

How to complete a Promissory Note in Georgia

Promise to repay a loan with interest, due date, and default terms.

What this form is for

A promissory note is used when a borrower receives a loan from a lender (bank, private party, or investor) and commits in writing to repay the principal plus interest by a specific date or schedule. This legally binding document protects both parties and may be required as collateral documentation for SBA loans or commercial credit lines.

Before you start

- Loan amount (principal) and the exact date funds will be disbursed
- Annual interest rate (fixed or variable) and whether simple or compounded interest applies
- Repayment schedule: lump sum due date or installment frequency (monthly, quarterly)
- Lender's full legal name and address; borrower's full legal name, business entity type, and EIN
- Georgia usury law limits: verify your interest rate does not exceed legal maximum (currently no cap for business loans over \$3,000, but confirm with counsel for smaller amounts)

Step-by-step

1. Enter the date of the agreement and the principal loan amount in both numerals and words to prevent alteration.
2. Identify the borrower by full legal name and business structure (LLC, corporation, sole proprietorship) and the lender's complete legal name and mailing address.
3. Specify the interest rate as an annual percentage and state the method of calculation (simple vs. compound). For variable rates, reference the index (e.g., Prime Rate) and margin.
4. Define the repayment terms: payment amount, due dates, number of installments, and final maturity date. If a lump sum, state the single due date clearly.
5. Include a late fee provision compliant with Georgia law—typically a percentage of the overdue payment or flat fee, but verify enforceability limits.
6. Add an acceleration clause allowing the lender to demand full repayment immediately upon default (missed payment, bankruptcy filing, etc.).
7. State the default terms: number of days past due before default is declared, and remedies available to the lender (collection costs, attorney fees).
8. Indicate whether the note is secured (backed by collateral like equipment or real estate) or unsecured, and reference any related security agreement by date.

9. Include a Georgia governing law clause confirming the note is interpreted under Georgia statutes.

10. Sign and date in the presence of a notary if the lender requires acknowledgment; retain original for the lender and provide a copy to the borrower.

What lenders look for

- Banks scrutinize the repayment schedule for realism—match it to your cash flow projections and existing debt service coverage ratio; overly aggressive terms signal risk.
- Missing or vague default language is a red flag; lenders want clear triggers and remedies, especially if the note will be sold or used as loan collateral.
- Georgia courts enforce personal guarantees separately, so if you're guaranteeing a business note, understand you're personally liable even if the business fails.