

Family Loan Agreement UK

Governed by English contract law and, where applicable, the Consumer Credit Act 1974

THIS AGREEMENT records the terms on which a loan is made between family members or close friends, and is intended to record their shared understanding clearly so as to avoid future disagreement about whether a sum was a loan or a gift.

1. PARTICULARS OF THE LENDER

Full name:

Address:

2. PARTICULARS OF THE BORROWER

Full name:

Address:

Relationship of Borrower to Lender:

3. THE LOAN

FOR GOOD AND VALUABLE CONSIDERATION, the Lender agrees to lend, and the Borrower agrees to borrow, the sum stated below, on the terms of this agreement.

Loan amount: £

Date funds to be advanced:

Purpose of loan (optional):

4. INTEREST

Interest charged: (yes / no)

If yes, interest rate (per annum):

Where interest is charged, the parties should be aware that HM Revenue and Customs may treat interest received by the Lender as taxable income, and that a loan made interest-free between connected persons will not itself normally give rise to a tax charge on the Lender.

5. REPAYMENT TERMS

Repayment method: (lump sum / instalments / on demand)

Due date / final repayment date (if not repayable on demand):

Instalment amount (if applicable): £ Frequency:

6. EARLY REPAYMENT

The Borrower may repay all or part of the loan early at any time without penalty, unless the parties agree otherwise in writing.

7. WHAT HAPPENS IF THE BORROWER CANNOT REPAY

If the Borrower is unable to make a repayment on the date it falls due, the Borrower should notify the Lender as soon as reasonably possible, and the parties may agree in writing to vary the repayment terms. This agreement does not, of itself, entitle the Lender to charge default interest or fees unless the parties record such terms below.

Agreed consequence of late or missed repayment (if any):

8. DEATH OF THE LENDER OR BORROWER

The parties confirm that, unless stated otherwise below, this loan (and any outstanding balance) shall form part of the estate of the Lender on the Lender's death, and shall remain an obligation of the Borrower's estate on the Borrower's death, and shall not be treated as forgiven by reason of either party's death alone.

Any different arrangement on death (if agreed):

9. GOVERNING LAW AND ENTIRE AGREEMENT

This agreement is governed by the law of England and Wales, and the parties submit to the exclusive jurisdiction of the courts of England and Wales. This agreement records the entire understanding between the parties concerning the loan and supersedes any prior discussion between them relating to it.

10. SIGNATURES

Lender's signature: _____ Date: _____

Lender's full name (print): _____

Borrower's signature: _____ Date: _____

Borrower's full name (print): _____