

CONVERTIBLE PROMISSORY NOTE AGREEMENT

Principal Amount: _____

Parties:

Lender: _____

Borrower: _____

Recitals:

WHEREAS, Borrower desires to borrow funds from Lender and Lender is willing to lend such funds to Borrower, subject to the terms and conditions set forth herein; and WHEREAS, the parties desire to set forth the terms of the loan and the conditions upon which the loan may convert into equity of Borrower.

1. Principal and Interest:

1.1. Principal Amount: Borrower promises to pay to Lender the principal sum stated above, without interest unless otherwise specified in writing. 1.2. Interest Rate: Interest shall accrue at a rate of ____% per annum, commencing on the date funds are advanced, unless converted or prepaid as provided herein.

2. Maturity Date:

The entire unpaid principal and accrued but unpaid interest shall be due and payable on the Maturity Date, unless earlier converted pursuant to Section 3.

3. Conversion:

3.1 Conversion Upon Qualified Financing: Upon the closing of an equity financing of Borrower resulting in gross proceeds to Borrower of at least \$_____ (a "Qualified Financing"), the outstanding principal and accrued interest shall automatically convert into shares of the preferred stock issued in such financing at a conversion price equal to the lesser of (a) the price per share paid by the investors in the Qualified Financing multiplied by a discount of ____%, or (b) the price per share determined by dividing a post-money valuation of \$_____ by the fully diluted shares of Borrower on a fully diluted basis at the time of conversion. 3.2 Conversion Upon Maturity: If the note has not been converted prior to the Maturity Date, Borrower shall repay the principal and accrued interest in full or, at the election of Lender, convert the outstanding amount into shares of common stock at a conversion price determined by mutual agreement at or before the Maturity Date. 3.3 Optional Conversion: Lender may elect to convert the principal and accrued interest into equity in Borrower at any time prior to the Maturity Date upon written notice.

4. Prepayment:

Borrower may prepay this note in whole or in part at any time without premium or penalty, provided that any such prepayment shall first pay accrued interest.

5. Representations and Warranties:

5.1 Borrower represents and warrants that it is duly organized, validly existing, and in good standing under the laws of

its jurisdiction. 5.2 Borrower has the power and authority to execute and deliver this Note and to perform its obligations hereunder. 5.3 This Note constitutes a valid and binding obligation of Borrower enforceable in accordance with its terms. 5.4 No consent or approval of any third party is required for the execution and delivery of this Note or the transactions contemplated herein.

6. Events of Default:

6.1 Events constituting default include but are not limited to: (a) Borrower's failure to pay any amount due under this Note when due; (b) Borrower's insolvency or bankruptcy; (c) Borrower's breach of any representation, warranty, or covenant herein; and (d) Borrower's failure to perform any material obligation under this Note within ____ days after written notice. 6.2 Upon an Event of Default, Lender may declare the entire unpaid principal and accrued interest immediately due and payable and pursue all remedies available at law or equity.

7. Miscellaneous:

7.1 Governing Law: This Note shall be governed by and construed in accordance with the laws of the State of _____, without regard to its conflict of laws principles. 7.2 Amendments and Waivers: Any amendment or waiver must be in writing and signed by both parties. 7.3 Notices: All notices shall be in writing and deemed effective upon delivery to the addresses set forth by the parties. 7.4 Assignment: Lender may assign this Note without Borrower's consent. Borrower may not assign any obligations without Lender's prior written consent. 7.5 Entire Agreement: This Note constitutes the entire agreement between the parties relating to the subject matter herein and supersedes all prior understandings. 7.6 Severability: If any provision is invalid or unenforceable, the remaining provisions shall remain in full force and effect. 7.7 Counterparts: This Note may be executed in counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

LENDER'S SIGNATURE

BORROWER'S SIGNATURE

Signature: _____

Signature: _____

Original source of this document:

<https://agreementtemplate-us.com/convertible-note-agreement/>

Did you find this template helpful?

Find more updated templates at:

<https://agreementtemplate-us.com/>

[View more templates](#)

This template is intended exclusively for personal, non-commercial use.
If distributed or published, the source must be mentioned.

This template is provided for guidance only and does not constitute legal advice.
It is recommended to consult a legal professional for each specific case.