

Template from signwren.com. General information, not legal advice. Check your state's rules and adapt it before you use it.

Interest rate limits (usury laws) are set by state law and vary from state to state. Check your state's limit before you fill in section 3. This template is for a simple unsecured loan. If the loan will be secured by real estate or sold to someone else, talk to a lawyer.

PROMISSORY NOTE

Date: [date]

Principal amount: [\$ amount]

Borrower: [Borrower's full legal name or business name]

Address: [street, city, state, ZIP]

Lender: [Lender's full legal name or business name]

Address: [street, city, state, ZIP]

1. Promise to pay

For value received, the Borrower promises to pay the Lender the principal amount of [\$ amount] ([amount in words] dollars), plus interest as set out below, on the terms of this note.

The Lender has given the Borrower the principal amount by: ☐ Bank transfer ☐ Check ☐ Cash ☐ Other: [describe], on [date].

2. Purpose (optional)

The Borrower will use the loan for: [purpose, or delete this section].

3. Interest

Choose one:

☐ This loan is interest-free.

☐ Interest accrues at [rate]% per year, calculated as simple interest on the unpaid principal balance, starting on [date].

If this rate is ever higher than the maximum allowed by law, the rate will be reduced to the highest lawful rate, and any excess interest already paid will be applied to the principal or refunded.

4. Repayment

Choose one:

☐ **Installments.** The Borrower will make [number] payments of [\$ amount] each, due on the [day] of each month, starting on [date], until the principal and interest are paid in full. The final payment is due on [date].

A payment schedule is attached (optional).

☐ **Lump sum.** The Borrower will repay all principal and interest in one payment on or before [date].

☐ **On demand.** The Borrower will repay all principal and interest within [number] days after the Lender asks for repayment in writing, and in any case no later than [date].

Payments will be made by [bank transfer / check / other] to [Lender's payment details or address]. Each payment is applied first to any late fee, then to interest, then to principal.

5. Prepayment

The Borrower may pay all or part of the balance early at any time without penalty. Early partial payments reduce the principal but do not change the due dates of later payments unless the Lender agrees in writing.

6. Late payment

If a payment is more than [number] days late, the Borrower will pay a late fee of ☐ [\$ amount] ☐ none. Any late fee must be within the limits allowed by law.

7. Default

The Borrower is in default if:

- a payment is more than [number] days late and the Borrower has not paid it within [number] days after receiving written notice from the Lender; or
- the Borrower files for bankruptcy or becomes unable to pay debts as they come due.

If the Borrower is in default, the Lender may give written notice that the whole unpaid balance, with interest to that date, is due immediately.

8. Collection costs

If the Lender has to take legal action to collect the amount due, the Borrower will pay the Lender's reasonable costs of collection, including reasonable attorney fees, to the extent the law allows.

9. Transfer

This note is not intended to be a negotiable instrument. The Lender may transfer the right to receive payments under this note only by giving the Borrower written notice. The Borrower may not transfer the obligation to repay without the Lender's written consent.

10. General terms

Notices. Notices under this note must be in writing and sent to the addresses above (or a new address a party gives in writing), by mail, hand delivery or email.

No waiver. If the Lender delays or doesn't enforce a right under this note, the Lender can still enforce it later.

Entire agreement. This note is the whole agreement between the Borrower and the Lender about this loan.

Changes. Any change to this note must be in writing and signed by both parties.

Governing law. The law of [State] governs this note.

Severability. If any part of this note is found unenforceable, the rest stays in effect.

Electronic signatures and counterparts. The parties agree this agreement may be signed electronically and in counterparts, and an electronic signature has the same effect as a handwritten one.

Payment schedule (optional)

Payment no.	Due date	Amount
1	[date]	[\$ amount]
2	[date]	[\$ amount]
3	[date]	[\$ amount]

Signatures

Borrower

Signature: _____

Name: [full name]

Date: [date]

Lender

Signature: _____

Name: [full name]

Date: [date]