Promissory Note

Prepared with Signathing. Roles: Borrower, Lender.

1. Parties

Borrower (name or business): _____

Borrower address: _____

Lender (name or business): _____

Lender address: _____

For value received, the Borrower promises to pay the Lender the principal amount below, with interest as stated, on the terms in this note. If more than one person signs as Borrower, each is responsible for the whole amount.

2. The loan

Principal amount ($): _____

Date the funds were (or will be) given to the Borrower: _____

Purpose of the loan (optional): _____

The principal is the amount the Lender actually gives the Borrower. If it is given in more than one payment, the Borrower owes only what has been given, and the Lender keeps a record of each amount and date.

3. Interest

Annual interest rate (%, or 0 for no interest): _____

Interest accrues on the unpaid principal at the simple annual rate above from the date the funds are given until the loan is paid in full. If the rate is 0, no interest is owed. In no case does the interest charged exceed the maximum the law of the governing state allows for a loan of this kind; any amount collected over that maximum is applied to principal, or refunded if the principal has been paid. A loan between family members at no or low interest can have tax consequences for the Lender; that is a question for a tax preparer, not this note.

4. Repayment

Repayment plan: _____

Choices: One lump sum of principal and interest on the final due date / Equal monthly installments until paid, the last payment covering any rem

Payment amount ($), if installments or interest only: _____

First payment date: _____

Final due date: _____

How payments are made (cash, check, bank transfer, app) and where they are sent: _____

Each payment is applied first to any late fee owed, then to accrued interest, then to principal. A payment is made when the Lender receives it. If a payment date falls on a weekend or holiday, the payment is due the next business day. The Lender gives a written receipt on request and, once the loan is paid in full, marks this note paid and gives the Borrower a copy marked paid.

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5. Prepayment

The Borrower may pay all or part of the principal early at any time without penalty. Interest stops on the amount prepaid as of the day it is received. A partial prepayment does not excuse the next scheduled payment unless the Lender agrees in writing.

6. Late payments and default

Grace period (days after the due date before a payment is late): _____

Late fee ($ or % of the late payment): _____

Days a payment may stay unpaid before the Lender may demand the whole balance: _____

A payment not received within the grace period is late and carries the late fee above, never more than the law of the governing state allows. If a payment stays unpaid for the number of days stated above, or the Borrower becomes insolvent, files for bankruptcy, or gave the Lender false information to get the loan, the Borrower is in default. On default the Lender may, by written notice to the Borrower's address above, declare the whole unpaid balance and accrued interest due at once. If the Lender has to collect through a lawyer or a court, the Borrower pays the reasonable costs of collection where the law of the governing state allows. The Lender's choice not to act on one late payment does not give up the right to act on a later one.

7. Security

Security: _____

Choices: Unsecured: the Borrower's promise only / Secured by the property described below

Collateral description (make, model, year, VIN or serial number, or property address), if secured: _____

If this note is secured, the Borrower gives the Lender a security interest in the property described above until the loan is paid in full, keeps it insured and in good condition, and does not sell it or borrow against it without the Lender's written consent. If the Borrower defaults, the Lender may take and sell the property as the law of the governing state allows, apply the proceeds to the loan, and return any surplus to the Borrower. Describing collateral here is a start, not the whole job: a lien on a vehicle is recorded through the state's title office, a lien on real estate is recorded in the county land records, and other property usually takes a financing statement filed with the state. Those steps are outside this note.

8. Borrower's promises

The Borrower uses the loan for the purpose stated, if one is stated; tells the Lender within ten days of any change of address, phone or email; and signs any further document reasonably needed to carry out this note, such as a title lien form for collateral. The Borrower agrees that the Lender does not have to make a formal demand for payment before a payment is late or the balance is accelerated, beyond the written notice described in section 6.

9. Governing state and other terms

Governing state: _____

This note is governed by the law of the governing state above. For a large amount, or when property secures the loan, each side should have a lawyer read this note before signing; the rules on interest, late fees, collection and collateral differ from state to state. This note is the whole agreement about this loan and replaces any earlier conversation or message about it; changes must be in writing and signed by both. If any part cannot be enforced, the rest stands. The Borrower and the Lender each keep a signed copy.

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10. Co-signer or guarantor

If a co-signer or guarantor backs this loan, add that person as a third signer. By signing, a co-signer or guarantor promises to pay whatever the Borrower does not, on the same terms, and the Lender may collect from either without first suing the Borrower.

☐ Borrower confirms receipt of the loan amount on the date stated in section 2

Signatures

Borrower

Signature	Date	Printed name

Lender

Signature	Date	Printed name

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