

**INTEREST ONLY FIXED RATE PROMISSORY NOTE**

US \$ \_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
[Date] [City] [State]

\_\_\_\_\_  
[Property Address] (the "Property")

**NOTICE**

**Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by the debtor hereunder.**

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$ \_\_\_\_\_. (this amount will be called "Principal"), plus interest, to the order of the Lender. The Lender is \_\_\_\_\_. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder."

**2. INTEREST**

I will pay interest at a yearly rate of \_\_\_\_\_%.

Interest will be charged on that part of Principal which has not been paid. Interest will be charged beginning on the date of this Note and continuing until the full amount of Principal has been paid. The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 4(B) of this Note.

**3. PAYMENTS**

I will make a payment every month. This monthly payment will be for the full amount of all interest that has accrued on the Principal, and will not include the repayment of any Principal.

I will make my payments on the \_\_\_\_\_ day of each month beginning on \_\_\_\_\_, 20\_\_\_\_. I will make these interest payments every month, and pay any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date, and if the payment includes both Principal and interest, it will be applied to interest before Principal. I understand that repayment of the Principal under this Note shall be deferred until the First Mortgage loan (as that term is defined below) is paid in full or until \_\_\_\_\_, 20\_\_\_\_, the date the last payment is due on the First Mortgage loan, whichever is earlier (such earlier date is the "Maturity Date" of this Note). If, on the Maturity Date I still owe amounts under this Note, I will pay all those amounts, in full, on that date. The First Mortgage loan means the first priority mortgage loan of the same date as this Note, in the original Principal amount of \_\_\_\_\_ in favor of \_\_\_\_\_, which is secured by the Property

described above.

I will make my monthly payments at \_\_\_\_\_ or at a different place if required by the Note Holder.

#### **4. BORROWER'S FAILURE TO PAY AS REQUIRED**

##### **(A) Late Charge for Overdue Payments**

If the Note Holder has not received the full amount of any of my monthly payments by the end of fifteen calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \_\_\_\_\_% of my overdue payment. I will pay this late charge only once on any late payment.

##### **(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

##### **(C) Notice From Note Holder**

If I am in default, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount.

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

##### **(D) Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note, to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

#### **5. BORROWER'S PAYMENTS BEFORE THEY ARE DUE**

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note. I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date of my monthly payment unless the Note Holder agrees in writing to those changes. However, the amount of the monthly payment will decrease for the remainder of the term when my payments consist only of interest.

#### **6. BORROWER'S WAIVERS**

I and any other person who has obligations under this Note waive the rights to require the Note Holder to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that the amounts due have not been paid (known as "notice of dishonor"); (C) to obtain an official certification of nonpayment (known as a "protest"). Anyone else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder if I fail to keep my promises under this Note, or who signs this Note to transfer it to someone else also waives

these rights. These persons are known as "guarantors, sureties and endorsers."

#### **7. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by certified mail addressed to me at the Property's address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by certified mail to the Note Holder at the address stated in Section 3 above. A notice will be mailed to the Note Holder at a different address if I am given a notice of that different address.

#### **8. RESPONSIBILITY OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each of us is fully and personally obligated to pay the full amount owed and to keep all of the promises made in this Note. Any person who is a guarantor, surety, or endorser of this Note (as described in Section 6 above) is also obligated to do these things. The Note Holder may enforce its rights under this Note against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note. Any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Note (as described in Section 6 above) is also obligated to keep all of the promises made in this Note.

#### **9. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

#### **10. UNIFORM SECURED NOTE**

In addition to the protections given to the Note Holder under this Note, a Deed of Trust, Mortgage, or Security Deed (the "Security Instrument") dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Note. Some of those conditions are described as follows:

If (i) all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, or (ii) the note secured by the First Lien Mortgage/Deed of Trust is paid in full, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise

is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower and First Lien Holder notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

\_\_\_\_\_  
(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

*[Sign Original Only]*

***Insert name of MLO and NMLSR ID # for both organization and MLO, in compliance with 12 CFR § 1026.36(g) (also needs to be on last page of Security Instrument)***