**DRAFT OF LOAN AGREEMENT**

**LOAN AGREEMENT BETWEEN**

**[Borrower\_Name]**

**AND**

**[Lender\_Name]**

**THIS AGREEMENT made and entered into at [Location] this [Day] day of [Month], [Year], BETWEEN [Lender\_Name], hereinafter called "the Lender," AND [Borrower\_Name], hereinafter called "the Borrower," and reference to the parties hereto shall mean and include their respective heirs, executors, administrators, and assigns;**

**WHEREAS the Borrower is in need of funds and hence has approached the Lender to grant an interest-free loan of Rs.[Loan\_Amount]/- (Rupees [Loan\_Amount\_In\_Words] only) for a period of [Loan\_Period] months/years;**

**AND WHEREAS the Lender has agreed to grant a loan to the Borrower, free of interest, as the Lender and the Borrower have known each other for several years;**

**AND WHEREAS the parties hereto are desirous of recording the terms and conditions of this loan in writing;**

**NOW THIS AGREEMENT WITNESSETH and it is hereby agreed by and between the parties hereto as under:**

**1. The Borrower hereto, being in need of money, has requested the Lender to give an interest-free loan of Rs.[Loan\_Amount]/- (Rupees [Loan\_Amount\_In\_Words] only) to enable the Borrower to [Purpose\_Of\_Loan], to which the Lender has agreed.**

**2. The said loan is required by the Borrower for a period of [Loan\_Period] months/years, commencing from [Start\_Date] and terminating on [End\_Date].**

**3. The Borrower hereby agrees and undertakes to return the loan of Rs.[Loan\_Amount]/- (Rupees [Loan\_Amount\_In\_Words] only) in [Repayment\_Terms] installments, within the aforesaid period of [Loan\_Period] months/years, and gives their personal guarantee for the same.**

**4. The terms and conditions of this Agreement are arrived at by mutual consent of the parties hereto.**

**IN WITNESS WHEREOF, the parties hereto have hereunto set and subscribed their respective hands on this [Day] day of [Month], [Year].**

**SIGNED AND DELIVERED by the Within-named Lender in the presence of:**

**[Witness\_1\_Name]**

**[Witness\_1\_Signature]**

**SIGNED AND DELIVERED by the Within-named Borrower in the presence of:**

**[Witness\_2\_Name]**

**[Witness\_2\_Signature]**