

21 **DATED** \_\_\_\_\_ **20**

**LOAN AGREEMENT**

**BETWEEN**

\_\_\_\_\_  
**(LENDER)**

**AND**

\_\_\_\_\_  
**(BORROWER)**

**Drawn by:**

\_\_\_\_\_  
Advocates

\_\_\_\_\_  
**NAIROBI**

**E-mail:**

**Telephone:**

**THIS AGREEMENT** is entered into this \_\_\_\_\_ day \_\_\_\_\_  
2021 **BETWEEN:**

1. \_\_\_\_\_ of Identification Number \_\_\_\_\_ and of Post Office Box Number \_\_\_\_\_ (hereinafter referred to "the Lender" which expression shall, where the context so requires, include her Personal Representatives and Assigns) of one part

**AND**

2. \_\_\_\_\_ of Identification Number \_\_\_\_\_ and of Post Office Box Number \_\_\_\_\_ (hereinafter referred to "the Borrower" which expression shall, where the context so requires, include her Personal Representatives and Assigns) of the other part.

The Lender and the Borrower are herein after collectively referred to as "the Parties."

**WHEREAS:**

- (i) The Borrower has approached the Lender and desires to obtain a Loan from her;
- (ii) The Lender is willing to grant a Loan to the Borrower;
- (iii) The Borrower has agreed to repay the Loan in accordance with the terms and conditions set forth in this Agreement and the Parties hereby wish to record their Agreement in that respect.

**NOW THEREFORE**, in consideration of the mutual promises and agreements contained herein and the parties intending to be bound thereby, the Parties agree as follows:

### **1. Amount of loan**

The Lender hereby agrees to lend the sum of **Kshs 2,000,000** (Kenya Shillings Two Million Only) to the Borrower on the terms set out hereunder.

### **2. Purpose of Loan Agreement**

The purpose of the loan agreement is to allow the Borrower to finance her working capital needs.

### **3. Term**

The Loan shall be repayable within a period of 90 days from the date of disbursement of funds. The Borrower may request for renewal of this Agreement by making an application in writing 14 days prior to the expiration of the Term.

### **4. Interest**

The Borrower shall pay interest at the rate of 10% (ten percent) per month of the principal sum. The interest in the sum of Kshs 200,000 shall be payable to the Lender on a monthly basis.

### **5. Default**

If the Borrower defaults on making payment of the Principal Sum upon the expiry of the Term and fails to cure the said default within a period of 14 days, the Lender shall be at liberty to pursue all legal remedies available to her to recover the said sum.

### **6. Prepayment**

The Borrower will not be penalized for early payment of the Loan.

### **7. Loan recall**

Notwithstanding anything contained in this Agreement, the Borrower hereby agrees and confirms that the Lender reserves the absolute right to recall the Loan Facility (either fully or partially) unconditionally. The Lender shall however allow the Borrower a maximum of ninety (90) days within which the Loan shall be repaid in full together with the accrued interest. The Borrower shall however endeavor to repay the loan within a shorter time than the ninety (90) days stipulated if possible.

### **8. Legal and Binding Agreement**

This Agreement is legal and binding between the Parties herein and both Parties represent that they have the authority to enter into this Agreement.

### **9. Governing Law and Dispute Resolution**

This Agreement shall be governed by, and construed in all respects in accordance with the laws of the Republic of Kenya. The Parties will endeavour to settle amicably all disputes arising out of this Agreement. The Parties further agree that (provided both Parties consider that such negotiations would be assisted thereby) they will

appoint a mediator by mutual agreement, to assist them in such negotiations. Both Parties agree to co-operate fully with such mediator, provide such assistance as is necessary to enable the mediator to discharge his/her duties, and to bear equally between them the fees and expenses of the mediator.

Notwithstanding the foregoing, a Party that is aggrieved is entitled to seek legal redress from any Court of competent jurisdiction in the event the aforementioned mechanism does not resolve their dispute.

## **10. Entire Agreement**

The Parties acknowledge and agree that this Agreement represents the entire agreement between the Parties. In the event that the Parties desire to change, add, or otherwise modify any terms, they shall do so in writing to be signed by both parties.

## **11. The whole contract**

The parties confirm that this contract contains the full terms of their agreement and that no addition to or variation of the contract shall be of any force and effect unless done in writing and signed by both parties. All prior agreements, representations and warranties, express or implied, oral or written, with respect to the subject matter hereof, are superseded by this Agreement.

## **12. Severability**

Whenever possible, the provisions of this Agreement shall be interpreted in such a manner as to be valid and enforceable under the applicable law. However, if one or more provisions of this Agreement are found to be invalid, illegal or unenforceable, in whole or in part, the remainder of that provision and of this Agreement shall remain in full force and effect as if such invalid, illegal or unenforceable provision had never been contained herein.

## **13. Waiver**

Any failure or delay by a party in exercising any right under this Agreement, any single or partial exercise of any right under this Agreement or any partial reaction or absence of reaction by a party in the event of a violation by the other party of one or more provisions of this Agreement, shall not operate or be interpreted as a waiver (either express or implied, in whole or in part) of that party's rights under this Agreement or under the said provision(s), nor shall it preclude any further exercise of any such rights. Any waiver of a right must be express and in writing. If there has been an express written waiver of a right following a specific failure by a party, this waiver cannot be invoked by the other party in favour of a new failure, similar to the prior one, or in favour of any other kind of failure.

**14. Costs**

The Borrower shall be liable for the legal costs incurred with respect of the drafting, execution and registration of this contract.

**15. Amendments**

Any amendments to this Agreement, as well as any additions or deletions, shall be agreed and reduced into writing by both the Parties.

**IN WITNESS WHEREOF** this Agreement has been duly executed by the parties hereto as of the day and year first hereinbefore written.

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2021

1. Lender: \_\_\_\_\_ Name: \_\_\_\_\_

2. Witness: \_\_\_\_\_ Name: \_\_\_\_\_

I CERTIFY that the above named \_\_\_\_\_ appeared before me on the.....day of.....2021 and being known to me acknowledged the above signatures to be theirs and that they had freely and voluntarily executed this Agreement and understood its contents.

.....  
Name and signature of person certifying

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2021

1. Borrower: \_\_\_\_\_ Name: \_\_\_\_\_

2. Surety: \_\_\_\_\_ Name: \_\_\_\_\_

I CERTIFY that the above named \_\_\_\_\_ appeared before me on the.....day of.....2021 and being known to me acknowledged the above signatures to be theirs and that they had freely and voluntarily executed this Agreement and understood its contents.

.....  
Name and signature of person certifying