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PROMISSORY NOTE

Date of Issuance: [Date]
Principal Amount: $[Loan Amount]
Maturity Date: [Maturity Date]

INTRODUCTORY CLAUSE

This **Promissory Note** ("Note") is executed on **[Effective Date]**, by and between:

- **[Borrower's Full Legal Name]**, with a principal residence or business at **[Borrower's Address]**, hereinafter referred to as the **"Borrower"**; and
- **[Lender's Full Legal Name]**, with a principal place of business at **[Lender's Address]**, hereinafter referred to as the **"Lender"**.

WHEREAS, the Lender has agreed to provide a loan to the Borrower, and the Borrower acknowledges their obligation to repay the Loan in accordance with the terms and conditions set forth in this Note;

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to the following terms:

CLAUSE 1 – PRINCIPAL AND INTEREST TERMS

This section outlines the principal loan amount, interest rate, and conditions for interest accrual under this Promissory Note.

1.1 Principal Amount

The Lender agrees to provide the Borrower with a loan in the principal amount of **[$Loan Amount]** (the "Loan"). The Borrower acknowledges receipt of these funds and agrees to repay the Loan in full according to the terms outlined in this Note.

1.2 Interest Rate

(a) The Loan shall accrue interest at a rate of ☐ **Fixed Interest Rate of [X]% per annum OR** ☐ **Variable Interest Rate based on [Benchmark Rate] plus [X]%**.
(b) Interest shall be calculated on a ☐ **Daily OR** ☐ **Monthly OR** ☐ **Annual** basis.
(c) Interest shall be ☐ **Simple OR** ☐ **Compounded** and applied to the outstanding principal balance ☐ **Monthly OR** ☐ **Quarterly OR** ☐ **Annually**.

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(d) The interest rate ☐ **shall OR** ☐ **shall not** be subject to adjustment based on [Condition, if applicable].

1.3 Interest Accrual and Payment

(a) Interest shall begin accruing on the **Effective Date** of this Note and continue until the Loan is fully repaid.
(b) The Borrower shall make interest payments ☐ **Separately OR** ☐ **Included in Installment Payments**, as specified in **Clause 3 (Repayment Terms)**.
(c) Any unpaid interest shall continue to accrue until the full balance is paid.

CLAUSE 2 – LOAN TERM AND MATURITY DATE

This section outlines the duration of the Loan, the final repayment deadline, and conditions for settlement.

2.1 Loan Term

(a) The Borrower agrees to repay the full outstanding Loan amount, including principal and accrued interest, within **[Loan Term in Months/Years]** from the Effective Date.
(b) The final due date for full repayment shall be **[Maturity Date]**.

2.2 Maturity Date Obligations

(a) On or before the Maturity Date, the Borrower shall ensure that the entire outstanding Loan balance, including accrued interest and any applicable fees, is paid in full.
(b) If the Borrower fails to make full payment by the Maturity Date, the Loan shall be considered **in default**, and the Lender may pursue the remedies set forth in **Clause 6 (Default and Remedies)**.

2.3 Extension of Loan Term *(If Applicable)*

(a) The Borrower ☐ **may OR** ☐ **may not** request an extension of the Loan Term.
(b) If an extension is permitted, the request must be made in **writing** at least **[Number] days** before the Maturity Date.
(c) Approval of an extension shall be at the sole discretion of the Lender and may be subject to:

- A revised interest rate.
- Additional fees.
- New repayment terms.

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CLAUSE 3 – REPAYMENT TERMS

This section details the repayment schedule, installment amounts, due dates, and consequences of late payments.

3.1 Repayment Schedule

(a) The Borrower shall repay the Loan in ☐ **Equal Monthly Installments OR** ☐ **Quarterly Installments OR** ☐ **One Lump-Sum Payment at Maturity OR** ☐ **Other [Specify]**.
(b) Each installment payment shall be in the amount of **[$Amount]**, payable on the **[Payment Due Date]** of each period.
(c) The repayment schedule shall be as follows:

Payment Number	Due Date	Principal ($)	Interest ($)	Total Payment ($)
1	[Date]	[$Amount]	[$Amount]	[$Total Amount]
2	[Date]	[$Amount]	[$Amount]	[$Total Amount]
…	…	…	…	…
Final	[Date]	[$Amount]	[$Amount]	[$Total Amount]

*(Attach a full **Repayment Schedule Addendum** if necessary.)*

3.2 Payment Method

(a) Payments shall be made via ☐ **Bank Transfer OR** ☐ **Check OR** ☐ **Cash OR** ☐ **Other [Specify]** to the Lender's designated account.
(b) The Borrower shall ensure that each payment is received by the Lender on or before the due date.

3.3 Late Payments and Penalties

(a) If any payment is not received within **[Number] days** of the due date, the Borrower shall pay a **late fee of [$Amount or %]** in addition to the scheduled installment amount.
(b) The Lender ☐ **may OR** ☐ **may not** apply an increased interest rate of **[X]% per annum** on overdue amounts.
(c) Any unpaid balance, including late fees and penalties, shall continue to accrue interest at the default rate specified in **Clause 6 (Default and Remedies)**.

CLAUSE 4 – PREPAYMENT AND EARLY TERMINATION

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This section outlines the Borrower's right to repay the Loan early, potential prepayment penalties, and the conditions for terminating the Loan before the maturity date.

4.1 Prepayment Rights

(a) The Borrower ☐ **may OR** ☐ **may not** prepay the Loan in full or in part at any time before the Maturity Date.
(b) Any prepayment shall be applied in the following order:

- Accrued but unpaid interest
- Principal balance
- Any outstanding late fees or penalties

4.2 Prepayment Penalty *(If Applicable)*

(a) If prepayment occurs before **[Number] months/years** from the Loan origination date, the Borrower shall pay a **prepayment penalty of [$Amount or % of Remaining Balance]**.
(b) The penalty ☐ **shall OR** ☐ **shall not** apply if the prepayment is due to a **sale of collateral, refinancing, or inheritance proceeds**.

4.3 Early Termination of Loan

(a) If the Borrower repays the full Loan balance, including interest and any applicable fees, before the Maturity Date, this Agreement shall be considered **fully satisfied**.
(b) Upon full repayment, the Lender shall:

- Provide the Borrower with a **Loan Satisfaction Statement** confirming that no further obligations exist.
- Release any **liens or security interests** on collateral (if applicable).

CLAUSE 5 – LOAN SECURITY AND COLLATERAL

This section outlines whether the Loan is secured or unsecured and specifies the Borrower's obligations concerning collateral, if applicable.

5.1 Loan Type

(a) The Loan shall be ☐ **Secured OR** ☐ **Unsecured**.
(b) If secured, the Borrower agrees to provide collateral as security for the Loan, as detailed in **Clause 5.2 (Collateral Description and Valuation)**.

5.2 Collateral Description and Valuation *(If Applicable)*

(a) The Borrower pledges the following assets as collateral:

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Collateral Description	Estimated Value ($)	Location/Registration Details
[Asset Name]	[$Amount]	[Description]
[Asset Name]	[$Amount]	[Description]

(b) The Borrower affirms that they have full ownership rights to the collateral and that it is **free from any existing liens or encumbrances**, except those disclosed in this Agreement.

5.3 Perfection of Security Interest *(If Applicable)*

(a) The Lender shall have the right to **file a lien, UCC-1 Financing Statement, or mortgage** on the collateral to secure its interest.
(b) The Borrower agrees to **execute all necessary documents** to perfect the Lender's security interest.
(c) The collateral shall remain in the Borrower's possession ☐ **unless default occurs OR** ☐ **until the Loan is fully repaid**.

5.4 Use and Maintenance of Collateral *(If Applicable)*

(a) The Borrower shall maintain the collateral in **good condition** and **shall not sell, transfer, or encumber it** without the Lender's prior written consent.
(b) The Borrower ☐ **shall OR** ☐ **shall not** be required to obtain insurance coverage for the collateral, naming the Lender as the **loss payee or lienholder**.

5.5 Seizure and Sale of Collateral Upon Default

(a) If the Borrower defaults on the Loan, the Lender shall have the right to:

- **Take possession of the collateral** without further notice or legal proceedings, if permitted by law.
- **Sell or otherwise dispose of the collateral** to recover the outstanding Loan balance.
- Apply the **proceeds from the collateral sale** toward the unpaid principal, interest, and any legal fees or costs incurred.
  (b) Any remaining deficiency after the collateral sale ☐ **shall OR** ☐ **shall not** be the Borrower's responsibility.

5.6 Release of Collateral

(a) Upon full repayment of the Loan, the Lender agrees to:

- **Release all liens, security interests, and claims** on the collateral.
- Provide the Borrower with a **Collateral Release Certificate or Lien Satisfaction Statement**.

CLAUSE 6 – DEFAULT AND REMEDIES

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This section outlines the conditions under which the Borrower will be considered in default and the remedies available to the Lender in such an event.

6.1 Events of Default

The Borrower shall be considered in **default** of this Agreement if any of the following occurs:

(a) **Failure to Pay** – The Borrower fails to make any required payment under this Agreement within **[Number] days** after the due date.
(b) **Breach of Agreement** – The Borrower violates any material term or condition of this Agreement.
(c) **False Representations** – Any financial or personal information provided by the Borrower is found to be false or misleading.
(d) **Insolvency or Bankruptcy** – The Borrower files for bankruptcy, becomes insolvent, or is unable to meet financial obligations.
(e) **Damage to Collateral** *(If Applicable)* – The Borrower damages, sells, transfers, or otherwise encumbers the collateral without the Lender's written consent.

