TEMPLATE

Personal 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.

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.

Personal Loan Agreement

This Personal Loan Agreement (this "Agreement") is made on [Date] between [Lender's full legal name] of [Lender's address] ("Lender") and [Borrower's full legal name] of [Borrower's address] ("Borrower").

Lender agrees to loan money to Borrower on the terms set out below. Lender and Borrower each confirm they are entering into this Agreement voluntarily and that it reflects their actual understanding of the arrangement — including that the money changing hands is a loan, and not a gift, as both parties confirm in Clause 2.

1. Loan Amount

Lender agrees to loan Borrower [Loan amount, e.g. $5,000.00] (the "Loan"), which Lender will provide to Borrower on [Disbursement date] by [Method of disbursement, e.g. bank transfer, check, cash] .

2. This Is a Loan, Not a Gift

Lender and Borrower each acknowledge and agree that the amount described in Clause 1 is a loan, not a gift. Borrower is legally obligated to repay it in full on the terms of this Agreement, and Lender does not intend, by making the Loan, to give any part of it to Borrower.

This acknowledgment matters for tax purposes and, more practically, so that neither party is ever unsure — or has to convince the other, or a court — whether this was a loan or a gift. Signing this Agreement is how both parties confirm that understanding in writing, at the time the money changes hands.

3. Interest

The Loan bears interest on the outstanding principal balance at a rate of [Annual interest rate, e.g. 0% for an interest-free loan] , calculated as simple interest and not compounded.

If Lender and Borrower do not intend to charge interest, write "0%" in the blank above rather than leaving it empty, so there is no later question about whether interest was simply forgotten. An interest-free loan between family or friends is common, and this Agreement fully supports one.

4. Repayment Schedule

Borrower shall repay the Loan [Repayment terms, e.g. "in 12 monthly instalments of $416.67" or "in one lump-sum payment"] , with the first (or only) payment due on [First payment due date] .

If repayment is by instalments, each later instalment is due on the same day of the month as the first payment, until the Loan and any interest under Clause 3 are paid in full. If Lender and Borrower later agree to change the schedule, they should record the change in writing and both sign it.

5. Prepayment

Borrower may repay all or part of the outstanding balance early, at any time, without penalty or premium. An early payment is applied first to any interest accrued and unpaid, then to the outstanding principal.

6. Method of Payment

Payments are made by [Payment method, e.g. bank transfer, check, cash, payment app] to [Payment details, e.g. account number, address, or app username] . If Lender's payment details change, Lender will notify Borrower in writing with reasonable time before the next payment is due.

7. Late or Missed Payments

If Borrower fails to make a payment within [Grace period, e.g. 10] days of its due date, all of the following apply:

(a) Lender may charge a late fee of [Late fee, e.g. $25, or "no late fee" if none is intended] for that missed payment;

(b) Lender will give Borrower written notice of the missed payment and [Cure period, e.g. 15] days to bring the Loan current before treating it as in default;

(c) if Borrower does not cure the missed payment within that period, Lender may declare the entire unpaid balance, together with any accrued and unpaid interest, immediately due and payable; and

(d) Borrower will reimburse Lender's reasonable costs of collecting a missed payment, including court costs, if Lender has to take legal action to collect it.

8. Governing Law

This Agreement is governed by the laws of [Governing law, e.g. the State of Ohio] , without regard to its conflict-of-laws rules.

9. General

This Agreement is the entire understanding between Lender and Borrower about the Loan, and replaces any earlier discussion or agreement about it. It may only be changed by a written amendment signed by both parties.

Neither party may assign their rights or obligations under this Agreement without the other's written consent. If any part of this Agreement is found unenforceable, the rest remains in effect. 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: ____________________

Date: ____________________

Borrower

Signature: ____________________

Printed name: ____________________

Date: ____________________