PROMISSORY NOTE

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INSTRUCTIONS FOR USE

This template covers both Secured and Unsecured promissory notes. Select the appropriate option and delete the other. Fill in the bracketed fields. This template is provided for informational purposes only and does not constitute legal advice.

PROMISSORY NOTE

Date: [DATE] Principal Amount: $[AMOUNT]

FOR VALUE RECEIVED, the undersigned Borrower promises to pay to the order of the Lender the principal sum stated above, together with interest and according to the terms set forth below.

PARTIES

Lender (Payee):

- Name: [FULL LEGAL NAME]
- Address: [STREET ADDRESS, CITY, STATE, ZIP]
- Phone: [PHONE]
- Email: [EMAIL]

Borrower (Maker):

- Name: [FULL LEGAL NAME]
- Address: [STREET ADDRESS, CITY, STATE, ZIP]
- Phone: [PHONE]
- Email: [EMAIL]

1. PRINCIPAL & INTEREST

Principal Amount: $[AMOUNT] (written: [AMOUNT IN WORDS] dollars)

Interest Rate: [__]% per annum [simple interest / compound interest]

(Note: Check your state's usury laws for maximum allowable interest rates. Rates exceeding the legal limit may render the note unenforceable.)

[ ] Fixed Rate — The interest rate remains at [__]% for the life of this Note.

[ ] Variable Rate — The interest rate shall be [Prime Rate + __% / SOFR + __%], adjusted [monthly / quarterly / annually]. Floor: [__]%. Cap: [__]%.

2. PAYMENT TERMS

[SELECT ONE:]

[ ] Option A: Installment Payments

- Payment Amount: $[AMOUNT] per [week / month]
- Payment Frequency: [Weekly / Bi-weekly / Monthly]
- First Payment Due: [DATE]
- Final Payment Due: [DATE]
- Total Number of Payments: [NUMBER]

[ ] Option B: Lump Sum (Balloon Payment)

- The entire principal plus accrued interest shall be due and payable on: [DATE]

[ ] Option C: Interest-Only with Balloon

- Monthly interest-only payments of $[AMOUNT] due on the [__] of each month
- Beginning: [DATE]
- All outstanding principal plus any remaining interest due on: [DATE]

[ ] Option D: Payment on Demand

- The entire balance shall be due and payable upon [30 / 60] days' written demand by the Lender.

3. PAYMENT METHOD

Payments shall be made via [check / bank transfer / cash / money order / electronic payment] to:

- Pay To: [LENDER NAME]
- Address: [PAYMENT ADDRESS]
- Account: [BANK ROUTING/ACCOUNT INFO if wire transfer]

4. PREPAYMENT

[ ] Prepayment permitted without penalty. Borrower may prepay all or any portion of the outstanding balance at any time without penalty.

[ ] Prepayment penalty applies. If Borrower prepays more than [__]% of the original principal within the first [__] months, a prepayment penalty of [__]% of the prepaid amount / $[AMOUNT] shall apply.

5. LATE PAYMENT & DEFAULT

5.1 Grace Period: A payment shall not be considered late if received within [5 / 10 / 15] days after the due date.

5.2 Late Fee: If payment is not received within the grace period, Borrower shall pay a late fee of $[AMOUNT] or [__]% of the overdue payment (whichever is [greater / lesser]).

5.3 Default. The following shall constitute an Event of Default: (a) Failure to make any payment within [15 / 30] days after it is due; (b) Borrower becomes insolvent or files for bankruptcy; (c) Any material misrepresentation by Borrower in connection with this Note; (d) Failure to maintain required collateral (if Secured Note); (e) Breach of any other term of this Note not cured within [15] days of written notice.

5.4 Acceleration. Upon an Event of Default, the Lender may declare the entire unpaid principal balance, plus accrued interest, immediately due and payable ("Acceleration").

5.5 Default Interest Rate. Upon default, interest shall accrue at [__]% per annum (or the maximum rate permitted by law, whichever is less) until the balance is paid in full.

6. SECURITY

[SELECT ONE:]

[ ] UNSECURED PROMISSORY NOTE

This Note is unsecured. No collateral is pledged. The Lender's recourse in the event of default is limited to legal action against the Borrower personally.

[ ] SECURED PROMISSORY NOTE

This Note is secured by the following collateral ("Collateral"):

[ ] Real Property:

- Address: [PROPERTY ADDRESS]
- Legal Description: [LOT, BLOCK, SUBDIVISION or PARCEL #]
- Secured by: [Deed of Trust / Mortgage] recorded with [COUNTY] County

[ ] Vehicle:

- Year/Make/Model: [DETAILS]
- VIN: [VIN NUMBER]
- Lien recorded with: [STATE DMV]

[ ] Personal Property:

- Description: [DESCRIBE — e.g., "equipment, inventory, accounts receivable"]
- UCC Financing Statement filed: [Yes / To be filed]

[ ] Other Collateral:

- [DESCRIBE]

Security Agreement. Borrower grants Lender a security interest in the above-described Collateral. In the event of default, Lender may exercise all rights of a secured party under the Uniform Commercial Code (UCC) of [STATE], including the right to take possession of and sell the Collateral.

7. CO-SIGNER / GUARANTOR (Optional)

[ ] Include Co-Signer / Guarantor

The undersigned Guarantor unconditionally guarantees payment of all amounts due under this Note. If Borrower defaults, Lender may proceed directly against Guarantor without first pursuing Borrower.

- Guarantor Name: [FULL LEGAL NAME]
- Address: [ADDRESS]
- Relationship to Borrower: [RELATIONSHIP]

8. WAIVERS

Borrower waives: (a) Presentment for payment; (b) Demand; (c) Protest and notice of protest; (d) Notice of dishonor; (e) Diligence in collection.

9. ATTORNEY'S FEES

In the event Lender must take legal action to enforce this Note, Borrower agrees to pay all reasonable attorney's fees and collection costs incurred by Lender.

10. GOVERNING LAW

This Note shall be governed by and construed in accordance with the laws of the State of [STATE], without regard to conflict of law principles.

11. MISCELLANEOUS

(a) Successors and Assigns. This Note is binding upon Borrower and Borrower's heirs, successors, and assigns.

(b) Amendments. This Note may not be modified except in writing signed by both parties.

(c) Severability. If any provision is unenforceable, remaining provisions continue in full force.

(d) Non-Waiver. Lender's failure to enforce any provision shall not constitute a waiver.

(e) Notices. All notices shall be sent to the addresses listed above via certified mail or email with delivery confirmation.

SIGNATURES

Borrower:

Signature: ____

Printed Name: [FULL LEGAL NAME]

Date: ____

Lender:

Signature: ____

Printed Name: [FULL LEGAL NAME]

Date: ____

Co-Signer/Guarantor (if applicable):

Signature: ____

Printed Name: [FULL LEGAL NAME]

Date: ____

Witness (recommended):

Signature: ____

Printed Name: [FULL LEGAL NAME]

Date: ____

PAYMENT LOG (Optional — for manual tracking)

Payment #	Due Date	Amount Due	Amount Paid	Date Paid	Balance Remaining
1		$	$		$
2		$	$		$
3		$	$		$
4		$	$		$
5		$	$		$

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