

PROMISSORY NOTE

\$ \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_ (City, State)

1. **Promise to Pay.** For value received, \_\_\_\_\_  
\_\_\_\_\_<sup>1</sup>(referred to herein as "Maker") promises to  
pay to \_\_\_\_\_ ("Holder"), which term shall include any subsequent  
holder of this Promissory Note), or to order, at \_\_\_\_\_  
\_\_\_\_\_ or any address as Holder may from time to time designate, the  
total principal sum of \_\_\_\_\_<sup>2</sup> Dollars (\$ \_\_\_\_\_), with interest on  
unpaid principal at the interest rate or interest rates provided for in this Promissory Note.

2. **Interest Rate and Payments.**

2.1 **Past maturity date,** interest shall accrue from the date of this Promissory Note on the  
outstanding principal balance of this Promissory Note at the **annual interest rate of 10.00 % per  
annum, compounded monthly.**

2.2 Interest in the rates provided for in this Promissory Note shall be computed based on a  
three hundred sixty-five (365) day year for the actual number of days during which the principal  
balance of this Promissory Note is outstanding.

2.3 Principal and interest shall be payable only in lawful money of the United States of  
America.

3. **Payments and Maturity Date.** This Promissory Note shall be payable in six equal monthly  
installments equal to the total amount owed by the Maker. Interest and principal will be paid by  
wire, transfer, or any other financial instrument as directed by Holder and drawn to the order of  
Holder.

4. **Prepayment.** The maker may prepay this Promissory Note at any time, in whole or in part,  
without premium or penalty on any interest payment date, on not less than ten (10) business  
day's prior written notice from Maker to Holder.

5. **Waivers.** Maker (a) waives presentment, demand for payment, protest, notice of  
demand, dishonor, protest and nonpayment, and all other notices and demands in connection  
with the delivery, acceptance, performance, default under, and enforcement of this Promissory  
Note; (b) waives the right to assert any statute of limitations as a defense to the enforcement of  
this Promissory Note to the fullest extent permitted by law; (c) consent to all extensions and  
renewals of the time of payment of this Promissory Note and to all modifications of this  
Promissory Note by the Holder and Maker without notice to and without in any way affecting  
the liability of any party for payment of this Promissory Note; (d) consents to any forbearance by

\_\_\_\_\_

<sup>1</sup> Insert Client's Name and address.

<sup>2</sup> Insert the total amount owed by Client as of the day of departure.

the Holder and to the release, addition, and substitution of any party liable for payment of this Promissory Note and of any or all of the security for this Promissory Note without notice to and without in any way affecting the liability of any party for payment of this Promissory Note; and (e) consents to personal jurisdiction over it by the courts of the State of California in connection with any action arising under this Promissory Note, to venue in Los Angeles County, California, and to service of process by any means authorized by California law. Maker agrees that any litigation relating to this Promissory Note or otherwise brought by the Maker against Holder shall only be brought in a state court sitting in Los Angeles County, California or in a federal court sitting in the State of California and waives any right to bring any claim against Holder in any other forum.

6. **Default.** Holder, at Holder's option and without notice to or demand on Maker, may declare the entire unpaid principal balance of this Promissory Note and all accrued but unpaid interest thereon to be immediately due and payable if any one or more of the following events occurs, each of which, without the need for notice or other action by Holder, shall constitute an event default and a default by Maker under this Promissory Note: (a) if Maker defaults in any of its obligations under this Promissory Note, including without limitation, the failure to make any payment due under this Promissory Note when due; (b) if Maker defaults under any document or instrument evidencing, securing or pertaining to the loan evidenced by this Promissory Note; (c) if Maker shall suffer the appointment of a receiver, trustee, custodian or similar fiduciary or shall make an assignment for the benefit of creditors or any petition for an order for relief shall be filed by or against Maker under the Bankruptcy Code (if against Maker or any one, the continuation of such proceeding for more than 45 days); (d) if there shall be a change of control of the Maker (defined as any change in the identity of a majority of current members of the Board of Managers of the Maker); and/or (e) upon any sale or transfer of any material portion of the assets of the Maker.

7. **Application of Payments; Other Obligations.** Upon the occurrence of any one or more of the events of default described in Section 6 of this Promissory Note, Holder, at Holder's option, (a) shall have the right to apply all payments made under this Promissory Note to principal, interest, and other charges, fees, costs and expenses payable by Maker under this Promissory Note or in connection with the loan evidenced by this Promissory Note in such order and amounts as Holder may determine in Holder's sole and absolute discretion; and (b) shall have the right to declare Maker to be in default under any or all other obligations or agreements of Maker in favor of Holder.

8. **Modifications; Cumulative Remedies; Loss of Promissory Note; Time of Essence.** No modification or waiver by Holder of any of the terms of this Promissory Note shall be valid or binding on Holder unless such modification or waiver is in writing and signed by Holder. Without limiting the generality of the preceding sentence, no delay, omission, or forbearance by Holder in exercising or enforcing any of Holder's rights and remedies under this Promissory Note shall constitute a waiver of such rights or remedies. Holder's rights and remedies under this Promissory Note are cumulative with and in addition to all other legal and equitable rights and remedies which Holder may have in connection with the loan evidenced by this Promissory Note. The headings to sections of this Promissory Note are for convenient reference only and shall not be used in interpreting this Promissory Note. If this Promissory Note is lost, stolen, or destroyed, upon Maker's receipt of a reasonably satisfactory indemnification agreement executed by Holder, or if this Promissory Note is mutilated, upon the Holder's surrender of the

mutilated Promissory Note to Maker, Maker shall execute and deliver to Holder a new promissory note which is identical in form and content to this Promissory Note to replace the lost, stolen, destroyed or mutilated Promissory Note. Time is of the essence in the performance of each provision of this Promissory Note by Maker.

9. **Attorneys' Fees; Costs of Collection.** If Maker defaults under any of the terms of this Promissory Note, Maker shall pay all costs and expenses, including without limitation attorneys' fees and costs, incurred by Holder in the collection and enforcement of this Promissory Note. Without limiting the generality of the preceding sentence, such costs and expenses shall include all attorneys' fees and costs incurred by Holder in connection with any federal or state bankruptcy, insolvency, reorganization, or other similar proceeding by or against Maker which in any way affects the Holder's exercise of Holder's rights and remedies under this Promissory Note.

10. **No Offsets.** No indebtedness evidenced by this Promissory Note shall be offset by all or part of any claim, cause of action, or crossclaim of any kind, whether liquidated or unliquidated, which Maker now has or may hereafter acquire or allege to have acquired against the Holder. To the fullest extent permitted by law, Maker waives the benefits of any applicable law, regulation, or procedure which provides, in substance, that where cross demands for money exist between parties at any point in time when neither demand is barred by the applicable statute of limitations, and an action is thereafter commenced by one such party, the other party may assert the defense of payment in that the two demands are compensated so far as they equal each other, notwithstanding that an independent action asserting the claim would at the time of filing the response be barred by the applicable statute of limitations.

11. **Applicable Law.** This Promissory Note shall be governed by and interpreted in accordance with the laws of the State of California.

Notwithstanding any other provision of this Promissory Note in no event will the amount paid as interest hereunder or thereunder exceed the maximum amount permissibly charged for interest under applicable law. Any amount paid in excess of such maximum legal amount of interest will be treated as a prepayment of principal, and, to the extent that no principal remains outstanding after such application, any additional amounts shall be deemed held in trust by the recipient of such funds for the benefit of the Maker.

12. **Successors.** This Promissory Note shall inure to the benefit of Holder and Holder's successors and assigns.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of \_\_/\_\_/\_\_

\_\_\_\_\_

Maker's Name: \_\_\_\_\_