Demand Promissory Note

This section identifies the Borrower, the Lender, the amount of the loan (the "Principal"), and the interest rate.

For value received, _____ (the "Borrower") hereby promises to pay the principal sum of $ _____ in lawful money of Canada (the "Principal"), and interest calculated thereon in the same currency on the unpaid portion from time to time of the Principal at the rate of _____ % per annum, calculated yearly, not in advance, as well after as before maturity and both before and after default and judgment to _____ (the "Lender") on demand.

This section states that the Principal is payable on demand and sets the terms and dates of the interest repayment.

The Principal shall become due and be paid in full on demand. Interest, calculated at the aforesaid rate and in the aforesaid manner shall become due and payable annually on the first day of January each year **and must be paid no later than January 30**.*

This section states that interest will accrue before and after default of payment, or in the event the Lender obtains judgment, or on overdue interest on this Promissory Note.

Interest payable hereunder will be payable without allowance or deduction for deemed reinvestment or otherwise, and such interest will accrue from time to time at the rate and in the manner specified herein both before and after maturity, default and/or judgment, if any, until payment thereof, and interest will accrue and be payable on overdue interest at the same rate, compounded monthly.

This section permits the Lender to demand repayment of the Promissory Note without notice or other preconditions.

The Borrower hereby waives the benefits of division and discussion, demand and presentment for payment, notice of non-payment, protest, and notice of protest of this Demand Promissory Note.

This section sets out the applicable laws and jurisdiction that govern this Promissory Note.

This Agreement shall in all respects, whether as to validity, construction, capacity, performance, or otherwise, be governed by and construed in accordance with the laws of the Province of _____ and the federal laws of Canada applicable therein, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the Province of _____. Each of the parties hereto irrevocably agrees to submit and attorn to the exclusive jurisdiction of the courts of the Province of _____, Canada.

The date the Promissory Note is signed and the date it is to be effective.

In Witness Whereof the parties hereto have executed this Demand Promissory Note
this _____ day of _____, 20 _____
to be effective as of the _____ day of _____, 20 _____.

The signature of the Borrower, Lender, and the Witness.

_____	_____	_____
Witness	Lender	Signature of Borrower
_____	_____	_____
Name (Please print)	Name (Please print)	Name (Please print)

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*If interest is not paid within 30 days after the calendar year end, that year's income and all future years' income will be attributed back to the lender. The Borrower should document proof of the timely interest payment made to the Lender.

This Sample Demand Promissory Note for prescribed rate loans may need to be modified or may not be applicable to your individual circumstances. The parties to this agreement should seek independent tax and legal advice prior to executing the promissory note.

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