CONVERTIBLE NOTE

Principal Amount: $25,000.00 **Effective Date:** May 15, 2026 **Governing State:** NY **Maturity Date:** May 15, 2027

> ***THIS CONVERTIBLE PROMISSORY NOTE AND THE SECURITIES ISSUABLE UPON ITS CONVERSION HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE. THEY HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR APPLICABLE STATE SECURITIES LAWS.***

FOR VALUE RECEIVED, **Morgan Example**, a Corporation with an address of 100 Example Lane, NY (the "**Company**" or "Borrower"), hereby promises to pay to the order of **Taylor Example**, a Individual with an address of 200 Example Lane, NY (the "**Holder**" or "Investor," together with its permitted successors and assigns), the principal sum of **$25,000.00** (twenty-five thousand dollars and 00/100) in lawful U.S. currency, together with simple interest accrued thereon, subject to conversion into equity securities of the Company on the terms set forth below.

1. Principal and Interest

(a) Principal. The Company was advanced the principal sum on **May 15, 2026** (the "Advance Date").

(b) Interest. Simple interest shall accrue on the unpaid principal balance at **5% per annum**, computed on an Actual/365 basis from the Advance Date until the principal is paid in full or converted. Accrued interest shall convert together with principal.

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.

2. Maturity

Unless earlier converted or prepaid in accordance with this Note, the entire unpaid principal and accrued interest shall become due and payable in full on **May 15, 2027** (the "**Maturity Date**").

Convertible Note | Document.com • SAMPLE

3. Conversion

(a) Automatic Conversion on Qualified Financing. If the Company consummates, in a single transaction or series of related transactions, the sale of its equity securities to investors principally for capital-raising purposes with aggregate gross proceeds to the Company of at least **$1,000,000.00** (excluding the conversion of this Note and other convertible securities) (a "**Qualified Financing**"), then **the entire outstanding principal and accrued interest under this Note shall automatically convert**, without any further action by Holder, into the Preferred Stock issued in the Qualified Financing (or, at the Company's election, a substantially identical shadow series) at a per-share (or per-unit) price equal to the **lesser** of:

(i) the lowest per-share price paid by cash investors in the Qualified Financing multiplied by **90%%** (reflecting a **10%** discount); and

(ii) **$10,000,000.00** (the "**Valuation Cap**") divided by the Company's fully-diluted capitalization immediately prior to the closing of the Qualified Financing, calculated on an as-converted, as-exercised basis and including all shares/units reserved and available for issuance under any equity incentive plan (but excluding the shares issuable upon conversion of this Note and other then-outstanding convertible securities).

(b) Optional Conversion at Maturity. On the Maturity Date, Holder may, by written notice to the Company, elect to convert all outstanding principal and accrued interest into Preferred Stock of the Company at a per-share price equal to the Valuation Cap divided by the Company's fully-diluted capitalization as of the Maturity Date.

(c) Change of Control. If the occurrence of a Change of Control (defined as a merger or consolidation in which the Company is not the surviving entity and in which the Company's outstanding equity prior to the transaction represents less than a majority of the voting equity of the surviving entity, a sale of all or substantially all of the Company's assets, or a sale of a majority of the Company's voting equity) prior to conversion or repayment of this Note, Holder shall be entitled, at Holder's election delivered by written notice prior to the closing, to receive **either**: (i) a cash payment equal to the outstanding principal plus accrued interest multiplied by **2** (i.e., a **100%** premium over the outstanding balance); **or** (ii) to convert this Note immediately prior to the closing of the Change of Control into Preferred Stock at the conversion price described in subsection (b) above and participate in the Change of Control consideration on the same terms as other holders of such securities.

