

Form: Promissory Note Real Estate Lien Note Long Form
PREVIEW
REAL ESTATE LIEN NOTE

[Date]

\$ [Loan amount] [City], [Name of County] County, Texas

For value received, the undersigned, [borrower's name], hereafter referred to individually and collectively as "Maker," promises to pay unto the order of [lender's name], hereafter referred to as "Holder," the sum of \$[Amount], hereafter referred to as "Principal Amount Borrowed." This sum shall be paid to Holder in lawful and legal tender of the United States of America, together with interest computed and payable as stated below.

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1. PRINCIPAL AMOUNT BORROWED

1.1 Pursuant to the Maker's request, Holder has loaned \$[Amount] to Maker. Maker agrees to repay said sum upon the terms and conditions and at the interest rate stated in this Note.

2. INTEREST AND INTEREST RATE

2.1 Interest Rate Prior to Maturity:

(a) Interest shall accrue on the unpaid principal amount borrowed at the rate of _____ percent per annum over [lender's] prime rate, as that prime rate may change from time to time.

(b) The prime rate is defined as the rate charged by [lender] for short term loans to substantial and responsible commercial borrowers.

(c) Holder shall notify Maker from time to time as the prime rate changes.

2.2 Interest Rate After Maturity:

(a) Interest shall accrue on the unpaid principal at the maximum rate allowed by law, but in no event less than 12% per annum, for any and all monies owed on the principal and interest accruing after the date this Note matures.

(b) Such interest shall be referred to as "interest rate after maturity."

3. PAYMENT AND MATURITY DATE

3.1 This Note is due and matures on [date].

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3.2 This Note shall be due and payable as follows: Maker shall pay to Holder _____ installments payable towards the principal in the amount of \$[Amount], and _____ installments of interest in an amount as determined by Holder's interest rate.

3.3 Principal and interest payments shall be paid to Holder at the address or location specified by Holder on or before the date on which the installments are due.

3.4 Installments shall commence on [date], and shall continue on the _____ day of each and every month thereafter until the entire principal and interest is paid in full.

3.5 Each payment shall be applied first to any accrued interest, late charges, or attorney's fees, if any, and the balance of the payment shall then be applied to reduce the principal.

3.6 Any check, draft, money order, or other instrument given in payment of all or any part of this Note may be accepted by Holder and handled in collection in the customary manner, but such payment shall not constitute payment hereunder, or diminish any rights of Holder, except to the extent that actual cash proceeds of such instrument are unconditionally received by Holder.

3.7 If any installment becomes overdue for more than 10 days, at Holder's option a late charge of \$[Amount] shall be due in order to defray the expense of handling the delinquent payment. This late charge shall not be considered interest on the Note, but shall be considered a processing and administration fee.

4. PREPAYMENT

4.1 Maker at any time subsequent to the execution of this Note but prior to maturity, shall have the right to prepay this Note in whole or in part at any time and in such amounts as Maker shall so desire.

4.2 Interest shall immediately cease to accrue as of the date of the prepayment on any amount of the principal that is so prepaid.

4.3 Any prepayment of the principal shall be credited to the payment of the installments last accruing under this Note.

4.4 Prepayment of a part of this Note shall not affect the Maker's obligations to continue the regular payments stated in this Note.

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5. SECURITY OR VENDOR'S LIEN

5.1 For purposes of securing Holder and the payment of this Note when due, Maker hereby pledges, transfers, and delivers to Holder a Vendor's Lien and Security Interest in and to the following described property: [describe the property being used as security.]

5.2 Holder shall have a first lien on any and all deposits or other sums of Maker that may be credited by or due from Maker to Holder or any Co-maker, signer, endorser, surety or guarantor

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of this Note, as additional security or collateral for payment of the Note. Holder, at its option, may at any time, without notice and without any liability, retain any or all of any part of any such deposits or other sums of Maker, held by Holder, until all sums due and owing on this Note, or any other Note owed by Maker to Holder, have been paid in full, or Holder may apply or set off all or any part of any such deposits or other sums credited by or due from Maker to Holder or against any sums due on this Note in any order of preference that Holder in its sole discretion may choose.

6. DEFAULT

6.1 It is agreed that time is of the essence in this Note.

6.2 If default is made in any part of the principal or interest of this Note as it becomes due and payable upon the performance of any obligation, agreement, or covenant contained in any instrument securing payment of this Note, then in either event, Holder shall have the option to declare the entire unpaid balance of both the principal and accrued interest immediately due and payable without notice, and may foreclose any and all Liens securing payments for the same.

6.3 The failure of Holder to exercise this option shall not constitute a waiver of Holder's right to exercise the option in the event of a subsequent default.

6.4 It is further agreed that all past due principal and interest shall bear interest from the date it is due until paid, at the maximum lawful rate that the undersigned may legally contract for under the laws of the State of Texas or under applicable federal laws.

6.5 In any event, all past due principal and interest shall bear an interest rate of at least 12% per year.

7. ATTORNEY'S FEES

7.1 In the event of default by Maker under this Note or under any of the accompanying instruments securing the payment of this Note, or if this Note is placed in the hands of an attorney or agency for collection, regardless of whether suit is filed, or if this Note is collected by suit or legal process including, but not limited to, through the Probate Court or Bankruptcy proceedings, Maker agrees to pay an additional sum equal to 10% of all sums then due, including principal and interest, or reasonable attorney's fees, whichever is higher, as attorney's fees and expenses of collection, or such greater amount as may be reasonable.

8. WAIVERS

8.1 Maker and any and all sureties, guarantors, and endorsers of this Note, and all other parties now or hereafter liable on the Note, severally waive grace, demand, presentment for payment, protest, notice of any kind (including, but not limited to, notice of dishonor, notice of protest, notice of intention to accelerate and notice of acceleration), and diligence in collecting and bringing suit against any party to this Note, for their and a

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(a). To all extensions and partial payments, with or without notice, before or after maturity;

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(b). To any substitution, exchange or release of any security now or hereafter given for this Note;

(c). To the release of any party primarily or secondarily liable hereon; and,

(d). That it will not be necessary for Holder, in order to enforce payment of this Note, to first institute or exhaust Holder's remedies against Maker or any other party liable on this Note or against any security for this Note.

9. USURY EXCLUSION

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9.1 All agreements between Maker and Holder are expressly limited so that in no contingency or event shall the amount paid or agreed to be paid to Holder for the use, forbearance, or detention of the money to be lent under this Note exceed the maximum amount permissible under the applicable federal and state usury laws.

9.2 It is therefore the intention of Maker and Holder to conform strictly to the state and federal usury laws applicable to this loan transaction.

9.3 Therefore, in this Note or in any of the documents securing payment of this Note or otherwise relating to this Note, the aggregate of all interest and any other charges constituting interest under applicable law, contracted for, chargeable, or receivable under this Note or otherwise in connection with this transaction, shall under no circumstances exceed the maximum amount of interest permitted by law.

THIS DOCUMENT

9.4 If any interest in excess of the maximum amount permitted by law is charged or collected under this Note or under any of the documents securing payment under or otherwise relating to this Note, then in such event:

(a). The provisions of this paragraph shall govern and control;

(b). Neither Maker nor Maker's heirs, legal representatives, successors, assigns, or any other party liable for the payment of this Note shall be obligated to pay the amount of such interest that is in excess of the maximum permitted by law;

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(c). Any excess of interest shall be deemed a mistake and is hereby cancelled automatically, and if previously paid shall at the option of Holder of this Note be refunded to Maker or credited to the principal amount of this Note; and

(d). The effective rate of interest shall automatically reduce to the maximum lawful contract rate allowed under the applicable usury laws as they may be construed by courts of appropriate jurisdiction. To the extent permitted by law, the determination of the rate of interest shall be made by amortizing, prorating, allocating, and spreading in equal parts during the period

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of the full stated term of the loan all interest at any time contracted for, charged, or received from Maker in connection with this Note.

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10. PERSONAL LIABILITY

10.1 This Note shall be the joint and several obligation of all Makers and endorsers, and shall be binding upon them, individually and severally, their heirs, legal representatives, successors, and assigns.

10.2 Each Maker and endorser hereby, jointly and severally, waives presentment for payment, demand, protest, and notice, and agrees that exercise of the option to accelerate the maturity of this Note and the time of the payment may be extended from time to time without notice and without releasing any of the parties.

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11. ASSIGNMENT

11.1 This Note, and all rights and powers under it, together with the property securing it, if any, may be transferred and assigned by Holder at such time and upon such terms as Holder may deem advisable, and any such assignee shall succeed to all the rights and powers of Holder hereunder.

12. CONSTRUCTION

12.1 This Note shall be governed by and construed under the laws of the State of Texas and the laws of the United States of America.

Signed on **THIS DOCUMENT**

Maker

Maker's Address:

THANK YOU

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