SAMPLE DRAFT OF A PROMISSORY NOTE

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Date of Execution: [DD/MM/YYYY] **Place of Execution:** [City, State/Province, Country]
Currency: [INR / USD / Other Currency]

1. Particulars of the Parties

A. Maker / Borrower

Full Name: [Full Legal Name of Borrower]
Parent/Spouse Name, if applicable: [Name]
Address: [Complete Residential or Business Address]
Identification Details, if appropriate: [Identification Reference]
Email: [Email Address] **Contact:** [Telephone Number]

B. Payee / Lender

Full Name: [Full Legal Name of Lender]
Parent/Spouse Name, if applicable: [Name]
Address: [Complete Residential or Business Address]
Identification Details, if appropriate: [Identification Reference]
Email: [Email Address] **Contact:** [Telephone Number]

Hereinafter, the Maker means the person making the promise to repay; the Payee means the person entitled to receive payment under this Promissory Note.

2. Acknowledgment of Debt and Promise to Pay

For value received, the Maker acknowledges the financial obligation arising from the loan described in this document and unconditionally promises to pay to the Payee, or to the Payee's lawful successor or other person entitled to receive payment where permitted, the principal sum of:

[Amount in Figures] ([Amount in Words Only]) in [Currency], together with interest, if applicable, in accordance with the terms stated below.

The Maker confirms that the amount and repayment obligations recorded in this Promissory Note accurately reflect the parties' agreed arrangement.

3. Loan Amount and Disbursement Details

The principal amount of the loan is [Amount in Figures and Words]. The loan was disbursed, or is to be disbursed, by the Payee to the Maker on [Date] through the following method:

- Bank transfer / electronic payment / cheque / other agreed method: [Specify]
- Transaction reference, if applicable: [Reference Number]
- Bank or payment details, where appropriate: [Details]

Where the loan is disbursed in instalments, the amount and date of each disbursement shall be recorded separately in an attached schedule or acknowledged receipt. The parties shall retain appropriate records of the actual transfer of funds.

4. Purpose of the Loan

The loan is provided for the following purpose: [Describe the purpose, such as personal expenses, business working capital, purchase of equipment, or another agreed purpose].

Where the parties intend the loan to be unrestricted, they may state: “The loan may be used by the Maker for any lawful purpose, subject to the agreed repayment obligations recorded in this Promissory Note.”

5. Interest on the Principal Amount

The loan shall carry interest on the following terms:

- Annual interest rate: [___]% per annum.
- Interest calculation: [Simple interest / Compound interest, if applicable].
- Interest commencement date: [Date].
- Calculation basis: [Specify the agreed method, such as actual days elapsed or another agreed method].
- Interest payment frequency: [Monthly / Quarterly / At maturity / Other].
- Interest payment dates: [Specify dates or schedule].

Interest shall be calculated on the outstanding principal amount in accordance with the agreed method, unless the parties expressly agree otherwise.

If interest-free: Replace the above provisions with: “The loan is interest-free. The Maker shall repay the principal amount without interest, subject to any other expressly agreed payment obligations recorded in this document.”

Any interest or additional charge must be clearly stated and must comply with the requirements applicable to the transaction.

6. Repayment Terms

The Maker promises to repay the principal amount and any applicable interest according to the selected repayment arrangement. Retain only the applicable option before signing.

Option A — Repayment on a Fixed Date

The entire outstanding principal amount, together with accrued interest and any other expressly agreed amounts payable, shall be paid on or before [Due Date].

Option B — Repayment by Instalments

Number of instalments: [Number]; Amount of each instalment: [Amount]; First instalment date: [Date]; Subsequent instalment dates: [Specify frequency and dates]; Final instalment date: [Date]; Treatment of interest: [Specify whether included in instalments or payable separately]. A detailed schedule may be attached as Schedule A.

Option C — Repayment on Demand

The Maker promises to repay the outstanding amount upon a demand for payment made in accordance with the terms of this document and the requirements applicable to the transaction.

7. Mode of Repayment

Payments shall be made through [bank transfer / electronic payment / cheque / another agreed method] to the Payee's designated account or through another payment method agreed in writing.

