



FAULT FREE

Engineering, Travel & Financial Services LTD
Entebbe - Uganda Tel: +256706580802 +256775638817
Email: faultfreeuganda@gmail.com / ffengserv.transport@gmail.com

LOAN TERMS & CONDITIONS

17. Duties of the money lender.

(1) A money lender shall be under a duty to—

- (a) furnish the borrower with a copy of the loan agreement; including all annexures;
- (b) display interest rate charges at all times in a conspicuous place at the premises where the money lending business is conducted;
- (c) keep and maintain records including proper books of accounts, a cash book, ledger, register of securities, register of debtors and such other books of accounts in such form and in such manner as the Authority may require;
- (d) maintain a physical address and notify the Authority of any change in address within seven days after the change;
- (e) maintain and retain records relating to the money lending business for a period of ten years; (f) provide records on request by the Authority.

(2) A money lender who intends to conduct his or her business in more than one physical place of business shall notify the Authority of such other additional places and shall pay the fees for inspection and registration of additional places as prescribed in Schedule 1 to these Regulations.

(3) A money lender shall make a determination of a borrower's creditworthiness and capacity to repay using industry best practices prior to advancing money to the borrower.

18. Collateral for money advanced.

(1) A money-lender shall not demand or accept the following as collateral for any money advanced to a borrower as a loan—

- (a) a national identity card, passport, warrant card, or other document establishing the identity or nationality of the holder;
- (b) bank savings, ATM cards, and security codes for the ATM cards or deposit account books; or (c) an instrument of transfer of any property or assets signed prior to the disbursement of the loan.

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(2) A money-lender shall not dispose of any collateral given by a debtor as a sale, pledge or collateral for the loan advanced to him unless ... days have passed since a written demand notice has been issued to the debtor requiring him or her to pay any outstanding monies on the money advanced.

(4) A money lender may dispose of the collateral given by the debtor by way of public auction or private treaty without recourse to a court of law.

(5) A money lender may, before carrying out a sale of collateral by public auction or private treaty, undertake a valuation and obtain a forced sale value of the collateral to determine the market value of the property.

(6) The money lender may not sell the collateral for less than the forced sale value in the initial two auctions and where the collateral does not sell in the first two attempts, the money lender may sell the collateral at a value less than the forced value.

(7) The proceeds from the sale of collateral shall be applied as follows— (a) pay all monies outstanding on the loan;

(b) costs and expenses properly incurred and incidental to the sale;

(c) the balance, if any, shall be paid to the borrower.

(8) A borrower shall retain the right to pay any outstanding monies and costs to redeem the collateral before it is disposed of. The borrower may deposit money with the Authority.

(1) Where a money lender refuses to accept repayment or where it becomes impracticable for the borrower to find the money lender and make a payment, the borrower may deposit the sum with the Authority.

(2) Where the borrower deposits money with the Authority, a receipt of the money received shall be issued to the borrower as evidence of payment.

(3) The Authority shall, upon receiving money under sub-regulation (1) cause a written notice of the deposit to be served on the money lender, and require the money lender—

(a) to appear before the Authority and receive the monies deposited, and (b) to reconcile the accounts of the borrower to reflect the money deposited as money duly paid. 20. Lost, damaged, or destroyed collateral.

(1) Where a money lender takes possession of collateral under a money lending agreement, he or she is under a duty to exercise the same care and diligence over the collateral in his or her custody as would a prudent owner do with the property.

(2) Where a collateral in possession of a money lender is lost, damaged or destroyed, the money lender shall be liable to pay the value of the collateral, or the replacement value of the collateral, after deducting the amount of the principal and interest if any, outstanding, within a reasonable time.

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(3) Where a money lender fails to pay the value of the collateral, or the replacement cost of the value of that collateral within a reasonable time, the borrower may require the money lender to pay compensation for any loss suffered as result in addition to the value of the collateral.

TERMS AND CONDITIONS OF LOAN AGREEMENT

21. Computation of interest.

(1) The interest charged on a loan by a money lender shall be computed on the monthly outstanding balance of the principal remaining after deducting from the original principal the total payments made by or on behalf of the borrower which are appropriated to the principal.

(2) The money lender shall disclose to the borrower the method of calculating the interest rate.

22. Money lender to publish charges. A money lender must publish and disclose to the borrower in a clear and conspicuous manner prior to entering into the money lending agreement, the charges and transaction fees incurred under the lending transaction.

23. Money lending contract. (1) Subject to section 85 of the Act a money lending agreement shall include the following—

(a) the interest computed on the monthly outstanding balance of the principal;

(b) the date on which the interest on the principal is payable;

(c) the frequency of installments to be paid;

(d) the right to redeem the collateral before it is disposed of;

(e) the chargeable fees for the loan transaction;

(f) charges for late repayment; and

(g) the conditions under which collateral for the loan may be sold, subject to regulations

(2) Subject to section 85 of the Act, a money lending agreement may be made in electronic form.

98 24. Confidentiality and nondisclosure.

(1) A money lender shall keep confidential the information furnished by the borrower in a money lending transaction and shall not disclose the information to a third party without, the written consent of the borrower.

(2) Subject to sub regulation (1) a money lender may disclose information to a third party without the consent of the borrower, for purposes of crime prevention or detection. 25. Access to information. (1) A

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borrower may, at any time, upon request made in writing to the money lender, access information from the money lender on the money lending transaction between the borrower and the money lender.

(2) The money lender shall on request by the borrower furnish the borrower with all the necessary information relating to the loan transactions which may include—

(a) the outstanding amounts on the principal; (b) the interest payable; and (c) the payments received by the money lender in respect of the loan and the dates on which they were received.

26. Procedure for reopening transactions. An application to reopen a money lending transaction under section 88 and 89 of the Act shall be by way of notice of motion filed in accordance with the Civil Procedure Act, and the Civil Procedure Rules. 27. Money lender to give notice of assignment. (1) Where a money lender makes an assignment under section 93 of the Act, the money lender shall give notice to the borrower within 5 days from the date of assignment. (2) The notice in sub regulation (1) shall be in Form 8 set out in Schedule 2 to these Regulations and shall state the names and physical address of the assignee. 9

I HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS STATED ABOVE

BORROWER::SIGNATURE:.....

GUARANTOR :.....SIGNATURE.....

DATE.....

LOAN PROCESSING SCHEDULE FEES

NO	PARTICULAR	AMOUNT (ugx)	Remark
1	APPLICATION FEES	20,000/=	
2	SEARCH FEES	50,000/=	
3	INSPECTION FESS	0.3% of the loan amount	
4	LEGAL FEES	N/A	
5	TRANSACTION CHARGES	25000/=	
	(RTGs) (TT)		

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