



# MKOMBOZI COMMERCIAL BANK PLC

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6<sup>th</sup> October, 2023

TO: Damas Boniface Kimati,  
P. O. Box 10060,  
Arusha - Tanzania

## RE: LETTER OF OFFER

Please refer to your letter dated 11/09/2023, whereby you applied for a multiple credit Facilities totaling TZS 1,010,000,000.00/= (Say: Tanzanian Shillings One Billion Ten Million) Only.

In consequences thereof, we wish to confirm that, the application has been approved been TZS 1,010,000,000.00/= (Say: Tanzanian Shillings One Billion Ten Million) only subject to the following terms and conditions;

### 1. Nature of the Facility:

Facility 1: Term Loan  
Facility Amount: TZS 1,000,000,000.00  
Borrower: Damas Boniface Kimati  
Lender: Mkombozi Commercial Bank Plc.

Facility 2: Revolving Insurance Premium Finance  
Facility Amount: TZS 10,000,000.00  
Borrower: Damas Boniface Kimati  
Lender: Mkombozi Commercial Bank Plc.

### 2. Purpose of the facility.

**Term Loan** - to finance construction of a business building on located on CT number 3758 Plot 430, Block Y, Ngarenaro Area, Arusha City.

**Revolving Insurance Premium Finance** – to finance the insurance premium payments of the assets.

### 3. Tenor of the Facility

Term Loan Facility (Principle and Interest) shall be due and repayable for 54 months inclusive of 6 months grace period.

The Revolving Insurance Premium Finance Limit shall be available for utilization for 12 months ending 6<sup>th</sup> October, 2024 with specific tenor of 10 months from booking date of each premium financed.



Provided that the parties hereto may mutually agree in writing to the effect of the tenor in accordance with the Lender's Loan Policy or any other regulation in force.

4. Rate of Interest

Term Loan facility shall attract an interest rate of 17% per annum.

The Insurance Premium Finance shall attract an interest rate of 15% per annum

The Lender shall have absolute right to vary the rate of the interest upon serving the Borrower a written notice of not less than thirty (30) days and such varied rate shall become effective upon expiry of the notice date.

5. Penalty on unpaid interest rate.

In case of overdue of repayment, the Lender shall be entitled to charge a penalty interest at the rate of 5% per annum on the amount of any of the repayments that are in arrears.

6. Loan Repayment Schedule

The entire Loan facility inclusive of interests thereon shall be due and repayable as follows: -

**Term Loan** The entire facility inclusive of interests thereon shall be due and repayable on **monthly basis for Fifty-Four (54) months inclusive of 6 months grace period** from booking/disbursement date.

**Insurance Premium Finance** shall be due and repayable for a maximum period of **10 months (for a specific disbursed facility)** on **monthly repayment frequency** from the disbursement date.

7.1 Payable Fees

Upon signing of this Letter of Offer, the Borrower shall be responsible to pay non-refundable fees associated with the application the subject matter of this Letter of Offer as follows:

- (i) Processing Fees shall be due and payable once at the time of the facility processing at the rate of 1% of the approved term loan and overdraft amount, the total amount of TZS 10,000,000.00/=
- (ii) Mortgage Fees shall be due and payable once at the time of the facility, at the rate of 1% of the approved term loan and overdraft amount, the total amount of TZS 10,000,000.00/=
- (iii) Insurance Fee shall be due and payable at the time of loan processing and renewable from time to time depending on the pendency of the loan agreement; and
- (iv) All other incidental costs in relation to this facility including government taxes, legal fees for preparation of various legal





7.2 In cases of failure to procure insurance cover, registration of mortgage and non-payment of charges referred to under sub-clause 7.1 (i) and (ii) hereof, the Lender may refuse to disburse the funds and explain its reasons to the Borrower.

8.1 Security:

The facility shall be secured by the landed property to be charged by the way of first ranking legal mortgage supported by spouse consent as detailed here under: -

- i. Title No: 3758 LAND REGISTRY MOSHI
- Plot No: 430 Block "Y" at Ngarenarok Area, Arusha City.
- Uses: Commercial and Residential Purpose Only.
- Term: 99 Years (from 01/07/2021 to 30/06/2119).
- Owner: Damas Boniface Kimati

NB:

- The landed property is to be supported by the spouse consent
- For any Insurance Premium Finance Facility, the borrower to make upfront Deposit of 20% of the total premium amount or equivalent amount of 2 months premium

8.2 Properties offered as a security shall be insured against all risks including fire, natural calamities such as floods and incidents.

