

State Bar of Wisconsin Form 17-2003
INDEXED VARIABLE RATE NOTE

Document Number

Document Name

For value received, the undersigned ("Borrower"), jointly and severally if more than one, promises to pay to the order of _____ ("Holder") the principal sum of \$ _____ together with interest on the unpaid principal balance from the date of this note ("Note") as provided below.

Beginning on the date of this Note, the interest rate shall be _____ % per annum ("Initial Interest Rate"). The interest rate may change in accordance with the provisions of this Note, provided at no time may the interest rate be more than _____ % per annum above or below the Initial Interest Rate. The first change of the interest rate will occur on the first day of _____, and subsequent changes will occur every _____ months thereafter ("Change Dates") until this Note is paid in full. Interest shall be computed based on a 360 day year.

Changes in the interest rate will be based on changes in an interest rate index ("Index") which is (**check one**):

- The national average contract rate for major lenders on the purchase of previously occupied homes as computed by the Federal Home Loan Bank Board.
- The monthly average of weekly auction rates on U.S. Treasury Bills with maturities of (three)(six)(**strike one**) months made available by the Federal Reserve Board.
- The monthly average yield on U.S. Treasury Securities made available by the Federal Reserve Board adjusted to a constant maturity of (one)(two)(three)(five)(**strike all but one**) years.
- Other index permitted by law as identified on attached exhibit.

If the Index selected ceases to be available from the initial or a successor source, Holder will set the interest rate by using a comparable index and notify Borrower of the new index in writing.

Changes shall be computed based on the comparison of the Index figure available on the date of this Note ("Base Index") and the latest Index figure available on each Change Date. The new interest rate shall be computed (**check one**):

- by subtracting the Base Index from the Index figure available 60 days prior to the Change Date (which may result in a positive or negative number) and changing the Initial Interest Rate by the difference between the two.
- by subtracting the Base Index or the existing interest rate (whichever is applicable) from the Index figure 60 days prior to the current Change Date (which may result in a positive or negative number) and changing the Initial Interest Rate or existing interest rate (whichever is applicable) by the difference between the two.
- by adding _____ % to the Index figure 60 days prior to the Change Date.

Changes shall be rounded to the nearest 1/8th of 1%.

Holder may elect not to change the interest rate if the computation results in an increase in the interest rate.

Holder shall mail notice of any change in interest rate to Borrower by first class mail at least 20 but no more than 45 days before the Change Date. The notice shall include: the new interest rate, the amount of the new monthly payment if it changes, the date on which the new interest rate and new payments are effective and any other information required by law. Failure of Holder to provide notice as provided herein shall defer any increase in the interest rate to the next payment date following mailing of such notice but shall not defer any decrease in interest rate.

Payment shall be made as follows:

CHOOSE ONE OF THE FOLLOWING OPTIONS; ONLY ONE SHALL APPLY:

- A. **Installments of Principal and Interest.** In _____ equal payments of \$ _____ due on _____, and on the same day of each _____ month thereafter, plus a final payment of the unpaid principal and interest due on _____.
- B. **Installments of Interest Only.** In payments of interest of \$ _____ due on _____, and on the same day of each _____ month thereafter, plus a final payment of the unpaid principal due plus accrued interest on _____.
- C. **Other.** _____

Payments shall be made to Holder at _____ or such other location as Holder shall designate by written notice to Borrower.

CHOOSE THE FOLLOWING, IF APPLICABLE:

- On execution of this Note, Borrower will prepay interest to _____.

CHOOSE ONE OF THE FOLLOWING OPTIONS; IF NEITHER IS CHOSEN, OPTION A SHALL APPLY:

- A. This Note may be prepaid in whole or part without premium or penalty at any time.
- B. There may be no prepayment of principal without permission of Holder.

CHOOSE ONE OF THE FOLLOWING OPTIONS; IF NEITHER IS CHOSEN, OPTION A SHALL APPLY:

- A. Any prepayment shall be applied to principal in the inverse order of maturity and shall not delay the due dates or change the amount of the remaining payments until the unpaid balance of principal and interest is paid in full.
- B. In the event of any prepayment, this Note shall not be treated as in default with respect to payment so long as the unpaid balance of principal and interest (and in such case accruing interest shall be treated as unpaid principal) is less than the amount that said indebtedness would have been had the payments been made as specified above; provided that payments shall continue in the event of credit of any proceeds of insurance or condemnation, the condemned premises being thereafter excluded from any mortgage given as security for this Note.

Holder may grant renewals or extensions or otherwise modify the terms of this Note or any instrument securing this Note without affecting the liability of Borrower or any guarantor of this Note.

If Borrower fails to pay any installment payable hereunder within _____ days after it becomes due or if any other default, including a default under any security for this Note, is not cured within _____ days after notice of default is mailed to Borrower, Holder may at its option and without further notice accelerate the amount due under the Note and declare it immediately due and payable. If any installment payable hereunder is delinquent more than _____ days, Borrower shall pay a late charge to Holder of 5% of the delinquent amount. Borrower shall pay all costs and expenses, including reasonable attorney fees, of collection and enforcement of any security for the Note, unless prohibited by law.

Other provisions: _____
_____.

Presentment, protest and notice of dishonor are hereby waived.

This Note is secured by _____.

Dated _____.

_____(SEAL)_____(SEAL)
* _____ *

GUARANTY

The undersigned, for valuable consideration, hereby guarantees payment of all sums due and to become due under the above Note, including (without limitation) principal, interest and costs and expenses of collection.

Dated _____.

GUARANTOR:

_____(SEAL)_____(SEAL)
* _____ *

NOTE: THIS IS A STANDARD FORM. ANY MODIFICATIONS TO THIS FORM SHOULD BE CLEARLY IDENTIFIED.
INDEXED VARIABLE RATE NOTE STATE BAR OF WISCONSIN FORM NO. 17-2003

* Type name below signatures.