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**CONVERTIBLE PROMISSORY NOTE**

\$ \_\_\_\_\_ .00 \_\_\_\_\_, 200X

**FOR VALUE RECEIVED**, COMPANY NAME HERE, INC., a corporation organized under the laws of the State of Washington (the “Maker”) promises to pay to \_\_\_\_\_, an individual and resident of the State of \_\_\_\_\_, (the “Holder”), at \_\_\_\_\_, or at such other place as Holder of this Note may from time to time designate, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ .00), together with interest accrued thereon, on \_\_\_\_\_, 200X.

Interest from the date hereof on the principal amount outstanding hereunder from time to time until maturity, and after the maturity hereof until paid, shall be payable at a rate of eight percent (8%) per annum. Interest shall be calculated on a year of 360 days based upon the actual number of days elapsed. After the occurrence of an Event of Default, as defined below, until this Note is paid in full or the Event of Default is satisfied or cured, as applicable, interest on the principal amount outstanding from time to time shall be payable at twelve percent (12%) per annum.

Except as otherwise described herein, principal together with all accrued and unpaid interest thereon shall be payable in a single installment one year from the date of this Note. Principal and interest shall be paid in lawful money of the United States of America in immediately available funds at the address of Holder as first set forth above or at such other place as Holder may from time to time designate.

The unpaid principal balance of this Note may be prepaid in whole or in part at any time and from time to time without premium or penalty. Each prepayment amount with respect to this Note shall be applied first to accrued and unpaid interest and then to the principal balance of this Note.

Upon the closing of the first capital raising transaction in which Maker receives gross proceeds of at least One Million Dollars (\$1,000,000.00) from the sale of its equity securities (a “Qualified Financing”), the principal amount outstanding under this Note shall convert into shares of the equity securities sold in the Qualified Financing at a per share sale price equal to the per share sale price of the Qualified Financing (the “Purchase Price”). Each dollar of principal amount then outstanding under this Note shall constitute a dollar of Purchase Price for the Qualified Financing equity securities. At the time of conversion, Maker shall have the option of converting all accrued and unpaid interest on the same terms as the conversion of principal herein, alternatively the Maker may pay accrued and unpaid interest in cash at the time of conversion.

If any payment on this Note shall be due on a Saturday, a Sunday, or a day which is a legal holiday, the payment shall be made without default on the next succeeding day which is a

business day, but any interest-bearing portions of the payment shall continue to accrue interest until payment during the extension.

Failure to pay, when due, the principal, any interest or any other sum payable with respect to the Note, and continuance of the failure for five (5) business days after the date on which the principal, installment of interest or other sum is due (whether upon maturity hereof, upon any prepayment date, upon acceleration, or otherwise) shall constitute an event of default ("Event of Default") with respect to this Note. Upon an Event of Default, the interest rate payable in respect of this Note shall increase from the date of the Event of Default from eight percent (8%) to twelve percent (12%) until the Event of Default shall be satisfied or cured.

Maker agrees to pay to Holder and reimburse Holder for any and all reasonable costs and expenses, including attorney's fees and court costs, if any, incurred by Holder in connection with the enforcement or collection hereof, both before and after the commencement of any action to enforce or collect this Note, but whether or not any such action is commenced by Holder. Maker waives presentment, protest and demand, notice of protest, notice of dishonor and nonpayment of this Note and expressly agrees that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of Maker hereunder.

The rights and remedies of Holder hereunder, shall be cumulative and concurrent and may be pursued singularly, successively or together at the sole discretion of Holder, and may be exercised as often as occasion therefor shall occur, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same or any other right or remedy.

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