

IOU

Dated: June 17, 2016

\$2,500.00 USD

FOR VALUE RECEIVED, the undersigned, Luke Dodson (the "Borrower"), located at 39 Silk Road, Sacramento, CA 95833, hereby promises to pay to the order of Peter Wilson, (the "Lender"), located at 33 Wilson Ave, Sacramento, CA 95833, the principal sum of \$2,500.00 USD together with interest on the principal balance, and in accordance with the terms set forth below.

Payment. The principal amount of this Note together with accrued and unpaid interest and all other charges, costs and expenses, is due and payable in one lump sum payment on or before July 04, 2016. All payments under this Note are applied first to accrued interest and then to the balance of the outstanding principal.

Interest. The principal balance of this Note shall bear interest at the rate of 2% per annum, accruing daily from the date of this Note to and until maturity. Notwithstanding, the total interest charged on the principal amount shall not exceed the maximum amount allowed by law and the Borrower shall not be obligated to pay any interest in excess of such amount.

Security. Borrower agrees that until the principal amount of the Note together with interest is paid in full, this Note will be secured by 2005 Chevy Tahoe and Borrower hereby grants to Lender a security interest in and to the herein described collateral.

Prepayment. The Borrower has the right to prepay all or any part of the principal amount of this Note, together with accrued and unpaid interest thereon, at any time without prepayment penalty or premium of any kind.

Costs and Fees. In the event of default, the Borrower shall pay to the Lender all costs of collection including reasonable attorney's fees. If the Borrower fails to make a payment due under this Note within ten (10) days after the due date, the Borrower agrees to pay to the Lender a late payment fee of 10% of the amount then due.

Waiver. The Borrower and all sureties, guarantors and endorsers hereof, waive presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note.

Successors and Assigns. This Note will inure to the benefit of and be binding on the respective successors and permitted assigns of the Borrower. The

Borrower may not assign its rights or delegate its duties under this Note without the Lender's prior written consent.

Joint and Several Liability. If there is more than one Borrower of this Note, the obligation of each Borrower shall be joint and several under this Note.

Amendment. This Note may be amended or modified only by a written agreement signed by the Borrower and Lender.

Severability. In the event that any of the provisions of this Note are held to be invalid or unenforceable in whole or in part, the remaining provisions shall not be affected and shall continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Note.

Notifications. Any notice or communication under this Note must be in writing and sent via one of the following options:

- Delivery in Person
- Electronic Email Transmission

Governing Law. This Note shall be governed by and construed in accordance with the laws of California.

IN WITNESS WHEREOF, the undersigned has executed this IOU as of the date first stated above.

Signature of Borrower

Luke Dodson

Signature of Lender

Peter Wilson

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GENERAL INSTRUCTIONS

If you are on either end of a loan, you should consider creating an IOU to use as a part of the loan transaction. Before doing so, you may want to find out more information about what an IOU is and what it can do for you.

WHAT IS AN IOU?

An IOU is a legal document that sets out the details of a loan made between two people, a borrower and a lender. The note clearly outlines the borrower's promise to fully repay the lender within a specified amount of time.

Since this type of document includes all the terms and conditions of the loan transaction, this ensures the parties have a thorough and complete written record of the deal and their intentions. As such, the note should be finalized before any money changes hands. The document also acts as a formal record of the transaction.

An IOU protects the rights of both the borrower and the lender. Reducing the terms and conditions to writing helps make the parties address and discuss the important terms of the loan transaction ensuring that they are clear and fair to both parties. The document can prevent the lender from taking advantage of the borrower in relation to the repayment of the loan and it can serve to protect the money loaned by the lender.

While the existence of the IOU itself does not necessarily guarantee that the borrower will repay the money back in a timely manner, the presence of such a document can help to support the lender's claim if legal action has to be taken to reclaim any money. At a minimum, the parties have a written agreement evidencing that a loan has taken place.

WHEN SHOULD ONE BE USED?

There are a number of different scenarios in which an IOU should be used. If any of the following circumstances apply, you should consider using an IOU to protect your interests:

- If you borrow money from an individual lender or a business and you want to document the terms and conditions of the loan in writing.
- If you plan to loan any amount of money to another individual or entity and you want to create a formal record of the transaction and specify the terms of repayment.

- If you borrow money from an individual lender or a business and you want to document the terms and conditions of the loan in writing.
- If you plan to loan any amount of money to another individual or entity and you want to create a formal record of the transaction and specify the terms of repayment.
- If you are either the borrower or lender in a loan transaction which involves interest on the principal amount of the loan.
- If you are either the borrower or lender and want a written record defining the loan repayment schedule.

SITUATIONS IN WHICH AN IOU IS COMMONLY USED

- Private or personal lending between friends, family members, neighbors or colleagues.
- Down payments on property
- Mortgages or real estate loans
- Student or educational loans
- Commercial or business loans
- Loans for car or vehicle purchases

In addition to the situations listed above, there are many other circumstances in which an IOU would be useful and appropriate.

WHAT TO INCLUDE

When creating an IOU, it is important to include certain information. To make sure the document is complete, you should include the following:

- Full details of the lender including the name and address
- Full details of the borrower including the name and address
- Principal amount of the loan
- Any interest accrued on the loan and the rate of interest
- Repayment options
- Repayment schedule
- Any additional stipulations relating to the loan such as prepayment or default of the loan

REPAYMENT OPTIONS

The IOU should clearly set out the repayment schedule so that there is no question as to how and when the borrower must repay the principal amount of the loan and interest (if applicable) to the lender. The most common types of repayment options are lump sum payments, installment payments and "due on demand" payments.