

SAMPLE DOCUMENT

LOAN AGREEMENT

TRUST AS BORROWER

GRANTOR AS LENDER

— For Use by Legal Counsel Only. Not for use by Financial Representatives with the public. —

Whereas, _____, residing at _____ (“Lender”) intends to lend amounts at periodic times to the _____ Trust dated _____ (“Borrower”), whose trustee is _____; and

Whereas, Borrower intends to repay Lender all amounts lent to it on the terms and conditions herein; and

Whereas, Borrower and Lender (each a “Party” and collectively the “Parties”) intend that all loans hereunder shall at no time be treated as below market loans under IRC §7872(e),

Now, Therefore, in consideration of the mutual promises herein, the Parties agree as follows:

1. **Loan.** For each loan from Lender to Borrower, the following information shall be recorded on Exhibit A hereto:
 - a. The amount of the loan.
 - b. The date of the loan.
 - c. Whether the loan is a demand loan or a term loan (and for any term loan, the maturity date of such loan). If there is no indication whether a loan is a demand loan or a term loan, the loan shall be a demand loan.
 - d. The interest rate, which shall be equal to or greater than the appropriate short-, mid- or long-term Applicable Federal Rate (AFR), compounded annually, or the Blended Annual Rate attributable to the loan to ensure that it is not a below market loan as defined in IRC §7872(e). For partial years, interest shall be calculated on pro-rata basis, using the actual days in such year. For demand loans, interest shall be paid annually on December 31. For term loans,

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interest shall be paid on the anniversary date of the loan. To the extent not paid, such interest shall be added to principal and charged a rate as specified in this subparagraph.

2. Payments.

- a. Borrower may prepay all or any part of a loan, without penalty. If any principal is prepaid, all accrued interest attributable to the prepayment of that principal amount must also be paid at that time. Any prepayment shall not delay the due dates or change the amount of the remaining payments until the unpaid balance of principal and interest is paid in full.
- b. Unless otherwise agreed to by the Parties, all payments shall be made in the following order: first, interest for all loans in the order in which the loans were made and then principal for all loans in the order in which the loans were made.
- c. A term loan shall be payable in full on the maturity date of such loan; to the extent not so paid, it shall become a demand loan. Any part or all of a demand loan shall be payable in full at any time on the demand of Lender and shall be due within 30 days of such demand. All amounts due under this subparagraph shall include any accrued interest.
- d. All payments shall be recorded on Exhibit A.

3. Renegotiations, Renewals and Extensions. The Parties may renegotiate one or more loans hereunder or any thereof, which shall include accrued interest. Any loan to be renegotiated shall be treated as a retirement of such loan followed by an immediate issuance of a new loan from Lender to Borrower, and such retirement and re-issuance shall be recorded on Exhibit A.
4. Prohibited Interest. No provision of this Note shall require the payment or permit the collection of interest, including any fees paid which are construed under applicable law to be interest that is in excess of the maximum permitted by law. If any such excess interest is collected or herein provided for, or shall be adjudicated to have been collected or be so provided for herein, the provisions of this paragraph shall govern, and Borrower shall not be obligated to pay the amount of such interest that is in excess of the amount permitted by law. Any such excess collected shall, at the option of Lender, unless otherwise required by applicable law, be immediately refunded to Borrower or credited on the principal.
5. No Security. Nothing in this Agreement shall give Lender any interest or rights in any of the assets of Borrower.
6. Amendment. This Agreement may not be amended, altered or modified except by a written instrument signed by the Parties, or their respective successors or assigns, and may not be otherwise terminated except as provided herein. If any provision of this Agreement is subject to and is found to be in conflict with any applicable state or federal law, the parties will modify the Agreement so that it is in compliance with those laws.

7. Waiver. No delay or omission on the part of the Lender hereof in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Lender hereof of any right or remedy shall preclude other or further exercise thereof or of any other right or remedy.
8. Effective. This Agreement shall be effective as of the date that both Parties have signed this Agreement.
9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Lender and Lender's successors and assigns and to Borrower's successors, assigns, heirs, executors, administrators, and any beneficiaries.
10. Governing Law. This Note, the interpretation hereof and the rights, obligations, duties and liabilities hereunder shall be governed and controlled by the laws of the State of Wisconsin without regard to its conflicts of law rules.

Lender:

_____ Dated: _____

Borrower:

[Name of Trust], by
[Trustee],
as Trustee and not in his/her/its/their individual capacity

By: _____ Dated: _____

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