**PERSONAL LOAN AGREEMENT**

This is an agreement dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[date]** between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[lender’s name]** of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[lender’s address]** (the “Lender”) and

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[borrower’s name]** of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[borrower’s address]** (the “Borrower”).

# Loan amount and interest

1. The Lender promises to loan \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[amount of loan]** to the Borrower and the Borrower promises to repay this principal amount to the Lender.
2. The Borrower promises to pay interest on the unpaid principal loan at a rate of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[interest rate]** percent per annum, calculated yearly not in advance.

# Payment

**Instructions:** Describe how the loan will be repaid. Include when payments will be made (for example, monthly or annually). Include the date when the full amount owing under the agreement is due.

1. The Borrower will pay the Lender the amounts owing under this agreement by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **[describe how loan will be repaid].**
2. The Borrower will pay the Lender the full amount owing under this agreement by **[date].**
3. At any time while not in default under this agreement, the Borrower may pay the outstanding balance then owing under this agreement to the Lender without any penalty.

# Security

**Instructions:** Will the Borrower secure the loan with collateral? If so, include the following clauses. Describe the property being used as collateral in detail (for example, if the property is a car, include the make, model, year and VIN of the car). It is best to have a lawyer or notary public advise you if security is being given.

1. This loan is secured by the following security (the “Security”): [describe the property being used as collateral in detail].
2. The Borrower grants to the Lender a security interest in the Security until the full amount owing under this agreement is paid.

# Default

**Instructions:** Describe what will happen if the Borrower misses a payment.

1. If the Borrower defaults in the performance of any obligation under this agreement, then the Lender may declare the principal amount owing and interest due under this agreement at that time to be immediately due and payable.

# Dispute resolution

**Instructions:** Write into the agreement how disputes will be resolved.

1. If a dispute arises out of this agreement, and the dispute cannot be resolved by negotiations between the parties, the parties agree first to try in good faith to resolve the dispute by mediation before resorting to arbitration, litigation or some other dispute resolution procedure.

# Severability

**Instructions:** Include a clause that says if part of the agreement is found to be unenforceable, the rest of the agreement still applies.

1. If any part of this agreement is found to be unenforceable, the rest of this agreement will remain enforceable without the unenforceable part.

# Governing law and jurisdiction

**Instructions:** Write into the agreement which laws apply to it.

1. The governing law and jurisdiction for this agreement are as follows:
* The laws of British Columbia and the laws of Canada applicable in that province govern this agreement.
* The parties agree that the courts of British Columbia will have exclusive jurisdiction to hear and decide any litigation which may arise out of or relates to this agreement.

Each of the parties has read this agreement, understands it, and agrees to be bound by it.

|  |  |
| --- | --- |
| **Lender’s signature** | **Date signed** |
| **Name** |

|  |  |
| --- | --- |
| **Borrower’s signature** | **Date signed** |
| **Name** |

**Disclaimer:**

At People’s Law School, we believe accurate, plain English information can help people take action to work out their legal problems. This template is a sample. **It is not intended as legal advice.** We recommend that you consult a legal professional in British Columbia if you want professional assurance that this information is appropriate to your particular situation.