

# UNSECURED PROMISSORY NOTE

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This Unsecured Promissory 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. Unlike a secured note, repayment of this Note is **not** backed by any collateral or security interest; Lender relies solely on Borrower's personal promise to pay. 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 No security.** This Note is **unsecured**. Borrower grants Lender no security interest, lien, or other encumbrance in any property, and Lender's recovery in the event of nonpayment is limited to Borrower's general obligation to pay, subject to applicable law.

**1.3 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].

**1.4 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. Repayment

**3.1 Payment schedule.** Borrower will repay the Principal and interest in **[NUMBER]** consecutive **[monthly / quarterly]** installments of **\$(INSTALLMENT AMOUNT)** each, beginning on **[FIRST PAYMENT DATE]** and continuing on the **[same day]** of each successive period until the Maturity Date.

**3.2 Maturity date.** All unpaid Principal, accrued interest, and other amounts are due and payable in full on **[MATURITY DATE]** (the "**Maturity Date**"), whether by scheduled payments or otherwise.

**3.3 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 **[will / will not]** reduce the number of remaining installments.

**3.4 Late charge.** If any 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. Events of Default

**4.1 Events of Default.** Each of the following is an "**Event of Default**": (a) Borrower fails to pay any amount 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.

**4.2 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.

**4.3 Remedies.** On an Event of Default, Lender may pursue any remedy available at law or in equity to collect the amounts owed. Because this Note is unsecured, Lender has no right to repossess or foreclose on any property and must rely on the remedies generally available to unsecured creditors.

### 5. Collection Costs and Waivers

**5.1 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.

**5.2 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.

5.3 **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.

## 6. Representations and Covenants

6.1 **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) the loan proceeds will be used for **[PURPOSE, e.g. business / personal — note consumer-credit rules differ]**.

6.2 **Affirmative covenants.** Borrower will pay the Obligations when due, comply with applicable law, and promptly notify Lender of any event that could become an Event of Default.

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

## 7. Relationship of the Parties

7.1 **Debtor-creditor relationship only.** This Note creates only a debtor-creditor relationship between Borrower and Lender. Nothing in this Note creates a partnership, joint venture, agency, or any equity or ownership interest in either Party.

7.2 **No reliance on collateral.** Borrower acknowledges that Lender has extended credit on an unsecured basis in reliance on Borrower's creditworthiness and promise to pay, and not on any property or guaranty unless separately documented.

## 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**

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

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

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Printed name: **[NAME]**

Printed name: **[NAME]**

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Title: **[TITLE OR N/A]**

Title: **[TITLE OR N/A]**

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

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

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