***<<Name of the Borrower>>*.**

Dear Sir/Madam,

**RE: OFFER LETTER / LOAN AGREEMENT**

The Bank is pleased to offer you the facility below on the terms and conditions set out in this Letter of Offer/Loan Agreement. Please read the terms and conditions carefully before acceptance. This offer is made on the basis of your application dated **<<Date>>.**

1. **Parties** 
   1. **<<Name of the borrower>>.** (“The Borrower”)
   2. **<<Name of the Bank>>**  (“The Bank”)
2. **Type of facility: Incremental Housing Loan Facility (“The Facility”)**
3. **Facility Amount: UGX <<Amount in figures>> <<Amount in words>>**
4. **Purpose**:  **<< Purpose of the loan>>**
5. **Interest** 
   1. Interest on the Facility is **variable** and will be charged at **<<Percentage>>** per annum, that is the Bank’s AFD prime lending rate currently at**<<Percentage>>** per annum **plus** a margin of **<<Percentage>>** Interest will be calculated on the basis of a 365 day year irrespective of whether or not the year in question is a leap year for the duration of the facility. Notification of variation/change in interest shall be by way of a public notice in any Newspaper of wide circulation in Uganda.
   2. An account in arrears shall in addition to the applicable interest rate referred to above attract a default charge as indicated on the Bank’s prevailing tariff guide.
   3. Interest will accrue on a daily basis on the outstanding balances and will be applied in arrears on the scheduled installment date.
6. **Repayment** 
   1. The Borrower shall pay **Termly/Monthly/Quarterly/Bi-Annually** installments of **UGX <<Amount in figures>> <<Amount in words>>** which shall include both Principal and interest calculated as herein above stated.
   2. In case of early loan repayment, the Borrower shall be required to pay the sum of all the outstanding installments and accrued interest as at the date of such repayment.
7. **Facility Period** 
   1. The facility shall be for a period of **<<Period of Loan>>** calendar months effective from the date of disbursement of the loan.
   2. The Borrower shall be free to exercise his/her right to redeem the loan upon payment of all outstanding sums, *to wit*, the principal, interest and other applicable/related costs as at that date.
8. **Security**

The security (ies) to be availed for the facility are as per the details indicated below:-

|  |  |  |
| --- | --- | --- |
| Type of Security e.g. Land, Motor Vehicle, Machinery etc. | Details of Security | Registered Owner |
|  |  |  |
|  |  |  |
|  |  |  |

1. **Charges/Facility fees**

* 1. Arrangement fees of **<<percentage>>** of the loan amount.
  2. Application fees of UGX **<<Amount>>**
  3. Credit Life Insurance premium of **<<Amount>>**
  4. CRB Inquiry fees of UGX **<<Amount>>**
  5. Any other fees as may be applicable provided in the Bank’s Tariff guidelines.

**\*The fees are payable upon disbursement of the loan funds.**

1. **Conditions precedent to disbursement** 
   1. The Bank shall make the facility available to the Borrower subject to fulfillment of the following;

* + 1. Opening an account with Housing Finance Bank;
    2. The Borrower hereby irrevocably mandates the Bank to lawfully disclose details of and relating to the Borrower’s account to the Credit Reference Bureau or any other like institutions as it deems necessary or as may be required by an order of Court, the regulator or any law in force in Uganda.
    3. Payment of the fees as per fees schedule attached;
    4. Execution of a Key Facts Document for the facility;

* + 1. Proper Execution of the Offer/Loan agreement for the facility and;
    2. Fulfillment of all the above requirements and any other specific loan facility requirements as may be provided in the schedule to this offer/loan agreement.

1. **Lien/Set-off and consolidation rights.**

* 1. The Bank shall have a lien over all monies standing on the Borrower’s account for the duration of the loan until full settlement of all outstanding loan amount, accrued interest and charges thereon. The Bank may at any time and without notice combine all or any of the Borrower’s accounts and liabilities with the Bank whether held singly or jointly with any person or set-off all or any monies standing to the credit of such accounts including deposits towards the satisfaction of any of the Borrower’s liabilities to the Bank whether as principal or surety. The Bank may effect any necessary currency conversion at the Bank’s own rate of exchange at the time prevailing.

