

LOAN AND JOINT LIABILITY GUARANTEE AGREEMENT

This Loan & Joint Liability Guarantee Agreement is made on the date indicated below the signature of the Authorised Signatory of Future Financial Servicess Ltd. at the place indicated therein

By and Between

Future Financial Servicess Ltd., a Company incorporated under the Companies Act and having its Corporate Office located at No. 17/1, GRA Tower, 1st Floor, Ambalipura Road, Belandur Gate, Off Sarjapur Main Road Bangalore – 560103, Karnataka represented by its Authorised Signatory as indicated in **Schedule 'A'** of this agreement (hereinafter referred to as the '**Lender**' which in expression shall mean and include its successors, legal heirs and permitted assignees)

And

The **Borrowers** as per the Signatories listed in '**Schedule A**' of this agreement that have signed every page and the '**Schedule A**' of this this agreement being **Members** of the **Group** indicated therein, in the **Centre** indicated therein, all being residents of the Village / Locality indicated therein in Sub District / Town / City and District indicated therein, having availed loans from the **Lender** (hereinafter referred to as the '**Borrowers / Guarantors / Members**' which in expression shall mean and include its successors, legal heirs and permitted assignees).

Whereas the **Borrowers** have approached the **Lender** to avail a loan for the purpose stated in their loan application. The **Lender** has approved and sanctioned the loans to each individual based on the information provided by the individual **Borrower** and Guarantor.

Whereas further the **Borrowers** have organised themselves into a **Group** for the purpose of mutual guarantee, joint & several liability and each of the **Borrowers** has guaranteed the repayment loans of one another. Each of the **Borrowers** has individually signed Demand Promissory Note in favour of the **Lender** for the loan that they have availed.

Whereas the **Lender** has assessed the **Group's** guarantee information & structure as being fundamental in addition to the information provided by the Borrower & Guarantor, for the sanction of the individual loan to all **Borrowers**.

Both the **Lender** and the **Borrowers** as parties to this agreement hereby have agreed to the following terms and conditions pertaining to the loans and joint liability guarantee.

1. TERMS & DEFINITIONS

- 1.1. The word '**Centre**' in this agreement means a place where the **members** of the **Centre** would meet at a day & particular time (being their repayment day & time), to pay the instalments of the loan or for any other purpose. This location, day and time is determined jointly by the **Lender** with the **Borrower**, after factoring convenience of the **Borrowers** and **Lender's** own operational feasibility.
- 1.2. The word '**Group**' in this agreement means collectively all the **Borrowers** under this agreement including each of their respective successors, legal heirs and permitted assignees respectively.
- 1.3. The '**Borrowers**' under this agreement are members of the above mentioned **Group & Centre** and the undersigned **members** whose names and have been mentioned with their details in **Schedule A** of this agreement, have been extended individual loans by the **Lender** as per the amount mentioned against each of their respective names as per the following conditions.
- 1.4. The word '**Agreement**' shall refer to this loan agreement including all the schedules and annexures attached to this as loan documents.
- 1.5. The word '**Applicable Interest**' shall mean the rate of interest as specified in **Schedule A**.

2. JOINT LIABILITY

- 2.1. The **Borrowers** have hereby agreed that they all are jointly and severally liable to pay the loan outstanding along with the interest applicable.
- 2.2. The **Borrowers** hereby give a written acceptance that in case of any **Borrower** who is been listed /or has signed this Agreement & '**Schedule A**' and who is for any reason whatsoever unable to pay the instalment amount, loan amount, outstanding amount and the interest payable of the loan, mentioned against his/her names along repayment when it is due, then the other **Borrowers** undertake to make the payment of such amount jointly and individually.
- 2.3. The **Borrowers** under this agreement hereby agreed that the **Lender** has the right to recall and demand for repayment of the entire loan due amount at any time, even before the completion of the term or tenure of loan and the **Borrowers** jointly and severally undertake to repay the **Lender** on demand the outstanding on any or all their loans. The **Borrowers** under this agreement also hereby undertake to pay back, jointly and severally, the loan amount with the applicable interest in case they fail to repay the loan amount within the time prescribed by the **Lender**.
- 2.4. The **Borrowers** under this agreement have understood and agreed that the **Lender** has got the right to demand for repayment of the entire loan outstanding due including applicable rate of interest from the **Borrowers** jointly and severally (from each one and all the **Borrowers** either individually or all together) in case they fail to make the regular repayment of the loan by way of weekly or fortnightly, monthly instalment whichever case may be as agreed upon. The **Borrowers** also accept that the responsibility jointly & severally arising out of this loan and guarantee agreement will be that of a joint nature although the loans are being sanctioned and disbursed on individual basis.

