Discount note—subject to acceleration—deposit balance as security

$ (amount of note)

(city and state)

(date of the note)

For value received the undersigned promises to pay to the order of the

(name of the payee) (the “Bank”), at

(location of payment):

1. *Amount, installments.* The sum of $ \_ (amount of the note) in

(number of monthly payments) installments, as follows:

$ (amount of the monthly payment) on the first day of

(month and year in which the first payment is due), and an equal amount on the same date of each month thereafter until a total of such sum is paid with interest from the date hereof at the rate of percent per annum on the unpaid balance payable with each installment of principal; and

1. *Late charge.* Whenever payment of any installment is in default for at least ten days, a penalty on the unpaid installment to the extent permitted by statute shall be assessed; and
2. *Collection costs.* Should legal proceedings be instituted to collect any amount due hereunder, a sum equal to all collection costs and expenses, including attorney’s fees of not more than \_ percent of the total amount due hereunder.
3. *Acceptance of late payment.* The acceptance by the Bank of any installment after any default shall not operate to extend the time of payment of any amount then remaining unpaid or constitute a waiver of any of the other rights of the Bank.
4. *Discount.* The proceeds hereof, on discount by the Bank, shall be the face amount less a charge computed on that amount for the period from the date hereof to and including the last of the above-indicated installments at a rate of $ per annum discount per $\_ face amount of the note.
5. *Collateral security.* As collateral security for the payment of this note and of any and all other obligations and liabilities of the undersigned to the Bank, whether due or to become due, direct or contingent, now existing or hereafter arising, and however created or acquired, the Bank shall at all times have and is granted a security interest in, and is given a lien upon and right of offset against all moneys, deposit balances, securities, or other property or interest in property, of the undersigned now or at any time hereafter given or in transit to or left in the possession or control of the Bank, whether for safekeeping or for any other purpose. On the occurrence of any of the events which give rise to a default under this obligation, or which give rise to a claim asserted by the Bank against the undersigned, for any reason whatsoever, the Bank shall have the right to sell

all or part of the property of any maker, indorser, or guarantor, at public or private sale, without any demand, notice, or advertisement, all of which are waived, and the Bank retains the right to purchase any such collateral security at any such sale free from any right of redemption on the part of the undersigned.

1. *Default and acceleration.* If any maker, indorser, or guarantor of this note shall suspend business, become insolvent, offer settlement to any creditors, be unable to meet obligations as they fall due, make or send notice of any intended bulk sale, make an assignment for the benefit of creditors, pledge or transfer accounts receivable, or other property, in trust or otherwise, or make any false statement or representation orally or in writing, or fail to furnish information, or fail to permit inspection of any books or records on demand of the Bank, or fail to pay any obligation when due, or there be filed by or against the obligors any petition in bankruptcy or any proceeding under any law relating to the relief of debtors, or for the appointment of a receiver or custodian of their property, or if a warrant of attachment be issued against any of their property, or if any legal action be commenced against them, or if any judgment be entered against them, or, if an individual, he or she shall die, or, if a corporation, it be dissolved or its capital be impaired, or if, for any other cause, the Bank, in its sole discretion, deems this obligation in jeopardy, or any other obligation of any maker, indorser or guarantor hereof in jeopardy, or if, for any other cause, the protection of the Bank, in its sole discretion, so requires, the Bank at its option may declare a default and all liabilities of the undersigned to the Bank, including this note, shall at the option of the Bank mature forthwith and become due and payable without demand or notice, which are waived.
2. *Remedies in collateral.* In the event of any sale of collateral security, the Bank may apply the proceeds, after deduction of all costs and expenses of every kind, to or toward the payment of either the principal or interest of any one or more of the obligations and liabilities herein referred to, including this note, whether then due or not due, in such proportions and in such sequence or order as the Bank in its sole discretion may determine, returning the surplus, if any, to the undersigned; all without prejudice to the rights of the Bank as against the undersigned with respect to any and all amounts which may be or remain unpaid on this note and on any of the other obligations and liabilities at any time. The Bank may also, at its option, at any time, either before or after the maturity of this note, with or without notice and with like discretion as to order of application, appropriate and apply to the payment or reduction of the amount, either in whole or in part, then owing on any or all of the obligations and liabilities, including this note, any or all deposit balances and any sums at any time credited by or due from the Bank to the undersigned. The Bank, however, shall not be obligated to assert or enforce any rights, security interests, or liens hereunder or take any action whatever in regard thereto.
3. *Waivers.* The undersigned waives presentment, demand for payment, notice of dishonor, protest, and any and all other notices and demands in connection with the delivery, acceptance, performance, default, or enforcement of this note, and consents to

any and all extensions of time, renewals, releases of liens or security interests, waivers, or modifications that may be made or granted by the Bank to any party hereto. No delay by the holder in exercising any power or right shall operate as a waiver of any power or right; nor shall any single or partial exercise of any power or right preclude other or further exercise, or the exercise of any other power or right; and no waiver whatever or modification of the terms of this note shall be valid unless in writing signed by the holder of this note and then only to the extent therein set forth.

1. *Authorized actions.* The Bank is authorized, without further notice, to: (a) date this note as of the date when the loan is made; (b) cause or permit one or more co–makers to be added, released, or withdrawn as parties, either before or after the making of the loan; and (c) return the note when paid to any of the signers.

(signature of the maker)