Loan Agreement

1. Parties and effective date

1.1 **Date and Parties.** This Loan Agreement (the "Agreement") is made on **[Effective date: _____]** (the "Effective Date") between **[Lender's full legal name: _____]**, [Lender description: _____], whose mailing address is [Lender's mailing address: _____], telephone [Lender's telephone: _____] and email [Lender's email: _____] (the "Lender"), and **[Borrower's full legal name: _____]**, [Borrower description: _____], whose mailing address is [Borrower's mailing address: _____], telephone [Borrower's telephone: _____] and email [Borrower's email: _____] (the "Borrower"). Each is a "Party" and together they are the "Parties".

1.2 **Capacity.** Each Party who is an individual states that he or she is an adult and has the legal capacity to sign this Agreement. A person who signs for a company, trust or other organization states that he or she is authorized to bind it.

1.3 **Relationship.** The Parties are lender and borrower only. This Agreement does not make them partners, joint venturers, employer and employee, or owners of any business together. The Lender receives no share of profits and no ownership interest in return for the Loan.

1.4 **Changes of contact details.** A Party will notify the other Party in writing within 10 days after a change of name, mailing address, telephone number or email address.

2. Background and purpose of loan

2.1 **Request.** The Borrower has asked the Lender for a loan of money, and the Lender is willing to make it on the terms of this Agreement.

2.2 **Purpose.** The Borrower will use the Loan for this purpose: [Purpose of the loan: _____] (the "Purpose"). The primary nature of the Purpose is [Primary nature of the purpose: _____].

2.3 **A loan and not a gift.** The Parties intend to create a real debt. The Borrower promises to repay it in full, and the Lender expects to be repaid and intends to enforce this Agreement. No part of the Loan is a gift, a wage, a payment for goods or services, an inheritance advance or an investment. A family relationship or friendship between the Parties does not change this.

2.4 **Consideration.** The Lender's advance of the Loan and the Borrower's promise to repay it with any interest due are the consideration for this Agreement. Each Party accepts that consideration as sufficient.

3. Definitions

3.1 **Defined terms.** In this Agreement:

(a) "Business Day" means a day other than a Saturday, a Sunday or a federal legal holiday.

(b) "Collateral" means the property, if any, described in Schedule B, with its proceeds to the extent the law provides. If Schedule B states "none", there is no Collateral.

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(c) "Disbursement Date" means the day on which the Borrower receives the Loan.

(d) "Event of Default" has the meaning given in Section 20.

(e) "Guarantor" means the person, if any, named in Section 15 who signs a separate guaranty.

(f) "Installment" means a payment listed in Schedule A.

(g) "Interest Rate" means the yearly rate stated in Section 7.1.

(h) "Loan" means the principal sum advanced under Section 4.

(i) "Loan Documents" means this Agreement, its schedules, any Note, any guaranty and any other security document that the Parties sign for the Loan.

(j) "Maturity Date" means [Maturity date: _____], or an earlier date on which the whole Loan becomes due under this Agreement.

(k) "Note" means a promissory note signed under Section 13.

(l) "Outstanding Balance" means the unpaid principal, the interest that has accrued on it and is unpaid, and any other sum due under the Loan Documents.

(m) "Payment Date" means the date on which an Installment is due under Schedule A.

3.2 **Reading this Agreement.** Headings are for reference only. "Including" means "including without limitation". A reference to a law includes that law as amended. The schedules are part of this Agreement. If a schedule conflicts with a numbered section, the section controls, except for the dates and amounts stated in Schedule A.

4. Loan amount and disbursement

4.1 **Amount.** The Lender will lend the Borrower [Loan amount: _____] in United States dollars (the "Loan"). The Borrower accepts the Loan and promises to repay it under this Agreement.

4.2 **Disbursement.** When the conditions in Section 5 are met, the Lender will pay the Loan in one sum on or before [Latest disbursement date: _____] by [Disbursement method: _____] to [Recipient of the money: _____]. Payment to a third party named in this Section at the Borrower's request counts as payment to the Borrower.

4.3 **Full amount.** The Lender will pay the full Loan. The Lender will not deduct a fee, prepaid interest or any other charge from it. No origination, application, processing or broker fee is due to the Lender.

4.4 **Record of receipt.** Within 2 Business Days after the money arrives, the Borrower will confirm in writing the date and amount received. The transfer record is also evidence of disbursement. Interest and the duty to repay apply only to money that was in fact disbursed.

4.5 **Failed disbursement.** If the Loan is not disbursed by the date in Section 4.2 although every condition is met, the Borrower may cancel this Agreement by notice at any time before the money arrives. After cancellation neither Party owes the other anything under this Agreement.

4.6 **No further credit.** The Loan is a single advance. An amount that is repaid cannot be borrowed again. The Lender has no duty to make another loan, renew this one or extend the Maturity Date.

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5. Conditions to disbursement

5.1 **What the Lender must receive.** The Lender has no duty to disburse the Loan until the Lender has received:

(a) this Agreement and each completed schedule, signed by the Borrower;

(b) any Note and any guaranty that Sections 13 and 15 require, signed by the person who must sign it;

(c) a copy of a current government identification for each individual who signs, shown for the purpose of confirming identity and kept secure;

(d) if the Borrower is an organization, evidence that the person signing is authorized;

(e) if there is Collateral, proof that the Borrower owns it or will own it with the Loan, and proof of any insurance that Section 14.4 requires; and

(f) the Borrower's written payment instructions, confirmed by telephone at the number in Section 1.1.

5.2 **State of affairs.** On the Disbursement Date, the Borrower's statements in Section 16 must be true in all material respects, and no event may exist that would be an Event of Default with notice or the passage of time.

