

Promissory Note (Interest-Only Payments)

1. Names

Borrower: _____

Address: _____

Lender: _____

Address: _____

2. Promise to Pay. For value received, Borrower promises to pay Lender \$ _____ and interest at the yearly rate of _____% on the unpaid balance as specified below.

3. Interest Payments

☐ Annual Payments. Borrower will pay interest on _____ of each year beginning in _____. The amount of each interest payment will be \$ _____.

☐ Monthly Payments. Borrower will pay interest on the _____ day of each month beginning _____. The amount of each interest payment will be \$ _____.

☐ Other. Borrower will pay interest as follows: _____.

4. Principal Payment. Borrower will pay the principal in full on or before _____, together with any accrued interest.

5. Prepayment. Borrower may prepay all or any part of the principal without penalty.

6. Loan Acceleration. If Borrower is more than _____ days late in making any payment, Lender may declare that the entire balance of unpaid principal is due immediately, together with the interest that has accrued.



7. Security

☐ This is an unsecured note.

☐ Borrower agrees that until the principal and interest owed under this preliminary note are paid in full, this note will be secured by a security agreement and Uniform Commercial Code Financing Statement giving Lender a security interest in certain equipment, fixtures, inventory, or other assets, as described in the security agreement, of the business known as _____.

☐ Borrower agrees that until the principal and interest owed under this preliminary note are paid in full, this note will be secured by the [check one: mortgage deed of trust] covering the real estate commonly known as _____, and more fully described as follows: _____.

8. Collection Costs. If Lender prevails in a lawsuit to collect on this note, Borrower will pay Lender's costs and lawyers' fees in an amount the court finds to be reasonable.

9. Notices. All notices must be in writing. A notice may be delivered to Borrower or Lender at the address specified in Section 1, above, or to a new address Borrower or Lender has designated in writing. A notice may be delivered:

- (1) in person;
- (2) by certified mail, or
- (3) by electronic mail.

10. Governing Law. This preliminary note will be governed by and construed in accordance with the laws of the state of _____.

11. Severability. If any court determines that any provision of this preliminary note is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this agreement invalid or unenforceable and such provision shall be modified, amended, or limited only to the extent necessary to render it valid and enforceable.

Dated: _____



Name of business: _____

to _____

By: _____

Printed name: _____

Title: _____

Address: _____

Nolo

