

Convertible Capital Promissory Note

(Sample Format)

Date of Note:

[Date]

Principal Amount:

[Amount in words and figures]

Note Number:

[Note Number]

FOR VALUE RECEIVED:

[Borrower Name], a [Entity Type and State/Country], hereby promises to pay to the order of [Investor/Lender Name] ("Holder") the principal sum of [Amount] with interest as set forth below, subject to the terms and conditions of this Convertible Promissory Note (the "Note").

1. Interest

Interest shall accrue on the outstanding principal at a rate of [Interest Rate]% per annum and be calculated on the basis of a 365-day year for the actual number of days outstanding.

2. Maturity Date

Unless previously converted or prepaid as set forth herein, the outstanding principal and accrued interest shall be due and payable on [Maturity Date].

3. Conversion

Upon the occurrence of a Qualified Financing or at the election of the Holder, all or part of the unpaid principal and accrued interest may be converted into equity securities of the Borrower as per the terms outlined below:

- Conversion Price: [Conversion Price/Formula]
- Valuation Cap: [If Any]
- Discount Rate: [If Any]

4. Prepayment

This Note may not be prepaid by the Borrower without the prior written consent of the Holder.

5. Events of Default

In the event of default by the Borrower, including nonpayment of principal or interest, the Holder may declare the entire unpaid principal and accrued interest immediately due and payable.

6. Governing Law

This Note shall be governed by and construed in accordance with the laws of [State/Country].

Borrower:

[Borrower Name]

By: _____

Name:

Title:

Holder:

[Investor/Lender Name]

By: _____

Name:

Title:

Important Notes:

- This is a legally binding document. Parties should seek legal advice before signing.
- Conversion terms should be clearly defined to prevent future disputes.
- This note does not grant equity until conversion is triggered.
- Terms such as interest rate, valuation cap, and discount rate are negotiable.
- Ensure compliance with securities laws and local regulations.