(d) Conversion Mechanics. Upon any conversion, Holder shall surrender this Note to the Company for cancellation (or execute and deliver a lost-note affidavit) and execute and deliver the definitive financing documents (e.g., stock purchase agreement, investors' rights agreement, voting agreement, right of first refusal and co-sale agreement) executed by other investors in the Qualified Financing, or, in the case of a maturity or Change-of-Control conversion, reasonable and customary subscription documents. No

Convertible Note | LocalLaunch.com • SAMPLE

fractional shares shall be issued; any fractional share shall be rounded down and paid in cash. Conversion shall be deemed to occur immediately prior to the closing of the applicable triggering event, and upon conversion this Note shall be **cancelled** and of no further force or effect, whether or not physically surrendered.

4. Investor status and transaction record

The parties record the specific investor status and offering basis in section 11. Each party shall provide accurate supporting information for the identified offering.

5. Seniority; Subordination; Unsecured

This Note is **unsecured**. It ranks **pari passu** in right of payment with all other convertible promissory notes issued by the Company in the same financing series and is **senior** to all classes of equity securities of the Company. This Note is **subordinate** to any senior secured indebtedness of the Company to an institutional lender outstanding from time to time.

6. No Rights as Shareholder

Until this Note is converted in accordance with Section 3, the Holder shall not have, by virtue of this Note, any rights as a shareholder, member, or other equity holder of the Company, including voting rights, rights to dividends or other distributions, or rights to notice of shareholder or member meetings.

7. Most-Favored-Nation

If, while this Note remains outstanding, the Company issues any additional convertible promissory note (or SAFE or similar instrument) with terms that, taken as a whole, are more favorable to the holder thereof than the terms of this Note, the Company shall promptly notify Holder of such terms and offer to amend this Note to incorporate the more-favorable terms. This right does not extend to equity securities issued in a bona fide priced round.

8. Prepayment

This Note may be prepaid by the Company at any time **only with the prior written consent of the Holder**. Holder's consent may be conditioned upon election of conversion in lieu of repayment.

9. Events of Default

Each of the following is an Event of Default:

1. Failure to pay any amount due on the Maturity Date that continues for **10 days** after written notice;
2. Material breach by the Company of any representation, warranty, or covenant in this Note, uncured 30 days after notice;

Convertible Note | Document.com • SAMPLE

3. Voluntary or involuntary bankruptcy, insolvency, assignment for the benefit of creditors, or appointment of a receiver for the Company;
4. Dissolution, liquidation, or winding-up of the Company (other than in connection with a Change of Control for which Holder has elected to convert or receive the premium payment).

Upon an Event of Default, Holder may declare the outstanding principal and accrued interest immediately due and payable and pursue all remedies at law or in equity.

10. Attorneys' Fees

The Company shall pay Holder's reasonable attorneys' fees and costs in any action to enforce this Note.

11. Securities Law Compliance

The parties identify the offering, investor and filing analysis for this transaction as follows: Illustrative offering record. Investor qualifications and applicable issuer filing were checked against the actual subscription records.. The issuer will make the filings required for the identified offering.

12. 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.

13. Waivers; Amendments

The Company waives presentment, demand, notice of dishonor, and protest. This Note may be amended, and any term may be waived, only by a writing signed by the Company and holders of a majority in principal amount of the series of convertible notes of which this Note is a part (and such amendment shall bind all holders).

14. General Provisions

Governing Law. This Note shall be governed by the laws of the State of NY (disregarding conflict-of-laws principles). Any action arising hereunder shall be brought exclusively in the state or federal courts in Albany, NY.

Assignment. Holder may not assign or transfer this Note except (a) to an affiliate of Holder, (b) by operation of law, or (c) with the Company's prior written consent (not unreasonably withheld); any transfer is subject to compliance with applicable securities laws.

Convertible Note | LawDocument.com • SAMPLE

Notices; Severability; Entire Agreement; Counterparts; Electronic Signatures. Standard commercial terms. ESIGN Act recognized.

Signatures

IN WITNESS WHEREOF, the parties have executed this Convertible Promissory Note as of the Effective Date.

COMPANY / BORROWER:

Company

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

HOLDER / INVESTOR:

Holder

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

Convertible Note Document.com • SAMPLE