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Check your state's usury law before choosing an interest rate. Interest limits vary by state, and charging too much can carry civil or criminal penalties.

LOAN AGREEMENT

This Loan Agreement ("Agreement") is made on [date] between:

Lender: [Lender's full legal name], of [address] ("Lender"), and

Borrower: [Borrower's full legal name, or business name and entity type], of [address] ("Borrower").

1. The Loan

Lender agrees to lend Borrower the principal amount of [\$ amount] ([amount in words] dollars) (the "Loan"), on the terms below.

2. Disbursement

- ☐ Lender will pay the full amount to Borrower on [date] by [bank transfer / check / other].
- ☐ Lender will pay the Loan in the following advances: [\$ amount] on [date or condition]; [\$ amount] on [date or condition].

Before making any advance, Lender may require: [e.g. "signed security documents," "proof of insurance on the collateral," or "None"].

3. Purpose

Borrower will use the Loan only for: [purpose, e.g. "buying kitchen equipment for Borrower's restaurant," "tuition," or "any lawful purpose"].

4. Interest

- ☐ The Loan bears interest at a fixed rate of [rate]% per year, calculated on the unpaid principal from the date each amount is advanced, on the basis of a 365-day year.
- ☐ The Loan is interest-free.

Interest will never exceed the highest rate the law allows. If any payment would exceed that rate, the excess will be applied to principal or refunded to Borrower.

5. Repayment

Choose one:

☐ **Installments.** Borrower will repay the Loan with interest in [number] equal ☐ monthly ☐ quarterly payments of [\$ amount], starting on [date] and continuing on the same day of each following period until [final payment date]. An amortization schedule ☐ is attached ☐ is not attached.

☐ **Interest-only with a final payment.** Borrower will pay interest only on [schedule], and the full principal plus any unpaid interest on [date].

☐ **Single payment.** Borrower will repay the full principal plus interest on [date].

Payments will be made by [method] to [account or address]. Each payment is applied first to late fees, then to interest, then to principal.

6. Prepayment

Borrower may pay all or part of the Loan early at any time without penalty. Partial prepayments reduce principal and ☐ shorten the term ☐ reduce the remaining installment amount.

7. Late Payment

If a payment is more than [number] days late, Borrower will pay a late fee of [\$ amount or percentage of the late payment], but only to the extent the law allows.

8. Collateral

☐ The Loan is unsecured.

☐ The Loan is secured by the following property of Borrower (the "Collateral"): [describe, including serial numbers or VIN where relevant]. Borrower grants Lender a security interest in the Collateral to secure repayment. Borrower will keep the Collateral insured and in good condition, will not sell it or allow any other lien on it without Lender's written consent, and will sign any documents reasonably needed to record or perfect Lender's interest. When the Loan is paid in full, Lender will release its interest and sign any termination or release documents within [number] days.

9. Borrower's Statements

Borrower states that:

- Borrower has the legal capacity and, if a business, the authority to enter this Agreement;
- the information Borrower has given Lender about Borrower's finances is true and complete in all material respects; and
- no lawsuit or other claim is pending that would materially affect Borrower's ability to repay.

10. Borrower's Promises

While any amount is owed, Borrower will:

- make each payment on time;

- tell Lender in writing within [number] days of any change of address or any event that would materially affect Borrower's ability to repay; and
- ☐ send Lender [financial statements / tax returns / bank statements] every [period].

11. Default

Each of these is an "Event of Default":

- Borrower fails to make a payment within [number] days after its due date;
- any statement in Section 9 was materially false when made;
- Borrower materially breaks any other promise in this Agreement and does not fix it within [number] days after written notice;
- Borrower becomes insolvent, makes an assignment for creditors, or files or has filed against it a bankruptcy petition; or
- if the Loan is secured, the Collateral is lost, seized or sold without Lender's consent.

After an Event of Default, Lender will give Borrower written notice and [number] days to cure it (except for bankruptcy, which needs no notice). If Borrower does not cure, Lender may declare the whole unpaid balance and accrued interest immediately due, and use any other remedy the law allows, including enforcing its rights in the Collateral as the law provides. Borrower will pay Lender's reasonable collection costs, including reasonable attorney fees, to the extent the law allows.

12. Guarantor (optional)

☐ Not used.

☐ [Guarantor's full name], of [address] ("Guarantor"), promises Lender that if Borrower fails to pay any amount when due under this Agreement, Guarantor will pay it on Lender's written demand. Lender does not have to pursue Borrower first. This promise continues until the Loan is paid in full.

Guarantor's signature: _____ Date: [date]

13. Notices

Notices must be in writing and sent by email with a copy by mail, or by hand, to:

- Lender: [email, address]
- Borrower: [email, address]

14. General Terms

Entire agreement. This Agreement and its attachments are the entire agreement between the parties about the Loan.

Amendments and waivers. Any change must be in writing and signed by both parties. If Lender accepts a late payment or delays using a right, it does not give up that right.

Assignment. Borrower may not transfer its obligations. Lender may assign its rights after giving Borrower written notice of where to send payments.

Governing law. This Agreement is governed by the laws of the State of [State].

Severability. If any part of this Agreement is found invalid, the rest stays in effect.

Counterparts and electronic signatures. The parties agree this agreement may be signed electronically and in counterparts, and an electronic signature has the same effect as a handwritten one.

Signatures

Lender

Signature: _____

Name: [full name]

Date: [date]

Borrower

Signature: _____

Name: [full name]

Date: [date]