3. REPAYMENTS

- 3.1. The **Borrowers** under this agreement agreed to their liability to repay the amount of instalments as per repayment schedule provided at the time of loan disbursement, throughout the loan term on time and regularly, without a prior notice or demand from the **Lender**. These dates are indicated on Loan Passbook given to each borrower provided to the borrowers
- 3.2. The **Borrowers** under this agreement undertake to repay the instalments of the loan amount taken by them from the **Lender**, on time and further, the **Borrowers** shall take the joint responsibility for repayment of instalments on time of the **Group**, as a whole.
- 3.3. The **Lender** confirms and the **Borrowers** have understood and agree that there would be an initial minimum moratorium for the due-date of the first instalment which will be equal to the repayment frequency i.e. a) one week for loans repaid every week, b) one fortnight for loans repaid every fortnight (i.e. 2 time every month), c) one month for loans repaid every month.
- 3.4. Notwithstanding anything said in this agreement or other document including the loan passbook, the **Borrowers** understand and the **Lender** also confirms that the due dates for repayment would be exactly at intervals of one week, one fortnight and one month as specifically mentioned in **Schedule A** as per the repayment schedule, irrespective of this repayment due date the **Borrowers** may make payments on dates that they find it convenient to repay the loans as per their desire which has been agreed as the centre meetings days.
The Borrowers hereby also consent that, the interest payment by the Borrowers is calculated on the basis of the repayment frequency period of week, fortnight and month as listed in item (5) of **Schedule A** for all instalments other than the first instalment. The Borrowers hereby also consent that, the first instalment's interest may be charged and as specified in centre meeting schedule on the basis of the disbursement amount, on number of days basis from the disbursement to the first payment date, at the applicable interest rate.
- 3.5. The **Borrowers** hereby agreed to permit the **Lender** to change the centre schedule such as day, time and place as per the convenience of both the parties and with the prior information to the **Borrowers**. Further the **Borrowers** confirm shall adhere to the said change and shall make sure they are available according to the new changed centre meeting scheduled date, place and time.

