Note—reference to underlying security agreement—provision for additional collateral security

$ (amount of note)

(date of the note)

(city and state)

On , (note due date), I promise to pay to the order of

(the “Payee”) $

(amount of the

note), with interest at the rate of percent per annum, at his/her offices at (location).

1. *Collateral.* To secure payment of this note, and of any liability or liabilities of the Maker to the holder, due or to become due, or that may hereafter be contracted or existing, however acquired by the holder, the Maker has transferred, pledged, given a secured interest in, and delivered to the Payee the property set forth in the annexed schedule (“collateral”), the market value of which is today $ \_ (value of the collateral).
2. *Additional collateral.* In case of a decline in the market value of the collateral or any part of it, the holder may demand that additional collateral of a quality and value satisfactory to the holder be delivered, pledged, and transferred to the holder, and that the Maker create a security interest in the additionally delivered collateral in favor of the holder. Failure on the part of the Maker to deliver additional collateral on demand shall cause this note to become due and payable on demand.
3. *Default remedies.* In case of a default in the payment of this note, the holder shall have all rights in the collateral given by the Uniform Commercial Code as enacted and in force in the State of \_. The waiver of any default, or the remedying of any default in a reasonable manner, shall not operate as a waiver of the default remedied or any other prior or subsequent default.
4. *Right of setoff.* Any deposit or other sums at any time credited by or due from the holder to the Maker and any securities or other property of the Maker in the possession of the holder may at all times be held and treated as additional collateral for the payment of this note and any other liabilities herein referred to of the Maker and such deposits, other sums, or securities may at any time be applied or set off against the amount due or to become due.
5. *Custody of collateral collection.* The holder shall have no duty as to the collection or protection of collateral or of any income or proceeds, nor as to the preservation of any rights pertaining thereto beyond its safe custody. If any of the collateral is released to the Maker, the Maker agrees to execute whatever documents are required to continue the holder’s security interest in the collateral. If this note is not paid in full when it becomes

due, the Maker agrees to pay all costs and expenses of collection, including reasonable attorney’s fees.

1. *Acceleration, waivers.* The Holder may accelerate the due date of this instrument and demand immediate payment whenever in good faith he believes that the prospect of payment is impaired. Each party to this instrument, either as maker, indorser, surety, or otherwise, waives demand, presentment, notice of dishonor, and protest, and assents to any extension or postponement of the time of payment or other indulgence and to any substitution, exchange, or release of collateral granted or permitted by the holder, and each such party agrees that any collateral deposited by the holder with the Payee in connection with this note may be held as collateral security for any other direct or indirect liability of the maker’s to the Payee, due or to become due, or that may hereafter be contracted.

(signature of the maker)