Family Loan Promissory Note

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INSTRUCTIONS FOR USE

Documents a loan between family members so expectations are clear and the IRS sees a real loan. Fill in the bracketed fields.

1. Parties

Lender: ____

Borrower: ____

2. Loan Terms

Principal amount: ____

Interest rate (AFR or higher): ____

Loan date: ____

First payment date: ____

■ Use at least the IRS Applicable Federal Rate (AFR) to avoid imputed-interest issues.

3. Repayment

[ ] Equal monthly installments

[ ] Lump sum on a set date

[ ] Interest-only, balance due later

Payment amount & frequency: ____

Maturity (payoff) date: ____

4. Optional Terms

[ ] Secured by collateral

Collateral description: ____

[ ] Prepayment allowed without penalty

Late fee: ____

Signatures

Lender

Printed Name: ____

Signature: ____

Borrower

Printed Name: ____

Signature: ____

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