

MYC4

GENERAL CONDITIONS

Applicable to Loan Agreements with Financial Intermediaries

MYC4 EA LIMITED.

dated 10th May 2014

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Article 1. DEFINITIONS

"Borrower" means the party to the Loan Agreement to which the Loan is made.

"Currency of the Loan" and "Contracted Currency" mean the currency for calculation of repayment of the loan as specified in the Loan Agreement.

"MYC4" means MYC4 EA Limited.

"General Conditions" means these General Conditions applicable to Loan Agreements.

"Loan" means the amount of money lent by MYC4 to the Borrower under the Loan Agreement, and any increase thereof in accordance with the terms of the Loan Agreement.

"Loan Agreement" means the specific loan agreement between MYC4 and a Borrower, as it may be amended or revised from time to time and which shall be deemed to incorporate these General Conditions.

"Prepayment", "Amount prepaid", and "advanced repayment", mean repayments of principal in excess of those scheduled for normal repayment of the loan pursuant to the loan agreement.

"Project" means the project for which the Loan is granted, as described in the Loan Agreement.

Article 2. CONDITIONS OF DISBURSEMENT OF LOAN

No disbursement on account of the Loan shall be made by MYC4 unless the following conditions have previously been fulfilled to the satisfaction of MYC4:

- (i) that the competent authorities in the country where the Loan is to be disbursed shall have approved the Loan Agreement and shall in particular have authorised the transfer to the Denmark/ Ireland in the currency specified in the Loan Agreement of repayments, interest and all other payments under the Loan Agreement, if required by law;
- (ii) that the Borrower shall have acquired all necessary properties, leases, concessions, licenses, authorisations and other rights necessary for the proper carrying out of the Project.
- (iii) that MYC4 shall have received a legal opinion from legal counsel acceptable to MYC4 to the effect that
 - the Loan Agreement is a valid agreement under and in accordance with the law of the country where the Loan is to be disbursed;
 - the Borrower has been validly organised and registered in accordance with the applicable law;
 - the person(s) who sign the Loan Agreement are authorised to do so and that the Loan Agreement is legally binding on the Borrower;
 - all rights, concessions, licenses, approvals, authorisations etc. mentioned in sub-paragraphs (i) and (ii) of this article have been acquired in due form;
- (iv) that the Borrower has performed all its undertakings and obligations which were to be performed before the disbursement in question;
- (v) that, irrespective of whether the Loan Agreement specifies a disbursement scheme, the Borrower has given sufficient notice requesting the disbursement;
- (vi) that the requested disbursement(s) is (are) in relation to and in step with the progress of the Project as described in the Loan Agreement, in proof whereof the requested disbursement shall be accompanied by reports and documents showing the use made of previous disbursements and the intended use of the requested disbursement, if requested by MYC4.

- (vii) With respect to each disbursement, there has not been a material adverse change in the finances or operations of the Borrower since MYC4 approved the loan.

Article 3. INTEREST AND MAINTENANCE FEE

a. Interest. The Borrower shall pay to MYC4 interest on the outstanding amounts of the Loan at the rate specified in the Loan Agreement.

The interest shall accrue from day to day and shall be paid from time to time on dates specified in the Loan Agreement or other instruments executed by the borrower.

Interest on every part of the Loan shall be calculated as from the day of debiting such part of the Loan from MYC4's bank account up to and including the day of crediting the repayment to MYC4's bank account.

Any and all taxes or government charges pertaining to or arising from the payments due to MYC4 from the Borrower under the Loan Agreement, including taxes on interest paid to MYC4, whether due from MYC4 or the Borrower, are to be for the account of the Borrower such that MYC4 receives the entire rate of interest and all principal stated in the Loan Agreement.

b. Maintenance fee

For credit lines, the Borrower shall pay to MYC4 a maintenance fee to be calculated with respect to the entire amount of the credit line set in the loan agreement. The maintenance fee shall begin to accrue upon the signing of the loan agreement by the Borrower. The maintenance fee shall be paid on the same schedule as interest payments, unless otherwise provided in the loan agreement.

Article 4. ADDITIONAL OBLIGATIONS OF THE BORROWER

A. In addition to its obligations specified in the Loan Agreement, the Borrower undertakes:

- (i) to use the amount of the Loan solely and exclusively for the Project;
- (ii) to provide MYC4 at its request, both before and after disbursements, with sufficient evidence satisfactory to MYC4 in form and in substance, concerning such use;
- (iii) if required by law, to register the Loan Agreement, securities (if any), and the amounts disbursed by MYC4 to the Borrower, at the Central Bank of the Borrower's country and/or at other institutions/organisations in its country which are registrations prescribed by law;
- (iv) to provide MYC4 with full proof of such registration(s) no later than 4 (four) weeks after the date of receipt of (a part of) the loan;
- (v) to maintain a proper accounting and cost control system, satisfactory to MYC4 and in conformity with internationally accepted accounting principles, to be consistently applied from year to year;
- (vi) to furnish MYC4 promptly with all material information concerning the Borrower's business in general and the Project in particular, including, among other things:
 - a general and a financial quarterly report within four weeks after the expiry of the relevant quarter;
 - the annual report, including balance sheet and profit and loss account;
 - the reports, remarks and suggestions of the independent auditor referred to in sub-paragraph (x) of this Article;
- (vii) to inform MYC4 forthwith of any plan, measure, event or condition which might materially and adversely affect the Borrower's business in general and/or the progress of the Project in particular and/or the recoverability of the Loan or Interest;