5.3 **Waiver.** The Lender may waive a condition in writing. Disbursing the Loan before a condition is met does not excuse the Borrower from meeting it within 10 days after the Lender asks in writing.

5.4 **End of the commitment.** If the conditions are not met by [Deadline to meet the conditions: _____], either Party may cancel this Agreement by notice before disbursement. The cancelling Party is not liable for doing so, but a Party whose breach caused the failure remains responsible for that breach.

6. Use of proceeds

6.1 **Permitted use.** The Borrower will use the Loan only for the Purpose. If some of the money is not needed for the Purpose, the Borrower may use that part to prepay the Loan under Section 11 or ask the Lender in writing to approve another use.

6.2 **Prohibited use.** The Borrower will not use the Loan for an unlawful activity, for gambling, to buy or carry publicly traded securities, or to make a payment that the law forbids.

6.3 **Evidence of use.** On the Lender's reasonable written request, made no more than once in any 6 months, the Borrower will give a receipt, invoice or similar record that shows how the Loan was used. The Borrower may remove personal details that are not needed.

6.4 **Change of purpose.** A change in the primary nature of the Purpose stated in Section 2.2 requires a signed amendment made before the money is used.

6.5 **No home or land security.** The Loan is not secured by a home, a mobile home used as a home, or land, and the Parties will not use this form to create such security.

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7. Interest and day count

7.1 **Rate.** Simple interest accrues on the unpaid principal at a fixed rate of [Yearly interest rate (number only): _____] percent per year (the "Interest Rate"), from the Disbursement Date until the principal is paid in full. If the rate stated is zero, the Loan bears no interest.

7.2 **Daily count.** Interest is calculated each day on the unpaid principal at the end of that day. The yearly amount is divided by 365, or by 366 in a leap year, and multiplied by the actual number of days. The day a payment is received is not counted as a day on which the principal paid that day was unpaid.

7.3 **No compounding.** Unpaid interest is not added to principal and does not itself bear interest, unless a law requires interest on a court judgment.

7.4 **Same rate after default.** The Interest Rate does not increase after an Event of Default, acceleration or the Maturity Date. After a court judgment, interest accrues at the rate the law sets for that judgment.

7.5 **Federal rate check.** The Parties record that the applicable federal rate they compared with the Interest Rate is [AFR compared with the rate: _____]. This statement is a record only. It does not change the Interest Rate.

7.6 **State limit check.** The Parties have compared the Interest Rate and every charge that counts as interest with the limit of the state that governs this Agreement. The Lender will not charge more than that limit.

7.7 **Estimates.** Any total of interest in Schedule A assumes that each Installment is paid on its Payment Date. Earlier payment lowers the interest, and later payment raises it. The final Installment adjusts for the difference.

8. Usury savings

8.1 **Limit.** The Parties intend to comply with every law that limits interest. The Borrower never has to pay interest, or a charge the law treats as interest, above the highest lawful amount (the "Legal Limit").

8.2 **Reduction.** If a term of the Loan Documents would require more than the Legal Limit, that term is reduced to the Legal Limit from the first day it would have applied, without any action by a Party.

8.3 **Refund.** If the Lender has received more than the Legal Limit, the Lender will apply the excess to principal on the day it is discovered. If the excess is greater than the principal, the Lender will refund the difference within 10 days. The Lender will give a written account of the correction.

8.4 **Acceleration and prepayment.** When the Loan is accelerated or prepaid, the Lender may collect only interest earned to the date of payment. The Lender will not collect unearned interest.

8.5 **Rights kept.** This Section shows the Parties' intention and does not limit a right, penalty or remedy that the law gives the Borrower and does not allow the Borrower to waive.

9. Repayment schedule

9.1 **Promise to pay.** The Borrower promises to pay the Lender the principal of the Loan, interest at the Interest Rate and any other sum due under this Agreement, in United States dollars.

9.2 **Installments.** The Borrower will pay the Installments stated in Schedule A on their Payment Dates.

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The structure of repayment is: [Repayment structure: _____].

9.3 **Maturity.** On the Maturity Date the Borrower will pay the whole Outstanding Balance, even if it is more or less than the final Installment estimated in Schedule A. The Lender will state the exact final amount, with its calculation, at least 10 days before the Maturity Date. A late statement does not cancel the debt, but no late charge accrues on any amount that differs from the estimate until 10 days after the statement is given.

9.4 **Balloon payment.** If Schedule A makes the final Installment more than twice a regular Installment, the Borrower understands that the Lender does not have to refinance it.

9.5 **Duty independent of other dealings.** The Borrower will pay without reducing an Installment because of an unrelated claim against the Lender. This does not limit a defense, counterclaim, recoupment or setoff that the law does not allow the Borrower to waive, or one that arises from the Lender's breach of the Loan Documents.

9.6 **Payment by others.** A payment made by another person for the Borrower reduces the debt when the Lender receives it. It does not make that person a Party.

10. Payment method, application and business days

10.1 **Method.** The Borrower will pay by [Payment method: _____], using the payee details that the Lender gives in writing. The Lender will accept another traceable method that causes the Lender no extra cost. The Borrower will not be required to use preauthorized electronic transfers.

10.2 **When a payment counts.** A payment counts on the day it is received in good funds at the stated account or address. If a payment is returned unpaid, it is treated as not made, and the Lender will tell the Borrower promptly.

10.3 **Business days.** If a Payment Date is not a Business Day, the payment is due on the next Business Day and is on time if received then. Interest accrues for the extra days, but no late charge applies because of them.

