

# Loan agreement template

This loan Agreement (“Agreement”) shall be executed as of date [DD/MM/YY] between

[NAME], [Address], hereinafter referred to as the Lender;

And

[NAME], [Address], hereinafter referred to as the Borrower

Collectively known as the “Parties.”

IN CONSIDERATION OF, the Lender loaning certain amounts to the Borrower and the Borrower agreeing to repay the amount to the Lender, both Parties agree to perform and fulfil the promises as outlined in this Agreement:

## 1. Loan amount

Whereas, the Lender has agreed to grant a loan of \$ [AMOUNT] ( the “Loan”) to the Borrower. And the Borrower accepts the loan and agrees to start repaying the principal amount, along with any accrued interest, to the Lender on [Date].

The staggered payments of \_\_\_\_\_ will be made once per month beginning on \_\_\_\_\_, 20\_\_\_\_ and payment is due on the \_\_\_ of every month for \_\_\_\_\_ months.

Payments made by the Borrower need to be applied first to the accrued interest and only then to the principal balance.

## 2. Interest

The Borrower agrees to pay the Lender an interest rate of \_\_\_\_\_% compounded annually, along with the principal and the penalty interest (if any).

## 3. Loan default

In case of default in payment of interest or principal duties by the Borrower, in addition to the principal and interest hereunder, the Borrower must pay a late fee of \_\_%. Additionally, the Borrower is liable to pay all other reasonable expenses incurred by the Lender in exercising their rights and remedies upon default.

## 4. Prepayment

The Borrower has the right to pay back the due principal, bank charges, and interest in full to the Lender at any time without incurring any penalties.

## 5. Loan intent

The Borrower confirms that they will utilize the loan discussed in this agreement only for the purpose of \_\_\_\_\_.

## **6. Acceleration**

Without any order or notice to a Borrower, all the duties and obligations of the Borrower to the Lender shall become due immediately and payable irrespective of any agreed maturity upon the occurrence of any of the following events:

- If any statements made in the Borrower's registration are considered incorrect.
- If the Borrower breaches any of the provisions set out in this Agreement.
- If the Borrower misses repaying any two installments of the loan amount on the due date.
- If the Borrower files for insolvency.

## **7. Subordination**

It is specifically understood and agreed by the Borrower that their duties under this Agreement are subordinated to all their outstanding indebtedness to unrelated third-party lenders.

## **8. Severability**

If any part of this Agreement is found to be invalid or unenforceable, in whole or in part, all other provisions shall continue to be valid and enforceable.

## **9. Waiver**

If either party fails to exercise their rights under this Agreement, it will not be considered as a waiver of any future exercise of that right or any other right, power, or privilege.

## **10. Entire Agreement**

Both the Borrower and Lender confirm that this Agreement is the entire contract between the Parties. If the Parties desire to add to or modify any terms within this Agreement, then they may do so with a written notice signed by both Parties.

## **11. Successors**

The terms of this Agreement shall be binding upon the Borrower and the Borrower's successors, heirs, and assigns. However, that Lender may only assign its rights or delegate its obligations related to this Agreement with written consent from the Borrower.

## **12. Notice**

Any notices related to this agreement will need to be shared in writing, signed by the sender's office, and sent via post to the latest available address of the recipient.

## **13. Governing law**

This Agreement shall be governed by the laws of [STATE NAME].

IN WITNESS WHEREOF, the Borrower agrees to all the terms of this Agreement as of [Date].

Borrower's Signature: \_\_\_\_\_

Lender's Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_