

## LOAN AGREEMENT BETWEEN FAMILY MEMBERS

This Loan Agreement ("Agreement") is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between:

### LENDER:

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

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

AND

### BORROWER:

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

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

(Hereinafter collectively referred to as the "Parties" and individually as a "Party").

### RECITALS

WHEREAS, the Lender desires to lend a certain sum of money to the Borrower; and

WHEREAS, the Borrower desires to borrow said sum of money from the Lender; and

**WHEREAS, the Parties wish to set forth the terms and conditions of such loan in writing to ensure clarity and avoid future misunderstandings.**

**NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows: I. LOAN AMOUNT**

The Lender hereby agrees to lend to the Borrower the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Principal Sum").

### II. INTEREST RATE

The Principal Sum shall bear interest at the rate of \_\_\_\_\_ percent (

\_\_\_\_\_ %) per annum, calculated on the outstanding balance.

### III. REPAYMENT TERMS

a. **Payment Schedule:** The Borrower shall repay the Principal Sum, together with accrued interest, in

\_\_\_\_\_ (e.g., monthly, quarterly, annual) installments of  
\_\_\_\_\_ Dollars (\$ \_\_\_\_\_) each.

b. **First Payment Due Date:** The first payment shall be due on the \_\_\_\_\_ day of  
\_\_\_\_\_, 20\_\_\_\_\_.

c. **Subsequent Payments:** Subsequent payments shall be due on the \_\_\_\_\_ day of each  
\_\_\_\_\_ (e.g., month, quarter, year) thereafter until the Principal Sum and all  
accrued interest are paid in full.

d. **Final Payment Due Date:** The entire outstanding balance of the Principal Sum and any accrued,  
unpaid interest shall be due and payable in full on the \_\_\_\_\_ day of \_\_\_\_\_, 20  
\_\_\_\_\_ (the "Maturity Date").

e. **Payment Method:** All payments shall be made by \_\_\_\_\_ (e.g., bank  
transfer, check, cash) to the Lender at the address specified above, or such other address as the Lender  
may designate in writing.

### IV. COLLATERAL

No Collateral. This loan is unsecured.

Collateral. To secure the repayment of the Principal Sum and interest, the Borrower hereby grants to  
the Lender a security interest in the following described property (the "Collateral"):

**Description of Collateral:** The Borrower represents and warrants that the Collateral is free and clear of  
all liens, encumbrances, and security interests, except for those disclosed to and approved by the Lender  
in writing. The Borrower agrees to maintain the Collateral in good condition and to keep it insured  
against loss or damage, with the Lender named as an additional insured.

### V. REPRESENTATIONS AND WARRANTIES

**The Borrower represents and warrants to the Lender that:** a. The Borrower has the legal capacity and  
authority to enter into this Agreement and to perform its obligations hereunder.

b. The execution and delivery of this Agreement and the performance of the Borrower's obligations  
hereunder do not violate any agreement or instrument to which the Borrower is a party or by which the  
Borrower is bound.

### VI. EVENTS OF DEFAULT

The occurrence of any of the following shall constitute an "Event of Default" under this Agreement:

a. Failure by the Borrower to make any payment of principal or interest when due under this Agreement.

- b. Failure by the Borrower to perform any other covenant, condition, or agreement contained in this Agreement.
- c. Any representation or warranty made by the Borrower in this Agreement proving to be false or misleading in any material respect.
- d. The death, insolvency, bankruptcy, or assignment for the benefit of creditors of the Borrower.
- e. If Collateral is provided, any act or omission by the Borrower that materially impairs the value or security of the Collateral.

## **VII. REMEDIES UPON DEFAULT**

Upon the occurrence of an Event of Default, the Lender may, at its option, declare the entire unpaid Principal Sum and all accrued, unpaid interest immediately due and payable without presentment, demand, protest, or notice of any kind. The Lender shall also have all other rights and remedies available at law or in equity.

## **VIII. PREPAYMENT**

The Borrower shall have the right to prepay the Principal Sum, in whole or in part, at any time without penalty. Any partial prepayment shall be applied first to accrued interest and then to the Principal Sum.

## **IX. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_, without regard to its conflict of laws principles.

## **X. NOTICES**

Any notice or communication required or permitted under this Agreement shall be in writing and shall be deemed effectively given upon personal delivery, or three (3) days after deposit in the United States mail, postage prepaid, addressed to the Party at the address set forth above, or to such other address as a Party may designate by written notice to the other Party.

## **XI. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior discussions, negotiations, and agreements, whether oral or written.

## **XII. AMENDMENTS**

No amendment, modification, or waiver of any provision of this Agreement shall be effective unless it is in writing and signed by both Parties.

## **XIII. WAIVER**

No waiver of any breach of any provision of this Agreement shall be deemed a waiver of any subsequent breach or of any other provision of this Agreement. Failure to enforce any provision of this Agreement shall not be construed as a waiver of such provision or of the right to enforce such provision.

**XIV. SEVERABILITY**

If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement, and the remaining provisions shall remain in full force and effect.

**XV. SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, successors, and permitted assigns. The Borrower may not assign its rights or delegate its obligations under this Agreement without the prior written consent of the Lender.

**XVI. HEADINGS**

The headings in this Agreement are for convenience only and shall not affect its interpretation.

**XVII. COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**XVIII. CONSTRUCTION**

The Parties acknowledge that they have had the opportunity to review and revise this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement as of the date first written above.

**LENDER**

**Signature:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

**Address:** \_\_\_\_\_

**BORROWER**

**Signature:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

**Address:** \_\_\_\_\_