TEMPLATE

Promissory Note

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer–client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Promissory Note

For value received, [Borrower full legal name] of [Borrower address] ("Borrower") unconditionally promises to pay to the order of [Lender full legal name] of [Lender address] ("Lender") the principal sum of [Principal amount, e.g. $10,000.00] , on the terms set out below. This Promissory Note (this "Note") is dated [Date] .

This Note is a unilateral written promise by the Borrower alone. It is not signed by the Lender and does not obligate the Lender to do anything beyond what is stated here.

1. Interest

Interest accrues on the unpaid principal balance at a rate of [Interest rate, e.g. 5% per annum, or "0% (no interest)"] , calculated on the basis of a 365-day year, from the date of this Note until paid in full.

2. Repayment

Borrower shall repay the principal and any accrued interest as follows: [Repayment terms, e.g. "a single lump sum on the maturity date" or "equal monthly installments of $___ beginning ___"] .

All payments shall be made to Lender at the address stated above, or at such other place or by such other method (including electronic transfer) as Lender designates in writing. Payments are applied first to any accrued interest, then to unpaid principal, unless Borrower and Lender agree otherwise in writing.

Borrower may prepay any part of this Note at any time without penalty. Prepayments are applied to the principal balance and do not change the due date of any later scheduled payment unless Lender agrees otherwise in writing.

3. Maturity Date

The entire unpaid principal balance, together with all accrued and unpaid interest, is due and payable in full no later than [Maturity date] (the "Maturity Date"), unless paid earlier under the terms of this Note.

4. Late Payments

If any payment is not received within [Grace period, e.g. 10] days of its due date, Borrower shall pay a late fee of [Late fee, e.g. $25 or 5% of the overdue amount] for each such late payment, in addition to the amount otherwise due. This late fee compensates Lender for the administrative cost of a late payment and is not a penalty for using borrowed money.

5. Default and Acceleration

Borrower is in default under this Note if Borrower fails to make any payment when due and does not cure that failure within [Cure period, e.g. 10] days after Lender gives Borrower written notice of it, or if Borrower becomes insolvent, makes an assignment for the benefit of creditors, or has a bankruptcy petition filed by or against Borrower that is not dismissed within 60 days.

On any default, Lender may declare the entire unpaid principal balance and all accrued interest immediately due and payable in full, without further notice or demand, in addition to any other right or remedy available to Lender under applicable law.

6. Costs of Collection

If this Note is referred to an attorney or collection agency for collection after a default, Borrower shall pay Lender's reasonable costs of collection, including reasonable attorneys' fees, to the extent permitted by applicable law.

7. Waivers

Borrower waives presentment, demand for payment, notice of dishonor, and protest, and agrees that Lender may extend the time for payment, or release any party to this Note, without releasing Borrower from liability.

No delay or failure by Lender in exercising any right under this Note is a waiver of that right, and a waiver on one occasion is not a waiver of any later default.

8. Assignment

Lender may transfer or assign this Note, and Lender's rights under it, to another party without Borrower's consent; Lender shall give Borrower written notice of any such transfer. Borrower may not assign or delegate any obligation under this Note without Lender's prior written consent.

9. Governing Law

This Note is governed by the laws of [Governing law, e.g. the State of Delaware] , without regard to its conflict-of-laws principles.

10. Miscellaneous

This Note is the entire agreement between Borrower and Lender concerning the debt it describes, and replaces any earlier understanding on that subject. It may only be amended in a writing signed by Borrower.

If any provision of this Note is held unenforceable, the rest continues in force. Borrower's obligations under this Note bind Borrower's heirs, executors, administrators and successors.

This Note may be signed electronically, and an electronically signed copy is an original for all purposes.

In agreement with the terms above, the parties have signed below on the dates written beside their signatures.

Borrower

Signature: ______________________________

Printed name: ______________________________

Company: ______________________________

Title: ______________________________

Date: ______________________________