

## Promissory Note

\$ \_\_\_\_\_, 20\_\_

FOR VALUE RECEIVED, \_\_\_\_\_ promises to pay to \_\_\_\_\_, his heirs, successors and assigns, the principal sum of \_\_\_\_\_ (\$\_\_\_\_\_), together with interest from the date hereof on the unpaid balance at the initial rate of \_\_\_\_\_% per annum ("Initial Interest Rate"), principal and interest shall be payable in equal monthly installments of \$\_\_\_\_\_ each, beginning on \_\_\_\_\_, 20\_\_, and continuing on the \_\_\_th day of each and every month thereafter until \_\_\_\_\_, 20\_\_, and continuing on the \_\_\_th day of each and every month thereafter, in equal monthly installments of principal and interest determined in accordance with the terms of this Note until the principal and interest thereon shall have been fully paid, the entire unpaid balance of principal and interest to be due and payable \_\_\_\_\_, 20\_\_. Each monthly installment payment shall be applied first to the payment of interest on the principal unpaid and the balance to the payment of principal. Each year, on the \_\_\_th day of \_\_\_\_\_, beginning on \_\_\_\_\_, 20\_\_, Initial Interest Rate shall be modified (but may not ever be less than \_\_\_\_\_%, the "Minimum Interest Rate," or more than \_\_\_\_\_%, the "Maximum Interest Rate") to the amount of the arithmetic mean of the prime rate of interest reported in *The Wall Street Journal* for \_\_\_\_\_ of each such year (or if \_\_\_\_\_ is a Saturday, Sunday or holiday, the prime rate of interest reported for the next day that is not a Saturday, Sunday or holiday).

The modified interest rate, the Minimum Interest Rate, or the Maximum Interest Rate, whichever shall be applicable, shall be the interest rate of this Note for the next 12-month period beginning on each such date during the term of this Note commencing \_\_\_\_\_, 20\_\_.

No change in the interest rate shall be made during the period beginning \_\_\_\_\_, 20\_\_ and ending \_\_\_\_\_, 20\_\_.

When there is a change in the interest rate, the amount of each monthly installment payable shall be increased or decreased to an amount which, when paid in equal monthly installments of principal and interest, will be sufficient to amortize the then unpaid principal together with interest thereon at the changed rate over the unexpired term of the Note. The term of this Note shall be 10 years payable in 120 monthly installments, determined in accordance with the terms of this Note. The first installment shall be due \_\_\_\_\_, 20\_\_, and the last installment shall be due \_\_\_\_\_, 20\_\_. Notice of any change in interest rate and the amount of the monthly installment shall be given by the holders of this Note and shall be deemed made when deposited in the United States mail, postage prepaid addressed to \_\_\_\_\_, \_\_\_\_\_. Such notice shall be given within ten (10) days after \_\_\_\_\_ of each year commencing on \_\_\_\_\_, 20\_\_.

In the event *The Wall Street Journal* shall cease as a daily newspaper publication or discontinue reporting the prime rate of interest, the Initial Interest Rate shall be modified to the amount of the prime rate of interest charged by \_\_\_\_\_ (or its successors

or assigns), in accordance with the terms of this Note, but not less than the Minimum Interest Rate or more than the Maximum Interest Rate.

All sums due hereunder shall be payable to \_\_\_\_\_ at the following address:

or at such other place as \_\_\_\_\_, his heirs, successors and assigns may specify in writing.

This Note is secured by a security agreement by \_\_\_\_\_, to \_\_\_\_\_ dated this day on certain property of \_\_\_\_\_, a guarantee by \_\_\_\_\_, and \_\_\_\_\_ to \_\_\_\_\_ dated this date; a mortgage by \_\_\_\_\_ to \_\_\_\_\_ dated this date (all referred to as "Collateral Agreements") and all of the terms and conditions of the Collateral Agreements are incorporated herein and made a part hereof.

In the event \_\_\_\_\_ shall default in payment of any installment of principal or interest when the same shall become due and payable hereunder and such default shall not be cured within thirty (30) days, then the holders of this Note may, at their option, declare the entire principal of this Note due and payable, together with all accrued interest thereon.

It is hereby agreed that in the event \_\_\_\_\_ shall become insolvent, or file a voluntary petition in bankruptcy, or if a petition in bankruptcy shall be filed against it, or if any application for receivership of any nature be filed or a receiver be appointed of its property or assets, then the principal of this Note and all unpaid interest shall forthwith be due and payable.

\_\_\_\_\_ may, at its election, upon not less than thirty (30) days' prior notice, prepay without penalty all of the unpaid principal hereof. Upon such prepayment it shall also pay the interest accrued on the principal amount to the date of the prepayment.

Notice of dishonor, protest and notice of protest are hereby waived.

This Note is non-negotiable.

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
By: \_\_\_\_\_  
Its President