4. BORROWERS OBLIGATION

- 4.1. The **Borrowers** hereby agree to make use of the disbursed loan amount only for the purpose as mentioned in their individual loan applications with the **Lender** and also undertake that **Borrowers** shall not misuse the loan amount for other purposes by deceiving the **Lender**. The **Borrowers** have agreed to show the proper utilisation of the loan amount as specified in the loan application to the **Lender** at any time whenever the **Lender** indents to verify for the same, if the **Borrowers** fail to acknowledge the utilisation of the loan amount as per the specified purpose, such act of the **Borrower** would amount to intentional misuse, criminal breach of trust and misappropriation and **Lender** is permitted to bring appropriate legal actions (civil or criminal or other) against the **Borrowers**.
- 4.2. The **Borrowers** hereby agree to improve their economic condition by utilizing the loan amount for productive & income generative purposes
- 4.3. The **Borrowers** under this agreement have agreed to repay the loan Instalments to any other Bank, NBFC, Financial Institution, MFI or any other lawful entity including an authorised agent including collection agent, in case of future assignments, acquirement, amalgamation or transfer or authorization in any form etc. by the **Lender** and such information shall be shared with the respective **Borrowers** in writing or orally during centre meeting or at the time of repayment of the loan instalment.
- 4.4. The **Borrowers** hereby undertake that in case they foreclose their individual existing loan, their guarantee for the loans availed by other **Borrowers** under this agreement shall continue to be in force till the complete repayment of the outstanding loan dues of the group members and the **Borrowers** shall be responsible for the same jointly and severally irrespective of closure of their individual loan.
- 4.5. The **Borrowers** under this agreement undertake jointly and severally to keep this agreement confidential as an arrangement between them and the **Lender** and also undertake not to provide any information or copies of the same unless the **Borrowers** under this agreement are legally required to do so by any law / statute and in such circumstances they shall obtain prior written consent of the **Lender** to provide the same.
- 4.6. The **Borrowers** under this agreement shall not make any oral or written statements and specifically any false statement about the transactions between them and the **Lender** or the **Lender's** staff without obtaining prior written consent from the **Lender** before making such statements.
- 4.7. The **Borrowers** hereby severally and jointly agree not to fight with other **Borrowers** of the group and agreed act cohesively and harmoniously as a group that is formed and motivated to repay the loan provided by the **Lender**.
- 4.8. The **Borrowers** hereby severally and jointly undertake that they never indulge in any activities for provoking, diverging or influencing the other **Borrowers** of the group or any other **Borrowers** of the **Lender** either in the same **Centre** or same village or other village for not repaying the loan advanced under any circumstances.
- 4.9. The **Borrowers** under this agreement undertake to make the use of the loan amount only for the purpose which the loan has been taken from the **Lender** and as indicated to the **Lender** during application of the Loan. The **Borrowers** under this agreement also undertake jointly and severally the responsibility to repay the loan advanced by the **Lender** to any **Borrower** immediately, if any **Borrower** under this agreement or any **Borrower** who is a part of the Group does not utilize the loan amount for the purpose indicated to the **Lender** during the application of the **Loan**.
- 4.10. The **Borrowers** have severally and jointly agreed to keep the **Lender** and its employees and agents indemnified and harmless against any loss, damage, liabilities, payments, obligations as sustained or suffered or required to be paid or imposed upon the **Lender** and its agents in connection with or arising out of this agreement.
- 4.11. The **Borrowers** hereby confirmed that they have not paid or provided any security deposit, any collateral or any form of monetary deposit directly or indirectly to the **Lender** for the purpose of availing this loan facility from the **Lender**.
- 4.12. The **Borrowers** hereby confirmed that they are using the availed loan facility only for income generative activities as agreed upon and the **Borrowers** have also declared that they are having an annual household income less than Rs. 60,000 in case of living in a rural area or less than Rs. 1,20,000 if they are living in a semi-urban or urban area.

Borrowers					Lender
01	02	03	04	05	For Future Financial Servicess Ltd.
06	07	08	09	10	
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- 4.13. The **Borrowers** hereby have individually confirmed that they have not availed loan facility from more than 2 **Lenders** including this **Lender** as on the date of this disbursement, and that they are members of only one Joint Liability Group / Self Help Group including the Joint Liability Group formed by them for this loan.
- 4.14. The each **Borrower** to the loan agreement has hereby confirmed that he/she is not indebted in excess of Rs. 50,000 presently or in future, under any circumstances.
- 4.15. The **Borrowers** under this agreement acknowledged that they have been briefed about the following policies & procedures of the **Lender** and agreed to abide by the same. They further undertake to abide by the new or modified policies & procedures of the **Lender** time to time in relation to the following as and when notified to them either in writing or orally during centre meeting / at the time of loan instalment repayment.

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| i. Loan Utilization Check Policy & Procedure | iv. Loan Collection Policy & Procedure |
| ii. Centre Meeting Policy & Procedure | v. Instalment Pre-payment Policy & Procedure |
| iii. Interest Computation Policy & Procedure | |
| vi. Over Due Payment & Collection Policy & Procedure | viii. Loan Renewal Policy & Procedure |
| vii. Loan Foreclosure Policy & Procedure | ix. Policy & Procedure |
| | x. Insurance Claim, Settlement Loan Write-off Policy |

