

Promissory Note

Source: File2Download.com | Free to use and edit

PROMISSORY NOTE

Date: [DATE]

Principal Amount: \$[PRINCIPAL AMOUNT]

Lender: [LENDER NAME], with address at [LENDER ADDRESS]

Borrower: [BORROWER NAME], with address at [BORROWER ADDRESS]

Governing Law State: [GOVERNING LAW]

1. PARTIES

1.1 Lender. The person or entity identified as Lender above is the party entitled to receive payments under this Promissory Note (Note).

1.2 Borrower. The person or entity identified as Borrower above promises to pay to Lender the principal and interest as set forth in this Note.

2. PROMISE TO PAY

2.1 Promise. For value received, Borrower promises to pay to the order of Lender the Principal Amount together with interest on the unpaid principal balance at the rate and on the terms set forth in this Note.

2.2 Borrower Information. Borrower represents and warrants that the information provided in this Note is true and correct and that Borrower has authority to enter into and perform this Note.

3. PRINCIPAL, INTEREST, AND TERM

3.1 Principal Amount. The initial principal amount is [PRINCIPAL AMOUNT] dollars (USD \$[PRINCIPAL AMOUNT]).

3.2 Interest Rate. Interest shall accrue on the unpaid principal at the rate of [INTEREST RATE]% per annum, calculated on the basis of a 365-day year and actual days elapsed, unless a different method is specified in the Payment Schedule.

3.3 Maturity Date. The entire unpaid principal balance and all accrued but unpaid interest shall be due and payable on [MATURITY DATE] (Maturity Date), unless earlier accelerated pursuant to Section 7 of this Note.

4. PAYMENT TERMS

4.1 Payment Schedule. Borrower shall pay principal and interest according to the following schedule: [PAYMENT SCHEDULE]. Example: monthly payments of \$[AMOUNT] beginning on [FIRST PAYMENT DATE] until the Maturity Date.

4.2 Application of Payments. Payments shall be applied first to accrued but unpaid interest, then to principal, and then to any other amounts due under this Note unless Lender provides written notice specifying a different application.

4.3 Place of Payment. Payments shall be made to Lender at Lender's address above or at such other place as Lender may designate in writing.

5. PREPAYMENT

5.1 Voluntary Prepayment. Borrower may prepay all or any portion of the principal without penalty unless a prepayment penalty is specified here: [PREPAYMENT PENALTY, IF ANY; OTHERWISE "NONE"]. Prepayments shall first be applied to accrued interest and then to principal.

5.2 Effects on Payments. Any prepayment shall not affect Borrower's obligation to make subsequent payments as scheduled unless Lender provides written agreement to a modified schedule.

6. SECURITY (OPTIONAL)

6.1 Secured Note. This Note is secured by the following collateral: [COLLATERAL DESCRIPTION]. If secured, Borrower grants Lender a security interest, mortgage, deed of trust, or other lien in the collateral described and authorizes Lender to file financing statements and take other actions to perfect and maintain the security interest.

6.2 Unsecured Note. If this is an unsecured obligation, state here: "This Note is unsecured." Borrower acknowledges that no collateral secures this Note.

7. DEFAULT AND ACCELERATION

7.1 Events of Default. Each of the following constitutes an Event of Default: (a) Borrower fails to pay any principal or interest within [GRACE PERIOD] days after the due date; (b) Borrower defaults under any material term of this Note or related security agreement; (c) Borrower becomes insolvent, makes an assignment for the benefit of creditors, admits inability to pay debts as they become due, or a bankruptcy or insolvency proceeding is instituted by or against Borrower.

7.2 Remedies; Acceleration. Upon the occurrence of an Event of Default, and at Lender's option, the entire unpaid principal balance, accrued interest, and all other amounts owing under this Note may become immediately due and payable without further notice or demand. Lender may exercise any remedy available at law or in equity, including foreclosure or repossession of collateral, if any.

7.3 Late Charges. If a payment is not received within [LATE CHARGE GRACE PERIOD] days after the due date, Borrower shall pay a late charge of [LATE FEE] or [LATE FEE PERCENTAGE]% of the overdue amount, whichever is greater, to compensate Lender for administrative expenses.

8. ATTORNEY'S FEES AND COLLECTION COSTS

If Lender incurs costs to enforce this Note after default, including attorney's fees, court costs, collection agency fees, and expenses, Borrower agrees to reimburse Lender for such amounts to the extent permitted by applicable law.

