

BALLOON PAYMENT NOTE

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This Balloon Payment Note (this "Note") is made and effective as of [EFFECTIVE DATE] (the "Effective Date") by and between:

[BORROWER LEGAL NAME], [an individual residing at / a [STATE] [ENTITY TYPE] with its principal place of business at] [BORROWER ADDRESS] (the "Borrower"); and

[LENDER LEGAL NAME], [an individual residing at / a [STATE] [ENTITY TYPE] with its principal place of business at] [LENDER ADDRESS] (the "Lender").

Borrower and Lender are each a "Party" and together the "Parties."

Recitals. Lender has agreed to lend, and Borrower has agreed to borrow, the principal sum stated below on terms under which Borrower makes a series of smaller periodic payments and then a single large final payment — the "Balloon Payment" — that retires the remaining balance at maturity. Borrower understands the Balloon Payment will be substantially larger than the periodic payments. In consideration of the loan and the mutual promises below, the Parties agree as follows.

1. Promise to Pay and Principal

1.1 **Promise to pay.** For value received, Borrower unconditionally promises to pay to the order of Lender the principal sum of [AMOUNT IN WORDS] dollars (\$[AMOUNT]) (the "Principal"), together with interest on the unpaid Principal as provided in Section 2, on the terms set out in this Note.

1.2 **Disbursement and receipt.** The Principal will be disbursed to Borrower [in a single advance on the Effective Date / as described in [SCHEDULE/EXHIBIT]]. Borrower acknowledges receipt of the Principal [on the Effective Date / upon disbursement as recorded by Lender].

1.3 **Currency, method, and application.** All amounts are payable in [CURRENCY, e.g. US dollars] in immediately available funds by [CHECK / ACH / WIRE TRANSFER] to [LENDER PAYMENT INSTRUCTIONS]. Unless applicable law requires otherwise, each payment is applied first to late charges and costs, then to accrued and unpaid interest, and then to outstanding Principal.

2. Interest

2.1 **Interest rate.** The unpaid Principal bears interest at a fixed rate of [NUMBER]% per annum (the "Interest Rate"), computed on the basis of a [365-day / 360-day] year for the actual number of days outstanding, beginning on the Effective Date.

2.2 **Usury savings.** Notwithstanding anything to the contrary, interest and charges under this Note will not exceed the maximum amount permitted by applicable law. Any excess will be applied to reduce the Principal or, if the Principal is paid in full, refunded to Borrower. The Parties intend to comply with all applicable usury and

consumer-credit laws, which vary by jurisdiction.

2.3 Default interest. From and after an Event of Default, the unpaid Principal bears interest at the lesser of **[NUMBER]% per annum** or the maximum rate permitted by applicable law, until the default is cured or the Note is paid in full.

3. Periodic Payments and Balloon Payment

3.1 Periodic payments. Borrower will make **[NUMBER]** consecutive **[monthly / quarterly]** payments of **\$(PERIODIC PAYMENT AMOUNT)** each, beginning on **[FIRST PAYMENT DATE]** and continuing on the **[same day]** of each successive period through **[DATE OF LAST PERIODIC PAYMENT]**. These payments are calculated as if the loan were amortized over **[AMORTIZATION PERIOD, e.g. 30 years]**, even though the Note matures earlier.

3.2 Balloon Payment. On **[MATURITY DATE]** (the "Maturity Date"), Borrower will pay a single final "Balloon Payment" equal to all then-unpaid Principal, accrued and unpaid interest, and any other amounts due under this Note. Based on the figures above, the Balloon Payment is estimated to be approximately **\$(ESTIMATED BALLOON AMOUNT)**; the actual amount will be the exact balance outstanding on the Maturity Date.

3.3 Balloon disclosure and acknowledgment. Borrower acknowledges and understands that: (a) the periodic payments will **not** fully repay the Note; (b) a large lump-sum Balloon Payment will be due at maturity; (c) Lender is under **no obligation** to refinance, extend, or renew the Note; and (d) Borrower is responsible for arranging funds to make the Balloon Payment. **[Some jurisdictions require specific balloon-payment disclosures for consumer or residential loans; confirm local requirements with counsel.]**

3.4 Prepayment. Borrower may prepay the Principal in whole or in part at any time **[without penalty / subject to a prepayment charge of [DESCRIBE]]**. A partial prepayment is applied to the Principal and reduces the amount of the Balloon Payment but **[does not / does]** change the amount or due dates of the periodic payments.

