

SAMPLE HYBRID NOTE

FIXED/ADJUSTABLE RATE NOTE
(LIBOR One-Year Index (As Published In *The Wall Street Journal*)
Rate Caps–Fixed Rate Conversion Option)

THIS NOTE PROVIDES FOR A CHANGE IN MY FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY. THIS NOTE ALSO CONTAINS THE OPTION TO CONVERT MY ADJUSTABLE INTEREST RATE TO A NEW FIXED RATE.

_____, _____ [City] _____ [State]

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$_____
(this amount is called "Principal"), plus interest, to the order of Lender. Lender is _____
_____. I will make all payments under this Note in the form of cash, check or money order.

I understand that Lender may transfer this Note. Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of _____%. The interest rate I will pay may change in accordance with Section 4 or 5 of this Note.

The interest rate required by this Section 2 and Section 4 or 5 of this Note is the rate I will pay both before and after any default described in Section 8(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.
