

How to complete a Promissory Note in Texas

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

What this form is for

Small-business owners use a promissory note when borrowing money from a bank, alternative lender, or private party to create a legally enforceable written promise to repay the loan. This document specifies the principal amount, interest rate, payment schedule, maturity date, and what happens if you default.

Before you start

- Loan amount (principal) and the exact interest rate your lender has quoted or agreed to
- Payment schedule details: how much you will pay, how often (monthly, quarterly), and the exact due date for each payment or the day of month payments are due
- Final maturity date when the entire remaining balance must be paid in full
- Collateral description if the loan is secured (equipment, real estate, inventory, accounts receivable)
- Your business legal name, formation state, and EIN; if you are signing personally, your full legal name and social security number

Step-by-step

1. Fill in the date you are signing the note and the city and state where you are executing it (this establishes Texas jurisdiction).
2. Enter the principal amount using both numerals and written words to prevent disputes.
3. Specify the annual interest rate as a percentage. Texas usury law caps interest at six percent for unlicensed lenders, but commercial lenders and banks are typically exempt, so confirm your rate is enforceable.
4. Detail the repayment terms: state the payment amount, frequency, due date (such as the first of each month), and the final maturity date when all remaining principal and interest must be paid.
5. If the loan is secured, describe the collateral precisely (make, model, serial numbers for equipment; street address and legal description for real estate).
6. Review the default and acceleration clause, which allows the lender to demand immediate full repayment if you miss payments. Check how many days late triggers default.
7. Confirm prepayment terms: verify whether you can pay off the loan early without penalty, as some notes include prepayment fees.
8. Sign and print your name where indicated. If you are personally guaranteeing a business loan, you may sign twice: once as a company officer and once individually.

9. Have the note notarized if required by your lender, though Texas does not mandate notarization for promissory notes to be enforceable.

What lenders look for

- Banks scrutinize the debt service coverage ratio, so ensure your payment schedule aligns with realistic cash flow projections you have already shared with the lender; mismatched figures raise red flags.
- Avoid blank spaces or handwritten changes after printing, as lenders may reject notes with unexplained alterations or missing terms that create ambiguity about enforceability.
- If personally guaranteeing the note, understand you are pledging personal assets if the business cannot repay; lenders view strong personal guarantees as essential risk mitigation for small-business loans.

Generated June 21, 2026 · FormStack Legal · AI-drafted guidance, not legal advice — consult a licensed attorney for filings.