



DEMAND FOR PAYMENT ON DEMAND PROMISSORY NOTE & GUIDE

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1. Overview

Some promissory notes, by their nature, require that the lender demand full payment of a loan before it will receive any amounts. Such notes are called demand promissory notes. Under demand promissory notes, the borrower will not be obliged to pay any amounts until the lender provides notice that those amounts are due.

The enclosed document demands that full payment be made of the note. It is constructed to help you get what is rightfully yours, with a tone designed to be both professional and firm. In the end, you know your borrowers better than anyone else: you may want to alter the correspondence to best suit your personal and business needs.

2. Dos & Don'ts Checklist

- Review the terms of your promissory note. It should include information about the steps a lender must take to demand payment, and about the consequences that can or will result for the borrower if it does not pay. If there are specific procedures that you must follow before making demand of the full amount, make sure that you have followed them.
- The enclosed demand letter assumes that the borrower defaulted on a demand promissory note. Under a demand note, the borrower is obliged to make payment when the lender requests. If the payment isn't provided after demand is made, the borrower is in default and the lender can pursue legal action. If the note under which the borrower defaulted was not a demand note, do not use the document that follows.
- Keep an itemized list of all of the expenses that you have incurred in demanding repayment (including any attorneys' fees or registered mail costs). You may be entitled to recover these from the borrower if it delays or defaults in its payments.
- If a borrower just won't pay, don't be afraid to contact a lawyer. This may be your best recourse to get what is owed to you.

3. Demand For Payment on Demand Promissory Note Instructions

- Write in a deadline by which you must receive full payment. This deadline may be provided in the terms of the note itself. If the note does not have any time limits, write a date that will work for your arrangement. Generally, a week or two will provide sufficient time for the borrower to pay the amounts due.
- Consider sending your demand by registered mail. Although not strictly required, it will provide a record of your actions if court action later becomes necessary.
- If the deadline you established has passed, do not be afraid to contact a lawyer. You are entitled to receive the money that you are owed.

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Form Sample

DEMAND FOR PAYMENT ON DEMAND PROMISSORY NOTE

[Your Street Address]
[City, State, and Zip Code]

[Insert Date]

[Recipient's Name]
[Recipient's Company, if applicable]
[Recipient's Address]
[Recipient's City, State, and Zip Code]

RE: Demand for Payment on Demand Promissory Note

Dear _____:

Reference is made to that certain Promissory Note dated _____, 20____, of which you are the maker, in the original principal amount of \$ _____ (the "Note"). I am the current holder of the Note.

Pursuant to the terms of the Note, we hereby make demand for \$ _____ (\$ _____), which is the full unpaid balance of the Note to interest, to be remitted by _____ 20____.

If we d