9. WAIVERS

Borrower and all endorsers, guarantors, and sureties waive presentment for payment, demand, notice of dishonor, protest, and notice of protest, and any requirement that Lender pursue any remedy against any other person or property prior to exercising rights under this Note.

10. NO ORAL MODIFICATION; AMENDMENT

This Note may be amended only by a written instrument signed by both Borrower and Lender. No course of dealing or failure to enforce any provision shall constitute a waiver of rights.

11. NOTICES

All notices required or permitted under this Note shall be in writing and delivered personally, sent by nationally recognized overnight courier, or mailed by certified mail, return receipt requested, to the addresses set forth above or to such other address as a party may designate by written notice to the other. Notice is effective upon receipt.

12. ASSIGNMENT

Lender may assign or transfer this Note, in whole or in part, without Borrower's consent. Borrower may not assign any rights or obligations under this Note without Lender's prior written consent.

13. GOVERNING LAW

This Note shall be governed by and construed in accordance with the laws of the State of [GOVERNING LAW], except to the extent preempted by federal law. (Note: Replace [GOVERNING LAW] with the chosen state; correct spelling should be used.)

14. SEVERABILITY

If any provision of this Note is held invalid or unenforceable under applicable law, the remaining provisions shall continue in full force and effect.

15. FURTHER ASSURANCES

Borrower shall execute and deliver to Lender such other instruments and documents and take such other actions as Lender reasonably requests to carry out the purposes of this Note and to evidence, secure, or perfect Lender's rights.

16. BINDING EFFECT

This Note binds Borrower's heirs, personal representatives, successors, and permitted assigns and benefits Lender's successors and assigns.

17. INTERPRETATION

Headings are inserted for convenience only and do not affect interpretation. Words used in the singular include the plural and vice versa where the context requires.

18. DEFAULT INTEREST (OPTIONAL)

Upon an Event of Default, interest shall accrue on the unpaid principal balance at a default rate of [DEFAULT INTEREST RATE]% per annum in addition to any other amounts payable under this Note, but only to the extent permitted by applicable law.

19. FINANCIAL STATEMENTS (OPTIONAL)

If required by Lender, Borrower shall provide current financial statements, tax returns, or other financial information within [NUMBER] days of Lender's written request.

20. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral or written.

21. SIGNATURES

IN WITNESS WHEREOF, Borrower and Lender have executed this Promissory Note as of the date first written above.

LENDER:

Signature: _____

Name: [LENDER NAME]

Title (if applicable): [LENDER TITLE]

Date: [LENDER SIGNATURE DATE]

Address: [LENDER ADDRESS]

BORROWER:

Signature: _____

Name: [BORROWER NAME]

Title (if applicable): [BORROWER TITLE]

Date: [BORROWER SIGNATURE DATE]

Address: [BORROWER ADDRESS]

22. NOTARY ACKNOWLEDGMENT (OPTIONAL)

STATE OF [STATE])

) ss.

COUNTY OF [COUNTY])

On this [DAY] day of [MONTH], [YEAR], before me, a Notary Public in and for said State, personally appeared [BORROWER NAME], known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: _____

Printed Name: _____

My Commission Expires: _____

Optional Exhibits and Schedules:

Exhibit A - Payment Schedule details and amortization table: [ATTACH AMORTIZATION SCHEDULE OR DETAILED PAYMENT MATRIX]

Exhibit B - Security Agreement or Mortgage/Deed of Trust: [ATTACH SECURITY DOCUMENT IF APPLICABLE]

INSTRUCTIONS AND NOTES FOR USE (NOT PART OF NOTE):

- Replace all bracketed placeholders with accurate information. Remove optional sections that are not applicable (for example, Security or Notary sections) or adapt them according to the transaction.
- Consider state-specific requirements for promissory notes, mortgages, security interests, and notary acknowledgments. Consult an attorney for complex loans or if you have questions about enforceability, usury limits, or secured transactions under the Uniform Commercial Code.
- If this Note is to be assigned, record the assignment as required by applicable law and provide notice to Borrower if required.

END OF PROMISSORY NOTE

This template is provided for informational purposes only and does not constitute legal advice. Consult a licensed attorney before signing any legal document.