- (viii) to permit and enable MYC4 to examine or have examined the business of the Borrower in general and the progress of the Project in particular, and to give full cooperation to facilitate such examination, and to give access during normal working hours to the premises and sites of the Borrower to whomsoever is authorised in writing by MYC4 to carry out such examination and to submit to MYC4 and/or its authorised representatives for inspection and examination all books, minutes, records and other documents relating to the business of the Borrower;
- (ix) to appoint an independent auditor, the choice of which has been approved beforehand by MYC4, if MYC4, in its sole discretion, reasonably believes an independent auditor is necessary and requests such appointment;
- (x) in conformity with the requirements of the competent authorities to comply with and perform all formalities with regard to the Loan, its disbursement, repayment, etc.
- (xi) to notify MYC4 in writing of any event of default as defined in article 7 of these General Conditions within 15 days of such default.

Article 5. COSTS, CHARGES AND EXPENSES

The following costs, charges and expenses shall be borne and paid by the Borrower or -if MYC4 has paid such costs, charges or expenses- reimbursed to MYC4:

- (i) All costs, charges and expenses, including but not limited to any taxes, stamp duties, registration charges, notary's fees, bank charges, transmission charges and other transfer costs, incurred in connection with the preparation, registration, conclusion, execution and performance of the Loan Agreement and/or with the creation of the securities referred to the Loan Agreement or in Article 6 of the General Conditions.
- (ii) All costs and expenses of whatever nature including lawyer's charges and fees that MYC4 incurs to enforce its rights and collect payments due under the Loan Agreement.
- (iii) All costs, charges and expenses of advice and assistance and/or of visits to the Project by persons designated by MYC4, which become necessary as a result of a default of the Borrower in the performance of any of its obligations towards MYC4.

Article 6. SECURITIES

The securities pledged or to be pledged in favour of MYC4 shall cover (i) the indebtedness created by the Loan Agreement as well as (ii) any revisions to the terms of the Loan Agreement and (iii) any past or future loan agreement(s) between MYC4 and the Borrower.

Article 7. WARRANTY CONCERNING SECURITY RIGHTS

The Borrower warrants that no security rights or similar encumbrances in favour of a third party exist over the whole or any part of his properties and rights, other than those disclosed in writing to MYC4 prior to the execution of the Loan Agreement.

Article 8. EVENTS OF DEFAULT

MYC4 shall be entitled to suspend or terminate disbursements and/or to declare the loan to be in default and demand immediate repayment of the Loan or any part thereof together with accrued interest and all other payments to be made by the Borrower, and/or to terminate the Loan Agreement forthwith if one or more of the following events or circumstances occurs:

- (i) if the Borrower fails to perform any of its obligations under the Loan Agreement; or under any other current or future agreement with MYC4 or any other lender;
- (ii) if any statement or warranty of the Borrower is found to be incorrect or untrue, and/or if any of the conditions of disbursement of the Loan is insufficiently fulfilled;
- (iii) if the Borrower does not properly carry out the Project;
- (iv) if the Borrower is declared bankrupt or a petition for bankruptcy of the Borrower is filed, or if the Borrower himself files a petition for an official moratorium on payments, or if the Borrower proposes or executes a reorganization of debt with all or any of its creditors;
- (v) if the Borrower is dissolved and/or wound up in any way or ceases or attempts to cease its activities or a major part thereof;

- (vi) if the Borrower discontinues or materially changes the nature or the mode of operation of the Project or the Borrower's business without giving at least 60 days prior written notice to MYC4 and obtaining advance written permission from MYC4;
- (vii) if the Borrower fails to notify MYC4 in writing at least 60 days before any transfer(s) of shares of the Borrower amounting (in the aggregate within a six month period) to 10% or more of the capital of the Borrower;
- (viii) if the Borrower: (a) sells or otherwise transfers one third or more of its assets to another person or juridical entity, including affiliates and related entities;
- (ix) if the memorandum and/or articles of association changes the purpose or mission of the Borrower and/or reduces the amount of authorized or issued share capital of the Borrower without the prior written notice to MYC4 and the prior written consent of MYC4;
- (x) If in MYC4's determination, there has been a material adverse change in the finances or operation of the Borrower since MYC4 approved the loan.
- (xi) If MYC4 reasonably concludes that any claim or right of MYC4 under the Loan Agreement is in jeopardy.
- (xii) if the securities granted and/or to be granted by the Borrower to MYC4 are jeopardised, or in the event of nationalisation and/or expropriation of all or any of the properties and/or rights and/or interest of the Borrower.

