

IN-LDGloa12

## **Unsecured loan agreement: person to person; private or business**

**Dated:** [\[date\]](#)

**This agreement is dated:** [date]  
**It is made between** [Lender name]  
**of** [address] (“the Lender”)  
**And** [Borrower name]  
**of** [address] (“the Borrower”)

**The terms of this agreement are:**

## **1. Definitions**

These are the definitions that apply to this agreement unless

:

["Advance/s" means any sum, drawn down by the Borrower at his request in , ].

“Interest Date” means [date number] in each month.

“Loan” means the sum of Rs [amount] or such greater sum as shall in fact have been lent by the Lender to the Borrower at any time this agreement subsists, or such lesser sum

“Default” means the one of the circumstances as set 8 .

## **2. Purpose of Loan**

The Loan shall be used only to:

[Buy a car / pay / ].

### 3. Sum of Loan and advances

3.1. The total sum offered [ ].

3.2. The Loan shall be drawn down in [ ].

OR

3.3. The Loan shall be [ ].

AND/OR

3.4. The Loan shall be drawn down

OR

3.5. The initial draw down of the Loan shall be made only

AND/OR

3.6. Before any new Advance may be drawn , / ,  
:

*[list items of info required].*

### 4. Repayment conditions

4.1. The Loan shall [ ]

OR

4.2. The Loan shall :

*[list of dates and amounts].*

OR

4.3. The Loan shall be [ ] :  
[here set out the trigger events,  
].

## 5. Interest payable

5.1. Interest at the rate of [ ]

OR

5.2. Interest at the rate [number] per cent [ ]

5.3. Interest shall be [ ] [ / ].

5.4. Interest shall be paid on the Interest Date.

## 6. Early repayment of part

The Borrower may repay all or part of the Loan before the due date for repayment provided that

## 7. Method of payment

All payments due to the Lender of both capital and interest shall

## 8. Default in payment of interest or repayment of capital

8.1. An "Event of Default" occurs when:

8.1.1 the Borrower fails to  
2 ;

8.1.2 the Borrower fails to pay in full and on the due date  
[ ] ;

8.1.3 a petition is presented ;

If the Borrower is a company:

8.1.4 a receiver is appointed to the Borrower; or

8.1.5 notice is given of ;

8.1.6

8.2.

8.3.

## 9. No change to capital structure

9.1.

9.2.

9.3.

,

.

## 10. Borrower's warranties

The Borrower represents and warrants:

10.1.

;

10.2.

;

10.3. that the Borrower has no undisclosed contingent obligations;

10.4.

,

;

10.5.

;

10.6.

[ , ]

[ ].

## 11. Miscellaneous matters

11.1.

,

.

11.2.

.

11.3.

,

,

11.4.

11.5.

11.6.

11.6.1

11.6.2 issue a claim in any court.

11.7.

11.8.

It shall be deemed to have been delivered:

72

24

- : 24  
-  
.[  
- .  
].

11.9.

11.10.

**Signed by [name]**

[On behalf of] [Lender]:

**Signed by [name]**

[On behalf of] [Borrower]:



## Explanatory Notes:

### Unsecured loan agreement: person to person; private or business

#### General notes

1. There is little statutory regulation relating to an agreement of this nature, so the parties can make more
2. The wording of the agreement will need slight alteration depending upon whether one or the other
3. Sections 124 to 145 of the Companies Act, 1956 deal with registration of charges by companies. Companies' legislation required companies to maintain a register of charges. It is the legal obligation of the company to register every charge/debt. Its particulars shall be filed with the Registrar of the Companies (ROC) within 30 days of creation of charge. If particulars of charge could not be filed within 30 days,

30

#### Paragraph Specific Notes:

Notes relating to the numbered paragraphs

##### 1. **Definitions**

Note that the definition of "Loan" includes all money outstanding, which may of course

##### 2. **Purpose of Loan**

It is important to specify the purpose because by doing so, if the borrower

##### 3. **Advances**

Provides for alternative draw down arrangements and provision of information to the lender edit to the precise

##### 4. **Repayment conditions**

This could be a fixed date or several dates or on the happening of a specific event. If you use this last option, make sure that the event

## 5. Interest payable

The provision for cumulation of interest should have careful attention, particularly if the rate of interest is high. Cumulation has the effect of adding the interest to the capital, so that

## 6. Early repayment of part

We have no comment.

## 7. Method of payment

Leave as is or specify this precisely.

## 8. Default in payment of interest or repayment of capital

If the borrower

## 9. No change to capital structure

This paragraph

## 10. Borrower's warranties

Insofar as the lender has relied on any information provided by

## 11. Miscellaneous matters

A number of

**End of notes**