

CONVERTIBLE PROMISSORY NOTE

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This Convertible Promissory Note (this "Note") is issued as of [ISSUANCE DATE] (the "Issuance Date") by:

[COMPANY LEGAL NAME], a [STATE] [ENTITY TYPE, e.g. corporation] with its principal place of business at [COMPANY ADDRESS] (the "Company"), in favor of

[INVESTOR LEGAL NAME], an individual / a [STATE] [ENTITY TYPE] with an address at [INVESTOR ADDRESS] (the "Holder").

The Company and the Holder are each a "Party" and together the "Parties."

Recitals. The Holder has agreed to lend the Company the principal amount stated below, and the Company has agreed to repay it, with interest, or to convert it into equity on the terms below in connection with a future financing. This Note is one of a series of convertible notes the Company may issue on substantially the same terms (the "Notes"). The securities represented by this Note have not been registered under applicable securities laws and are offered in reliance on exemptions. In consideration of the mutual promises below, the Parties agree as follows.

1. Principal and Interest

1.1 Principal amount. The Company, for value received, promises to pay the Holder the principal sum of [PRINCIPAL AMOUNT] (the "Principal"), together with interest as provided below.

1.2 Interest rate. Interest accrues on the unpaid Principal at a simple rate of [e.g. 5%] per year, computed on the basis of a 365-day year, from the Issuance Date until the Principal is paid or converted.

1.3 Maximum lawful rate. If the stated rate exceeds the maximum rate permitted by applicable law, the rate is automatically reduced to that maximum, and any excess already paid will be credited to Principal or refunded.

2. Maturity and Repayment

2.1 Maturity date. Unless earlier converted under Section 3 or prepaid as permitted, all outstanding Principal and accrued interest are due and payable on [MATURITY DATE] (the "Maturity Date").

2.2 No prepayment without consent. The Company may not prepay this Note before the Maturity Date without the Holder's prior written consent (or the consent of holders of a majority of the outstanding Notes by Principal).

2.3 Payment at maturity. If this Note has not converted by the Maturity Date, the Company will pay the Holder the outstanding Principal and accrued interest, or the Parties may agree to convert or extend, in each case in writing.

3. Conversion

3.1 Automatic conversion on Qualified Financing. If, before this Note is repaid, the Company closes an equity financing with gross proceeds of at least **[QUALIFIED FINANCING THRESHOLD]** (a "**Qualified Financing**"), the outstanding Principal and accrued interest will automatically convert into the equity securities issued in that financing.

3.2 Conversion price. The number of conversion shares equals the outstanding Principal and accrued interest divided by the conversion price, which is the lower of: (a) the price per share in the Qualified Financing multiplied by one minus the discount of **[e.g. 20%]** (the "**Discount**"); and (b) the price per share implied by a valuation cap of **[VALUATION CAP]** (the "**Valuation Cap**") on the Company's fully diluted capitalization immediately before the financing.

3.3 Optional conversion at maturity or on a non-Qualified Financing. If a financing that is not a Qualified Financing occurs, or on the Maturity Date, the Holder may elect in writing to convert the outstanding amount into the Company's **[most senior class of equity / preferred stock]** at the price implied by the Valuation Cap.

3.4 Mechanics. On conversion, the Holder will surrender this Note and execute the financing documents applicable to other investors in that round, including customary representations. The Company will issue the conversion shares and, if applicable, pay cash in lieu of fractional shares.

3.5 No further obligations. On conversion in full, this Note is cancelled and the Company has no further payment obligation under it.

4. Change of Control

4.1 Treatment on change of control. If a change of control (such as a merger, acquisition, or sale of substantially all assets) occurs before conversion or repayment, the Holder may elect to either (a) convert the outstanding amount at the price implied by the Valuation Cap, or (b) receive repayment of the outstanding Principal and accrued interest plus a premium of **[e.g. 1.0x to 2.0x]** the Principal, as the Parties specify.

4.2 Notice. The Company will give the Holder written notice of any anticipated change of control at least **[NUMBER]** days before closing so the Holder can make its election.

5. Representations and Warranties

5.1 By the Company. The Company is duly organized and validly existing, has authority to issue this Note, and this Note is a valid and binding obligation of the Company.

5.2 By the Holder. The Holder is acquiring this Note for its own account for investment and not with a view to distribution, is an **[accredited investor where applicable]**, and understands that the securities are not registered and are subject to transfer restrictions.

5.3 Securities law reliance. Each Party acknowledges that the offer and sale of this Note rely on exemptions from registration under applicable securities laws, which vary by jurisdiction.

6. Default

6.1 Events of default. Each of the following is an "**Event of Default**": (a) the Company fails to pay any amount under this Note within **[NUMBER]** days after it is due; (b) the Company materially breaches this Note and fails to cure within **[NUMBER]** days after written notice; or (c) the Company becomes insolvent or is subject to an insolvency proceeding.

6.2 Acceleration. On an Event of Default, the Holder may, by written notice, declare all outstanding Principal and accrued interest immediately due and payable, subject to the rights of any senior creditors.

6.3 **Costs of collection.** The Company will pay the Holder's reasonable costs of collection, including reasonable attorneys' fees, to the extent permitted by applicable law.

7. Subordination and Transfer

7.1 **Subordination.** This Note is [subordinated / not subordinated] to the Company's senior indebtedness as described in [DESCRIBE OR "Exhibit A"]. The Holder will execute reasonable subordination documents if required.

7.2 **Transfer restrictions.** The Holder may not transfer this Note except in compliance with applicable securities laws and with the Company's prior written consent, which will not be unreasonably withheld for transfers to affiliates.

7.3 **Pari passu among Notes.** This Note ranks equally with all other Notes in the series with respect to payment and conversion, except as otherwise agreed.

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 jurisdiction of the courts located in [COUNTY, STATE]. Securities-law requirements and usury limits vary by jurisdiction; local law controls where it differs.

8.2 **Amendment and waiver.** This Note may be amended, and any provision waived, only with the written consent of the Company and the holders of a majority of the outstanding Notes by Principal, and any such amendment binds all holders.

8.3 **Notices.** Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

8.4 **Entire agreement.** This Note, together with the related note purchase documents, is the entire agreement between the Parties on its subject and supersedes prior discussions.

8.5 **Severability.** If any provision is unenforceable, the rest remains in effect.

8.6 **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 agreement.

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

COMPANY	HOLDER
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title: [TITLE]	Title: [TITLE or N/A]
Date: _____	Date: _____
_____	_____

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