

BALLOON PROMISSORY NOTE

Principal Amount: Effective Date: Governing State: [STATE] First Payment Date: Maturity Date (Balloon): Balloon Payment:

***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, [**BORROWER NAME**], a Individual with an address of [**BORROWER ADDRESS**] (the "Borrower"), hereby unconditionally promises to pay to the order of [**LENDER NAME**], a Individual with an address of [**LENDER ADDRESS**] (the "Holder" or "Lender"), the principal sum of **** (), 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 **** (the "Disbursement Date").

2. Interest

Interest accrues on the outstanding principal balance at **6% per annum**, computed on an Actual/365 basis, from the Disbursement Date until paid in full. **Default Rate:** the lesser of **12% per annum** or the maximum lawful rate.

3. Payment Terms — Installments and Balloon

(a) Periodic Installments. Borrower shall pay [**NUMBER OF INSTALLMENTS**] **Monthly installments of each**, commencing on **** 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.

(b) Balloon Payment. On **** (the "Maturity Date"), Borrower shall pay a final "balloon" payment of ****, 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

Any installment (including the Balloon Payment) not received within **10 days** after its due date incurs a late charge of **5%** of the overdue amount.

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

Rate reduced to **6% per annum** upon qualifying active-duty notice per 50 U.S.C. §3937; excess interest forgiven.

11. Waivers

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

13. General Provisions

Governed by [STATE] law; exclusive venue in [VENUE CITY FOR ANY DISPUTE], [STATE].
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

PRINTED NAME

SIGNATURE

DATE

Lender

PRINTED NAME

SIGNATURE

DATE