

**FIXED RATE-INSTALLMENT NOTE**

AMOUNT	NOTE DATE	MATURITY DATE	TAX ID NUMBER
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**For Value Received**, the undersigned (individually and collectively, the “Borrower”) promise(s) to pay to the order of \_\_\_\_\_<sup>1</sup> (the “Lender”), at any office of the Lender in the State of Michigan,

\_\_\_\_\_ Dollars (U.S.) in installments of \$ \_\_\_\_\_<sup>2</sup> each **INCLUSIVE OF/PLUS [STRIKE ONE]** interest on the unpaid principal balance from the date of this Note at the rate of \_\_\_\_\_ % per annum<sup>3</sup> until maturity, whether by acceleration or otherwise, or until Default, as later defined, and after that at a default rate equal to the rate of interest otherwise prevailing under this Note plus 3% per annum (but in no event in excess of the maximum rate permitted by law).<sup>4</sup> Interest shall be calculated for

<sup>1</sup> The name of the subsidy provider will go here.

<sup>2</sup> If periodic principal installments are required, this would be inserted here. The Lender may elect to have interest only installments until the Property is sold. In this latter case, “zero” would be inserted in the blank and the words “inclusive of” would be stricken.

<sup>3</sup> There are alternatives to using a fixed interest rate, including the following:  
**Floating rate:** “...per annum rate equal to the Lender’s prime rate from time to time in effect plus \_\_\_\_\_% per annum until maturity...Lender’s ‘prime rate’ means the prime rate published from time to time in the Wall Street Journal or, if this newspaper is no longer published, the prime rate as published from time to time in a national financial newspaper or journal of similar nature.”  
**Fixed rate with CPI increases:** “at the rate of \_\_\_\_\_ % per annum during the first twelve (12) months of this Note which rate shall automatically increase on the twelve month anniversary of this Note and on each twelve month anniversary thereafter by the percentage increase, if any, in the CPI during the period beginning fifteen months prior to the particular increase date and ending three months prior to the particular increase date. ‘CPI’ means the “Consumer Price Index for All Items for All Urban Consumers (CPI-U):U. S. City Average (1982-1984=100)” as published monthly by the Bureau of Labor Statistics of the United States Department of Labor. If at any time the Consumer Price Index is no longer issued, then the term “Consumer Price Index” shall mean an index comparable to the Consumer Price Index and published by the Bureau of Labor Statistics of the United States Department of Labor. If the Bureau of Labor Statistics shall no longer maintain statistics on the purchasing power of the consumer dollar, comparable statistics published by a responsible financial periodical or recognized authority determined by the Lender shall be used in determining the increases in the applicable fixed fees or reimbursements. If the base year “(1982-1984=100)” or other base year used in computing the Consumer Price Index is changed, the figures used in determining the above-described increases in the fixed fees or reimbursements shall be changed accordingly, so that all changes in the Consumer Price Index are taken into account notwithstanding any such change in the base year.  
**Fixed rate with tax assessment increases:** “at the rate of \_\_\_\_\_% per annum during the first twelve (12) months of this Note which rate shall automatically increase on the twelve month anniversary of this Note and on each twelve month anniversary thereafter by the percentage increase, if any, in the State Equalized Value of the Property between the two most recent assessments of the Property immediately prior to the particular increase date.

<sup>4</sup> There are limitations under Michigan law on the rate of interest that may be charged. Absent an exception, the maximum interest rate that may be charged is 7% per annum. However, the laws governing (and the exceptions to)

the actual number of days the principal is outstanding on the basis of a 365-day year. Installments of principal and accrued interest due under this Note shall be payable on the \_\_\_\_\_ day of each \_\_\_\_\_,<sup>5</sup> commencing \_\_\_\_\_, and the entire remaining unpaid balance of principal and accrued interest shall be payable on the earlier of the Maturity Date set forth above or upon a Default as set forth below.

If the frequency of principal and interest installments is not otherwise specified, installments of principal and interest due under this Note shall be payable monthly on the first day of each month. The Lender does not have to accept any prepayment of principal under this Note except as required under applicable law. This Note and any other indebtedness and liabilities of any kind of the Borrower (or any of them) to the Lender, and any and all modifications, renewals or extensions of it, whether joint or several, contingent or absolute, now existing or later arising, and however evidenced (collectively "Indebtedness") are secured by and the Lender is granted a security interest in and lien upon the property commonly known as \_\_\_\_\_, Michigan ("Property") pursuant to the mortgage dated on or about the same date as this Note ("Mortgage").

