

# LOAN AGREEMENT

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

[LENDER LEGAL NAME], [a [STATE] [ENTITY TYPE] / an individual] with an address at [LENDER ADDRESS] (the "**Lender**"); and

[BORROWER LEGAL NAME], [a [STATE] [ENTITY TYPE] / an individual] with an address at [BORROWER ADDRESS] (the "**Borrower**").

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

**Recitals.** Borrower wishes to borrow, and Lender wishes to lend, a principal sum on the terms set out below. Lender is willing to advance the funds in reliance on Borrower's promises to repay with interest and to perform the other obligations in this Agreement. 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. Loan and Disbursement

**1.1 The loan.** Lender agrees to lend to Borrower the principal amount of [LOAN AMOUNT IN WORDS] (\$AMOUNT) (the "**Principal**"), and Borrower agrees to repay the Principal together with interest as provided in this Agreement.

**1.2 Disbursement.** Lender will disburse the Principal to Borrower in a single advance on [DISBURSEMENT DATE] by [METHOD, e.g. wire transfer, check, ACH] to [BORROWER ACCOUNT OR PAYEE DETAILS]. The "**Loan**" means the Principal once disbursed, together with accrued interest and any other amounts owed under this Agreement.

**1.3 Use of funds.** Borrower will use the Loan proceeds solely for [PURPOSE, e.g. working capital, equipment purchase, refinancing] and for no unlawful purpose. Misuse of proceeds in material breach of this Section is an Event of Default under Section 7.

**1.4 Conditions to disbursement.** Lender's obligation to disburse is subject to Borrower having executed this Agreement, delivered any required collateral documents or guaranties, and the representations in Section 8 being true as of the disbursement date.

## 2. Interest

**2.1 Interest rate.** Interest accrues on the unpaid Principal balance at a fixed annual rate of [RATE]% (the "**Interest Rate**"), calculated on the basis of a [360-day / 365-day] year and the actual number of days elapsed, beginning on the disbursement date.

**2.2 Usury savings.** Notwithstanding anything to the contrary, the interest and charges payable under this Agreement will never exceed the maximum rate permitted by applicable law. If any amount charged or collected would exceed that maximum, the excess will be applied to reduce Principal or, if Principal is paid in full, refunded to Borrower. The Parties acknowledge that maximum lawful rates and usury rules vary by jurisdiction and intend this Agreement to comply with them.

**2.3 Default interest.** From and after an Event of Default that remains uncured, interest accrues on all unpaid amounts at the lesser of **[DEFAULT RATE]**% per year or the maximum rate permitted by applicable law, until the default is cured or the Loan is paid in full.

### 3. Repayment

**3.1 Repayment schedule.** Borrower will repay the Loan in **[NUMBER]** consecutive **[monthly / quarterly]** installments of **[\$INSTALLMENT AMOUNT]** each, beginning on **[FIRST PAYMENT DATE]** and continuing on the **[DAY]** of each **[period]** thereafter, with the entire remaining balance of Principal and accrued interest due and payable in full on **[MATURITY DATE]** (the "**Maturity Date**"). A payment schedule may be attached as Exhibit A.

**3.2 Application of payments.** Unless required otherwise by applicable law, Lender will apply each payment first to accrued and unpaid interest, then to any fees and costs, and then to outstanding Principal.

**3.3 Method and place of payment.** Borrower will make all payments in **[CURRENCY]** to Lender by **[METHOD]** at the address in Section 11 or to such other place as Lender designates in writing. A payment is credited when actually received in immediately available funds.

**3.4 Prepayment.** Borrower may prepay the Loan in whole or in part at any time **[without penalty / subject to a prepayment fee of [AMOUNT/FORMULA]]**. Partial prepayments are applied to installments in **[inverse order of maturity / the order Lender selects]** and do not relieve Borrower of subsequent scheduled payments unless the Loan is paid in full.

**3.5 Late charge.** If any payment is not received within **[NUMBER, e.g. 10]** days after its due date, Borrower will pay a late charge of **[\$AMOUNT or PERCENT% of the overdue payment]**, to the extent permitted by applicable law, to compensate Lender for collection and administrative costs.

### 4. Security and Guaranty

**4.1 Secured or unsecured.** This Loan is **[unsecured / secured]**. If secured, Borrower grants Lender a security interest in the collateral described in **[the separate Security Agreement / Exhibit B]** (the "**Collateral**"), and the terms of that security document are incorporated by reference.

**4.2 Further assurances.** If the Loan is secured, Borrower will execute and deliver any financing statements and other documents Lender reasonably requests to create, perfect, and maintain its security interest, and authorizes Lender to file them as permitted by applicable law.

**4.3 Guaranty.** Repayment **[is / is not]** guaranteed by **[GUARANTOR NAME]** under a separate written guaranty. Any guaranty is in addition to, and not a limitation of, Borrower's obligations under this Agreement.

### 5. Borrower Covenants

**5.1 Payment and performance.** Borrower will pay all amounts when due and perform all obligations under this Agreement and any related security or guaranty documents.

**5.2 Maintenance of existence and compliance.** If Borrower is an entity, Borrower will maintain its legal existence and good standing and will comply in all material respects with laws applicable to it and to the use of the Loan proceeds.

**5.3 Information.** Borrower will provide Lender, on reasonable request, financial or other information reasonably necessary for Lender to assess Borrower's ability to repay, and will promptly notify Lender of any event that, with notice or lapse of time, would become an Event of Default.

**5.4 Preservation of collateral.** If the Loan is secured, Borrower will keep the Collateral free of other liens except as permitted in writing by Lender, maintain it in good condition, and not sell or transfer it outside the ordinary course without Lender's prior written consent.

## 6. Late Payment and Acceleration

**6.1 Grace period.** Borrower has a grace period of [NUMBER] days after a scheduled due date before the missed payment constitutes an Event of Default, without limiting the late charge under Section 3.5.

**6.2 Acceleration.** On an Event of Default that remains uncured beyond any applicable cure period, Lender may, by written notice to Borrower, declare the entire unpaid balance of Principal, accrued interest, and other amounts immediately due and payable, without further demand or notice except as required by applicable law.

## 7. Events of Default

**7.1 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 written notice; (b) Borrower breaches any other material obligation and does not cure within [NUMBER] days after written notice; (c) any representation by Borrower proves to have been materially false when made; (d) Borrower becomes insolvent, makes an assignment for the benefit of creditors, or is the subject of a bankruptcy or similar proceeding not dismissed within [NUMBER] days; or (e) if the Loan is secured, the Collateral is lost, sold, or materially impaired in violation of this Agreement.

**7.2 Remedies cumulative.** On an Event of Default, Lender may exercise any one or more remedies available at law or in equity, under this Agreement, or under any security or guaranty document, including acceleration and enforcement against the Collateral. The remedies are cumulative and not exclusive.

**7.3 Collection costs.** To the extent permitted by applicable law, Borrower will pay Lender's reasonable costs of collection and enforcement, including reasonable attorneys' fees and court costs, incurred after an Event of Default.

## 8. Representations and Warranties

**8.1 By Borrower.** Borrower represents and warrants that: (a) it has full power and authority to enter into and perform this Agreement; (b) this Agreement is a valid and binding obligation enforceable against it; (c) entering into this Agreement does not violate any law or other agreement binding on it; and (d) the information Borrower provided to Lender in connection with the Loan is true and complete in all material respects.

**8.2 By Lender.** Lender represents and warrants that it has full power and authority to enter into this Agreement and to make the Loan.

**8.3 No reliance on oral statements.** Each Party acknowledges that it has not relied on any representation not expressly set out in this Agreement.

## 9. General Provisions

**9.1 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].

**9.2 Joint and several liability.** If more than one person signs as Borrower, each is jointly and severally liable for all obligations under this Agreement.

**9.3 Assignment.** Lender may assign this Agreement and 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.

**9.4 Waiver of presentment.** To the extent permitted by applicable law, Borrower waives presentment, demand for payment, protest, and notice of dishonor, except for notices expressly required by this Agreement or by law.

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

**9.6 Entire agreement; amendment.** This Agreement, together with any security or guaranty documents and exhibits, 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.

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

**9.8 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 / N/A]

Title: [TITLE / N/A]

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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