There shall be no obligation whatsoever on the part of MYC4 to remind the Borrower of any of its obligations under the Loan Agreement and the Borrower shall be in default of any of its obligations hereunder by the mere non-performance, insufficient performance or late performance of the same.

Article 9. PENALTY FOR LATE PAYMENTS

Without prejudice to MYC4's right to exercise any of its rights in the event of default by the Borrower, if the Borrower fails to pay promptly and in full any amount due from it under the Loan Agreement, an extra monthly charge shall be levied as follows:

- (a) In the case of loans denominated in Euros or US dollars, the charge shall be at the rate of 1% (one percent) per month of such unpaid amount;
- (b) In the case of loans denominated in any currency other than Euros or US dollars, the charge shall be ninth (1/9) of the annual interest rate prevailing from time to time according to the Loan Agreement, in which event it shall become due and payable by the Borrower to MYC4 which extra charge will accrue from day to day from the due date of the amount in question until the date of receipt of such amount by MYC4.

Article 10. WARRANTY OF INFORMATION BY THE BORROWER

The Borrower warrants that, before signature of the Loan Agreement, he has made available to MYC4 in writing all information which is relevant, material and/or important to MYC4 for its appraisal of the circumstances and conditions affecting its undertaking of the Loan commitment, and that no facts or circumstances as described in Article 8 of the General Conditions, which would entitle MYC4 to suspend disbursements, have occurred or are expected to occur.

Article 11. PAYMENTS BY THE BORROWER TO MYC4

(i) All payments by the borrower to MYC4 under the Loan Agreement shall be allocated first to costs incurred by MYC4 under the Loan Agreement or these General Conditions; second, to interest payments due to MYC4; third, to amortisation of the principal amount of the debt.

(ii) All payments to be made by the Borrower to MYC4 under the Loan Agreement shall be to MYC4's bank account which is notified to the Borrower and shall be made in the currency mentioned in the Loan Agreement, without any deductions such as deductions for withholding tax and/or any other taxes, charges, levies or imposts deductible under the law of the country where the Borrower is domiciled and/or the country where the Loan is disbursed and/or the country where the loan is used, unless MYC4 has given advance written permission for such deductions.

(iii) In quantifying the amounts payable at any time by the Borrower to MYC4, the accounts of MYC4 shall always be decisive so that the making of any payment by the Borrower shall never be suspended or delayed because of a dispute as to the amount actually due, but without prejudice to the right of the Borrower, after making a payment, to recover from MYC4 so much, if any, of the amount paid as may exceed the amount actually due.

Article 12. NON-EXERCISE OF RIGHTS BY MYC4

No delay in exercising or omission to exercise any right, power or remedy by MYC4 under or with reference to the Loan Agreement shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in any default, nor shall an action or omission by MYC4 in respect of any default by the Borrower affect or impair any right, power or remedy of MYC4 in respect of any other or subsequent default.

Article 13. NON-ASSIGNMENT

The Borrower shall not assign, transfer, alienate or encumber in any way its rights and/or obligations under the Loan Agreement nor the Loan Agreement itself or any part thereof.

Any purported assignment, transfer, alienation, or encumbering in violation of the present article shall be null, void and of no effect.

By mere notice to Borrower and without necessity of Borrower's consent, MYC4 may assign or transfer, all or part of its rights and interests under the Loan Agreement, these General Conditions, and such other agreements executed pursuant thereto.

Article 14. NOTIFICATION AND COMMUNICATIONS

Notification, communications or documents to be sent or furnished under or with reference to the Loan Agreement shall, under pain of being null and void, be sent in writing to the following addresses:

To_MYC4

Letters: MYC4 EA Limited, Kilimani Business Centre, Kirichwa Road, Nairobi, Kenya

Telephone: +254 20 249 5760

Email: titus@myc4.com

To_the_Borrower

To the address, or one of the addresses as the case may be, mentioned on the letterhead of the Borrower or registered in the Commercial Register or Company Register.

MYC4 and the Borrower may each change their above-mentioned address by notice given in a registered letter sent to the other party.

Article 15. VALIDITY AND ENFORCEABILITY

The Loan Agreement, these General Conditions, and any related document are valid to the extent permitted by applicable law.

