# Composing a Loan Agreement

This playbook outlines the sequential steps involved in drafting a loan agreement which details the terms and conditions between a lender and a borrower.

### Step 1: Preparation

Gather necessary personal and financial information about the borrower and lender, including contact details, legal names, addresses, and identification numbers.

### Step 2: Define Terms

Establish the principal amount, interest rate, repayment schedule, default provisions, and any collateral securing the loan.

### Step 3: Draft Agreement

Create the initial draft of the loan agreement incorporating all decided terms, ensuring clarity and precision in the language used.

### Step 4: Review Clauses

Carefully review the agreement to ensure all necessary clauses such as confidentiality, dispute resolution, and governing law are included.

### Step 5: Amend Draft

Make amendments to the draft agreement if necessary, to correct mistakes or make changes requested by the lender or borrower.

### Step 6: Finalize Document

Finalize the draft into a professional and legally-binding loan agreement document.

### Step 7: Signatures

Arrange for both lender and borrower to review and sign the completed loan agreement, preferably in the presence of witnesses or a notary.

## General Notes

### Legal Advice

It is advisable to get legal advice or consultation when drafting any legally-binding document, including a loan agreement.

### State Laws

The agreement should comply with the lending laws and regulations applicable in the jurisdiction where the loan is made.