



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 bemonths.

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 Councillor

2. IN THE WITNESS OF

Full Name:

NRC Number:

Date:

Signature: