

Promissory Note

Principal amount: [Amount, e.g., \$5,000.00] **Date:** [Date] **City and state:** [City, State]

Borrower: [Borrower name], [Borrower's address] **Lender:** [Lender's full name and address]

1. Promise to Pay

For value received, Borrower promises to pay Lender the principal amount above, plus interest as described below, under the terms of this note.

2. Interest

[Choose one:] "This note bears no interest." / "Interest accrues on the unpaid principal at [Rate]% per year, simple interest, from the date above until paid in full." [Check your state's usury law: most states cap the interest rate on a personal loan, and charging more can make the interest, or the whole note, unenforceable.]

3. Payment

[Choose one:] "Borrower will repay the full principal and accrued interest in one payment on [Due date]." / "Borrower will pay [Number] monthly installments of [Amount], starting [Date] and on the same day of each month after that, with any remaining balance due on [Final due date]." Payments go to Lender at [address or account], by [method], and are applied first to any late charges, then to interest, then to principal.

4. Prepayment

Borrower may prepay all or part of this note at any time without penalty. Interest stops accruing on any principal that has been prepaid.

5. Late Charge

[Optional:] If a payment is more than [Number, e.g., 10] days late, Borrower will pay a late charge of [Amount or percentage of the late payment]. [Check your state: some limit late charges on consumer loans.]

6. Default

Borrower is in default if Borrower misses a payment and doesn't make it within [Number, e.g., 15] days after Lender sends written notice of the missed payment. On default, Lender may declare the entire unpaid principal and accrued interest due immediately. Borrower will also pay Lender's reasonable costs of collection, including reasonable attorney's fees, to the extent the law allows.

7. Security

[Choose one:] "This note is unsecured." / "This note is secured by [describe the collateral, e.g., a 2018 Honda Civic, VIN ____], under a separate security agreement signed on the same date." [If the collateral is real estate, a mortgage or deed of trust is required, and it usually has to be notarized and recorded; this template doesn't create one.]

8. Waivers

Borrower waives presentment, demand for payment, and notice of dishonor. Lender's delay or failure to enforce any right under this note is not a waiver of that right.

9. Governing Law

This note is governed by the laws of the State of [State].

10. Lender's Copy and Payoff

Lender keeps the signed note. When the note is paid in full, Lender will give Borrower written confirmation that it has been paid and cancelled.

Signatures

By signing below, each party agrees to these terms.

[Borrower name] ("Borrower")

Signature: _____ Printed name: _____ Date: _____

This template is a general starting point, not legal advice — customize it and have it reviewed for your situation.