

BUSINESS LOAN AGREEMENT

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This Business Loan Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[LENDER LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [LENDER ADDRESS] (the "**Lender**"); and

[BORROWER LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [BORROWER ADDRESS] (the "**Borrower**").

Lender and Borrower are each a "**Party**" and together the "**Parties**."

Recitals. Borrower has requested that Lender extend a term loan to fund Borrower's business operations, and Lender is willing to do so in reliance on Borrower's representations, covenants, and promise of repayment with interest on the terms below. In consideration of the mutual promises below, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows.

1. The Loan and Disbursement

1.1 Commitment. Subject to the terms of this Agreement, Lender agrees to lend to Borrower a term loan in the principal amount of [AMOUNT IN WORDS] ([**\$AMOUNT**]) (the "**Principal**"), to be advanced in [a single advance / [NUMBER] advances as described in Exhibit A].

1.2 Disbursement and conditions. Lender will disburse the Principal on [DISBURSEMENT DATE] by [METHOD] to [BORROWER ACCOUNT DETAILS], subject to: (a) execution of this Agreement and any guaranty and security documents; (b) the representations in Section 7 being true; and (c) no Event of Default having occurred and continuing.

1.3 Use of proceeds. Borrower will use the Principal solely for legitimate business purposes, specifically [PURPOSE, e.g. equipment, expansion, working capital], and not for personal, family, or household purposes or any unlawful purpose.

1.4 Origination fee. Borrower will pay Lender a one-time origination fee of [**\$AMOUNT or PERCENT% of Principal**], which is [deducted from the advance / payable on the Effective Date].

2. Interest and Fees

2.1 Interest rate. Interest accrues on the unpaid Principal at a [fixed / variable] annual rate of [RATE]% [or, for a variable rate, [INDEX] plus [MARGIN]%] (the "**Interest Rate**"), calculated on the basis of a [360-day / 365-day] year and actual days elapsed.

2.2 Maximum lawful rate. Notwithstanding anything to the contrary, the total interest and charges will never exceed the maximum rate permitted by applicable law, and any excess will be applied to Principal or refunded.

The Parties acknowledge that maximum lawful business-lending rates vary by jurisdiction.

2.3 **Default rate.** After an uncured Event of Default, interest accrues on all unpaid amounts at the lesser of **[DEFAULT RATE]**% per year or the maximum rate permitted by applicable law.

3. Repayment

3.1 **Amortization.** Borrower will repay the Loan in **[NUMBER]** consecutive **[monthly]** installments of **[\$INSTALLMENT]** of combined Principal and interest, beginning on **[FIRST PAYMENT DATE]**, with all remaining amounts due in full on **[MATURITY DATE]** (the "**Maturity Date**"). An amortization schedule may be attached as Exhibit B.

3.2 **Application of payments.** Lender will apply each payment first to accrued interest, then to fees and costs, and then to Principal, unless applicable law requires otherwise.

3.3 **Prepayment.** Borrower may prepay all or part of the Loan **[without penalty / subject to a prepayment fee of [AMOUNT/FORMULA]]**. Partial prepayments do not change the due date of remaining installments unless the Loan is paid in full.

3.4 **Late charge.** If any payment is more than **[NUMBER]** days late, Borrower will pay a late charge of **[PERCENT% of the overdue amount / \$AMOUNT]**, to the extent permitted by applicable law.

4. Collateral and Guaranty

4.1 **Security interest.** This Loan is **[unsecured / secured]**. If secured, Borrower grants Lender a security interest in the collateral described in **[Exhibit C / a separate Security Agreement]** (the "**Collateral**") to secure all obligations under this Agreement.

4.2 **Perfection.** Borrower authorizes Lender to file financing statements and take other actions reasonably necessary to perfect and maintain its security interest, and will execute any further documents Lender reasonably requests.

4.3 **Personal guaranty.** Repayment **[is / is not]** guaranteed by **[GUARANTOR NAME]** under a separate written guaranty. The guaranty is in addition to Lender's other rights and remedies.

5. Affirmative and Negative Covenants

5.1 **Financial reporting.** While any amount is outstanding, Borrower will deliver to Lender: (a) **[annual / quarterly]** financial statements within **[NUMBER]** days after each period; and (b) any other financial information Lender reasonably requests.

5.2 **Existence and compliance.** Borrower will maintain its legal existence and good standing, keep its required licenses and permits, and comply in all material respects with applicable laws.

5.3 **Insurance and taxes.** Borrower will maintain commercially reasonable insurance on its business and any Collateral and will pay its taxes and other obligations as they come due, except amounts contested in good faith.

5.4 **Negative covenants.** Without Lender's prior written consent, Borrower will not, while any amount is outstanding: (a) incur additional indebtedness senior to or pari passu with the Loan beyond **[THRESHOLD]**; (b) grant liens on the Collateral to others; (c) sell or transfer a material part of its assets outside the ordinary course; or (d) make distributions or loans to owners that would impair its ability to repay.

5.5 **Notice of material events.** Borrower will promptly notify Lender of any material adverse change in its business, any litigation that could materially affect repayment, and any event that, with notice or the passage of

time, would be an Event of Default.

6. Events of Default and Remedies

6.1 Events of default. Each of the following is an "Event of Default": (a) Borrower fails to pay any amount when due and does not cure within [NUMBER] days after notice; (b) Borrower breaches any covenant and does not cure within [NUMBER] days after notice; (c) any representation proves materially false when made; (d) Borrower becomes insolvent or is the subject of a bankruptcy or similar proceeding not dismissed within [NUMBER] days; or (e) any guaranty is repudiated or any security interest fails to remain enforceable.

6.2 Remedies. On an uncured Event of Default, Lender may declare the entire unpaid balance immediately due, exercise rights against the Collateral and any guarantor, and pursue any other remedy available at law or in equity. Remedies are cumulative and not exclusive.

6.3 Costs of enforcement. To the extent permitted by applicable law, Borrower will reimburse Lender's reasonable costs of collection and enforcement, including reasonable attorneys' fees and court costs.

7. Representations and Warranties

7.1 By Borrower. Borrower represents and warrants that: (a) it is duly organized, validly existing, and in good standing; (b) it has full power and authority to enter into and perform this Agreement; (c) this Agreement is a valid and binding obligation enforceable against it; (d) entering into this Agreement does not violate any law, organizational document, or other agreement binding on it; and (e) its financial statements provided to Lender fairly present its financial condition in all material respects.

7.2 By Lender. Lender represents that it has the authority to enter into this Agreement and make the Loan.

8. General Provisions

8.1 Governing law and venue. This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].

8.2 Joint and several liability. If more than one entity or person signs as Borrower, each is jointly and severally liable for all obligations.

8.3 Assignment. Lender may assign or participate the Loan without Borrower's consent. Borrower may not assign its obligations without Lender's prior written consent. This Agreement binds and benefits the Parties and their permitted successors and assigns.

8.4 Set-off. To the extent permitted by applicable law, Lender may set off any matured obligation owed by Borrower against any amount Lender owes Borrower.

8.5 Notices. Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

8.6 Entire agreement; amendment. This Agreement, together with its exhibits and related security and guaranty documents, is the entire agreement between the Parties on its subject and supersedes prior discussions. It may be amended only by a writing signed by both Parties.

8.7 Severability and waiver. If any provision is unenforceable, the rest remains in effect. Lender's failure or delay in exercising a right is not a waiver.

8.8 **Counterparts and electronic signature.** 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 WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

LENDER

BORROWER

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: **[TITLE]**

Title: **[TITLE]**

Date: _____

Date: _____

GUARANTOR (if any)

Signature: _____

Printed name: **[NAME]**

Title: **[TITLE / N/A]**

Date: _____

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