**Loan Contract Between Friends**

**Promise to Pay**

For value received, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, (the ‘Borrower’) promises to pay \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the ‘Lender’) $\_\_\_\_\_\_\_\_\_\_ and interest at the yearly rate of \_\_\_\_\_\_% on the unpaid balance as specified below.

**Monthly Installments**

Borrower will pay \_\_\_\_ monthly installments of $\_\_\_\_\_\_\_ each.

**Date of Installment Payments**.

Borrower will make an installment payment on the \_\_\_\_the day of each month beginning \_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ until the principal and interest have been paid in full.

**Application of Payments**.

Payments will be applied first to interest and then to principal.

**Prepayment**.

Borrower may prepay all or any part of the principal without penalty.

**Loan Acceleration**.

If Borrower is more than \_\_\_\_ days late in making any payment, Lender may declare that the entire balance of unpaid principal is due immediately, together with the interest that has accrued.

**Security.**

(There is no security since this is a family loan.)

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This agreement was signed and dated on the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_

(Signed and dated by both parties; each party receives a signed original)

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| Borrower  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Lender  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Witness  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |