



LOAN APPLICATION FORM - ARMED FORCE CHILDREN (AFC) EDUCATION

This Loan Contract Agreement is signed between:

Bhutan Care Credit, herein after referred to as **BCC**, represented by its Chief Executive Officer

AND

_____, herein after referred to as the **BORROWER**, holding Citizenship Id. no.

_____, from Village: _____ Gewog: _____

Dzongkhag: _____ .

Article 1. PROJECT FINANCIAL COST

- 1.1 The BCC shall provide the BORROWER with a loan amount of Nu. _____ in words: _____ only.
- 1.2 The loan is provided for the following purpose:
 - 1.2.1 Name of the Project: _____.
 - 1.2.2 Location of the Project: _____.
 - 1.2.3 Main Activity: _____.
- 1.3 This loan shall be granted for a period of _____ years and _____ months.
- 1.4 Repayment of the loan shall be made by _____.

Article 2. FUND RELEASE

- 2.1 The release of funds shall be based on the financial work plan for the project.
- 2.2 Any subsequent release of funds shall be subject to submission of utilization certificate and progress report.

Article 3. LOAN REPAYMENT

- 3.1 The BORROWER shall accept all responsibility for the repayment of the loan including the interest in accordance with this contract.
- 3.2 The BORROWER is obligated to repay to BCC, total Principal Amount secured from BCC, Nu. _____ in words: _____ only.
- 3.3 The BORROWER shall also pay an annual interest rate of _____ % within the loan term indicated in the Repayment Schedule.
- 3.4 The loan shall be repaid according to the Repayment Schedule developed for the BORROWER.
- 3.5 If the loan repayment is made after the mentioned dates, the loan shall be considered as being in default.
- 3.6 Repayments may be made at BCC Office/BCC field official/ Dzongkhag Kidu Officer/Armed force focal/ authorized agent at a previously agreed time and place.
- 3.7 Installments will be made in cash, unless otherwise agreed upon.

Article 4. GUARANTOR

- 4.1 In order to secure a loan from the BCC, the BORROWER shall bring in a personal guarantor (preferably spouse/ family members)
- 4.2 The **Guarantor** should be in a position to pay off loan in event of non-repayment by the BORROWER, as highlighted in the Guarantor Agreement.

Article 5. BORROWER's OBLIGATIONS

- 5.1 The BORROWER is obligated to use the loan for the purpose indicated in the loan application and submitted business-plan. Loan amount used for any other purpose is not authorized and will be viewed as a violation of the Loan Agreement Contract.
- 5.2 If the BORROWER is found having violated the Loan Contract, BCC is entitled to collect the entire loan amount, including interest for the period of the loan within 30 business days.
- 5.3 In the case the BORROWER fails to pay the debts within stipulated time after receiving written notification, the guarantor is liable to pay off the outstanding dues within 60 days.

Article 6. PENALTIES AND RETRIBUTIONS

- 6.1 In event of non-performing loan (NPL) as defined in BCC lending manual (clause 7.1), the BORROWER is liable to pay entire adjusted overdue principal amount and overdue interest immediately.
- 6.2 The Borrower shall be charged 5% penal interest on overdue amount after a grace period of fifteen days.
- 6.3 Failure to clear the overdue amount inclusive of penal interest, the Loan Agreement Contract shall be considered cancelled and rest of the loan is to be repaid immediately by the BORROWER.
- 6.4 In the event of non-compliance of the above clauses (6.1, 6.2 and 6.3), the GUARANTOR is liable to clear the entire loan outstanding amount within 60 days of written notice.

- 6.5 BCC has the right to ask for repayment of the whole amount of the loan before the agreed deadline, in the following cases:
- 6.5.1 If the BORROWER transfers, destroys/damages, sells or gifts to a third party the equipment/machinery or products for which the loan is secured.
 - 6.5.2 If the BORROWER does not follow the agreements contained in this contract.
 - 6.5.3 If it is subsequently discovered that the BORROWER did not give correct details regarding his/her loan application.
- 6.6 In case of non-repayment of loan before the term indicated in this contract, the BORROWER will be held liable in accordance with the prevailing laws of the Kingdom of Bhutan.

Article 7. PROVISION OF CORRECT INFORMATION

- 7.1 All documents including Loan Application, Guarantor Declarations and other official documents used to approve the loan are part of this contract.
- 7.2 The BORROWER shall guarantee authenticity of all information provided by him.
- 7.3 The BORROWER is obligated to present all financial receipts, reports or other information on proper use of the loan.
- 7.4 In the event of BCC purchasing equipment or goods on behalf of the clients, the BORROWER shall acknowledge the receipt of the machinery/equipment.
- 7.5 The BCC shall retain all original receipts, paid bills, and financial records.

Article 8. PROJECT MONITORING AND EVALUATION

- 8.1 The BCC shall monitor the progress of project implementation on a quarterly basis. In addition, the BCC can carry out monitoring visits, as and when required.
- 8.2 The project shall be subject to evaluation by the BCC or independent evaluators in order to assess the outcome/ impact, and to determine and replicate best practices.

Article 9. VALIDITY OF AGREEMENT

- 9.1 This Agreement shall come into effect from the date of its signing between the BCC and the BORROWER.
- 9.2 The agreement contract shall be valid until the principal and interest amount are fully repaid as specified in the repayment schedule.
- 9.3 Regulations that were valid during signing of this agreement will be valid for all other issues that are not mentioned in this Agreement.

Article 10. DISPUTE

- 10.1 This Agreement and the relationship between the Parties shall be governed by and interpreted in accordance with the prevailing laws of the Kingdom of Bhutan.
- 10.2 Disputes that cannot be settled amicably between the Parties shall be referred to a court of law. Hence, any dispute, controversy, or claim arising out of or relating to this contract, or the breach, termination, or invalidity thereof shall be

Article 11. AGREEMENT

- 11.1 All parties state that they have carefully read this Agreement and understood the meaning of all the provisions of this Agreement and are signing it to express their acceptance.
- 11.2 This Agreement has 2 (two copies), 1 (one) being given to the BORROWER, and 1 (one) kept by the BCC.

This contract is executed on this ____ day of _____, 20



(Signature of Borrower)

BORROWER

Name:
CID No.:
Contact No.:
Address:

WITNESS

Name:
CID No.:
Contact No.:
Address:

BHUTAN CARE CREDIT

Chief Executive Officer