5. LENDERS RIGHTS & OBLIGATION

- 5.1. The **Borrowers** under this agreement agreed & permitted to allow **Lender** to provide customer information, loan information to any bank, MFI or financial institution or third party and to take loan or make investment in debentures or provide mortgage against loans advanced to any of the **Borrowers**.
- 5.2. The **Borrowers** under this agreement agreed to allow the **Lender** to securitize or assign the loan instalments / receivables due or outstanding due from the **Borrowers** in favour of any Bank, NBFC, Financial Institution, MFI or any other entity whatsoever and also authorized the **Lender** to become a collection agent for such entity or appoint any one as a collection agent during the term of our loan for any reason whatsoever.
- 5.3. The **Borrowers** have hereby agreed to permit the **Lender** to contact the spouses, family members, relatives, villagers and friends of the **Borrowers** regarding the availed loan facility seeking the intervention of such people who can motivate the **Borrowers** or who can make the repayment on behalf of the **Borrowers** in case of non-availability of the **Borrower** or the **Borrowers** failed to make the regular loan repayment as agreed upon.
- 5.4. This agreement shall be governed by and construed in accordance with the laws of India, as per jurisdiction of the city of Bangalore.
- 5.5. Any provision of this agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of prohibition or unenforceability but that shall not invalidate the remaining provisions of this agreement or affect such provision in any other jurisdiction.
- 5.6. The **Borrowers** hereby agreed to permit the **Lender** to initiate the appropriate legal actions before the jurisdictional judicial authority or court of law or any other lawful authority against an individual **Borrower** or all **Borrowers** to recover the loan outstanding due which is payable to the **Lender** by such **Borrowers** under this agreement. The **Borrowers** specifically permit the **Lender** to initiate appropriate criminal and/or civil actions against the **Borrowers** for any act or infringement breaching terms and conditions of the loan agreement.
- 5.7. In case of a breach of the terms and conditions of this loan agreement by the **Borrowers** or the **Borrowers** fail to make the regular repayment as agreed, the **Lender** has got the right to recall the entire loan overdue amount by issuing a notice in writing or providing oral intimation to any of the **Borrowers** or group of the **Borrowers**. Under such demand for the loan repayment by the **Lender**, the **Borrowers** shall be responsible severally and jointly to repay the entire loan overdue amount along with applicable rate of interest to the **Lender** within the time specified in the loan recall notice.
- 5.8. The **Lender** commits & undertakes to protect the privacy of the **Borrower** Information & data.
- 5.9. Notwithstanding the above, the **Borrowers** confirm that they are aware that the **Lender** will share information such as branch network, areas of operation, exposure in various geographical areas, staff information, **Lenders** & borrowing information, balance sheet, profit & loss information, defaulting **Borrower** list, fraudulent staff/ex-staff, audit & compliance reports, specific **Borrower** repayment records, product information with MFIN, Sa-Dhan, MIX Market, RBI, IRDA, Insurance Companies, MF Transparency, other Government & Non-Government Agencies where the **Lender** or its employees or agents are required to do so by the arrangement with the above said authorities directly or as an industry and the **Borrower** specifically permit the **Lender** under this agreement to do the same, which shall not amount to breach of privacy of the **Borrowers** information or data.
- 5.10. The **Lender** hereby undertakes to be committed to deal fairly with the **Borrowers** and abide by its own Fair Practices Code, RBI's Fair Practices Code & Other Industry Fair Practices Code & Code of Conduct in view of the fair and transparent lending policy as per the guidelines of the regulating authority.
- 5.11. The **Lender** undertakes and confirms to train its staff on Fair Practices, Ethical Behaviour with the an intention to prevent inappropriate collection and the **Lender** further undertakes the responsibility of the staff towards the same when on duty & carrying out authorized activities.
- 5.12. The **Borrowers** under this agreement specifically permit the **Lender** and its authorised representatives or staff to visit the home or dwelling place or working place of the **Borrowers** or the authorised representatives of the **Borrowers** for collection of loan dues within the overall scope of the law of the land & in compliance of the **Lender's** or RBI's Fair Practices Code / Notifications.

