TEMPLATE

Loan Agreement

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer–client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

This kind of document is regulated differently almost everywhere. Many places require specific notices, disclosures or statutory wording, and some make clauses like these unenforceable outright. Treat this template as a starting point to take to a local lawyer, not as a document to sign as-is.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Loan Agreement

This Loan Agreement (this "Agreement") is made on [Date] between [Lender full legal name] of [Lender address] (the "Lender") and [Borrower full legal name] of [Borrower address] (the "Borrower", and together with the Lender, the "Parties").

The Lender has agreed to lend the Borrower, and the Borrower has agreed to borrow from the Lender, the principal sum set out below, on the terms of this Agreement (the "Loan").

1. The Loan

The Lender shall lend the Borrower the principal sum of [Principal amount, in figures and words] (the "Principal"), to be disbursed by [Disbursement method, e.g. bank transfer to an account nominated by the Borrower] on or before [Disbursement date] .

The Borrower shall use the Principal solely for [Stated purpose of the loan, or "any lawful purpose" if unrestricted] . Nothing in this clause obliges the Lender to advance any further sum beyond the Principal.

2. Interest

Interest accrues on the outstanding Principal at a rate of [Interest rate, e.g. 6% per annum] , calculated on a [Interest calculation method, e.g. simple / compounded monthly] basis from the date of disbursement until the Loan is repaid in full.

The interest rate stated above must not exceed the maximum rate permitted by the law that governs this Agreement — usury and interest-rate ceilings differ by state and by country, and some places cap consumer-lending interest far lower than a rate that would be ordinary between businesses. Confirm the applicable limit before this Agreement is signed; a rate that exceeds it can render the interest, or in some jurisdictions the entire Loan, unenforceable regardless of what the Parties agreed.

3. Repayment

The Borrower shall repay the Principal and accrued interest according to the following schedule: [Repayment schedule, e.g. 24 equal monthly instalments of $X beginning [date], each due on the [day] of the month] .

Each payment shall be made by [Payment method] to [Payment destination, e.g. account or address] . The Borrower may prepay all or part of the outstanding balance at any time without penalty, and any prepayment shall be applied first to accrued interest and then to Principal, unless the Parties agree otherwise in writing.

The final payment, however computed, discharges the Loan in full and includes any balance of Principal and interest then outstanding.

4. Late Payment

A payment not received within [Grace period, e.g. ten (10)] days of its due date is late. On a late payment, the Lender may charge a late fee of [Late fee, e.g. a flat amount or percentage of the overdue instalment] , provided the fee does not exceed what is permitted under the law governing this Agreement.

Charging a late fee under this clause does not waive the Lender's other rights under this Agreement, including the right to treat a late payment as an event of default under Clause 7.

5. Security

This Loan is [Security status, e.g. "unsecured" or "secured by the collateral described below"] .

Where the Loan is secured, the Borrower grants the Lender a security interest in [Description of collateral, if any] as security for the Borrower's obligations under this Agreement. The Borrower shall not sell, transfer or further encumber the collateral without the Lender's prior written consent while any amount remains outstanding.

Perfecting a security interest — filing a financing statement, registering a lien, or the local equivalent — is a separate legal step from signing this Agreement, and how it is done depends entirely on where the collateral and the Parties are located. This Agreement records the Parties' agreement to grant and accept security; it does not itself perfect that security interest. Take the appropriate filing or registration step required in your jurisdiction, or have a local lawyer confirm it, before relying on the security described here.

6. Representations

Each Party represents that it has full power and authority to enter into this Agreement and, where it is not an individual, that it is validly formed and in good standing.

The Borrower represents that it is not insolvent, has not made any assignment for the benefit of creditors, and is not aware of any fact that would make repayment of the Loan impossible or unlikely at the time this Agreement is signed.

7. Events of Default

Each of the following is an event of default under this Agreement:

(a) the Borrower fails to make any payment of Principal or interest when due and does not cure that failure within [Cure period, e.g. fifteen (15)] days of written notice from the Lender;

(b) the Borrower breaches any other obligation under this Agreement and does not cure that breach within [Cure period for other breaches, e.g. thirty (30)] days of written notice from the Lender;

(c) the Borrower becomes insolvent, makes an assignment for the benefit of creditors, or has a bankruptcy, insolvency or similar proceeding commenced against it that is not dismissed within [Insolvency dismissal period, e.g. sixty (60)] days;

(d) any representation made by the Borrower in this Agreement proves to have been materially false or misleading when made; or

(e) where the Loan is secured, the Borrower sells, transfers or further encumbers the collateral without the Lender's prior written consent, or the collateral is seized, damaged or destroyed such that it no longer adequately secures the Loan.

8. Remedies on Default

On an event of default that is not cured within the applicable period, the Lender may, by written notice to the Borrower, declare the entire outstanding Principal, together with all accrued and unpaid interest, immediately due and payable in full (acceleration), without further notice or demand except as required by this clause.

Where the Loan is secured, the Lender may also exercise any rights available to it under applicable law with respect to the collateral, including taking possession of it and applying its proceeds to the outstanding balance, subject to whatever notice and procedure local law requires before a secured party may do so.

The Lender's rights under this clause are in addition to, and not in place of, any other remedy available to it at law or in equity. A delay or failure by the Lender to exercise a right under this clause is not a waiver of that right.

9. Governing Law and Jurisdiction

This Agreement and any dispute arising out of it are governed by the laws of [Governing law, e.g. the State of Delaware] . The Parties submit to the exclusive jurisdiction of the courts of [Jurisdiction] .

The Parties acknowledge that the enforceability of specific terms of this Agreement — including the interest rate in Clause 2, any late fee in Clause 4, and the security arrangements in Clause 5 — depends on the law of the jurisdiction named above, and that this Agreement does not itself confirm compliance with that law.

10. General

This Agreement is the entire agreement between the Parties about the Loan, and replaces any earlier understanding on that subject. It may only be amended in writing signed by both Parties.

Neither Party may assign this Agreement without the other's written consent, except that the Lender may assign its right to receive repayment without the Borrower's consent on written notice to the Borrower. If any provision is held unenforceable, the rest continues in force. A failure to enforce any provision is not a waiver of it.

This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

In agreement with the terms above, the parties have signed below on the dates written beside their signatures.

Lender

Signature: ______________________________

Printed name: ______________________________

Company: ______________________________

Title: ______________________________

Date: ______________________________

Borrower

Signature: ______________________________

Printed name: ______________________________

Company: ______________________________

Title: ______________________________

Date: ______________________________