

# PROMISSORY NOTE

Principal Amount: \$\_\_\_\_\_ ( \_\_\_\_\_ Dollars)

Date of Note: \_\_\_\_\_ [Date]

Place of Execution: \_\_\_\_\_ [City, State]

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the order of \_\_\_\_\_ ("Lender"), at \_\_\_\_\_ [Lender Address], or such other place as Lender may designate in writing, the principal sum of \$\_\_\_\_\_ together with interest as set forth below.

## 1. INTEREST

Interest shall accrue on the unpaid principal balance at the rate of \_\_\_\_% per annum, calculated on the basis of a 365-day year. Interest shall be: \_\_\_ Simple \_\_\_ Compounded (\_\_\_ daily \_\_\_ monthly \_\_\_ annually).

## 2. REPAYMENT SCHEDULE

Borrower shall repay the principal and interest as follows (check one):

\_\_\_ Lump Sum: Entire principal and accrued interest due on \_\_\_\_\_ [Maturity Date].

\_\_\_ Installments of \$\_\_\_\_\_ payable on the \_\_\_\_ day of each month, beginning \_\_\_\_\_, until paid in full.

\_\_\_ Demand: Principal and interest payable on demand by Lender, with \_\_\_ days written notice.

\_\_\_ Other: \_\_\_\_\_

## 3. PREPAYMENT

Borrower may prepay the Note in whole or in part at any time without penalty. Prepayments shall be applied first to accrued interest, then to principal.

## 4. LATE FEE

If any payment is not received within \_\_\_\_ days of its due date, Borrower shall pay a late fee of \$\_\_\_\_\_ or \_\_\_\_% of the past-due amount, whichever is greater.

## 5. SECURED / UNSECURED

This Note is (check one):

\_\_\_ UNSECURED — No collateral. Lender's recourse on default is limited to action on this Note.

\_\_\_ SECURED — By the following collateral:

\_\_\_\_\_ [Description]. A separate Security Agreement is being executed concurrently, and Lender shall file a UCC-1 Financing Statement (for personal property) or record a Mortgage/Deed of Trust (for real estate) to perfect the security interest.

## 6. EVENTS OF DEFAULT

Each of the following is an Event of Default:

(a) Failure to make any payment within \_\_\_\_ days of its due date;

- (b) Filing of bankruptcy, insolvency, or assignment for the benefit of creditors by Borrower;
- (c) Death or dissolution of Borrower;
- (d) Material misrepresentation by Borrower in connection with this Note;
- (e) (For secured notes) Loss, destruction, or material impairment of the collateral;
- (f) Failure to perform any covenant in this Note or any related agreement.

**7. ACCELERATION**

On any Event of Default, Lender may declare the entire unpaid principal and accrued interest immediately due and payable, without notice or demand, all of which are expressly waived by Borrower.

**8. ATTORNEYS' FEES AND COSTS**

If this Note is placed in the hands of an attorney for collection or enforcement, Borrower agrees to pay Lender's reasonable attorneys' fees and all costs of collection.

**9. WAIVER**

Borrower waives presentment, demand for payment, notice of dishonor, protest, and all other demands and notices in connection with this Note. No delay or omission by Lender in exercising any right shall operate as a waiver of that right.

**10. GOVERNING LAW**

This Note shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_ [State].

**11. SEVERABILITY**

If any provision is held unenforceable, the remaining provisions shall continue in full force and effect.

**12. ENTIRE AGREEMENT**

This Note represents the entire agreement between the parties and supersedes all prior oral and written agreements.

**BORROWER:**

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

Printed Name: \_\_\_\_\_

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

**LENDER (acknowledgment of receipt):**

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

Printed Name: \_\_\_\_\_

**NOTARY ACKNOWLEDGMENT (Recommended for loans over \$10,000):**

State of \_\_\_\_\_, County of \_\_\_\_\_

On \_\_\_\_\_, before me personally appeared  
\_\_\_\_\_, who acknowledged executing this Note.

Notary Signature: \_\_\_\_\_ My commission expires: \_\_\_\_\_

*DISCLAIMER: This template is provided for informational purposes only and does not constitute legal advice. State usury laws cap maximum interest rates. Consult an attorney for loans over \$50,000 or any loan involving real estate collateral.*