6. LOAN AMOUNT, INTEREST, REPAYMENT FREQUENCY & FEES

- 6.1. The **Borrowers** hereby agree to have received the amount mentioned against each of their names from the **Lender** on day and date as mentioned in the **Schedule A** and thereby give a written acknowledgement of the same through this agreement along with the execution of various other documents.
- 6.2. The **Borrowers**, agree to repay the entire loan amount with the interest applicable at the rate of **26%** per annum computed at weekly / fortnightly / monthly rests as mentioned in '**Schedule A**' as per declining balance method, within a term as stipulated in '**Schedule A**'
- 6.3. The **Borrowers** agree that if they fail to repay the loan amount when due (i.e. as per loan repayment schedule), then they shall be liable to pay interest at the rate of **26%** per annum as per declining balance method at weekly / fortnightly / monthly rests as mentioned in **Schedule A** from the due of repayment until the time of actual payment.
- 6.4. The **Borrowers** under this agreement agree that it is convenient for them to repay the loan amount as mentioned in '**Schedule A**' without a prior notice or demand from the **Lender**.
- 6.5. In case any of the days of repayment or repayment schedule falls on a public holiday or the **Lender's** business holiday then the **Borrowers** have agreed to repay the said instalment amount on any other day as decided and intimated by the **Lender** either before or after the due date.
- 6.6. The **Lender** hereby confirms to only charge 3 items i.e.
- a) Interest at 26% p.a. on declining balance basis on principal balance outstanding from time to time depending on the repayment frequency being weekly, fortnightly or monthly
 - b) Processing Fee at the rate of 1% of the Loan amount disbursement excluding applicable Service Tax
 - c) Insurance Fee for the Insured amount (Generally 1 to 1.5 times Loan amount), for the **Borrower** and Spouse/Guarantor, for the duration of the loan term (or longer thereof as suitable / agreed with Insurance Partner) starting from 1 after the day of disbursal of the loan. The Insurance Fee shall be equal to the actual cost borne by the **Lender** & paid/payable to the Insurance Company for the insurance of the **Borrower** and Spouse/Guarantor.
- 6.7. The **Borrowers** confirm that they understand the Insurance for them & their Spouses/Guarantor where applicable shall start normally after 1 day from the date of disbursement of the loan as per this agreement and shall be generally 1 to 1.5 x Loan amount for each person (i.e. **Borrower** or spouse or guarantor).
- 6.8. The **Lender** confirms that there are no fees or penalty charges for delayed payment. Since interest is charged on reducing balance basis, interest at the rate of 26% p.a. shall apply for the amount disbursed from the date of disbursal for the first instalment and loan outstanding for later instalments, and thereby interest shall also apply on delayed payment of principal not as per the repayment schedule.

7. JURISDICTION & GENERAL TERMS

- 7.1. The jurisdiction of this agreement shall be the town / city as mentioned in **Schedule "A"** and this agreement shall be enforceable by law and under the jurisdiction of the courts located in the said town /city as mentioned in **Schedule "A"**
- 7.2. The **Borrowers** have confirmed that they have been properly explained regarding the detailed terms of this agreement and although some of the **Borrowers** may be illiterate, hence such **Borrowers** have discussed the terms of this agreement amongst the other **Borrowers** in the group, with their relatives, friends, neighbours who are literate and understood the scope and meaning of the terms of the agreement.
- 7.3. No provision or terms of the agreement hereby accepted by both parties herein shall be waived off without the prior consent of **Lender**.
- 7.4. Amendments to this agreement including Interest Rate, Fee or charges, shall not be valid unless made in writing with prior consent of the **Lender & Borrower** and shall be prospective only through a notice / declaration / amendment letter in vernacular language signed by both the **Lender** and the **Borrowers**.
- 7.5. The **Borrowers** under this agreement hereby authorise the Group Leader or Group secretary to sign any documents on their behalf and hereby the **Borrowers** also appoint the Group Leader or Group Secretary as their agent to do any acts or cause any action or sign any document on behalf of the group representing the each and every **Borrower** of the group.
- 7.6. The **Group Leader** is and shall be one of the **Borrowers** duly appointed by the by the majority of the **Borrowers** through elections and results of such appointment shall be signed off by all the **Borrowers** in the group. Such **Group Leader** is hereby be empowered and authorized to fully deal on behalf of all individuals in the **Group** in any manner pertaining to any transaction or document or payment in relation to the loans availed by any member of the **Group**.
- 7.7. The **Borrowers** hereby confirm that the vernacular version of this agreement has been read to them by someone independently in a language that they understand and they have all clearly understood all the terms and conditions under this agreement irrespective of their literacy levels.
- 7.8. We, the undersigned, have willingly executed this loan and joint liability guarantee agreement on the Disbursal date indicated in **Schedule 'A'** of this agreement and the **Borrowers** under this agreement hereby agree to the above mentioned terms and conditions of the loan agreement.

Borrowers					Lender
01	02	03	04	05	For Future Financial Services Ltd.
06	07	08	09	10	
11	12	13	14	15	