

# PERSONAL LOAN AGREEMENT

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

[LENDER FULL NAME], an individual residing at [LENDER ADDRESS] (the "**Lender**"); and

[BORROWER FULL NAME], an individual residing at [BORROWER ADDRESS] (the "**Borrower**").

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

**Recitals.** Lender has agreed to lend a sum of money to Borrower as a personal loan, and Borrower has agreed to repay that sum with interest on the terms below. The Parties intend this Agreement to be a binding loan and not a gift. 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

1.1 **Principal.** Lender agrees to lend Borrower the sum of [AMOUNT IN WORDS] ([\$AMOUNT]) (the "**Principal**"), and Borrower agrees to repay it with interest as provided in this Agreement.

1.2 **Disbursement.** Lender will provide the Principal to Borrower on [DISBURSEMENT DATE] by [METHOD, e.g. check, bank transfer, cash]. The "**Loan**" means the Principal once provided, together with accrued interest and any other amounts owed under this Agreement.

1.3 **Not a gift.** The Parties confirm that the Loan is a loan that must be repaid, not a gift, advance against inheritance, or capital contribution, and that nothing about their personal relationship changes Borrower's obligation to repay.

## 2. Interest

2.1 **Interest rate.** Interest accrues on the unpaid Principal at a fixed annual rate of [RATE]% (the "**Interest Rate**"), beginning on the disbursement date. If the Parties intend a zero-interest loan, insert "0%" and note that zero-interest or below-market loans may have tax consequences the Parties should discuss with a tax advisor.

2.2 **Maximum lawful rate.** The Interest Rate and any charges under this Agreement will never exceed the maximum rate permitted by applicable law. Any excess will be applied to reduce Principal or refunded to Borrower. The Parties acknowledge that maximum lawful rates vary by jurisdiction.

2.3 **Default interest.** After an uncured Event of Default, interest accrues on 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 terms.** Borrower will repay the Loan as follows [choose one]: (a) in [NUMBER] equal [monthly] installments of [\$INSTALLMENT] beginning on [FIRST PAYMENT DATE]; or (b) in a single lump sum of all Principal and accrued interest on [MATURITY DATE] (the "Maturity Date").

**3.2 Application of payments.** Each payment is applied first to accrued interest, then to any fees, then to Principal, unless applicable law requires otherwise.

**3.3 Method of payment.** Borrower will pay Lender in [CURRENCY] by [METHOD] at the address in Section 9 or as Lender otherwise directs in writing. A payment is credited when actually received.

**3.4 Prepayment.** Borrower may prepay all or part of the Loan at any time without penalty. Prepayments are applied to Principal and reduce future interest accordingly. A partial prepayment does not excuse later scheduled payments unless the Loan is paid in full.

**3.5 Late payment.** If a payment is more than [NUMBER, e.g. 10] days late, Borrower will pay a late fee of [\$AMOUNT], to the extent permitted by applicable law.

## 4. Cosigner and Guaranty

**4.1 Cosigner.** This Loan [has / does not have] a cosigner. If a cosigner signs below, the cosigner is jointly and severally liable with Borrower for full repayment and waives any requirement that Lender first pursue Borrower.

**4.2 Security.** This Loan is [unsecured / secured by the property described in Exhibit A]. If secured, Borrower will not sell or encumber that property without Lender's written consent while any amount remains unpaid.

## 5. Default and Acceleration

**5.1 Events of default.** Each of the following is an "Event of Default": (a) Borrower fails to make a payment when due and does not cure within [NUMBER] days after written notice; (b) Borrower breaches another material term and does not cure within [NUMBER] days after written notice; or (c) Borrower becomes insolvent or is the subject of a bankruptcy or similar proceeding.

**5.2 Acceleration.** On an uncured Event of Default, Lender may declare the entire unpaid balance immediately due and payable by written notice to Borrower.

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

## 6. Representations

**6.1 By Borrower.** Borrower represents that Borrower has the legal capacity to enter into this Agreement, that the information Borrower gave Lender is true, and that this Agreement is a valid and binding obligation enforceable against Borrower.

**6.2 By Lender.** Lender represents that the funds being lent are Lender's to lend and that Lender has the capacity to enter into this Agreement.

**6.3 Independent decision.** Each Party confirms it enters into this Agreement voluntarily, with the opportunity to seek independent legal and tax advice.

## 7. Death or Incapacity

**7.1 Survival of obligation.** Borrower's obligation to repay survives and binds Borrower's estate, heirs, and personal representatives. The Loan does not automatically terminate or convert to a gift on the death or

incapacity of either Party unless the Parties agree otherwise in a signed writing.

**7.2 Forgiveness only in writing.** No forgiveness, reduction, or cancellation of the Loan is effective unless made in a writing signed by Lender. The Parties acknowledge that forgiveness of debt may have tax consequences.

## 8. Relationship of the Parties

**8.1 No effect on personal relationship.** This Agreement is a financial arrangement only and does not create any partnership, joint venture, or agency between the Parties.

**8.2 Good faith.** The Parties will communicate in good faith about any anticipated difficulty in making payments and will attempt to resolve concerns amicably before pursuing formal remedies.

## 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 courts located in **[COUNTY, STATE]**.

**9.2 Assignment.** Borrower may not assign its obligations. Lender may assign its rights on written notice to Borrower. This Agreement binds and benefits the Parties and their permitted successors, heirs, and assigns.

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

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

**9.5 Entire agreement; amendment.** This Agreement 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.

**9.6 Severability and waiver.** If any provision is unenforceable, the rest remains in effect. Lender's failure to enforce a provision is not a waiver.

**9.7 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: N/A

Title: N/A

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

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

### COSIGNER (if any)

Signature:

Printed name: [NAME]

Date:

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