Account Holder: [Name] **Bank / Payment Provider:** [Name]
Account or Payment Reference: [Details]
Other Payment Instructions: [Details]

The Payee shall acknowledge payments received and, where appropriate, provide a receipt or written confirmation. The Maker should retain transaction confirmations and other records showing each payment made.

8. Allocation of Payments

Unless the parties agree otherwise in writing and subject to applicable requirements, payments received may be allocated first towards any due and unpaid charges expressly permitted under this document, then towards accrued interest, and thereafter towards the outstanding principal. The Payee shall maintain an accurate record of payments and the remaining balance.

No payment shall be treated as received merely because it has been initiated; its status shall be determined by actual receipt and applicable payment arrangements.

9. Early Repayment

The Maker may repay the outstanding amount before the scheduled due date, subject to the following conditions: [Specify whether early repayment is permitted without charge, whether advance notice is required, and whether any agreed prepayment charge applies].

If permitted without charge, the parties may state: “The Maker may repay all or part of the outstanding principal before the due date without a prepayment charge. Any accrued interest payable up to the effective repayment date shall be calculated in accordance with this Promissory Note.”

10. Late Payment and Default

A payment default occurs if the Maker fails to pay an amount when it becomes due under this Promissory Note, subject to any applicable grace period or other agreed condition.

- **Grace period:** [Number of calendar days, if agreed].
- **Notice of default:** The Payee may provide written notice identifying the overdue amount and requesting payment.
- **Cure period:** [Number of days allowed to remedy the default, if agreed].
- **Late payment interest or charge:** [Specify the amount or calculation method, if applicable and permitted].
- **Recovery:** The Payee may pursue remedies available under applicable requirements and the agreed terms.

The parties should state any late payment charge or additional interest clearly. No unspecified charge shall be treated as automatically payable merely because a payment is late.

11. Consequences of Default

If the Maker fails to remedy a default within the agreed cure period, if any, the Payee may demand payment of overdue amounts and exercise remedies available under applicable requirements.

If the parties intend the entire outstanding balance to become immediately due following a default, they may state: “Upon the occurrence of a payment default that remains uncured after expiry of the applicable cure period, the Payee may, by written notice to the Maker, declare the outstanding principal, accrued interest, and other expressly payable amounts immediately due, subject to applicable requirements.” This clause should be adapted to the transaction and omitted if it does not reflect the parties' agreement.

12. Representations of the Maker

- The Maker has reviewed this Promissory Note and understands the repayment obligations.
- The personal and contact details supplied by the Maker are accurate to the best of the Maker's knowledge.
- The Maker is signing voluntarily and has had an opportunity to seek independent advice where considered necessary.
- The Maker understands the principal amount, interest provisions, repayment schedule, and consequences of non-payment.
- The Maker intends to fulfil the repayment obligations recorded in this document.

These statements should be retained only to the extent that they accurately reflect the circumstances of the transaction.

13. No Unrecorded Changes

Any amendment to repayment dates, interest terms, or other material conditions shall be recorded in writing and acknowledged by the parties. An informal discussion shall not be treated as a substitute for a clear written record of an agreed change.

14. Waiver and Extension of Time

If the Payee allows additional time for payment or does not immediately enforce a payment term, that decision shall not automatically be treated as a permanent waiver of the relevant obligation. Any agreed extension or waiver should be recorded in writing, identifying the affected payment and revised conditions.

15. Transfer of Payment Rights

The Payee shall not transfer or assign payment rights under this Promissory Note except as permitted by applicable requirements and any restrictions expressly agreed by the parties. Where a permitted transfer occurs, the person entitled to receive payment shall provide appropriate details and supporting documentation to the Maker.

16. Notices and Communication

Any notice relating to payment, default, an extension, or another matter under this Promissory Note shall be sent to the addresses or email addresses stated in the particulars of the parties, or to updated contact details notified in writing.

Notice shall be delivered by [registered post / recognised courier / email / another agreed method], subject to applicable requirements. The parties should specify when a notice will be treated as received and retain proof of delivery or transmission.