8.3 The Borrower shall be required to paid land rent on annual basis and re-valuate his/her security mortgaged/pledged to the Bank after every three (3) years for any loan facility that shall run beyond 3 years.

8.4 If the Borrower fails to comply with the provisions of sub-clause 8.3 hereof, the Bank shall have the mandate to debit the Borrower's account to pay for costs of land rent and re-valuation of properties pledged as security provided that the respective Borrower shall be served with a notice of seven (07) days prior to the debiting of the relevant account from time to time.

8.5 Insurance covers over the securities described herein shall be undertaken by the Lender for and on behalf of the Borrower and the insurance benefits shall be ceded to the Lender, as a first loss payee, and the original insurance policies shall remain under the Lender's custody.

8.6 Renewal of insurance premiums shall be automatic and done by the lender by debiting the Borrower's account with prior notice of seven days (07) served upon the Borrower.

9. Consent

Unequivocally, the Borrower agrees and authorizes the Lender or Credit Reference Bureau (CRB) approved by Tanzania Bankers Association (TBA) to do the following:



Damas Boniface Kimati, Offer Letter. Multiple Credit Facilities totaling TZS 1,000,000,000.00

★ 05 OCT 2023 ★

BRANCH MANAGER

- (i) make inquiries from any bank, financial institution or TBA approved credit reference bureau in Tanzania to confirm any information provided by the borrower; or
- (ii) seek information from any bank, financial institution or TBA approved credit reference bureau when assessing the Borrower at any time during the existence of the Borrower's account; or
- (iii) disclose to TBA approved credit reference bureau or any other lawful institution through legally permitted procedures any information relating to the Borrower's account maintained by the Lender; or
- (iv) to debit all or part of amounts of the money due and payable to the Lender from account(s) of the Borrower held with the Lender from time to time.

#### 10. Events of Default

At any time, in cases of occurrence of events of defaults stipulated below, the Lender shall have the right to either cancel, withdrawal or impose penalty on the loan facility aforesaid, namely;

- (i) Failure to perfect the security due to defects apparent to the title deed; or
- (ii) Breach of any term and condition of this Letter of Offer or other instruments associated with the loan facility the subject matter of this Letter of Offer; or
- (iii) Non-performance of any term and condition of this this Letter of Offer or other instruments associated with the loan facility the subject matter of this Letter of Offer.

10.2 In case of occurrence of any event that is beyond the control of the parties hereto during the implementation of their obligations, the affected party shall notify the other party not later than thirty (30) days from the date of occurrence of the uncontrollable event or as soon as practicable.

#### 11. Effect of Default

Notwithstanding the provisions of Clause 11 hereof, upon defaults aforesaid, the Lender shall have the following remedies: -

- (i) to call for repayment of the entire outstanding loan amount of the principal sum and interests accrued thereof; or
- (ii) to exercise remedies as follows: -
  - (a) to sue the borrower/mortgagor in the court of law in order to recover the outstanding loan balance; or



Damas Bonifacio Kimani, Offer Letter, Multiple Credit Facilities totaling TZS 1,010,000,000.00

- (c) to appoint in writing any person or persons whether an officer or officers of the lender or not to be a receiver and excise all powers therein pursuant to the provisions of the Land Act 1999; or
- (d) to set off against any credit balances maintained in other accounts of the Borrower; or
- (e) to exercise any other remedy provided for under the Land Act, 1999.

12. Covenant

Irrevocably, the Borrower agrees of the following: -

- i. Borrower to ensure 80% of bank operations are performed through Mkombozi Commercial Bank Plc. Their accounts with other banks (NMB and CRDB) will remain as collection accounts.
- ii. Revaluation of the mortgage property shall be done after every three years.
- iii. The Borrower to obtain prior consent from the Bank before entering fresh/additional borrowings from other financiers.
- iv. The borrower to submit audited financial accounts within described time frame after financial year.
- v. The borrower to conduct the fresh valuation after completion of the project and submit to the bank a copy certified valuation by government chief valuer.

13. Conditions of Sanction

- i. Receipt of borrower's application letter.
- ii. Receipt of Valuation report over security properties by Bank's approved valuer with the Internal Discount Value cover the sought exposure by not less than 125%.
- iii. Receipt of all peril's insurance cover over the security properties to be taken through an agent and or an insurer of the Borrower's choice from the Bank's approved panel of service providers with the Bank's interest noted.
- iv. The Borrower to submit Valid Tax Clearance Certificate from TRA before drawdown and annually thereafter if the facility is outstanding.
- v. Submission of current land rent receipt or proof of Nil arrears for land rent.
- vi. Default in any of the other Facilities availed to the Borrower and or other persons guaranteed by the Borrower (whether funded or non-



- vii. Receipt of original security documents, dully executed offer letter, loan agreement and all security documents.
  - viii. Receipt of Receipt of full BOQ for phase 2 and 3
  - ix. Receipt of Building Permit
  - x. Payment of all upfront fees.
- 13.2 Conditions of Sanction for Revolving Insurance Premium Finance Facility
- i. Receipt of borrower's application letter.
  - ii. Receipt of insurance premium assessment/ quotation from the insurer.
  - iii. Execution of all loans including application form and security documentations by the borrower.
  - iv. Lien/ freezing the upfront deposited funds to secure the financed premium.
14. Drawdown
- Drawdown shall be upon acceptance of this Letter of Offer and compliance with the terms and conditions contained herein with disbursement of term loan to be done in 4 tranches to ensure effective control of loan proceeds and usage for the intended purpose. Also, to observe the policy requirement of 125% IDV cover at each disbursement. The disbursement to be done as follows:
- a) 1<sup>st</sup> tranche of TZS 250,000,000 upon full perfection of the collateral to facilitate continuation of construction. The funds will support customer to cover costs on materials mobilization, structural completion of the basement, ground floor and first floor, and structure construction of the second and third floor as stated in the BOQ
  - b) 2<sup>nd</sup> to 4<sup>th</sup> tranche each disbursed at TZS 250,000,000 to complete construction activities upon satisfactory review of funds utilization advanced in subsequent tranche in the intended project through visitation by bank officers who will generate visitation report in support of work done by advanced funds in subsequent tranche supported by Architect's certificate on the estimated value of work completed to gauge and ensure IDV cover of at least 125% is observed.
- 14.1 The Insurance Premium Finance Facility will require fulfilling the specific conditions sanction IPF as well as deposit of 20% of the Total Premium amount or equivalent amount of 2 months premium for disbursement to be allowed with no further collateral requirement as the facility is self-secured.



15. Acceptance

The Borrower signifies acceptance to the terms and conditions of this Letter of Offer by counter-signing below of the copy of this Letter of Offer.

Acceptance of this Letter of Offer constitutes part of the Loan Agreement that will be signed separately to regulate the relationship between the Lender and the Borrower.

16. Withdrawal of the Letter of Offer

The Lender reserves the right to withdraw this Letter of Offer at any time before its acceptance by the Borrower.

17. Dispute Resolution.


17.1 Upon acceptance and in the course of performance of the terms and conditions contained in this Letter of Offer, the parties hereto shall resolve any dispute arising out of this Letter of Offer in an amicable manner by consulting each other.

17.2 In case the parties hereto fail to resolve the dispute within thirty (30) days, an aggrieved party may refer the grievance to the court of competent jurisdiction.

We look forward to receiving your acceptance.

Yours faithfully,  
MKOMBOZI COMMERCIAL BANK PLC

  
FORTUNATA B. OLOMI  
CHIEF COMMERCIAL OFFICER


  
GOODLUCK TEMBA  
BRANCH MANAGER



ACCEPTANCE BY THE BORROWER:

I, Damas Boniface Kimati do hereby state that we have read and understood the terms and conditions contained in this Letter of Offer.

I. Name: DAMAS BONIFACE KIMATI

Signature: 

Address: Box 10060 ARUSHA

Qualification: SOLE PROPRIETOR