If any of the provisions of the Loan Agreement these General Conditions or any related document is proved to be, wholly or partly, invalid or unenforceable, this shall not affect the validity or enforceability of the other provisions of the Loan Agreement, General Conditions or related document so affected. In such a case, the Borrower and MYC4 shall replace such invalid or unenforceable provision by another, being in effect as nearly similar to the original provision as possible. The Loan Agreement, General Conditions, or related documents can be amended, or part or all of the debt forgiven, only with the explicit, written consent of MYC4.

Article 16

A. ADVANCED REPAYMENTS

Advanced repayments in addition to the repayment schedule as specified in the loan contract are permitted to a maximum in any year of 10% (ten per cent) of the initial principal amount. MYC4 sustains substantial cost in establishing loans, which are recovered over the nominal life of the loan together with anticipated interest. Therefore advanced repayments over and above 10% per year will bear a penalty that is the sum of the Part 1 penalty and Part 2 penalty, as follows:

1. Part 1 Penalty shall be as follows:
 - a. With respect to payments made during the first twelve months after the first disbursement under the loan agreement, 5% of the amount prepaid but not less than EUR 2,500 or the equivalent of EUR 2,500 in the currency of the loan at the rate of exchange applicable on the date of the prepayment.
 - b. With respect to payments made during the second twelve months following the first disbursement under the loan agreement, 2% of the amount prepaid.
 - c. With respect to payments made during the third twelve months following the first disbursement under the loan agreement, 1% of the amount prepaid
 - d. With respect to payments made during the fourth twelve months following the first disbursement under the loan agreement, 0.5% of the amount prepaid.
 - e. After 48 months following the first disbursement the Part 1 Penalty shall not apply.

2. Part 2 Penalty

The Part 2 penalty shall apply only in the case of loans in which the ordinary interest rate is fixed during the entire term of the loan. "Fixed" interest means an interest rate that stays the same during the pendency of the loan.

Prepayments of principal will be possible without payment of an additional fee to be paid by the borrower under this Part 2 in case (a) the LIBOR or EURIBOR, as applicable, interest rate on the currency of the loan for a term equal to the remainder of the loan agreement on the day that MYC4 receives the prepayment, is equal to, or higher than (b) the LIBOR or EURIBOR, as applicable, interest rate on the currency of the loan applicable for the entire loan period specified in the loan agreement as of the date of MYC4's first disbursement under the loan agreement.

In case the LIBOR or EURIBOR, as applicable, interest rate for a term equal to the remainder of the loan agreement as defined in (a) of preceding paragraph is lower than the LIBOR or EURIBOR, as applicable, interest rate applicable for the term of the loan as defined in (b) of the preceding paragraph, the additional fee under this Part 2 will be equal to the discounted value of the difference between the two interest rates.

3. In case the contracted currency interest rate is not quoted on the London market, MYC4 will chose another applicable open market interest rate indicator to apply instead of LIBOR or EURIBOR, as applicable.

**B. EARLY TERMINATION OF LINES OF CREDIT
THAT BEAR A MAINTENANCE FEE**

In cases where the Borrower terminates a credit line before the end of the agreed term as provided in the loan agreement between MYC4 and the Borrower, borrower will pay the amount of the unpaid maintenance fee calculated through the end of the term as a penalty for early termination.

ARTICLE 17. GENERAL UNDERTAKINGS

1) The Borrower commits to service the loan granted by MYC4. The Borrower knows and realizes that MYC4 philosophy is “business for a profit, and profit for a purpose”, which makes money available in the form of loans on appropriate terms to underprivileged groups and that this work can only continue if every borrower repays faithfully the amount received from MYC4, in order to avoid any losses to MYC4 which will reduce MYC4’s capability of helping other poor groups in other parts of the world.

2) Ecological impact. The borrower commits to use best available practices to minimize any adverse environmental effects. The borrower also commits to providing on a regular basis the results of the “environmental indicators” to be agreed with MYC4.

3) Social effects. MYC4 stands for the alleviation of poverty, the improvement of living conditions for the community, and the empowerment of women. The borrower commits that its work will further these objectives. The borrower also commits to providing regular “social impact indicators” as agreed with MYC4.

4) Code of conduct. MYC4 requires integrity and transparency and opposes corruption in business dealings. The borrower commits that it will refrain from any action that violates this principle.

5) Client Protection Principles. To ensure protection of its clients, Borrower in its capacity as a provider of financial services agrees to comply with the following Client Protection Principles as defined by the SMART Campaign: Avoidance of over-Indebtedness, transparent and responsible pricing, appropriate collections practices, ethical staff behaviour, mechanisms for redress of grievances, and privacy of client data.

Signed in Triplicate

Borrower:

By _____ Date _____
Name printed:
Function:

Borrower:

By _____ Date _____
Name printed:
Function:

MYC4 EA LIMITED.

By _____ Date _____
Name printed:
Function:

By _____ Date _____
Name printed:
Function: