

12 CREDIT AGREEMENT

THIS LEGAL DOCUMENT (hereinafter referred to as the “Credit Sales Agreement”) is made on

____/____/____ at _____ BETWEEN the Food Corporation of Bhutan Limited, having its registered office at _____ (hereinafter referred to as the “Seller”)

AND Mr. /Mrs. _____ from _____ (village), _____ (Gewog), under _____ (Dungkhag), _____ (Dzongkhag), ThramNo. _____ House No. _____, bearing the Bhutanese Citizenship Identity Card No. _____, currently residing/working at _____ registered as _____ (*Exact name as registered in ERP system*) (hereinafter referred to as the “Buyer”)

RECITALS

WHEREAS the Buyer has requested/proposed to buy essential items on credit worth of Nu. _____ Ngultrum _____ (*in word*) from the Seller for the purpose of their business.

AND WHEREAS the seller extend credit to the buyer worth Nu. _____ Ngultrum _____ (*in word*) for the said purpose.

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS

For the purpose of this agreement, unless the context requires otherwise, the following terms shall have the following meaning:

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“Agreement” means this Credit Agreement.

“Buyer” means the person who is buying something or legal entity to whom or in whose name the seller has extended or granted the credit under the Agreement.

“Seller” means the person or legal entity who sells a thing or property in consideration of money to the buyer.

“Event of Default” Each of the following events shall be considered as an event of default:

- a. If any default shall have occurred in payment of any amounts due under this agreement;
- b. The Buyer, having breached or defaulted in the performance or observance of any of the covenants and obligations contained therein the Agreement.
- c. If any information given by the Buyer to the Seller is found to be misleading/misrepresented/incorrect.
- d. The Buyer becomes insolvent or any insolvency proceedings are instituted against the Buyer, whichever is earlier.
- e. The Buyer failing to comply with the written reminders and notices issued by the Seller.

“Compensatory Damages” means the damages that is chargeable on the credit amount or outstanding amount which includes compensation for the loss or damage cause in the usual of things from such breach under this Agreement.

"Credit Amount" means the amount made available to the buyer by the seller under this agreement.

"Outstanding Amount" means at any given point of time the aggregate of the outstanding credit amount, which is inclusive of compensatory damages, expenses and any other charges applicable.

"Party(s)" means the buyer and the seller under this agreement.

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2. COMPENSATORY DAMAGES

2.1 The Compensatory Damages (*Penalty*) shall be computed at 2% per month for days exceeding the credit period.

2.2 The seller shall be entitled to revise the rate of Compensatory Damages (*Penalty*) on the account in accordance with the directives of the Board of Directors.

3. TERM AND REPAYMENT

The buyer shall repay the entire credit outstanding balance within a period of..... Months/days or latest by ____/____/..... The failure on the Buyer to pay the amount due within the stipulated time period shall result in levying of 24% compensatory damages (*Penalty*) per annum and other charges/cost, if any from the date of bill maturity.

4. GUARANTEE (If applicable)

4.1 The buyer shall provide a new guarantor, if the current/existing guarantor is required to be discharged.

4.2 The guarantor shall have the same liability as that of the buyer for any obligation under this agreement.

5. CREDIT DEFAULT AND REMEDIES

In the event of default, the seller shall have the right to file a recovery suit before a court of competent jurisdiction against the buyer to recover the entire credit amount outstanding, including compensatory damages (*Penalty*), fees and costs.

6. GOVERNING LAW AND JURISDICTION

The relevant laws of the Kingdom of Bhutan shall govern this Agreement. Any dispute arising out of and/or in connection with this agreement shall be submitted to the court of competent jurisdiction in Bhutan, for adjudication.

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IN WITNESS THEREOF, the parties hereto have signed this agreement onday of themonth of the year.....on behalf of:

For the Buyer



Thumb Impression

Name:

.....

Contact No:

For the Seller



Authorized Signature

Name:

.....

Title:

Witness 1:

Name:

CID No:

Contact No:

Witness 2:

Name:

CID No:

Contact No:

Guarantor:

Name:

CID No:

Contact No.....



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