

ADS Mandatory Reference: N/A  
ADS Supplementary Reference: 250  
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## UEC LOAN DOCUMENTATION

The key UEC Loan agreements to be negotiated and contracted include:

- 1) Letter Agreement between the Borrower, the lender and USAID specifying the documentation and other conditions precedent for a UEC loan disbursement.
- 2) Host Country Guaranty (**Indemnity**), is utilized in the event that the host country is not the Borrower, but is the Guarantor of the UEC loan, and the Borrower is not a Government Ministry or Agency. This indemnity provides that the Host Country shall repay to USAID in U.S. dollars any amount that USAID may be required to pay under its guaranty to the lender, plus USAID's guaranty fee.
- 3) The USAID Guaranty is executed on the reverse side of each Promissory Note signed by the Borrower under a UEC loan. This Guaranty, when signed, represents the full faith and credit of the U.S. Government. The guaranty incorporates the Standard Terms and Conditions of USAID's Guaranty as set forth in 22 C.F.R. Part 204, as published in the Federal Register September 1, 1988, Volume 53, No. 170. This regulation specifies the precise coverage of the guaranty and the procedures by which claims can be made.
- 4) Paying and Transfer Agency Agreement. This is an agreement whereby a bank agrees, as agent, to (1) bill, receive and distribute to the lenders of record all payments by the Borrower (**or USAID if required to pay under its Guaranty**) and (2) maintain the registry of noteholders of record for specific UEC loans and (3) act as transfer agent for secondary market transfers of UEC promissory notes from one noteholder to another.
- 5) Escrow Agency Agreement. This is an agreement whereby a bank agrees to hold funds in an account with the bank in an agency capacity for a specified period of time under terms and conditions specified in the escrow agreement.
- 6) There are other important documents to be executed under the conditions precedent in the Program Agreements, such as legal opinions, incumbency and tax certificates, etc., which are specified in the Loan Closing Memorandum.
- 7) Upon final completion of negotiating documents (**which is accomplished between the parties to the loan, and for USAID, involves close coordination with the RO's, the Mission and GC/G**), a Pre-closing meeting is arranged

**(usually in Washington)** one or two business days prior to the Loan Contract **(disbursement)** date with the parties concerned to sign execution copies of the loan documents. An appropriately delegated representative from G/ENV represents and signs these documents on behalf of USAID. If all documentation is in order and signed, the net UEC loan proceeds **(generally after deduction of origination fees of the lender, USAID and the Paying and Transfer Agent)** are disbursed on the Contract **(disbursement)** date.

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