



Loan Agreement (Short Form)

Document 2050A

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Agreement**”) is entered into as of the ____ day of _____, 20__, by and between [COMPANY NAME], a _____ [corporation] with a principal business address located at [PRINCIPAL BUSINESS ADDRESS] (the “**Lender**”), and [BORROWER NAME], a _____ [corporation] with a principal business address located at [PRINCIPAL BUSINESS ADDRESS] (the “**Borrower**”).

RECITALS

WHEREAS, the Borrower wishes to borrow from the Lender, and the Lender wishes to lend to the Borrower up to the sum of [AMOUNT] Dollars (US \$_____).

WHEREAS, the Borrower and the Lender wish to memorialize the terms of such loan and to set forth their mutual understanding with respect to how the repayment of such amounts shall be accomplished.

NOW, THEREFORE, the parties hereby set forth their understanding as follows:

1. Loan. Subject to and upon the terms and conditions herein set forth, the Lender shall lend to the Borrower and the Borrower shall borrow from the Lender up to the sum of _____ Dollars (US \$_____).

3. Note. All borrowings hereunder shall be evidenced by a promissory note to the order of the Lender substantially in the form of Exhibit A hereto (the “**Note**”), in the aggregate principal amount of up to _____ Dollars (\$_____). The Note shall be payable over a [NUMBER] (____) year term, in ____ (____) annual installments of interest only, with all outstanding principal and interest due and payable on the ____ (____) anniversary of the date of the Note. Interest on that portion of the unpaid principal balance attributable to each such borrowing shall accrue from the date of such borrowing at the lowest allowable Applicable Federal Rate as of the date of such borrowing. No interest shall accrue prior to the first borrowing under the Note. All accrued and unpaid interest shall be paid on or before [DATE] of each year. [The Borrower shall have the right to prepay all or any part of the outstanding principal balance of the Note without penalty.]

4. Further Assurances. The Borrower shall, at its sole cost and expense, upon request of the Lender, duly execute and deliver to the Lender such further instruments, and do and cause to be done such further acts, as may be necessary or proper in the opinion of the Lender to carry out the provisions and purposes of this Agreement.

5. Events of Default.

5.1 Events of Default. If any one or more of the following events (“**Events of Default**”) shall occur and be continuing (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree, or order of any court or any order, rule, or regulation of any administrative or governmental body), the Lender may, at its option, declare the Note to be

immediately due and payable, whereupon the maturity of the then unpaid balance of the Note shall be accelerated and the same, together with all interest accrued thereon, shall forthwith become due and payable without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding.

(a) If default shall be made in the due and punctual payment of the principal or interest under the Note, when and as the same shall become due and payable, whether at maturity, by acceleration, or otherwise;

(b) If default shall be made in the performance or observance of, or shall occur under, any covenant, agreement, or other provision of this Agreement or in any instrument or document delivered to the Lender in connection with or pursuant to this Agreement, or if any such instrument or document shall terminate or become void or unenforceable without the written consent of the Lender;

(c) If default shall occur in the payment of any principal, interest, or other amount due with respect to any indebtedness for borrowed money, subordinated debt or other debt of the Borrower or under any agreement or instrument under or pursuant to which any such indebtedness, subordinated debt, or other debt may have been issued, created, assumed, or guaranteed by the Borrower and such default shall continue for more than the grace period, if any, therein specified, or if any such indebtedness, subordinated debt, or other debt be declared due and payable prior to the stated maturity thereof;

(d) If any representation or warranty or any other statement of fact herein or in any writing, certificate, report, or statement at any time furnished to the Lender pursuant to or in connection with this Agreement, or otherwise, shall be false or misleading in any material respect;

(e) If the Borrower shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency act; make an assignment for the benefit of creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator, or conservator of itself or of a whole or any substantial part of its property; file a petition or answer seeking reorganization or arrangement or similar relief under the United States federal bankruptcy laws or any similar law or statute of any state or country;

(f) If the Borrower shall be adjudged a bankrupt; or a court of competent jurisdiction shall enter an order, judgment, or decree appointing a receiver, trustee, liquidator, or conservator of the Borrower or of the whole or any substantial part of its property, or approve a petition filed against the Borrower seeking reorganization or similar relief under the United States federal bankruptcy laws or any similar law or statute of any state or country, or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of the Borrower or of the whole or any substantial part of its property; or if there is commenced against the Borrower any proceeding for any of the foregoing relief or if a petition in bankruptcy is filed against the Borrower and such proceeding or petition remains

undismissed or unstayed for a period of ninety (90) days; or if the Borrower by any act indicates its consent to, approval of or acquiescence in any such proceeding or petition;

(g) If any judgment against the Borrower or any attachment or execution against any of its property for any amount in excess of _____ Dollars (\$_____) remains unpaid, unstayed, or undismissed for a period of more than [NUMBER] (__) days; or

5.2 **Suits for Enforcement.** If any one or more Events of Default shall occur and be continuing, the Lender may proceed to protect and enforce its rights or remedies either by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision contained herein, in the Note, or in any document or instrument delivered in connection with or pursuant to this Agreement, or to enforce the payment of the Note or any other legal or equitable right or remedy.

5.3 **Rights and Remedies Cumulative.** No right or remedy herein conferred upon the Lender is intended to be exclusive of any other right or remedy contained herein, in the Note, or in any instrument or document delivered in connection with or pursuant to this Agreement, and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and therein or now or hereafter existing at law or in equity or by statute, or otherwise.

5.4 **Rights and Remedies Not Waived.** No course of dealing between the Borrower and the Lender or any failure or delay on the part of the Lender in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of the Lender and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder.

6. Modification and Waiver. No modification or waiver of any provision of the Note or of this Agreement and no consent by the Lender to any departure therefrom by the Borrower shall be effective unless such modification or waiver shall be in writing and signed by the Lender, and the same shall then be effective only for the period, on the conditions and for the specific instances and purposes specified in such writing. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

7. Applicable Law. The Note and this Agreement shall be construed in accordance with and governed by the laws of [STATE].

8. Notices. All notices, requests, demands, or other communications provided for herein shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested, addressed to the parties, at the addresses set forth above, or to such other address as either party shall designate to the other from time to time in writing forwarded in like manner.

9. Captions. The captions of the various sections and paragraphs of this Agreement have been inserted only for the purposes of convenience; such captions are not a part of this

Agreement and shall not be deemed in any manner to modify, explain, enlarge, or restrict any of the provisions of this Agreement.

10. Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their successors and assigns, and all subsequent holders of the Note.

11. Execution in Counterparts. This Agreement may be executed in counterparts, all of which taken together shall be deemed one original.

[The remainder of this page has been intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the day and year first set forth above.

BORROWER:

[NAME OF BORROWER]

By: _____

Its:

LENDER:

[NAME OF LENDER]

By: _____

Its:

EXHIBIT A

PROMISSORY NOTE

Sample promissory notes available at LeapLaw.