BALLOON PROMISSORY NOTE

Principal Amount: $25,000.00 **Effective Date:** May 15, 2026 **Governing State:** NY **First Payment Date:** June 15, 2026 **Maturity Date (Balloon):** May 15, 2027 **Balloon Payment:** $14,000.00

> ***BALLOON PAYMENT NOTICE.*** *THIS NOTE CONTAINS A BALLOON PAYMENT PROVISION. THE PERIODIC INSTALLMENTS DESCRIBED HEREIN WILL NOT FULLY AMORTIZE THE PRINCIPAL BALANCE. A LARGE FINAL PAYMENT IS DUE ON THE MATURITY DATE, AND BORROWER MAY BE REQUIRED TO REFINANCE OR OBTAIN NEW FINANCING TO PAY THE BALLOON. REFINANCING IS NOT GUARANTEED, AND INTEREST RATES AT MATURITY MAY DIFFER FROM THOSE IN THIS NOTE.*

FOR VALUE RECEIVED, **Morgan Example**, a Individual with an address of 100 Example Lane, NY (the "Borrower"), hereby unconditionally promises to pay to the order of **Taylor Example**, a Individual with an address of 200 Example Lane, NY (the "Holder" or "Lender"), the principal sum of **$25,000.00** (twenty-five thousand dollars and 00/100), plus interest, as set forth below. This is a **BALLOON PROMISSORY NOTE**: periodic installments are of a partially amortizing or interest-only nature, and the unpaid principal balance is due in a single lump-sum "balloon" payment on the Maturity Date.

1. Principal and Disbursement

Lender disbursed the principal sum to Borrower on **May 15, 2026** (the "Disbursement Date").

2. Interest

Interest accrues on the outstanding principal balance at **0% per annum**, computed on an Actual/365 basis, from the Disbursement Date until paid in full. **Default Rate:** the lesser of **0% 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. Payment Terms — Installments and Balloon

(a) Periodic Installments. Borrower shall pay **11 Monthly installments of $1,000.00 each**, commencing on **June 15, 2026** and continuing on the same day of each successive Monthly period thereafter. Each installment shall be applied first to late charges and costs, then to accrued interest, then to principal (if any). Borrower acknowledges that these installments are **not sufficient to fully amortize the Note**; a significant unpaid principal balance will remain on the Maturity Date.

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(b) Balloon Payment. On **May 15, 2027** (the "Maturity Date"), Borrower shall pay a final "balloon" payment of **$14,000.00**, together with all accrued but unpaid interest and any other amounts then owing hereunder. The Balloon Payment fully satisfies this Note when paid in full. Borrower acknowledges and agrees that (i) Borrower is solely responsible for arranging any refinancing required to make the Balloon Payment; (ii) Lender is under no obligation to refinance, renew, or extend this Note; and (iii) failure to pay the Balloon Payment in full when due is an Event of Default.

All payments shall be in immediately available U.S. funds at Lender's address.

Prepayment Without Penalty. Borrower may prepay this Note in whole or in part at any time without premium or penalty. Partial prepayments shall be applied to principal in inverse order of maturity and shall not postpone any scheduled installment; they shall, however, reduce the Balloon Payment dollar-for-dollar.

4. Late Charges

5. Events of Default

1. Failure to pay any installment or the Balloon Payment when due, which failure continues **10 days** after written notice;
2. Death, dissolution, liquidation, or termination of Borrower;
3. Bankruptcy, insolvency, general assignment, or receivership;
4. Materially false representation or warranty;

6. Acceleration and Remedies

Upon an Event of Default, Lender may, at its option, declare the entire unpaid balance plus accrued interest immediately due and pursue all remedies at law and equity.

7. Attorneys' Fees

Borrower shall pay Lender's reasonable attorneys' fees and collection costs.

8. 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.

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9. 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.

10. 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.

11. Waivers

Borrower waives presentment, demand, protest, dishonor, and non-payment notices.

13. General Provisions

Governed by NY law; exclusive venue in Albany, NY. Assignment, notices, severability, entire agreement, counterparts, electronic signatures — standard terms.

Signatures

IN WITNESS WHEREOF, the parties execute this Balloon Promissory Note as of the Effective Date. Borrower separately acknowledges the Balloon Payment Notice at the top of this Note.

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

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