

# LOAN AGREEMENT

THIS IS AN IMPORTANT DOCUMENT. YOU SHOULD TAKE INDEPENDENT LEGAL ADVICE BEFORE SIGNING AND SIGN ONLY IF YOU WANT TO BE LEGALLY BOUND.

THIS AGREEMENT is made effective as of the \_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

BETWEEN:

[BORROWER]  
(the "Borrower")

and

[BANK]  
(the "Bank")

By which it is agreed as follows:

## 1. PURPOSE, DEFINITIONS AND INTERPRETATION

1.1 This Agreement sets out the terms and conditions upon and subject to which the Bank agrees to make available to the Borrower a loan of £\_\_\_\_\_ for the purpose of assisting the Borrower in the purchase of \_\_\_\_\_. As interest on the Loan is to be charged at a fixed rate, formal arrangements require to be made with Financial Markets to establish the fixed rate of interest and to book the Loan. In the event that the Loan is not drawn down and/or repaid as agreed, the Borrower shall compensate the Bank for any loss incurred as detailed in this Agreement.

1.2 In this Agreement unless the context otherwise requires:

- (a) "AVAILABILITY DATE" means the date shown in the attached Schedule and referred to in Clause 2;
- (b) "BANK" means [bank] and its successors and assigns;
- (c) "BASE ACCOUNTS" means the audited financial statements of the Borrower for the period ended [date];
- (d) "BORROWER" means [borrower];
- (e) "BRANCH OFFICE" means the branch/office of the Bank at [address] or such other branch/office as the Bank may notify to the Borrower from time to time;
- (f) "BUSINESS DAY" means a day (other than a Saturday or Sunday) on which banks are open for general business in [city];
- (g) "EVENT OF DEFAULT" means any of the events described in Clause 12;
- (h) "FINANCIAL MARKETS" means the Bank's Financial Markets Department at [address] or such other address as the Bank may notify to the Borrower from time to time;
- (i) "GAAP" means generally accepted accounting practice in the [country];
- (j) "LOAN" means the principal amount owing to the Bank under this Agreement at any relevant time;

(k) "PROPERTY" means [property];

(l) "SUBSIDIARY" shall have the meaning ascribed to it in Section 144 of the Companies Act 1989.

1.3 Headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless the context otherwise requires, words denoting the singular number only shall include the plural and vice versa.

## **2. DRAWING OF THE LOAN**

2.1 The Loan must be drawn down in one amount no later than the Availability Date. The Bank unless otherwise mutually agreed shall credit the Loan to a current account of the Borrower with the Bank.

2.2 If the Borrower has requested that the Availability Date be more than fourteen (14) days after the date on which the Loan is formally booked with Financial Markets, a delayed drawdown fee as shown in the attached Schedule, shall be payable by the Borrower on drawdown of the Loan.

2.3 If the Loan is not drawn down on or before the Availability Date, the Bank may incur a loss as a consequence of the Loan being formally booked with Financial Markets and not subsequently drawn. The Borrower shall pay to the Bank within three (3) days of demand a charge representing the amount certified by the Bank as sufficient to compensate the Bank for any such loss which the Bank shall sustain or incur. The Bank shall thereafter be entitled to cancel this Agreement.

## **3. INTEREST**

3.1 Interest on the Loan shall be charged at the fixed rate shown in the attached Schedule.

3.2 Interest on the Loan shall be calculated on a daily basis and a year of 365 days and shall be compounded quarterly on the penultimate Business Day of March, June, September and December and on final repayment of the Loan.

3.3 If a repayment instalment referred to in Clause 5.1 should not be paid by the Borrower on the due date or if the Bank has served a written notice on the Borrower pursuant to Clause 12.1, the Borrower shall, unless the Bank stipulates that the prevailing fixed rate will continue to apply, pay interest on the amount of the repayment instalment or (in the case of a written notice having been served pursuant to Clause 12.1) the amount of the Loan outstanding from the due date until the date of actual payment at a rate of \_\_\_\_% per annum above the Bank's Base Rate. This interest shall be charged both before and after court decree or judgment, shall be in substitution for any other interest payable pursuant to this Agreement and applicable to such outstanding amount and shall be calculated on a day to day basis and a year of 365 days and payable quarterly on such dates as will be notified to the Borrower by the Bank.