3.5 Late charge. If any payment, including the Balloon Payment, is not received within **[NUMBER, e.g. 10]** days after its due date, Borrower will pay a late charge equal to **[the lesser of [NUMBER]% of the overdue payment or \$(AMOUNT)]**, to the extent permitted by applicable law.

4. Refinancing and Extension

4.1 No commitment to refinance. Nothing in this Note commits Lender to refinance, modify, extend, or renew the Note or to offer any new financing on the Maturity Date or at any other time.

4.2 Optional extension. If the Parties agree to extend the Maturity Date or modify the Balloon Payment, any such agreement is effective only if in a writing signed by both Parties, and the original terms remain in effect until then.

5. Events of Default

5.1 Events of Default. Each of the following is an "Event of Default": (a) Borrower fails to pay any periodic payment or the Balloon Payment when due and does not cure within **[NUMBER]** days after written notice; (b) Borrower breaches any other covenant in this Note and does not cure within **[NUMBER]** days after written notice; (c) any representation by Borrower proves materially false when made; or (d) Borrower becomes insolvent, makes an assignment for the benefit of creditors, or becomes the subject of a bankruptcy or similar proceeding.

5.2 Acceleration. On an Event of Default, Lender may, by written notice, declare the entire unpaid Principal and accrued interest immediately due and payable, except that the obligations become automatically due without

notice on an insolvency or bankruptcy Event of Default to the extent permitted by law.

5.3 Remedies cumulative. Lender's rights and remedies are cumulative and may be exercised singly or together. No delay or omission in exercising a right is a waiver of it.

6. Collection Costs and Waivers

6.1 Collection costs. Borrower will pay Lender's reasonable costs of collection, including reasonable attorneys' fees and court costs, to the extent permitted by applicable law, incurred in enforcing this Note after an Event of Default.

6.2 Waiver by Borrower. To the extent permitted by applicable law, Borrower waives presentment, demand for payment, notice of dishonor, protest, and notice of protest. No such waiver affects any notice or cure right expressly granted in this Note or required by applicable law.

6.3 No waiver by Lender. Lender's acceptance of a late or partial payment, or its failure to exercise a right, is not a waiver of any default or of Lender's right to require strict performance.

7. Representations and Covenants

7.1 Borrower representations. Borrower represents that: (a) it has full power and authority to enter into this Note; (b) this Note is a valid and binding obligation enforceable against Borrower; and (c) it has had the opportunity to review the balloon structure and to seek independent advice.

7.2 Joint and several liability. If more than one person signs as Borrower, each is jointly and severally liable for the entire amount owed, including the Balloon Payment, and Lender may proceed against any one or more of them.

8. General Provisions

8.1 Governing law and venue. This Note is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].

8.2 Notices. Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt or, if sent by a method that confirms delivery, on confirmed delivery.

8.3 Assignment. Lender may assign or transfer this Note without Borrower's consent. Borrower may not assign its obligations without Lender's prior written consent.

8.4 Successors. This Note binds and benefits the Parties and their respective heirs, successors, and permitted assigns.

8.5 Severability and waiver. If any provision is unenforceable, the rest remains in effect. A waiver is effective only if in writing and signed by the waiving Party.

8.6 Entire agreement; amendment. This Note is the entire agreement between the Parties on its subject and supersedes prior discussions. It may be amended only by a writing signed by both Parties.

8.7 Counterparts and electronic signature. This Note may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one instrument.

IN WITNESS WHEREOF, the Parties have executed this Note as of the Effective Date.

BORROWER**LENDER**

Signature: _____

Signature: _____

Printed name: **[NAME]**Printed name: **[NAME]**Title: **[TITLE OR N/A]**Title: **[TITLE OR N/A]**

Date: _____

Date: _____

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