PROMISSORY NOTE

If you agree to give your homeowners money after the closing, many times they feel more comfortable using a promissory note. I usually make my agreements between homeowners and myself verbal. However, every now and then I run into someone who wants something in writing.

This is the perfect instrument. These agreements are simple to use and make uneasy homeowners feel more comfortable about the transaction.

Also, when you use the first or second mortgage, this promissory note needs to be attached to the mortgage. The mortgage is the agreement and the promissory note covers the terms and the promise to pay.

**PROMISSORY NOTE**

**DOLLAR AMOUNT HERE** **DATE HERE**

FOR VALUE RECEIVED, the undersigned jointly and severally promise to pay to the order of **HOMEOWNERS NAME HERE,** the principal sum of **AGREED UPON DOLLAR AMOUNT**, with interest thereon from date, computed on the unpaid principal balance, at the rate of \_\_\_\_\_\_\_\_\_\_ PERCENT ( \_\_\_%) per annum until maturity, payable at FINAL SALE OF SAID PROPERTY as follows:

**IN THIS SECTION EXPLAIN HOW YOU WILL PAY**

**OR RECEIVE THE FUNDS – MONTHLY PAYMENTS,**

**IN FULL AFTER CLOSING, ETC.**

FOR EXAMPLE:

*The sum of $\_\_\_\_\_\_\_, including interest, payable monthly, the first payment to be made on the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 200\_\_\_, and a like amount, including interest, on the \_\_\_\_\_\_\_\_\_\_\_\_ day of each and every month thereafter until the principal sum of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, together with interest as provided above has been paid in full. All of the aforesaid monthly payments are to be applied first to interest at the rate of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_% per annum on the principal sum of $\_\_\_\_\_\_\_\_\_\_\_, or so much thereof as from time to time remains unpaid, and the balance of the monthly payments shall be applied on account of principal. Maker shall pay to the note holder a late charge of \_\_\_\_\_\_\_% on any installment payment not received by the note holder within 10 days after the installment is due.*

The Maker of this note reserves the right to pay all or any portion of this note at any time prior to maturity without penalty.

In the event that it is determined that any payments made hereunder are usurious, then said payment shall be treated as a payment on principal without penalty.

If default be made in the payment of any installment due hereunder or in the performance of any of the terms, covenants or conditions of any mortgage given to secure the payment thereof then, at the option of the holder, the entire principal sum hereof remaining unpaid, together with accrued interest, shall become immediately due and payable without notice.

Upon any default hereunder all persons liable hereon as makers, co‑makers, endorsers or guarantors jointly and severally promise to pay not only the principal and interest remaining due and unpaid, but also all costs of collection, including reasonable attorney's fees, and each of said persons guarantees payment of the Note at maturity and consents without notice to any and all extensions of time, changes in terms of payment, or any other modifications made in the terms hereof or in the terms of the aforesaid mortgage.

Presentment for payment, demand, notice of dishonor, protest and notice of protest are hereby waived by all makers, endorsers and guarantors. While in default, this Note shall bear interest at EIGHTEEN PERCENT (18%) per annum.

This note shall be governed by the laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_.

Maker's Address:

YOUR NAME HERE

YOUR ADDRESS HERE

CITY, STATE, ZIP HERE