



Sample Promissory Note

This Note (“Note”) has been issued without registration or qualification under the Securities Act of 1933, as amended, and applicable state securities laws and may not be sold, transferred, or otherwise disposed of without (A) such registration and qualification, or (B) an opinion of counsel reasonably satisfactory to the issuer in form and substance that such sale, transfer, or disposition may lawfully be made without registration or qualification.

NEGOTIABLE PROMISSORY NOTE

\$2,910,000.00

FOR VALUE RECEIVED, ABC Inc., a California corporation, and John Doe, an unmarried individual (“Maker or Makers”), promises to pay to order or to bearer XYZ LLC, a California limited liability Company, an individual (“Payee”), in lawful money of the United States of America, the principal sum of Two Million Nine Hundred and Ten Thousand Dollars (\$2,910,000.00).

This Note has been executed and delivered among Maker and Payee. Capitalized terms used in this Note without definition have the respective meanings given to them in the attached Security Agreement.

1. PAYMENTS

- (a) The principal amount of this Note will be payable in Forty (40) equal consecutive monthly installments commencing on _____ 2008, and continuing on the first of the month each month thereafter, until paid in full.
- (b) All payments on this Note shall be made by certified or bank cashier’s check at _____, _____, _____, or at such other place in the United States of America as Payee may designate to Maker in writing, or by wire transfer of immediately available funds to an account as Payee may designate to Maker in writing. If any payment on this Note becomes due on a day that is not a Business Day, such payment will be due on the next succeeding Business Day.
- (c) Makers may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note. Any partial prepayments will be applied to installments of principal in inverse order of their maturity.

2. DEFAULTS

- (a) The occurrence of any one or more of the following events with respect to Maker will constitute an event of default under this Note (“Event of Default”):
 - (i) If Maker fails to pay when due any payment of this Note and such failure continues for 15 days after Payee notifies Maker of such failure to pay in writing.