

# PROMISSORY NOTE

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**Principal Amount:** [PRINCIPAL AMOUNT, e.g. \$25,000.00] **Date:** [DATE OF NOTE] **Place of Execution:** [CITY, STATE]

FOR VALUE RECEIVED, the undersigned [BORROWER LEGAL NAME], located at [BORROWER ADDRESS] (the "Borrower"), promises to pay to the order of [LENDER LEGAL NAME], located at [LENDER ADDRESS] (the "Lender"), the principal sum of [PRINCIPAL AMOUNT IN WORDS, e.g. Twenty-Five Thousand] Dollars ([PRINCIPAL AMOUNT IN NUMERALS]), together with interest, on the terms set out in this Promissory Note (this "Note").

**Recitals.** The Lender has agreed to lend, and the Borrower has agreed to borrow, the principal amount stated above. This Note evidences the Borrower's unconditional obligation to repay that amount with interest. In consideration of the loan and the mutual promises below, the Borrower agrees as follows.

## 1. Promise to Pay; Principal and Interest

**1.1 Promise to pay.** The Borrower unconditionally promises to pay to the Lender the principal amount of [PRINCIPAL AMOUNT] (the "Principal"), together with interest accruing on the unpaid Principal as provided in this Note, until the entire balance is paid in full.

**1.2 Interest rate.** Interest accrues on the unpaid Principal at a fixed rate of [INTEREST RATE, e.g. 6.0%] per year, calculated on the basis of a [365-day / 360-day] year and the actual number of days elapsed, beginning on the date the Principal is advanced.

**1.3 Maximum lawful rate.** Nothing in this Note requires the Borrower to pay interest in excess of the maximum rate permitted by applicable law. If any rate or charge under this Note would exceed that maximum, it is automatically reduced to the maximum lawful rate, and any amount already collected in excess will be applied to reduce the Principal or refunded to the Borrower.

## 2. Repayment Terms

**2.1 Repayment schedule.** The Borrower will repay the Principal and interest as follows (choose and complete one):

(a) **Installments.** In [NUMBER] consecutive [monthly / quarterly] installments of [INSTALLMENT AMOUNT] each, beginning on [FIRST PAYMENT DATE] and continuing on the [DAY, e.g. 1st] of each [month / quarter] until the Maturity Date; or

(b) **Lump sum.** In a single payment of all outstanding Principal and accrued interest on the Maturity Date; or

(c) **Interest-only with balloon.** In [NUMBER] periodic payments of accrued interest only, followed by a final balloon payment of all remaining Principal and accrued interest on the Maturity Date.

**2.2 Maturity Date.** All outstanding Principal and accrued but unpaid interest are due and payable in full on [MATURITY DATE] (the "Maturity Date"), if not sooner paid.

**2.3 Application of payments.** Unless the Lender elects otherwise, each payment will be applied first to accrued and unpaid interest, then to the outstanding Principal, and then to any fees or costs due under this Note.

**2.4 Form and place of payment.** Payments will be made in lawful money of the [CURRENCY, e.g. United States] by [CHECK / ACH / WIRE / OTHER] to the Lender at the address above or at such other place as the Lender designates in writing.

### 3. Prepayment

**3.1 Right to prepay.** The Borrower may prepay all or any part of the unpaid Principal at any time [without penalty / subject to the prepayment charge in Section 3.2]. Prepayments will be applied to the Principal and do not relieve the Borrower of the obligation to make subsequent scheduled payments until the Principal and all accrued interest are paid in full, unless the Lender agrees otherwise in writing.

**3.2 Prepayment charge (optional).** If the Borrower prepays more than [PERCENTAGE, e.g. 20%] of the original Principal in any [12-month] period, the Borrower will pay a prepayment charge equal to [AMOUNT OR FORMULA]. [Delete this Section if no prepayment penalty applies. Prepayment penalties are restricted or prohibited in some jurisdictions and for some loan types — confirm with counsel.]

### 4. Late Payment and Default Interest

**4.1 Late charge.** If any payment is not received within [NUMBER, e.g. 10] days after its due date, the Borrower will pay a late charge of [AMOUNT OR PERCENTAGE, e.g. 5% of the overdue payment], to the extent permitted by applicable law, to cover the Lender's administrative costs.

