

Promissory Note, Demand

\$ _____ (Face Value or Principal Note) _____ (Date)

For value received, the undersigned _____
("Borrower"), _____ (Address), promises to pay to the
order of _____ ("Lender"), the sum of \$ _____,
with interest on unpaid principal of 1.5% per month or 18% per year, upon the demand of the
Lender ("Due Date"), at _____ or other place designated by the
Lender.

Unpaid principal after the Due Date, occurring after the demand of the Lender as stated above and
as of that date, shall accrue interest at a rate of 2% per month or 24% annually, or the highest
amount allowed by law, until paid.

Any payments on this Note shall first be applied against legal or collection costs until paid in full, as
then may be due, and then against outstanding interest until paid in full, as then may be due, and
finally applied to the outstanding principal balance.

1. Prepayment. The Borrower reserves the right to prepay this Note (in whole or in part) prior to
the Due Date with no prepayment penalty.
2. Collection Costs, Attorney's Fees, and Late Charge. If any payment obligation under this Note
is not paid when due, the Borrower promises to pay all costs of collection, including reasonable
attorney fees, whether or not a lawsuit is commenced as part of the collection process, without
protest of any kind, legal or otherwise. If the note remains unpaid for an additional 30 days
after Lender gives demand, the Borrower shall be required to pay a 5% late charge based on
the principal still remaining due on the Note at that time.
3. Default Events. If any of the following events of default occur, this Note and any other
obligations of the Borrower to the Lender, shall become due immediately, without demand or
notice:
 - 1) failure of the Borrower to pay the principal and any accrued interest in full on or
before the Due Date;
 - 2) death of the Borrower or Lender;
 - 3) filing of bankruptcy proceedings involving the Borrower as a Debtor;
 - 4) application for the appointment of a receiver for the Borrower;
 - 5) making of a general assignment for the benefit of the Borrower's creditors;
 - 6) insolvency of the Borrower;
 - 7) a misrepresentation by the Borrower to the Lender for the purpose of obtaining or
extending credit.
4. Borrower Waivers. Borrower waives presentment for payment, protest, and notice of protest
and nonpayment of this Note.
5. Additional Lender Rights. No renewal or extension of this Note, delay in enforcing any right of

the Lender under this Note, or assignment by Lender of this Note shall affect the liability or the obligations of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

6. Notices.

Any notice required by this Agreement or given in connection with it, shall be in writing and shall be given to the appropriate party by personal delivery or a recognized over night delivery service such as FedEx.

If to the Borrower: _____.

If to the Lender: _____.

7. No Waiver.

The waiver or failure of either party to exercise in any respect any right provided in this agreement shall not be deemed a waiver of any other right or remedy to which the party may be entitled.

8. Entirety of Agreement.

The terms and conditions set forth herein constitute the entire agreement between the parties and supersede any communications or previous agreements with respect to the subject matter of this Agreement. There are no written or oral understandings directly or indirectly related to this Agreement that are not set forth herein. No change can be made to this Agreement other than in writing and signed by both parties.

9. Governing Law.

This Agreement shall be construed and enforced according to the laws of the State of _____ and any dispute under this Agreement must be brought in this venue and no other.

10. Headings in this Agreement

The headings in this Agreement are for convenience only, confirm no rights or obligations in either party, and do not alter any terms of this Agreement.

11. Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.

In Witness whereof, the parties have executed this Agreement as of the date first written above.

Borrower

Lender

Promissory Note, Demand Review List

This review list is provided to inform you about the document in question and assist you in its preparation. The tough language involved in this document is required to improve your chances of collecting on a defaulted note. As a rule, these kinds of notes are subject to collection problems with the borrower. The lender can forebear if he or so chooses. However, strict terms are required to improve the odds of ultimate collection.

We recommend a Balloon Note instead of this one because there is a predictable end point for all parties. Whether you use a Balloon Note or this Demand note, either kind should be used, in our opinion, if a friend or family member requests a loan. The best result can be for the prospective borrower to decide they do not want to undertake the risks of such a loan. Good; you are off the hook.

If you are the borrower desiring a loan from a family member or friend, this is a good document to use if you mean it. If that person shows the document to a financial advisor or attorney, they will report that you are "serious" about repayment and have provided the appropriate protections. This, in fact, is exactly what happened to me in my first company, the Umbroller stroller company, when my partner and I both used family loans. Both were repaid in full and complete satisfaction to the parties, in part, because the terms of the loan were binding upon our Corporation and thereby influenced our financial backers to repay the loans as due. On a personal basis, because we put tough terms on ourselves, our families didn't feel like irresponsible fools for giving us the money!

This is a simple straightforward document that only requires the signatures of the party. If you are concerned about any later dispute, and being on the safe side is always prudent, we recommend you obtain a notary verification and signature as well.

There should be only one original of this document; multiples imply multiple obligations by the borrower. The lender should keep the original in a home safe or safety deposit box. Copies can be kept as desired, by the parties.