

**Sample Loan Agreement
(demand note)**

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LOAN AGREEMENT AND PROMISSORY NOTE

THIS LOAN AGREEMENT AND PROMISSORY NOTE, is made this ____ day of _____, 2010, by and among JOHN & DOE, a Partnership organized under the laws of the State of Arizona (hereinafter known as "BORROWER") and JOHN SMITH, LLC, an LLC organized under the laws of the State of Alaska (hereinafter known as "LENDER"). BORROWER and LENDER shall collectively be known herein as "the Parties". In determining the rights and duties of the Parties under this Loan Agreement, the entire document must be read as a whole.

PROMISSORY NOTE

FOR VALUE RECEIVED, BORROWER promises to pay to the order of LENDER, the sum of **\$40,000.00** dollars together with interest thereon at a rate of 7.5 percent per annum on the unpaid balance with interest to be compounded annually (hereinafter, "the Loan Balance"). The entire outstanding Loan Balance (including principal and any accrued interest) shall become fully due and payable by BORROWER within 15 days of written demand by BORROWER from LENDER or any subsequent assignee of this note. The method for making a proper "demand" upon BORROWER is set forth below. Should BORROWER fail to make payment in full to LENDER within 15 days of demand, BORROWER shall be in default of the terms of this loan agreement. This agreement is subject to additional terms found below.

ADDITIONAL LOAN TERMS

The BORROWER and LENDER, hereby further set forth their rights and obligations to one another under this Loan Agreement and Promissory Note and agree to be legal bound as follows:

- A. Loan Payment Terms.** BORROWER to pay \$500 to LENDER every month for the life of the loan. The first payment shall be due 30 days from the date of the execution of this agreement and continue each month on the monthly anniversary thereafter until the Loan Balance, including principal and accrued interest, is paid in full or demand for payment in full is made by LENDER. In cases where a payment due date is the 29th, 30th, or 31st of a month and said month contains a shorter number of days, then the due date shall be the last day of the month.
- B. Demand by Lender.** This is a "demand" loan agreement and promissory note under which BORROWER is required to repay in full the entire outstanding Loan Balance within 15 days of receiving a written demand from LENDER for full repayment of the Loan Balance. Delivery of written notice by LENDER to BORROWER via U.S. Postal Service Certified Mail shall constitute prima facie evidence of delivery. For mailing of said notice, LENDER shall use BORROWER'S address as stated below in the portion of this agreement pertaining to default.

C. Method of Loan Payment. The BORROWER shall make all payments called for under this loan agreement by sending check or other negotiable instrument made payable to the following individual or entity at the address indicated:

Bob Jones
123 Home Street
Chicago, IL 11111

If Lender gives written notice to Borrower that a different address shall be used for making payments under this loan agreement, Borrower shall use the new address so given by Lender.

D. Default. The occurrence of any of the following events shall constitute a Default by the Borrower of the terms of this loan agreement and promissory note:

1. Borrower's failure to pay any amount due as principal or interest on the date required under this loan agreement
2. Borrower seeks an order of relief under the Federal Bankruptcy laws
3. Borrower becomes insolvent
4. A federal tax lien is filed against the assets of Borrower

E. Additional Provisions Regarding Default:

1. Addressee and Address to which Lender is to give Borrower written notice of default:

Tom Smith
444 Main Street
Springfield, IL 11111

If Borrower gives written notice to Lender that a different address shall be used, Lender shall use that address for giving notice of default (or any other notice called for herein) to Borrower.

2. **Cure of Default.** Upon default, Lender shall give Borrower written notice of default. Mailing of written notice by Lender to Borrower via U.S. Postal Service Certified Mail shall constitute prima facie evidence of delivery. Borrower shall have 15 days after receipt of written notice of default from Lender to cure said default. In the case of default due solely to Borrower's failure to make timely payment as called for in this loan agreement, Borrower may cure the default by making full payment of any principal and accrued interest (including interest on these amounts) whose payment to Lender is overdue under the loan agreement and, also, the late-payment penalty described below.
3. **Penalty for Late Payment.** There shall also be imposed upon Borrower a 2% penalty for any late payment computed upon the amount of any principal and accrued interest whose payment to Lender is overdue under this loan agreement and for which Lender has delivered a notice of default to Borrower. For example, if the agreement calls for monthly payments of \$500 upon the first day of each month and Borrower fails to make timely payment of said amount, Borrower (after receipt of a default notice from Lender) shall be liable to Lender for a penalty of \$10 (i.e., \$500 x 2%) and, to cure the default, the Borrower must pay to Lender the overdue Loan Balance of \$500, interest upon the overdue Loan Balance, and a penalty of \$10.
4. **Acceleration.** If the Borrower fails to cure any default on or before the expiration of the fifteen (15) day cure period that starts on the date Borrower receives written notice from Lender that an event of default has occurred under this loan agreement, the entire unpaid principal, accrued interest, and penalties under this loan agreement shall accelerate and become due and payable immediately.
5. **Indemnification of Attorneys Fees and out-of-pocket costs.** Should any party materially

