Secured promissory note–secured with two deeds of trust Principal Amount: $

Interest Rate: % Date of Note: \_

PROMISE TO PAY: I promise to pay to (name of payee) (“Lender”), or order, in lawful money of the United States of America, the principal amount of (written amount of the note) Dollars ($

) or so much as may be outstanding, together with interest at the rate of % per annum on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT: I will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on [*date*]. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. I will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

PREPAYMENT: MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, I understand that Lender is entitled to a minimum interest charge of $7.50. Other than my obligation to pay any minimum interest charge, I may pay without penalty all or a portion of the amount owed earlier than it is due.

LATE CHARGE. If a payment is 15 days or more late, I will be charged 5% of the unpaid portion of the regularly scheduled payment or $50.00, whichever is less.

DEFAULT. I will be in default if any of the following happens: (a) I fail to make any payment when due; (b) I break any promise I have made to Lender, or I fail to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan I have with Lender; (c) I default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of my property or my ability to repay this Note or perform any obligation sunder this Note or any of the Related Documents; (d) any representation or statement made or furnished to Lender by me or on my behalf is false or misleading in any material respect either now or at the time made or furnished; (e) I die

or become insolvent, a receiver is appointed for any part of my property, I make an assignment for the benefit of creditors, or any proceeding is commenced either by me or against me under any bankruptcy or insolvency laws; (f) any creditor tries to take any of my property on or in which Lender has a lien or security interest. This includes a garnishment of any of my accounts with Lender; (g) any of the events described in this default section occurs with respect to any guarantor of this Note; (h) lender in good faith deems itself insecure. However, if the reason Lender has deemed itself insecure is a late payment, and I make that payment, including any late charge, within ten (10) days of its due date, Lender will not take any action based on being insecure.

LENDER’S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest, together with all other applicable fees, costs and charges, if any, immediately due and payable, without notice, and then I will pay that amount. Furthermore, subject to any limits under applicable law, upon default I also agree to pay Lender’s attorneys’ fees, and all of Lender’s other collection expenses, whether or not there is lawsuit and including legal expenses for bankruptcy proceedings. This Note shall be governed by, construed and enforced in accordance with the laws of the State of .

RIGHT OF SETOFF. I grant to Lender a contractual possessory security interest in, and hereby assign, convey, deliver, pledge, and transfer to Lender all my right, title and interest in and to, my accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts I may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. I authorize Lender, to the extent permitted under applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

COLLATERAL. This note is secured by two deeds of trust the first bearing a date of

, in the amount of $ from

(name of maker/borrower) to (name of payee/lender) and the second dated \_ [*date*] in the amount of $ from (name of maker/borrower) to (name of payee/lender).

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. I and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to

realize upon or perfect Lender’s security interest in the collateral. All such parties also

agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. My obligations under this Note are Joint and several. This means that each person who signs this Note is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed.

PRIOR TO SIGNING THIS NOTE, I AND EACH OF US, READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE AND THE NOTICE TO COSIGNER SET FORTH BELOW. I, AND EACH OF US, AGREE TO THE TERMS OF THIS NOTE AND ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS NOTE.

Borrower:

(Signature of borrower) (REVERSE SIDE OF PROMISSORY NOTE)

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower does not pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of YOUR credit record.

This notice is not the contract that makes you liable for the debt.