

# CONSTRUCTION LOAN AGREEMENT

Location: \_\_\_\_\_ Date: \_\_\_\_\_

## Parties:

Lender Name: \_\_\_\_\_

Lender Address: \_\_\_\_\_

Borrower Name: \_\_\_\_\_

Borrower Address: \_\_\_\_\_

## Loan Details:

Loan Amount (USD): \_\_\_\_\_

Interest Rate (Annual %): \_\_\_\_\_

Loan Term (months): \_\_\_\_\_

Disbursement Schedule: \_\_\_\_\_

## Collateral:

Property Description: \_\_\_\_\_

Address or Legal Description: \_\_\_\_\_

## Section 1 - Loan Agreement

Lender agrees to lend, and Borrower agrees to borrow, the Loan Amount subject to the terms and conditions set forth in this Agreement. This Agreement governs the disbursement, repayment, and security of the loan.

## Section 2 - Loan Disbursement

Funds shall be disbursed according to the Disbursement Schedule attached as Exhibit A. Each disbursement is contingent upon Borrower's compliance with the terms herein and satisfactory progress of construction as determined by Lender.

## Section 3 - Interest and Payments

Interest shall accrue on the outstanding principal balance at the stated Interest Rate. Borrower shall make payments as specified in the Payment Schedule, including interest-only payments during construction and principal and interest after completion.

## Section 4 - Use of Loan Proceeds

Loan proceeds shall be used exclusively for the construction of the Project described herein. Borrower shall not use funds for any other purpose without prior written consent of Lender.

## Section 5 - Borrower Representations and Warranties

Borrower represents that all information provided to Lender is true, correct, and complete, that Borrower has full authority to enter into this Agreement, and that no material adverse changes have occurred or will occur without prompt notification to Lender.

## Section 6 - Collateral Security

Borrower grants Lender a first priority lien on the Property described in this Agreement as security for the loan.

Borrower shall maintain the Property free of other liens and encumbrances during the term of this Agreement.

#### **Section 7 - Covenants**

Borrower agrees to comply with all applicable laws, permits, and regulations related to the Project, maintain insurance coverage as required, provide regular progress reports to Lender, and allow Lender access to the Property for inspections.

#### **Section 8 - Default**

The occurrence of any of the following constitutes an Event of Default: failure to make payments when due, insolvency, material misrepresentations, failure to maintain insurance, unauthorized use of loan proceeds, or breach of any term of this Agreement.

#### **Section 9 - Remedies on Default**

Upon Event of Default, Lender may declare the entire outstanding loan balance immediately due and payable, exercise rights under the security instrument, and pursue any remedies available at law or equity without waiver of any rights.

#### **Section 10 - Insurance**

Borrower shall maintain insurance covering the Property and construction against loss or damage, naming Lender as loss payee. Borrower shall provide evidence of insurance prior to each disbursement and upon request.

#### **Section 11 - Construction Requirements**

Construction shall comply with all applicable building codes, permit requirements, and approved plans. Borrower shall promptly notify Lender of any material changes or delays in construction.

#### **Section 12 - Inspections and Reporting**

Lender shall have the right to inspect the Property and construction progress upon reasonable notice. Borrower shall provide periodic written reports and documentation evidencing the use of funds and progress.

#### **Section 13 - Environmental Compliance**

Borrower represents that the Property is free from environmental contamination and agrees to comply with all environmental laws. Borrower shall indemnify and hold Lender harmless from any environmental liabilities.

#### **Section 14 - Taxes and Assessments**

Borrower shall pay all real estate taxes, assessments, and other charges on the Property as they become due and shall provide evidence of such payments to Lender.

#### **Section 15 - Assignment**

Neither party may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other party, except that Lender may assign the loan and security instruments to affiliates or third parties.

#### **Section 16 - Notices**

All notices required or permitted under this Agreement shall be in writing and delivered by hand, certified mail, overnight courier, or email with confirmed receipt to the addresses set forth herein or as updated by written notice.

#### **Section 17 - Governing Law and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_, without regard to its conflict of law principles. Any disputes shall be resolved exclusively in the state or federal courts located in \_\_\_\_\_ County, \_\_\_\_\_.

#### **Section 18 - Entire Agreement**

This Agreement, including all Exhibits and Schedules, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings related to the subject matter herein.

**Section 19 - Amendments**

Any amendments or modifications to this Agreement must be in writing and signed by both parties to be effective.

**Section 20 - Severability**

If any provision of this Agreement is deemed invalid or unenforceable, the remaining provisions shall remain in full force and effect and be interpreted to fulfill the original intent.

**Section 21 - Waiver**

No failure or delay by either party in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise preclude any other or further exercise of any right.

**Section 22 - Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together constitute one and the same instrument.

**Section 23 - Signatures**

The parties have executed this Construction Loan Agreement as of the date first written above by their duly authorized representatives.

**LENDER'S SIGNATURE**

**BORROWER'S SIGNATURE**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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