10.4 **Application.** The Lender will apply each payment first to accrued interest, next to principal that is due, next to any valid late charge, and last to other sums due. While the Loan is not in default, the Borrower may direct any extra amount to principal.

10.5 **Receipts and statements.** The Lender will keep an accurate record of payments and give a receipt for cash. Within 10 days after a written request, the Lender will give a statement of the principal, interest, payments and charges. One statement in each calendar quarter is free.

10.6 **Disputed amounts.** A Party who believes the record is wrong will give notice with reasons. The other Party will answer within 10 Business Days. The Borrower will pay the undisputed part while the question is open.

10.7 **Payment disruption.** If a disaster, a failure of a bank or payment network, or a government order beyond the Borrower's control prevents transfer of money that the Borrower has available, the Payment Date moves to the third Business Day after the disruption ends. The Borrower will give notice promptly and try another lawful method. Lack of money is not a disruption. Interest accrues during the extension, but no late charge applies and no Event of Default occurs because of it.

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10.8 **Changes to payment instructions.** A change to the account for payments takes effect only after written notice and confirmation by a call to a telephone number already known to the Borrower. A payment made under instructions that meet this rule counts even if the Lender later withdraws them.

11. Prepayment

11.1 **Right to prepay.** The Borrower may prepay all or part of the Loan at any time without a penalty, premium or fee. Interest stops on the principal that is prepaid.

11.2 **Partial prepayment.** The Borrower will identify a partial prepayment as principal. It is applied to principal after accrued interest. It reduces the last Installments first and does not postpone the next one, unless the Parties sign a new Schedule A.

11.3 **Payoff statement.** Within 5 Business Days after a request, the Lender will state in writing the amount needed to pay the Loan in full on a given date, and the daily interest after that date. The Borrower may rely on it until that date unless a payment is later returned unpaid or the statement contains an obvious arithmetic error that the Lender corrects before payment.

11.4 **After full payment.** Within 10 Business Days after full payment, the Lender will confirm in writing that the debt is paid, mark any Note "paid in full" and return it, return any Collateral the Lender holds, and file or deliver the releases needed to end any security interest. A shorter period required by law applies instead.

12. Late charge

12.1 **Charge.** If an Installment is not paid in full within [Days before a late charge or default notice: _____] days after its Payment Date, the Lender may charge [Late charge: _____] or the highest amount the law allows, whichever is less. No charge is due if the law does not allow one.

12.2 **Once for each Installment.** Only one late charge applies to an Installment, however long it remains unpaid. A late charge does not bear interest and is not added to principal.

12.3 **No pyramiding.** If the Borrower pays an Installment in full and on time, the Lender will not charge a late charge on it because an earlier late charge is unpaid. A payment will not be treated as short only because of an unpaid late charge.

12.4 **No charge after acceleration.** No late charge applies to the accelerated balance, or to a payment refused or delayed by the Lender without a lawful reason.

12.5 **Purpose and notice.** The charge is meant as a fair estimate of the cost of handling a late payment. The Lender will give notice of it within 30 days after it is imposed. The charge does not extend a Payment Date or prevent another remedy.

13. Promissory note and evidence of debt

13.1 **Evidence of debt.** This Agreement, the transfer record and the payment log in Schedule C are evidence of the Loan. The Lender's record is presumed correct unless the other Party shows an error, but an entry or a missing entry does not change what is in fact owed.

13.2 **Optional Note.** A separate promissory note is: [Separate promissory note: _____]. If it

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is required, the Borrower will sign one paper original in the form in Schedule C at the same time as this Agreement.

13.3 **One debt.** A Note is evidence of the same Loan. Payment under either document reduces both. The Lender may not collect the same sum twice. If the Note and this Agreement conflict, this Agreement controls.

13.4 **Not for circulation.** The Parties do not intend the Note to be a negotiable instrument. The Lender may transfer it only together with the Loan under Section 27.

13.5 **Lost Note.** If the Note is lost, stolen or destroyed, the Lender will give a signed statement of the facts. The Borrower will sign a replacement marked as such if the Lender agrees in writing to protect the Borrower from a claim by someone holding the original.

14. Optional security and collateral

14.1 **Whether the Loan is secured.** The Loan is [Secured or unsecured: _____]. If it is unsecured, the rest of this Section, Section 21.4 and Schedule B do not apply.

14.2 **Grant.** If the Loan is secured, the Borrower grants the Lender a security interest in the Collateral described in Schedule B and its proceeds, to secure payment and performance of the Loan Documents. The grant secures no other debt. It takes effect when the Lender gives value and the Borrower has rights in the Collateral.

14.3 **Perfection.** The Borrower authorizes the Lender to file a financing statement that describes only the Collateral, and will sign any paper needed to note the interest on a certificate of title. The Lender pays filing costs unless Schedule B states otherwise and the law allows it.

14.4 **Care and insurance.** The Borrower will keep the Collateral in good repair, pay taxes on it, and keep it at the place in Schedule B, except for ordinary use and repair. The Borrower will insure it as Schedule B states. The Borrower may choose any insurer that can lawfully provide the cover. Insurance proceeds will repair or replace the Collateral, or reduce the Loan if repair is not practical.

14.5 **No sale or other lien.** The Borrower will not sell, give away or further encumber the Collateral without the Lender's written consent, which the Lender will not unreasonably withhold. A lien that arises by law and is paid when due is allowed.

14.6 **Failure to protect.** If the Borrower does not insure or protect the Collateral within 10 days after notice, the Lender may pay the reasonable cost to the extent the law allows. The Borrower will repay that cost within 30 days after a written account.

14.7 **Excluded property.** Collateral does not include a home, land, wages, retirement accounts or benefits that the law protects. It does not include household goods unless the Loan is used to buy them and the law allows a purchase-money security interest, or the Lender lawfully holds them in possession. It includes no property that the Borrower acquires later unless Schedule B describes it and the law allows it.

14.8 **Release.** The security interest ends when the Outstanding Balance is paid. The Lender will then act under Section 11.4.

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15. Optional guarantor or cosigner

15.1 **Guarantor.** The Guarantor is: [Guarantor name, or none: _____]. If "none" is stated, no guaranty is required and the rest of this Section does not apply.

15.2 **Separate guaranty.** The Guarantor will sign a separate written guaranty before disbursement. It must state the Loan amount, the limit of the Guarantor's liability, when the Lender may demand payment and how the Guarantor will receive notice. A signature on this Agreement as a witness does not make anyone a Guarantor.

15.3 **Notice before signing.** The Lender will give the Guarantor a copy of the Loan Documents. If a law requires a notice to a cosigner, the Lender will give the exact notice as a separate document before the Guarantor becomes obligated, and will keep a signed receipt.

15.4 **Spouse.** The Lender will not require the Borrower's spouse to sign a Loan Document if the Borrower qualifies alone for the Loan, unless the law allows that requirement.

15.5 **Information to the Guarantor.** The Lender will send the Guarantor a copy of each default notice at the same time as the Borrower. The Guarantor has the same time to cure. The Lender will not increase the amount guaranteed without the Guarantor's signed consent.

15.6 **Recovery from the Borrower.** A Guarantor who pays the Loan keeps the rights of reimbursement and subrogation that the law gives. A guaranty ends when the Outstanding Balance is paid.

16. Borrower representations

16.1 **Statements.** The Borrower states to the Lender on the Effective Date and the Disbursement Date that:

(a) the Borrower has power to sign and perform the Loan Documents, and they bind the Borrower when signed;

(b) signing and performing them does not break a law, court order or agreement that binds the Borrower;

(c) the written information given to the Lender about identity, income, debts and the Purpose was true in all material respects when given, and no material fact that would make it misleading was left out;

(d) the Borrower has told the Lender of every lawsuit, judgment, tax lien or bankruptcy case that could materially affect repayment, except as stated here: [Lawsuits, liens or other disclosures: _____];

(e) the Borrower reasonably expects to be able to make the payments in Schedule A when due; and

(f) the Borrower's status as a member of the armed forces on active duty, or a spouse or dependent of one, is: [Borrower's military status: _____].

16.2 **Organization.** If the Borrower is an organization, it also states that it is validly formed, is in good standing where the law requires, and has approved the Loan.

16.3 **Own advice.** The Borrower has had time to read the Loan Documents and to ask for independent legal and tax advice. The Borrower signs freely.

16.4 **Corrections.** The Borrower will tell the Lender promptly if a statement in this Section becomes

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untrue before disbursement.

17. Lender representations

17.1 **Statements.** The Lender states to the Borrower on the Effective Date and the Disbursement Date that:

(a) the Lender has power to sign and perform the Loan Documents, and they bind the Lender when signed;

(b) the Loan is made with money that the Lender may lawfully use, and the Lender acts for itself and not as an undisclosed agent;

(c) making the Loan does not break a law, court order or agreement that binds the Lender; and

(d) the Lender does not regularly extend consumer credit, is not in the business of lending to consumers, and either holds every license needed to make the Loan or is not required to hold one.

17.2 **No false pressure.** The Lender has not told the Borrower that the Loan depends on buying goods, services or insurance from the Lender.

17.3 **Private information.** The Lender will use the Borrower's financial and personal information only to make, manage, transfer or enforce the Loan, to prepare tax returns, or as the law requires. The Lender will take reasonable care to keep it secure and will destroy it safely when it is no longer needed.

17.4 **Truthful reporting.** The Lender will not report a payment or a default to anyone in a way the Lender knows to be false or misleading.

18. Borrower covenants and information

18.1 **Ongoing promises.** Until the Outstanding Balance is paid, the Borrower will:

(a) comply with the laws that apply to the Borrower where a breach could materially affect repayment;

(b) pay taxes when due, except taxes disputed in good faith;

(c) keep records of the Loan, its use and each payment; and

(d) if the Borrower is an organization, keep its existence and the permits that its business needs.

18.2 **Early warning.** The Borrower will give notice within 10 days after learning of an Event of Default, a loss of the main source of repayment, a lawsuit or lien that could materially affect repayment, or serious damage to Collateral.

18.3 **Financial information.** No more than once in any 12 months, or after a missed Installment, the Lender may ask for a brief statement of the Borrower's income and debts. The Borrower will give it within 15 days. The Lender may not require access to online accounts, passwords or health information.

18.4 **No payment ahead by transfer.** The Borrower will not transfer assets for less than fair value with intent to prevent the Lender from being paid. Ordinary gifts and family support that do not affect repayment are allowed.

18.5 **Inspection of Collateral.** The Lender may inspect Collateral at a reasonable time after at least 3 Business Days' notice. The Borrower's consent is needed to enter a home, unless a court orders otherwise.

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19. Servicemember protections

19.1 **Rights kept.** Nothing in the Loan Documents waives or limits a right under the Servicemembers Civil Relief Act, the Military Lending Act or a similar state law.

19.2 **Debt from before service.** If the Borrower enters military service after taking the Loan and gives the written notice and orders that the law calls for, the Lender will limit interest to 6 percent per year, or any lower agreed rate, for the period the law sets. The Lender will adjust the payments and charges as the law requires. The Borrower may give the notice by email or mail, and the Lender will confirm the change within 10 Business Days.

19.3 **Covered consumer credit.** If the Borrower is a covered member or dependent and the Lender is a covered creditor, the Parties will not use this form unless every requirement of the Military Lending Act is met first. The annual percentage rate may never exceed 36 percent for such credit, counted as that law requires.

19.4 **No penalty.** The Lender will not treat a lawful request for protection as an Event of Default or use it as the reason to refuse a payment, accelerate the Loan or make a negative report.

19.5 **Legal process.** The Lender will follow the court and affidavit requirements that protect servicemembers before seeking a default judgment or taking property that the law protects.

20. Events of default, notice and cure

20.1 **Events of Default.** Each of these is an "Event of Default" if it continues after the notice and cure period in this Section:

(a) the Borrower does not pay an Installment or other sum when due;

(b) the Borrower breaks another material promise in the Loan Documents;

(c) a statement by the Borrower in the Loan Documents was materially false when made and the Lender was harmed by it;

(d) the Borrower sells, hides or materially damages Collateral in breach of Section 14, or a required insurance policy ends without replacement;

(e) a Guarantor ends or denies a required guaranty without the Lender's consent, and no acceptable replacement is given; or

(f) to the extent the law allows, the Borrower makes a general assignment for creditors, or a receiver takes control of substantially all the Borrower's property and is not removed within 60 days.

20.2 **Payment default.** If an Installment is unpaid [Days before a late charge or default notice: _____] days after its Payment Date, the Lender may give notice. The Borrower may cure by paying the overdue amount and any lawful late charge within [Days to cure a missed payment: _____] days after the notice is received. Failure to pay a late charge alone is not a ground for acceleration.

20.3 **Other default.** The Borrower may cure another breach within [Days to cure another breach: _____] days after notice is received. If the breach cannot be cured in that time and the Borrower has started and continues a reasonable effort, the period extends for up to 30 more days. A

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breach that cannot be cured at all has no cure period, but the Lender must still give notice.

20.4 **Contents of notice.** A notice must state the breach, the amount or action needed to cure it, the last day to cure, the address for payment and the consequence of not curing. If it demands money, it must show principal, interest and charges separately.

20.5 **Effect of cure.** After a timely cure the Loan continues as if the breach had not occurred, except for a lawful late charge. The Lender must accept a timely cure.

20.6 **Bankruptcy and longer legal periods.** The filing of a bankruptcy case does not cause acceleration where the law does not allow it. If the law gives the Borrower a longer cure period or a different notice, that law controls.

20.7 **Lender default.** If the Lender breaks a promise, the Borrower may give notice. The Lender will cure within 10 Business Days. The Borrower may then use any remedy the law provides.

21. Acceleration and remedies

21.1 **Acceleration.** While an Event of Default continues, the Lender may by a second written notice declare the whole unpaid principal and accrued interest due on a date at least 10 days after that notice is received. No acceleration is automatic.

21.2 **Right to reinstate.** Until the date stated in the second notice, the Borrower may stop acceleration by paying every overdue Installment, lawful late charges and reasonable collection costs then due, and curing every other breach that can be cured.

21.3 **Court action.** If the balance is not paid, the Lender may bring a claim in court for the Outstanding Balance and use any other lawful remedy. The Lender must act in good faith and take reasonable steps to limit loss.

21.4 **Collateral.** If the Loan is secured, the Lender has the rights of a secured party under the Uniform Commercial Code of the state whose law applies. The Lender:

(a) may take possession without a court order only if the law allows it and it can be done without a breach of the peace, and may otherwise use court process;

(b) will not enter a home without consent or a court order, and will return personal items found in the Collateral;

(c) will give each notice of sale or other disposition that the law requires, in the form and time the law requires;

(d) will make every part of a sale commercially reasonable; and

(e) will apply the proceeds in the order the law requires, pay any surplus to the person entitled to it and give any written account that the law requires.

21.5 **Shortfall.** The Borrower remains liable for a shortfall only to the extent the law allows after the sale and notices.

21.6 **Terms that are not in this Agreement.** The Borrower does not confess judgment, give a power to confess judgment, or give up notice and a hearing in a lawsuit. The Borrower does not assign wages, and does not waive an exemption that protects property from creditors. No term of the Loan Documents has

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that effect.

21.7 **Formal steps excused.** To the extent the law allows, the Borrower waives presentment, protest and notice of dishonor for any Note. This does not waive a notice, cure period or hearing that this Agreement or the law requires.

21.8 **No threats.** The Lender will not harass the Borrower, threaten action the Lender cannot lawfully take, or discuss the debt with people who have no legal reason to know of it.

21.9 **Limit on damages.** Neither Party is liable to the other for lost profits or other indirect loss under the Loan Documents that could not reasonably be foreseen. This does not reduce the Outstanding Balance, liability for fraud or willful misconduct, or any damages, penalty or remedy that the law does not allow the Parties to limit.

22. Costs of collection and attorney fees

22.1 **Prevailing Party.** In a court case to enforce or interpret the Loan Documents, the prevailing Party may recover reasonable attorney fees, court costs and necessary expenses from the other Party, to the extent the law allows. The court decides who prevailed and what is reasonable.

22.2 **Costs before a court case.** After an Event of Default and the end of the cure period, the Borrower will repay reasonable out-of-pocket costs that the Lender actually pays to a third party to collect the Loan, to the extent the law allows. The Lender will give receipts. The Lender may not charge for its own time.

22.3 **No double recovery.** A cost may be recovered only once. Costs do not include a percentage fee that is not tied to the work done, or a cost caused by the Lender's breach.

22.4 **Consumer limits.** If the law bars or limits attorney fees or collection costs for a loan of this kind, that law controls.

23. Forbearance, modification and forgiveness

23.1 **Request for relief.** The Borrower may ask for a temporary delay or lower payment by explaining the need and proposing a date to resume. The Lender will answer within 10 Business Days. The Lender does not have to agree.

23.2 **Forbearance.** A delay is binding only if a written record, signed or sent by the Lender from the email in Section 1.1, states the payments affected, the new dates, whether interest continues and whether a late charge applies. It covers only the payments stated.

23.3 **Modification.** A change to the Interest Rate, amount, Maturity Date, security or number of Installments needs an amendment under Section 32. It must state the principal then unpaid. The Parties will check the tax and lending rules again before they sign it.

23.4 **Forgiveness.** Any part of the debt is forgiven only by a writing signed by the Lender that states the principal and interest forgiven and the date. Silence, delay or acceptance of a lower payment does not forgive the rest. Nothing in this Agreement requires or plans a future forgiveness.

23.5 **Accord.** Words on a check or transfer such as "paid in full" do not settle a disputed debt unless the law gives them that effect. A Party may settle a dispute by a separate signed writing.

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23.6 **Effect on a Guarantor.** The Lender will tell any Guarantor of a change under this Section and obtain consent where the law or the guaranty requires it.

24. Death, incapacity or sale of business

24.1 **Death of the Borrower.** If the Borrower dies, the Outstanding Balance is a debt of the Borrower's estate to the extent the law allows. Death alone is not an Event of Default. The Lender will not give a default notice for an Installment that falls due in the 60 days after death if the estate pays it within that period.

24.2 **Death of the Lender.** If the Lender dies, the Borrower will pay the Lender's personal representative or the person the law names after receiving proof of authority. Until then, the Borrower may hold the Installments in a separate account without a late charge or default.

24.3 **Incapacity.** If a Party cannot manage financial affairs, an agent under a valid power of attorney, a guardian or a conservator may act after giving proof of authority. Notices will also be sent to that person.

24.4 **Family.** A spouse, child or relative of the Borrower does not owe the debt only because of the relationship. This does not limit a law that makes a person or property liable.

24.5 **Sale of business.** If the Borrower is an organization, it will give 30 days' notice before it dissolves, sells substantially all its assets or transfers control. Unless the buyer assumes the Loan with the Lender's written consent, the Lender may require full payment at the closing of that transaction.

24.6 **No change by divorce.** A divorce or separation between a Party and another person does not change who owes or receives the Loan, unless a court order or signed amendment says so.

25. Taxes and records

25.1 **Own taxes.** Each Party is responsible for its own income, gift and other taxes. The Lender will report interest received, and the Borrower will take only a deduction the law allows.

25.2 **Tax information.** On request, each Party will give the other the taxpayer information needed for a return or form that the law requires. The Parties will send that information by a secure method and will not put it in this Agreement.

25.3 **Yearly record.** By January 31 each year, the Lender will give the Borrower a written total of principal and interest received in the previous calendar year and the unpaid principal at year end.

25.4 **Consistent treatment.** The Parties will treat the Loan as debt for tax purposes unless the law requires otherwise. They will not describe a payment as interest to one person and principal to another.

25.5 **Transaction taxes.** A documentary, stamp or similar tax on the Loan Documents will be paid by [Who pays any transaction tax: _____], unless the law requires another person to pay it. The Lender will pay tax on the Lender's income.

25.6 **If the debt becomes worthless.** The Lender will keep the signed Loan Documents, transfer records, notices and collection records. Nothing in this Agreement promises a tax result to a Party.

25.7 **Keeping records.** Each Party will keep a signed copy of the Loan Documents and payment records for at least [Years to keep records: _____] years after the Loan is paid, or longer if the law requires.

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26. Indemnity

26.1 **By the Borrower.** The Borrower will pay the reasonable loss and cost that the Lender suffers from a third-party claim to the extent the claim arises from the Borrower's unlawful use of the Loan, use of Collateral or false statement in Section 16.

26.2 **By the Lender.** The Lender will pay the reasonable loss and cost that the Borrower suffers from a third-party claim to the extent the claim arises from the Lender's false statement in Section 17, wrongful transfer of the Loan or unlawful act in collecting it.

26.3 **Procedure.** The Party seeking payment will give prompt notice, let the other Party control the defense with suitable counsel, cooperate at the other Party's cost and not settle without consent. Delay reduces the duty only to the extent it causes harm. The other Party will not accept a settlement that admits fault by the protected Party without consent.

26.4 **Limits.** No Party is protected from its own negligence, willful misconduct or violation of law. This Section does not apply to a claim between the Parties or to a dispute about whether the Loan is due. A consumer Borrower owes no indemnity that the law does not allow.

27. Assignment and successors

27.1 **Borrower.** The Borrower may not transfer its duties without the Lender's signed consent.

27.2 **Lender.** The Lender may transfer the whole Loan, with all Loan Documents, to one person at a time after 15 days' notice to the Borrower. The transfer may not increase the Borrower's duties or the cost of performing them. A buyer of the Loan takes it subject to the Borrower's claims and defenses to the extent the law provides, and no Loan Document removes them.

27.3 **Whom to pay.** The Borrower may pay the old Lender until the Borrower receives a notice that identifies the new Lender and states where to pay. On request, the new Lender will give reasonable proof of the transfer. A payment made before that proof is given counts if it was made to the old Lender.

27.4 **Collectors.** A person who collects for the Lender must follow the laws on debt collection. The Lender will collect in its own name and will not use a name that suggests a third party is collecting.

27.5 **Successors.** The Loan Documents bind and benefit the Parties and their heirs, personal representatives, lawful successors and permitted assigns. No other person has rights under them, except a Guarantor's rights in its guaranty.

28. Notices

28.1 **Form.** A notice must be in writing and sent to the address or email in Section 1.1, or to a later address given under this Section.

28.2 **Routine notices.** A request, statement or receipt may be sent by email. It is received on the next Business Day after sending unless the sender learns that it was not delivered.

28.3 **Formal notices.** A notice of default, acceleration, transfer or dispute must be delivered by hand, a nationally recognized courier or certified mail with tracking, with a copy by email. It is received on delivery or on the first documented attempt at the correct address.

28.4 **Legal requirements.** A notice that a law requires must also meet that law's form, time and delivery

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rules. Email alone is enough only if the law and this Agreement allow it.

28.5 **Copies.** A copy of a formal notice to the Borrower will be sent to any Guarantor. A copy for a Party's attorney does not count as notice to that Party.

29. Dispute resolution, governing law and venue

29.1 **Talks.** A Party with a dispute will give notice stating the facts and proposed solution. The Parties will try in good faith to resolve it within 20 days. If both agree in writing, they may use a mediator and share the mediator's fee equally.

29.2 **Exceptions.** The talks do not delay a lawful payment, a claim that would be lost by time, a request for urgent court relief or a claim in small claims court.

29.3 **Governing law.** The law of [Governing state: _____] governs the Loan Documents, without its conflict-of-law rules, except where federal law applies. This choice does not take away a protection that the law of the Borrower's home state gives a consumer and does not allow to be waived.

29.4 **Place.** A claim will be brought in a state court in [City or county for court claims: _____] with power to hear it, or a federal court there if it has jurisdiction. If the Borrower is a consumer and a law gives the Borrower a different place or bars this choice, that law controls.

29.5 **Court rights.** This Agreement does not require arbitration, waive a jury trial, waive a class remedy or shorten the time to bring a claim.

29.6 **Continued performance.** While a dispute is pending, the Borrower will pay undisputed amounts and the Lender will accept them without loss of either Party's rights.

30. Compliance with lending law

30.1 **Intended use of the form.** The Parties will use this Agreement only for a single private loan that is unsecured or secured by personal property. It is not for a regular lending business, a home loan, a private education loan made by a regular lender, a credit card or open-end credit.

30.2 **If a lending law applies.** If the Truth in Lending Act, a state licensing or consumer loan law, or another law applies to the Loan, the Lender will follow it. The Lender will give every required disclosure and notice in the required form and time before the Borrower is bound. A disclosure given later does not excuse a late one.

30.3 **Fair treatment.** The Lender will not discriminate against the Borrower in any part of the Loan on a ground the law forbids.

30.4 **No waiver of protection.** If a law protects the Borrower despite the Parties' agreement, that law controls. A statement by the Borrower in the Loan Documents does not prevent the Borrower from showing the true facts.

30.5 **Correction.** A Party who finds that a required notice, license or term was missing will tell the other promptly. The Parties will correct it as the law allows. The Lender will not enforce a term that the law makes unenforceable.

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31. Waiver and cumulative remedies

31.1 **Waiver in writing.** A Party waives a right only by a signed writing that identifies it. A waiver applies to the event stated and not to a later event. A forbearance under Section 23.2 is valid for the payments it covers.

31.2 **Late acceptance.** Acceptance of a late or partial payment does not by itself change a later Payment Date or cure the rest of a default. After the Lender has repeatedly accepted late payment, the Lender will give 10 days' notice before again insisting on the exact dates.

31.3 **Remedies together.** Remedies in the Loan Documents and under law may be used together or in turn, but no loss may be recovered twice.

31.4 **Legal limits.** No Party gives up a right that the law does not allow that Party to give up in advance.

32. Amendment

32.1 **Signed writing.** An amendment must be in writing, identify this Agreement, state the changed term and its effective date, and be signed by the Lender and the Borrower. A change that affects a Guarantor or Collateral must also be signed by the person whose rights it changes, where the law requires it.

32.2 **Messages.** A text, email or conversation does not amend this Agreement unless it meets Section 32.1. A temporary delay may be recorded under Section 23.2.

32.3 **Consideration.** An amendment must state what each Party gives for it, if the law requires new consideration.

32.4 **Rest unchanged.** Terms that are not amended continue. If payments change, the Parties will replace Schedule A and mark the earlier version as replaced.

33. Severability

33.1 **Invalid term.** If a court finds a term invalid or unenforceable, it will be limited to the extent needed, and the remaining terms continue if the law allows. If the term cannot be limited, it is removed.

33.2 **Essential bargain.** If removal changes the main bargain materially, the Parties will negotiate in good faith for a lawful replacement that comes closest to their aim. Neither Party will use this Section to collect more than the Legal Limit.

33.3 **Legal remedies kept.** This Section does not save a loan that a law makes void and does not reduce a penalty or remedy that a law provides.

34. Entire agreement

34.1 **Whole agreement.** The Loan Documents contain the Parties' whole agreement about the Loan. They replace earlier talks, messages and drafts about it. This does not excuse fraud.

34.2 **No oral terms.** The Parties have made no oral promise to lend more, delay payment or forgive the debt. Each Party has relied on the written terms.

34.3 **Washington notice.** If Washington law governs the Loan and the Loan is not a loan to a natural person primarily for personal, family or household purposes, this notice applies: **ORAL**

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AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

34.4 **Interpretation.** Both Parties had an equal chance to review and change the Agreement. It will not be read against a Party only because that Party prepared it, unless consumer law requires otherwise.

35. Counterparts and electronic signature

35.1 **Counterparts.** The Parties may sign separate copies. Together they are one document. Each Party will receive a full copy with all signatures and schedules.

35.2 **Electronic signature.** A Party may sign this Agreement electronically if the other agrees and the method identifies the signer and keeps a record that can be saved and printed. No Party is required to sign electronically.

35.3 **Paper originals.** A Note must be signed in ink on paper under Section 13.2. A separate guaranty or title document will be signed on paper if the law or the filing office requires it.

35.4 **Copies.** A complete scanned copy is evidence of the signed Agreement to the same extent as the original, except where the law requires an original Note or title document.

35.5 **Time and dates.** Time matters for every payment and cure date, subject to the cure rights and legal protections in this Agreement. Periods in days are calendar days unless Business Days are stated. The day of an event is not counted.

The Parties have read and signed this Agreement on the dates below. It takes effect on the Effective Date. By signing, the Borrower promises to repay the Loan and the Lender promises to make it when the conditions are met.

LENDER: [Lender's full legal name: _____]
Signature:
Printed name and any title: [Printed name and title of lender signer: _____]
Date signed:

BORROWER: [Borrower's full legal name: _____]
Signature:
Printed name and any title: [Printed name and title of borrower signer: _____]
Date signed:

OPTIONAL ACKNOWLEDGMENT. Use this part only if the Parties choose it. Replace it with the certificate that the state where the signer appears requires.

State of [State of acknowledgment: _____]
County or city of [County or city of acknowledgment: _____]

This record was acknowledged before me on the date below by the person or persons named below, who appeared before me and proved identity as the law requires.

Name of each person:
Date:

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Notary public signature:
Commission expires:

SCHEDULE A: REPAYMENT SCHEDULE

This Schedule is part of the Loan Agreement dated [Effective date: _____] between [Lender's full legal name: _____] and [Borrower's full legal name: _____].

1. Principal: [Loan amount: _____]

2. Interest Rate: [Yearly interest rate (number only): _____] percent per year, simple interest, actual days

3. Structure: [Repayment structure: _____]

4. Number of Installments: [Number of installments: _____]

5. Amount of each regular Installment: [Amount of each installment: _____]

6. First Payment Date: [First payment date: _____]

7. Later Payment Dates: [Later payment dates: _____]

8. Maturity Date and final Installment: [Maturity date: _____]; the remaining Outstanding Balance, estimated at [Estimated final installment: _____]

9. Estimated total of all Installments if every payment is on time: [Estimated total of payments: _____]

10. Other dates and amounts: [Other payment dates and amounts: _____]

The Parties may attach a table that shows each Payment Date, Installment, interest, principal and remaining balance. The table is an estimate and Section 7.7 applies to it.

Borrower initials and date:Lender initials and date:

SCHEDULE B: COLLATERAL

This Schedule is part of the Loan Agreement dated [Effective date: _____] between [Lender's full legal name: _____] and [Borrower's full legal name: _____].

1. Collateral: [Description of collateral: _____]

2. Serial, title or vehicle number: [Serial or title number: _____]

3. Owner: [Owner of collateral: _____]

4. Place where it is kept: [Location of collateral: _____]

5. Existing liens or claims: [Existing liens: _____]

6. Insurance required: [Insurance for collateral: _____]

7. Method of perfection and person who pays the filing cost: [Perfection method and cost: _____]

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8. Agreed value for information only: [Agreed value: _____]

If the Collateral is owned by someone other than the Borrower, that owner must sign a separate security agreement. The Borrower signs this Schedule to confirm the description.

Borrower signature:
Date signed:

SCHEDULE C: LOG AND FORM OF NOTE

PART 1: PAYMENT AND FORGIVENESS LOG

The Lender will complete one entry for each payment or written forgiveness and give the Borrower a copy on request. Copy the entry as often as needed.

Entry date:
Payment or amount forgiven:
Method and reference:
Applied to interest:
Applied to principal:
Applied to late charge or other cost:
Principal remaining:
If forgiven, date of the Lender's signed writing:
Lender initials:
Borrower initials:

PART 2: FORM OF PROMISSORY NOTE

Sign this Part only if Section 13.2 requires a Note.

Amount: [Loan amount: _____]**Date:** [Effective date: _____]

1. **Promise.** [Borrower's full legal name: _____] promises to pay [Lender's full legal name: _____], and not to the order of any other person, the principal stated above that was disbursed, with simple interest at [Yearly interest rate (number only): _____] percent per year, at the place stated in the Loan Agreement between them dated [Effective date: _____] (the "Loan Agreement").

2. **Dates.** Payments are due as stated in Schedule A of the Loan Agreement. The unpaid balance is due on [Maturity date: _____] unless it becomes due earlier under the Loan Agreement.

3. **Loan Agreement applies.** This Note is evidence of the Loan made under the Loan Agreement. The terms on interest limits, prepayment, late charges, notice, cure, default, transfer and defenses in the Loan Agreement are part of this Note. This Note does not increase the debt.

4. **Prepayment.** The Borrower may prepay at any time without penalty.

5. **Return.** When the debt is paid, the Lender will mark this Note "paid in full" and return it.

6. **Law.** The law of [Governing state: _____] governs this Note, with the limits stated in the Loan Agreement.

Borrower: [Borrower's full legal name: _____]

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Signature in ink:
Printed name and any title: [Printed name and title of borrower signer: _____]
Date signed:

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