breach this agreement, the non-breaching party shall be indemnified by the breaching party for its reasonable attorneys fees and out-of-pocket costs which in any way relate to, or were precipitated by, the breach of this agreement. The term "out-of-pocket costs", as used herein, shall not include lost profits. A default by Borrower which is not cured within 15 days after receiving a written notice of default from Lender constitutes a material breach of this agreement by Borrower.

- F. Parties that are not individuals.** If any Party to this agreement is other than an individual (i.e., a corporation, a Limited Liability Company, a Partnership, or a Trust), said Party, and the individual signing on behalf of said Party, hereby represents and warrants that all steps and actions have been taken under the entity's governing instruments to authorize the entry into this Loan Agreement. Breach of any representation contained in this paragraph is considered a material breach of the Loan Agreement.
- G. Integration.** This Agreement, including the attachments mentioned in the body as incorporated by reference, sets forth the entire agreement between the Parties with regard to the subject matter hereof. All prior agreements, representations and warranties, express or implied, oral or written, with respect to the subject matter hereof, are hereby superseded by this agreement. This is an integrated agreement.
- H. Severability.** In the event any provision of this Agreement is deemed to be void, invalid, or unenforceable, that provision shall be severed from the remainder of this Agreement so as not to cause the invalidity or unenforceability of the remainder of this Agreement. All remaining provisions of this Agreement shall then continue in full force and effect. If any provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope and breadth permitted by law.
- I. Modification.** Except as otherwise provided in this document, this agreement may be modified, superseded, or voided only upon the written and signed agreement of the Parties. Further, the physical destruction or loss of this document shall not be construed as a modification or termination of the agreement contained herein.
- J. Exclusive Jurisdiction for Suit in Case of Breach.** The Parties, by entering into this agreement, submit to jurisdiction in Cook County, IL for adjudication of any disputes and/or claims between the parties under this agreement. Furthermore, the parties hereby agree that the courts of Cook County, IL shall have **exclusive** jurisdiction over any disputes between the parties relative to this agreement, whether said disputes sounds in contract, tort, or other areas of the law.
- K. State Law.** This Agreement shall be interpreted under, and governed by, the laws of the state of Illinois.

IN WITNESS WHEREOF and acknowledging acceptance and agreement of the foregoing, BORROWER and LENDER affix their signatures hereto.

BORROWER(S)

LENDER(S)

John &Doe

By:

Title:

Dated: _____, 2010

John Smith, LLC

By:

Title:

Dated: _____, 2010

(Note: This page is **not** to be attached to your Loan Agreement and Promissory Note.)

**INSTRUCTIONS REGARDING EXECUTION OF YOUR
Loan Agreement and Promissory Note**

A. **Attachments.** Please remember that in responding to our questionnaire, you indicated that you would prepare the following separate attachments to go with this agreement:

If you are to create an attachment for this contract, make sure it has a bold-type heading **ATTACHMENT #__** (with the correction number for your attachment inserted, i.e., 1, 2 or 3. All attachments should be made part of the contract when it is executed and attached to each party's original. Do not add the attachments later.

B. Read the entire contract carefully, but we suggest that you pay special attention to payment terms.

C. We recommend that you execute an original of this Loan Agreement for each party who signed.

D. For advice regarding the tax implications of loan transactions, consult with a tax accountant or lawyer before entering into this agreement.

E. What if I decide to make changes to my document? We will keep your responses to the online questionnaire in our database **for 60 days after the date of purchase**. During this time, you may go to the User Administration section of our site to call up your form questionnaire and make changes--the URL is <https://www.medlawplus.com/user/> . You shall need your "user name" and "password" to re-enter the system. Once in the User Administration area, click on the text link to your form questionnaire which is located on the upper-left of the page. Make the desired changes to your responses in the questionnaire and submit to create a revised document. If you have problems calling up your old data, email us at administrator@medlawplus.com. We do our best to give a prompt response to all inquiries, usually within a few hours. NOTE: Upon registration, our system emailed to you our record of your "user name" and "password".

DISCLAIMER

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