1. **Event[s] of default-** 
   1. Default will be constituted on the Borrower’s part on occurrence of one or more of these events:-

* + 1. Any failure by the Borrower to pay one or more installments shall constitute an event of default.
    2. Transferring of the Borrower’s Account to another financial institution for purposes of this Facility transaction shall also constitute an event of default on the part of the Borrower.
    3. Occurrence of any other event which the Bank deems prejudicial to the continuation of the contractual relationship between the Borrower and the Bank.
    4. The Borrower is in default under any agreement to which he/she is party (whether as principal or surety) in respect of borrowed money or otherwise is obliged to repay any amount borrowed by it prior to the stated maturity thereof by reason of default; or,
    5. Distress,
    6. Any event that constitutes an act of bankruptcy;
    7. Entering a Scheme of Arrangement with Creditors;
    8. Employing the use of the monies for a purpose other than is contemplated under this agreement;
    9. Any act or omission that potentially may frustrate this agreement or any adverse dealings that breach, or have the potential to breach, the security herein.

1. **Consequences of default** 
   1. A notice of default shall be issued to the Borrower requiring him/her to pay all the outstanding arrears with the time specified therein failing which the entire outstanding loan amount shall become due and owing.
   2. For the avoidance of doubt, the Borrower in default shall be liable to pay a surcharge of an extra << percent>> per annum **(**variable) in addition to the loan interest rate.
   3. Where the Bank is constrained to engage the services of an External Debt collection agent the borrower shall be charged the debtor recovery costs at the prevailing rates.
2. **Loan Redemption** 
   1. The Borrower shall have a right to redeem the loan and accrued interest, including applicable costs and charges, at any time during the period of the loan as per the tariff guide.
   2. Where the Borrower wishes to redeem the loan, the Borrower shall instruct the Bank in writing to effect a redemption, whether partial or full, and shall pay the applicable fee at the time for such redemption as per the Bank’s tariff guide.
   3. This request can only be authorized after all outstanding arrears on your Facility with the bank are cleared.
3. **Right to cooling off**

* 1. Subject to the *Bank of Uganda Consumer Protection Guidelines 2011*, the Borrower reserves the right to terminate this Offer/ loan Agreement for any reason within <<period of time>> working days of the execution thereof by delivering to the Bank a written notice to that effect for loans above UGX 3,000,000/=.

* 1. The written notice provided for under this Clause shall have no effect unless it:
     1. Is signed by the Borrower or his agent acting on his or her written authority;

* + 1. Refers specifically to the Agreement;
    2. Is unconditional;
    3. Receipt of the notice is acknowledged by the Bank.
  1. Termination under this Clause shall only take effect upon immediate payment by the Borrower of:
     1. all outstanding facility funds;
     2. the accrued interest at the time of cancellation of the Agreement; Any other administrative fee or
     3. Charge for costs which have been incurred by the Bank.

1. **Right not to disburse** 
   1. Notwithstanding any Clause in this Agreement to the contrary, the Bank is under no obligation to grant a facility to the Borrower and, further, reserves the right not to release any funds whatsoever to the Borrower and no liability shall accrue to the Bank as a result of its lending decision whether the customer has already executed the loan agreement or not.
2. **Termination** 
   1. The Bank may terminate this Agreement in the event of the Borrower’s breach of/default on the terms and conditions by giving written notice to that effect from any subsequent date stated therein, in which event the facility shall be cancelled and any indebtedness to the Bank shall become payable.
3. **Independent Advice** 
   1. The Borrower has a right to and is advised to seek independent advice from an Advocate to further explain the import and implication of this offer, terms and conditions of this offer/loan agreement, and all documentation executed by the Borrower in furtherance of the facility.
   2. The Bank recommends that the Borrower(s) and its authorized representatives seek independent advice on the terms of this credit facility to fully understand what the Facility(ies) involve(s) and the potential consequences and implications of agreeing these terms.
   3. By executing this document, the Borrower hereby affirms that he/she/it has sought Independent advice and understands the contents of the Facility agreement and all the availed Facility documentation and the implications thereof, both financial and legal.
4. **Period of Offer** 
   1. This offer will lapse if not accepted by affixing your signature(s) to the enclosed Acceptance Note, and returned within one month from the date hereof. Additionally, if after a period of one (1) month from the date of acceptance of the offer the Borrower has not utilized the facility, the offer may be cancelled.

Yours faithfully,

**<<Name of the Bank >>**

**BRANCH MANAGER**

**ACCEPTANCE OF OFFER**

I **<<Name of Borrower>>** of **<<Address>>** (**Customer’s address**) have read the Bank’s Conditions as to advances and I hereby accept the offer contained in the Bank’s Letter of Offer dated**<<Date>>**subject to the conditions contained therein and in the said Conditions as to advances.

**SIGNED BY THE SAID BORROWER**

**<<Name Of The Borrower>>** **<<Signature Of Borrower>>**

NAME SIGNATURE

**INDEPENDENT ADVICE FORM**

**ACKNOWLEDGEMENT**

**I, We** being the intending borrower (s) or the spouse(s) of the intending borrower(s) or the registered proprietor(s) of the security/ Guarantor of the credit facility from Housing Finance Bank, do hereby acknowledge that the Bank has advised me/us of the need for Independent Advice to be sought for this transaction to proceed. Based on the advice of the Bank, I/ we the undersigned have obtained Independent Advice as evidenced below.

**THE BORROWER’S MARK IS HEREUNTO AFFIXED BY**

**<<Name Of Borrower>>**  **<<Signature Of Borrower>>**

Name Signature

**<<Name Of Borrower>>.**   **<<Signature>>**

Name Signature

**Mortgagor(S);**

**<<Name Of Mortgagor>>**  **<<Signature Of Mortgagor>>**

Name Signature

**<<Name Of Mortgagor>>** **<<Signature Of Mortgagor>>**

Name Signature

**Spouse(S);**

**<<Name Of Spouse>>**  **<<Signature Of Spouse>>**

Name Signature

**<<Name Of Spouse>>**  **<<Signature Of Spouse>>**

Name Signature

**Guarantor(S);**

**<<Name Of Guarantor>>.** **<<Signature Of Guarantor>>**

Name Signature

**<<Name Of Guarantor>>.** **<<Signature Of Guarantor>>**

Name Signature

**CONFIRMATION BY INDEPENDENT ADVISOR**

I, <**<Name of Advocate>>** being an advocate of the High Court of Uganda and an independent advisor as required by the nature of this transaction hereby confirm that the terms and conditions of the Offer Letter/ Loan Agreement have been read over and interpreted to the signatory(ies) in a language he/she/they understand(s) and it appeared to me that the nature, terms and effects of the transaction was clearly understood.

Name:**<<NAME OF ADVOCATE>>** Occupation: **<<OCCUPATION>>**

Address: **<<ADDRESS OF ADVOCATE>>** Signature:**<<SIGNATURE OF ADVOCATE>>**

**DECLARATION OF LITERACY**

**Either:**

1. **Literate i.e. can read and understand the English Language.**

I,**<<Name of literate customer>>** hereby confirm that I can read and understand the English Language.

Signed on the **<<Date>>**

In the Presence of:

Name: **<<Name of literate customer>>** Occupation: **<<Occupation of literate customer>>**

Address: **<<Address of literate customer>>**

Or:

1. **Illiterate i.e. CANNOT read and understand the English Language.**

**CERTIFICATE OF TRANSLATION FOR ILLITERATE CUSTOMERS AND THOSE USING A THUMB PRINT**

I **<<Name of Advocate>>** being an advocate of the High Court of Uganda do hereby certify that I am competent in both the English and **<<Other** **language>>**languages and I have translated this form from English to the **<<Other language>>**language to the best of my abilities and the person whose thumbprint is embossed on this document has fully understood the contents and effect.

Dated this **<<Date>>**

Signed by the translator and attesting witness:

**<<Name Of Advocate>>**

**ADVOCATE/COMMISSIONER FOR OATH**