17. Death, Incapacity, or Change in Circumstances

Any question concerning continuation, settlement, or administration of outstanding obligations following the death or incapacity of a party shall be addressed in accordance with applicable requirements and the circumstances of the transaction. Nothing in this clause creates an automatic personal obligation for a person who has not otherwise assumed responsibility for the debt.

18. Governing Requirements and Jurisdiction

Country: [Country]
State / Province: [State or Province]
Agreed Jurisdiction, where appropriate: [City or Court Location]

The parties intend the document to be interpreted and administered in accordance with the applicable requirements governing the transaction. The selection of a country, governing requirements, or forum must be appropriate to the parties, the transaction, and any mandatory requirements that apply. This clause should be reviewed before use in a cross-border transaction.

19. Entire Written Understanding

This Promissory Note records the repayment promise and the terms expressly included in it. If the loan is also governed by a separate loan agreement, the parties should identify that document and clarify how the documents relate to each other. Nothing in this clause is intended to override an applicable requirement or an express term of another document that the parties intend to remain effective.

20. Severability

If any provision of this Promissory Note is found to be invalid or unenforceable, the remaining provisions shall continue to operate to the extent permitted by applicable requirements, provided that doing so does not defeat the essential purpose of the transaction.

21. Copies and Retention

The Maker and Payee shall each retain a complete and legible copy of the signed Promissory Note and any attached schedules or written amendments. Where electronic signing or electronic copies are used, the parties should confirm that the chosen method is appropriate for the transaction and jurisdiction.

22. Final Confirmation

The Maker confirms that the repayment promise and terms recorded in this Promissory Note reflect the arrangement entered into with the Payee. The Maker acknowledges having had the opportunity to read the document, understand its contents, ask questions, and seek independent advice before signing.

SIGNATURES

MAKER / BORROWER

Signature: _____

Full Name: [Name of Maker]

Date: [DD/MM/YYYY] Place: [City, Country]

PAYEE / LENDER — ACKNOWLEDGMENT

Signature: _____

Full Name: [Name of Payee]

Date: [DD/MM/YYYY] Place: [City, Country]

WITNESS 1

Signature: _____

Full Name: [Full Name]

Address: [Complete Address]

Date: [DD/MM/YYYY]

WITNESS 2

Signature: _____

Full Name: [Full Name]

Address: [Complete Address]

Date: [DD/MM/YYYY]

Witness signatures should be included where appropriate or required for the transaction.

SCHEDULE A — REPAYMENT SCHEDULE

Add or remove rows according to the agreed repayment arrangement. The schedule should reconcile with the principal, interest calculation, and total amount payable.

Instalment No.	Due Date	Principal Amount	Interest Amount	Total Payment
1	[Date]	[Amount]	[Amount]	[Amount]
2	[Date]	[Amount]	[Amount]	[Amount]
3	[Date]	[Amount]	[Amount]	[Amount]
4	[Date]	[Amount]	[Amount]	[Amount]
5	[Date]	[Amount]	[Amount]	[Amount]
Final	[Date]	[Amount]	[Amount]	[Amount]

IMPORTANT CHECKLIST BEFORE USING THIS SAMPLE

■ Full names and addresses of the Maker and Payee are correct.

■ The principal amount is stated in words and figures.

■ The currency is expressly identified.

■ The actual loan disbursement is recorded accurately.

■ The interest rate and calculation method are clear, or the note expressly states that it is interest-free.

■ The repayment method and due dates are specified.

■ Only the applicable repayment option has been retained.

■ Default provisions, grace periods, and any additional charges are clearly stated.

■ Notice details and relevant jurisdiction information are complete.

■ Appropriate signing, witnessing, stamp, registration, and other formal requirements have been checked for the relevant jurisdiction.

■ Both parties retain a complete signed copy and supporting payment records.

Important: This is a general educational sample, not a universal form guaranteed to be valid in every country. Requirements concerning wording, stamping, signatures, interest, transferability, and enforcement can differ between India, the United States, and other jurisdictions. Adapt the document to the transaction and obtain appropriate professional advice before use.

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