**4.2 Default interest.** On and after an Event of Default, interest accrues on the entire unpaid balance at a default rate of [DEFAULT RATE, e.g. 10.0%] per year, or the maximum rate permitted by applicable law if lower, until the default is cured or the balance is paid in full.

### 5. Events of Default

5.1 Each of the following is an "Event of Default" under this Note:

(a) the Borrower fails to pay any amount when due and does not cure the failure within [NUMBER, e.g. 10] days after written notice from the Lender;

(b) the Borrower breaches any other obligation in this Note or in any related security agreement and does not cure it within [NUMBER, e.g. 15] days after written notice;

(c) any representation made by the Borrower in connection with this Note proves to have been materially false when made;

(d) the Borrower becomes insolvent, makes an assignment for the benefit of creditors, or has a bankruptcy or similar proceeding commenced by or against it that is not dismissed within [NUMBER, e.g. 60] days; or

(e) [OTHER EVENT OF DEFAULT, e.g. death or dissolution of the Borrower; sale of collateral without consent — or delete].

## 6. Acceleration and Remedies

**6.1 Acceleration.** On the occurrence of an Event of Default, the Lender may, by written notice to the Borrower, declare the entire unpaid Principal and all accrued interest immediately due and payable, without further presentment, demand, or notice, all of which the Borrower waives to the extent permitted by law.

**6.2 Remedies cumulative.** The Lender may exercise any and all remedies available at law or in equity, and any remedy in any related security agreement. The Lender's remedies are cumulative, and no delay or omission in exercising any right operates as a waiver of that right.

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

## 7. Security (Optional)

**7.1 [Secured Note.]** This Note is secured by [DESCRIPTION OF COLLATERAL, e.g. the property described in the Security Agreement dated [DATE] between the Parties], which is incorporated by reference. On an Event of Default, the Lender may exercise its rights in the collateral under that agreement and applicable law.

**7.2 [Unsecured Note.]** This Note is unsecured. It is a general obligation of the Borrower and is not secured by any collateral. [Delete whichever of Sections 7.1 or 7.2 does not apply.]

## 8. Borrower Waivers

**8.1** To the extent permitted by applicable law, the Borrower and all guarantors, sureties, and endorsers waive presentment for payment, demand, protest, notice of protest, and notice of dishonor, and consent to extensions of time, renewals, and modifications of this Note granted by the Lender, without notice and without affecting their liability.

## 9. Guaranty (Optional)

**9.1** The undersigned guarantor (the "Guarantor") personally and unconditionally guarantees the full and prompt payment of all amounts due under this Note when due, and agrees that the Lender may proceed directly against the Guarantor without first proceeding against the Borrower. [Delete this Section and the Guarantor signature line if there is no guarantor.]

## 10. General Provisions

**10.1 Governing law.** This Note is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules.

**10.2 Jurisdiction and venue.** The Borrower submits to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE] for any action arising out of or relating to this Note.

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

**10.4 Assignment.** The Lender may assign or transfer this Note and its rights without the Borrower's consent. The Borrower may not assign its obligations under this Note without the Lender's prior written consent. This Note binds and benefits the Parties' permitted successors and assigns.

10.5 **Joint and several liability.** If more than one person signs as Borrower, each is jointly and severally liable for all obligations under this Note.

10.6 **Entire agreement; amendment.** This Note, together with any related security agreement or guaranty, is the entire agreement on its subject. It may be amended only by a writing signed by the Borrower and the Lender.

10.7 **Severability.** If any provision of this Note is unenforceable, the rest remains in effect.

10.8 **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 Borrower (and Guarantor, if any) has executed this Note as of the date first written above.

**BORROWER**

**GUARANTOR (if any)**

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

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

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: **[TITLE, if signing for an entity]**

Title: **[TITLE, if applicable]**

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

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

**Acknowledged and accepted by the Lender:**

**LENDER**

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

Printed name: **[NAME]**

Title: **[TITLE, if signing for an entity]**

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

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