

# How to complete a Promissory Note in Ohio

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

## What this form is for

A promissory note is used when a business borrows money and needs to formalize the repayment obligation. This legally binding document spells out the principal amount, interest rate, payment schedule, maturity date, and what happens if the borrower defaults.

## Before you start

- Loan amount (principal) agreed upon with the lender
- Annual interest rate and whether it is fixed or variable
- Repayment schedule details: monthly payment amount, due date each month, and final maturity date
- Collateral description if the note is secured by specific business assets or personal guarantees
- Business legal name, entity type, EIN, and address as registered in Ohio

## Step-by-step

1. Enter the date the note is being executed and the principal loan amount in both numerals and words to prevent disputes.
2. Fill in the borrower information section with your business's full legal name, entity type, and principal place of business. If you are signing personally or as a guarantor, include your individual name and address.
3. Specify the interest rate as an annual percentage. In Ohio, there is no general usury cap for business loans, but confirm the rate matches your loan agreement.
4. Detail the repayment terms: state whether payments are monthly, quarterly, or another interval, the amount of each payment, the due date (typically a specific day of the month), and the final maturity date when the entire remaining balance is due.
5. Indicate whether the note is secured or unsecured. If secured, attach or reference a separate security agreement describing the collateral pledged.
6. Complete the prepayment clause, stating whether you can pay off the loan early without penalty. Some lenders charge prepayment fees; clarify this upfront.
7. Fill in the default and acceleration terms: specify how many days late triggers a default, any grace period, and whether the lender can demand immediate full repayment upon default.
8. Add any late fees or default interest rates that apply if payments are missed.

9. Sign and date the note in the presence of a notary if required by your lender. Include printed names and titles for all signers.

## What lenders look for

- Banks scrutinize whether the interest rate and terms match their credit memo and loan approval documents. Inconsistencies raise red flags and can delay funding or trigger re-underwriting.
- A common mistake is leaving the maturity date blank or mismatching it with the amortization schedule. Ensure your final payment date and loan term align perfectly with the payment plan.
- Underwriters verify that Ohio-registered businesses have authority to borrow. Include a corporate resolution or operating agreement excerpt authorizing the loan if your lender requests supporting governance documents.