \_\_\_\_\_ are accurate.
- ii. the individual(s) who sign this loan agreement on behalf of the borrower warrant that they are authorized to enter into this agreement and to bind the borrower to it.

d. Undertaking

The Borrower undertakes to do his utmost to service the loan granted by Oikocredit. The Borrower knows and realizes that Oikocredit is an ecumenical development institution which makes money available in the form of loans on appropriate terms to underprivileged groups and that this work can only continue if every borrower repays faithfully the amount received from Oikocredit, in order to avoid any losses to Oikocredit which will reduce Oikocredit's capability of helping other poor groups in other parts of the world.

e. Choice of law

This loan agreement and all related documents will be governed by the laws of [country]

Signed in Triplicate

\_\_\_\_\_ (the borrower)

By \_\_\_\_\_ Date \_\_\_\_\_

Name and function:

By \_\_\_\_\_ Date \_\_\_\_\_

Name and function:

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Oikocredit, Ecumenical Development Co-operative Society U.A.

By \_\_\_\_\_ Date \_\_\_\_\_

Name and function:

By \_\_\_\_\_ Date \_\_\_\_\_

Name and function:

