

LOAN AGREEMENT

Allah has stated in the Holy Qur'an: '**O You Who Believe! When you contract a debt for a fixed period, write it down...**' (s2, v282)

This Loan Agreement (the "**Agreement**") is entered into _____ (the "**Effective Date**"), by and between _____, with an address of _____ (the "**Lender**") and _____, with an address of _____, (the "**Borrower**"), collectively "**the Parties**."

WHEREAS, Borrower desires to borrow a fixed amount of money; and

WHEREAS, Lender agrees to lend a fixed amount of money;

IN CONSIDERATION of, the mutual promises, covenants, and conditions contained herein, the Parties agree as follows:

1. **Loan Amount.** The Parties agree Lender will loan Borrower £_____ (the "**Loan**").
2. **Loan Term.** This Loan shall be for a period of ____ years/months.
3. **Repayment.** The Parties agree Borrower shall pay Lender £_____ per month on the ____ day of each month. Payment shall be applied as follows:
Principal Loan Amount £_____
4. **Prepayment.** Borrower will not be penalised for early payment.
5. **Representations and Warranties.** Both Parties represent that they are fully authorized to enter into this Agreement. The performance and obligations of either Party will not violate or infringe upon the rights of any third-party or violate any other agreement between the Parties, individually, and any other person, organisation, or business or any law or governmental regulation.
6. **Severability.** In the event any provision of this Agreement is deemed invalid or unenforceable, in whole or in part, that part shall be severed from the remainder of the Agreement and all other provisions should continue in full force and effect as valid and enforceable.

7. **Waiver.** The failure by either party to exercise any right, power or privilege under the terms of this Agreement will not be construed as a waiver of any subsequent or further exercise of that right, power or privilege or the exercise of any other right, power or privilege.
8. **Entire Agreement.** The Parties acknowledge and agree that this Agreement represents the entire agreement between the Parties. In the event that the Parties desire to change, add, or otherwise modify any terms, they shall do so in writing to be signed by both parties.

The Parties agree to the terms and conditions set forth above as demonstrated by their signatures as follows:

“LENDER”

Signed: _____

By: _____

Date: _____

“BORROWER”

Signed: _____

By: _____

Date: _____

“WITNESS 1”

Signed: _____

By: _____

Date: _____

“WITNESS 2”

Signed: _____

By: _____

Date: _____

The Prophet ﷺ stated: ‘**All the sins of a martyr are forgiven, except his debts.**’

(Sahih Muslim/ Mishkaat p254)

The Prophet ﷺ stated: ‘**The individual who has the means to repay a loan but does not do so, this is oppression.**’ (Sahih Bukhari, vol 1, p323)