DEMAND PROMISSORY NOTE

Principal Amount: $25,000.00 **Effective Date:** May 15, 2026 **Governing State:** CA **Payable:** ON DEMAND

> ***DEMAND NOTICE.*** *THIS IS A DEMAND PROMISSORY NOTE. IT HAS NO FIXED MATURITY DATE. THE ENTIRE PRINCIPAL BALANCE PLUS ACCRUED INTEREST IS DUE AND PAYABLE AT ANY TIME, IN LENDER'S SOLE DISCRETION, UPON WRITTEN DEMAND TO BORROWER. BORROWER SHOULD NOT EXECUTE THIS NOTE UNLESS BORROWER IS PREPARED TO REPAY THE ENTIRE BALANCE AT ANY TIME.*

FOR VALUE RECEIVED, **Morgan Example**, a Individual with an address of 100 Example Lane, CA (the "Borrower"), hereby unconditionally promises to pay to the order of **Taylor Example**, a Individual with an address of 200 Example Lane, CA (together with its successors and assigns, the "Holder" or "Lender"), **ON DEMAND**, the principal sum of **$25,000.00** (twenty-five thousand dollars and 00/100) in lawful U.S. currency, together with interest thereon as provided below.

1. Principal and Disbursement

Lender advanced funds on **May 15, 2026**. Borrower confirms actual net receipt of **$25,000.00**. Payment reference: The holder and borrower compared their settled cash ledger on May 15..

2. Interest

Interest shall accrue on the unpaid principal at **5% per annum**, computed on an Actual/365 basis, from the Disbursement Date until paid in full. Accrued interest shall be paid together with principal upon demand, or at such other times as Lender may direct in writing. **Default Rate:** the lesser of **5% per annum** or the maximum lawful rate.

Below-market loans. Determine whether the parties, transaction and applicable federal rate bring this arrangement within IRC §7872. Gift, compensation-related and shareholder loans have distinct rules. The $10,000 exceptions consider the total outstanding between the parties and have statutory exclusions, including certain income-producing uses for individual gift loans.

3. Demand for Payment

(a) Payable on Demand. This Note is payable on demand. The entire outstanding principal balance, together with all accrued and unpaid interest and any other sums owing hereunder, shall become immediately due and payable on the date that is **10 days** after the date of Lender's written demand delivered to Borrower at the address stated in the preamble (or such other address as Borrower may designate in writing).

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(b) Lender's Absolute Discretion. Lender may demand payment at any time, for any reason or no reason, in Lender's sole and absolute discretion. No course of dealing, forbearance, acceptance of interest payments, or other conduct by Lender shall limit Lender's right to make demand at any time.

(c) Form of Demand. Written demand may be made by personal delivery, overnight courier, certified mail (return receipt requested), or email with read receipt. Demand is effective upon the earliest of (i) actual receipt, (ii) refusal of delivery, or (iii) three (3) business days after deposit in the U.S. mail, postage prepaid.

(d) Payments Before Demand. Prior to demand, Borrower may make voluntary payments of principal and/or interest at any time, to be applied first to accrued interest and then to principal.

4. No Maturity Date; UCC Limitations

This note is payable on demand under its stated notice terms. Retain the dated demand and the payment history. Determine the enforcement period under the law applicable to the instrument.

5. Prepayment

Borrower may prepay this Note in whole or in part at any time without premium or penalty; partial prepayments shall be applied first to accrued interest and then to principal.

6. Late Charges

7. Events of Default

In addition to Borrower's failure to pay upon demand, each of the following is an Event of Default:

1. Death, dissolution, liquidation, or termination of Borrower;
2. Bankruptcy, insolvency, assignment for the benefit of creditors, or appointment of a receiver;
3. Materially false or misleading representation or warranty;

Upon any Event of Default, Lender's demand shall be deemed automatically made without further notice.

8. Remedies

Upon non-payment following demand or upon any Event of Default, Lender may pursue any and all remedies at law or in equity, including suit for the entire outstanding balance. All rights and remedies of Lender are cumulative.

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9. Collection Costs and Attorneys' Fees

Borrower shall pay Lender's costs of collection, including reasonable attorneys' fees and court costs. Cal. Civ. Code §1717 reciprocity applies.

10. Servicemembers Civil Relief Act

For a covered obligation incurred before the servicemember entered military service, 50 U.S.C. §3937 limits interest, including covered charges, to 6% during service. For mortgage-type security the protection also covers the following year. Excess interest is forgiven and periodic payments reflect that reduction. Written notice with orders or other qualifying evidence may be given through 180 days after service ends. The statute also provides for creditor verification through the Defense Manpower Data Center and court relief where the legal test is met.

11. Military Lending Act

Military Lending Act coverage depends on the creditor, the credit and the borrower’s covered status, including qualifying dependents, when the credit is extended. Covered credit requires the separate disclosures, 36% military annual percentage rate calculation and restrictions on terms required by 10 U.S.C. §987 and 32 CFR Part 232. Residential mortgages and certain purchase-money credit secured by the purchased vehicle or personal property have separate exclusions. This note records no representation that disclosures were delivered.

12. TILA Disclosure

If the transaction is consumer credit subject to Regulation Z, identify the applicable creditor, purpose, disclosures and timing before consummation, including any applicable earlier mortgage disclosures. Business or commercial purpose and other exemptions require separate consideration. This note does not supply the required disclosure statement or certify delivery.

13. Waivers

Borrower waives presentment, demand (other than the written demand described in Section 3), notice of dishonor, protest, and notice of non-payment.

15. General Provisions

Governed by CA law; exclusive venue in Oakland, CA. Assignment by Lender permitted; Borrower's assignment requires Lender's written consent. Notices, severability, entire agreement, counterparts, electronic signatures — standard terms.

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Signatures

IN WITNESS WHEREOF, the parties execute this Demand Promissory Note as of the Effective Date.

Borrower	**Lender**
PRINTED NAME	PRINTED NAME
SIGNATURE	SIGNATURE
DATE	DATE

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