6.2 Remedies of the Lender

If an event of default occurs, the Lender shall have the right to take one or more of the following actions:

(a) **Acceleration of Debt** – The Lender may demand **immediate repayment** of the full outstanding Loan balance, including accrued interest and fees.
(b) **Late Fees and Penalties** – The Borrower shall pay a **late fee of [$Amount or %]** for each missed payment.
(c) **Seizure and Sale of Collateral** *(If Applicable)* – The Lender may take possession of the collateral and sell it to recover unpaid amounts.
(d) **Legal Action** – The Lender may file a lawsuit to recover outstanding amounts, including principal, interest, late fees, and legal costs.
(e) **Credit Reporting** – The default may be reported to **credit bureaus**, affecting the Borrower's credit score.

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6.3 Right to Cure Default *(If Applicable)*

(a) The Borrower shall have **[Number] days** from receiving a **Notice of Default** to cure the default by making the required payments or correcting the violation.
(b) If the Borrower cures the default within the allowed time, the Loan shall continue under the original terms.

(c) If the Borrower fails to cure the default, the Lender may proceed with **full legal enforcement** of the debt.

CLAUSE 7 – GOVERNING LAW AND DISPUTE RESOLUTION

This section establishes the legal framework under which the Loan Agreement is governed and the procedures for resolving disputes.

7.1 Governing Law

(a) This Agreement shall be governed by and construed in accordance with the **laws of the State of [State]**, without regard to conflict-of-law principles.
(b) Any disputes arising under this Agreement shall be subject to the jurisdiction of the courts located in **[County, State]**, unless otherwise required by federal lending laws.

7.2 Dispute Resolution

(a) The parties agree to resolve any disputes through **good faith negotiations** before pursuing legal action.
(b) If a dispute cannot be resolved through negotiation within **[Number] days**, the parties agree to submit the dispute to **mediation** before proceeding to litigation.
(c) If mediation fails, the dispute shall be resolved through ☐ **Binding Arbitration OR** ☐ **Court Litigation**, as governed by the rules of **[Arbitration Association Name]** (if applicable).

7.3 Attorneys' Fees and Costs

(a) If any legal action arises from this Agreement, the **prevailing party** shall be entitled to recover **reasonable attorneys' fees, court costs, and related expenses**.
(b) If arbitration is selected, each party shall bear their own arbitration costs **unless otherwise determined by the arbitrator**.

CLAUSE 8 – MISCELLANEOUS PROVISIONS AND FINAL TERMS

This section includes additional legal provisions governing this **Promissory Note**, including amendments, notices, and contract execution.

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8.1 Entire Agreement

(a) This **Promissory Note**, including any **attached schedules, addenda, and amendments**, constitutes the **entire understanding** between the Lender and the Borrower regarding the loan transaction.

(b) It supersedes all prior oral or written agreements, discussions, and informal arrangements between the parties concerning the Loan.

8.2 Amendments and Modifications

(a) No changes, modifications, or amendments to this Agreement shall be valid unless **made in writing and signed** by both the Lender and the Borrower.
(b) Any verbal agreements or informal understandings **shall not be legally binding** unless properly documented in an addendum to this Agreement.

8.3 Severability

(a) If any provision of this Agreement is found to be **invalid, illegal, or unenforceable**, the remaining provisions shall remain in full force and effect.
(b) The parties agree to replace any unenforceable provision with a valid provision that most closely reflects the original intent of the Agreement.

8.4 Notices

(a) Any **formal notices** required under this Agreement shall be in writing and delivered by:

- **Personal delivery**
- **Certified mail (return receipt requested)**
- **Email (if both parties agree in writing to electronic notice)**
  (b) Notices shall be deemed **effective upon receipt** or, if sent by certified mail, **three (3) business days after mailing**.
  (c) The designated contact information for notices is as follows:

LENDER:
[Lender's Name]
[Lender's Address]
[Lender's Phone Number]
[Lender's Email]

BORROWER:
[Borrower's Name]
[Borrower's Address]
[Borrower's Phone Number]
[Borrower's Email]

8.5 Assignment and Binding Effect

(a) The Borrower ☐ **may OR** ☐ **may not** assign their rights and obligations under this Agreement to another party without the prior written consent of the Lender.

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(b) This Agreement shall be **binding upon and inure to the benefit** of the Lender, the Borrower, and their respective **heirs, successors, and assigns**.

8.6 Force Majeure

Neither party shall be liable for **delays or failures in performance** due to **events beyond their control**, including but not limited to:

- **Natural disasters, extreme weather, or earthquakes**
- **Government actions, legal restrictions, or changes in banking regulations**
- **Acts of war, terrorism, or pandemics**
- **Financial market disruptions or insolvency of banking institutions**

8.7 Waiver of Rights

(a) The failure of either party to enforce any provision of this Agreement **shall not be considered a waiver** of their rights under this Agreement.
(b) Any waiver must be in **writing and signed** by the waiving party.

8.8 Counterparts and Electronic Signatures

(a) This Agreement may be executed in **multiple counterparts**, each of which shall be deemed an original, but all together shall constitute one agreement.
(b) Electronic or digital signatures shall be **legally binding** and have the same effect as handwritten signatures.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this **Promissory Note** as of the date first written above.

LENDER:

[Lender's Name]
Signature: _____
Date: _____

BORROWER:

[Borrower's Name]
Signature: _____
Date: _____

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