

LOAN AGREEMENT

Between **[CHAMA NAME]** ("the Lender") and the Borrower named below

1. Parties

Lender	[CHAMA NAME] , Registration No. [REG NO.] , of P.O. Box [BOX] , Kenya
Borrower (Member)	[FULL NAME] , ID No. [ID] , Tel: [PHONE]
Date of Agreement	[DATE]

2. Loan Details

Principal Amount	KES [AMOUNT]
Interest Rate	[1.5] % per month on reducing balance
Loan Term	[12] months
Monthly Installment	KES [AMOUNT]
First Repayment Date	[DATE]
Total Repayable	KES [TOTAL]
Purpose of Loan	[STATE PURPOSE]
Disbursement Method	M-Pesa to [PHONE] / Bank transfer to A/C [NO.]

3. Repayment Schedule

#	Due Date	Principal	Interest	Installment	Balance
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1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

4. Guarantors

The Borrower's loan is jointly and severally guaranteed by the following members in good standing, whose savings balances shall serve as security up to the value of the outstanding loan:

#	Guarantor Name	ID No.	Phone	Amount Guaranteed (KES)
1				
2				

5. Terms and Conditions

- Repayment:** The Borrower shall pay each monthly installment on or before the due date via the Chama's official M-Pesa Paybill or bank account.
- Early Repayment:** The Borrower may repay the loan in full at any time without penalty. Interest shall be charged only up to the date of full settlement.
- Late Payment:** Any installment more than 7 days late shall attract a penalty of 5% of the installment per week of delay.
- Default:** If two consecutive installments are missed, the entire outstanding balance shall become immediately due and payable. The Chama shall recover the outstanding amount first from the Borrower's savings balance, and thereafter from the guarantors' savings.
- No Second Loan:** The Borrower shall not be eligible for a new loan until this loan is fully repaid.
- Use of Funds:** The Borrower shall use the funds solely for the purpose stated above. Misuse may result in disciplinary action by the Committee.
- Dispute Resolution:** Any dispute arising from this Agreement shall be resolved in accordance with the Chama's Constitution, with mediation as a precondition to

any legal action.

8. **Governing Law:** This Agreement is governed by the laws of the Republic of Kenya.

6. Declaration

The Borrower acknowledges having read and understood the terms above, the Chama's Constitution, and the loan policy, and agrees to be bound by them. The Guarantors acknowledge their joint and several liability for the loan in the event of default.

_____ Borrower · Date

_____ Guarantor 1 · Date

_____ Guarantor 2 · Date

_____ Chairperson · Date

_____ Treasurer · Date