If the Borrower (or any of them) (i) fail(s) to pay this Note or any of the Indebtedness when due, by maturity, acceleration or otherwise, or fail(s) to pay any Indebtedness owing on a demand basis upon demand; or (ii) fail(s) to comply with any of the terms or provisions of any agreement between the Borrower (or any of them) and the Lender; or (iii) become(s) insolvent or the subject of a voluntary or involuntary proceeding in bankruptcy, or a reorganization, arrangement or creditor composition proceeding, die(s) or become(s) incompetent, or (a) if any warranty or representation made by the Borrower in connection with this Note shall be discovered to be untrue or incomplete; or (b) if there is any failure by the Borrower in the observance or performance of any term, covenant or condition in the Mortgage, then the Lender, upon the occurrence of any of these events (each a "Default"), may at its option and without prior notice to the Borrower (or any of them), declare any or all of the indebtedness under this Note to be immediately due and payable (notwithstanding any provisions contained in the evidence of it to the contrary), charge interest at the default rate and exercise any one or more of the rights and remedies granted to the Lender by any agreement with the Borrower (or any of them) or given to it under applicable law. All payments under this Note shall be in immediately available United States funds, without setoff or counterclaim. This Note may not be prepaid in whole or in part by the Borrower, but this shall not affect in any way the Lender's right to accelerate payment of this Note upon a Default as provided in this Note.

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interest rate/usury limits are very complex and depend upon many factors, including the type of collateral, the nature of the lender and the borrower, the dollar amount of the loan and the lien priority. If the subsidy provider is making a first mortgage, it may charge up to 11% per annum, but the interest must be fixed, although there is authority that this will allow a floating interest tied to prime or some other index outside of the lender's control. If the subsidy provider is licensed under the Regulatory Loan Act or as a second mortgage lender, it may charge up to 25% interest per annum.

<sup>5</sup> The subsidy provider can determine the frequency of payments, e.g. monthly, quarterly, yearly, etc.

If this Note is signed by two or more parties (whether by all as makers or by one or more as an accommodation party or otherwise), the obligations and undertakings under this Note shall be that of all and any two or more jointly and also of each severally. This Note shall bind the Borrower, and the Borrower's respective heirs, personal representatives, successors and assigns.

The Borrower waive(s) presentment, demand, protest, notice of dishonor, notice of demand or intent to demand, notice of acceleration or intent to accelerate, and all other notices, and agree(s) that no extension or indulgence to the Borrower (or any of them) or release, substitution or nonenforcement of any security, or release or substitution of any of the Borrower, any guarantor or any other party, whether with or without notice, shall affect the obligations of any of the Borrower. The Borrower waive(s) all defenses or right to discharge available under Section 3-605 of the Michigan Uniform Commercial Code and waive(s) all other suretyship defenses or right to discharge. The Borrower agree(s) that the Lender has the right to sell, assign, or grant participations or any interest in, any or all of the Indebtedness, and that, in connection with this right, but without limiting its ability to make other disclosures to the full extent allowable, the Lender may disclose all documents and information which the Lender now or later has relating to the Borrower or the Indebtedness. The Borrower agree(s) that the Lender may provide information relating to this Note or relating to the Borrower to the Lender's parent, affiliates, subsidiaries and service providers.

The Borrower agree(s) to reimburse the holder or owner of this Note upon demand for any and all costs and expenses (including without limit, court costs, legal expenses and reasonable attorney fees, whether inside or outside counsel is used, whether or not suit is instituted and, if suit is instituted, whether at the trial court level, appellate level, in a bankruptcy, probate or administrative proceeding or otherwise) incurred in collecting or attempting to collect this Note or incurred in any other matter or proceeding relating to this Note.

The Borrower acknowledge(s) and agree(s) that there are no contrary agreements, oral or written, establishing a term of this Note and agree(s) that the terms and conditions of this Note may not be amended, waived or modified except in a writing signed by an officer of the Lender expressly stating that the writing constitutes an amendment, waiver or modification of the terms of this Note. As used in this Note, the word "Borrower" means, individually and collectively, each maker, accommodation party, indorser and other party signing this Note in a similar capacity. If any provision of this Note is unenforceable in whole or part for any reason, the remaining provisions shall continue to be effective.

THIS NOTE IS MADE IN THE STATE OF MICHIGAN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

THE MAXIMUM INTEREST RATE SHALL NOT EXCEED THE HIGHEST APPLICABLE USURY CEILING.



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THE BORROWER AND THE LENDER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE OR THE INDEBTEDNESS.

BORROWER:

\_\_\_\_\_

Print Name: \_\_\_\_\_ Print Name: \_\_\_\_\_

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