



# ADJUSTABLE RATE NOTE SECURED BY DEED OF TRUST

Prepared by: Agent \_\_\_\_\_  
Broker \_\_\_\_\_

Phone \_\_\_\_\_  
Email \_\_\_\_\_

**NOTE:** This form is used by a seller's agent or escrow officer when originating an adjustable rate mortgage (ARM) with a lender or carryback seller secured by other than a one-to-four unit residential property, to evidence the adjustable rate debt owed on terms calling for payment of interest and principal installments adjusted periodically based on a yield margin and movement in a rate index.

\$ \_\_\_\_\_, **DATED** \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, California.  
*Items left blank or unchecked are not applicable.*

1. In installments, I \_\_\_\_\_, as the Payor,
  - 1.1 promise to pay to \_\_\_\_\_, as the Payee, or order,
  - 1.2 at \_\_\_\_\_,
  - 1.3 the sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_) plus interest.
2. Interest to accrue from \_\_\_\_\_, 20\_\_\_\_ on the unpaid principal at an initial yearly rate of \_\_\_\_\_% through the last day of the month of \_\_\_\_\_, 20\_\_\_\_.  
On the first day of the following month and every  month,  quarter,  year thereafter, until paid, interest will be adjusted to the note rate calculated as follows:
  - 2.1 The note rate is the sum of the Index Figure and the Margin, rounded to the nearest one-hundredth of one percent (0.01%).
  - 2.2 The index used to calculate the note rate of interest will be the  11th Federal Home Loan Bank Board District cost-of-funds, or  \_\_\_\_\_.  
The Index Figure for the third month prior to the month of the adjustment date will be used to calculate the adjusted interest rate. If the selected index is no longer available, the Note Holder will select a new index which is based on comparable information.
  - 2.3 A margin of \_\_\_\_\_% will be added to the index figure to determine the note rate of interest.
  - 2.4 The interest rate of this note will not rise above \_\_\_\_\_%.
  - 2.5 The interest rate of this note will not fall below \_\_\_\_\_%.
3. Principal and interest is payable in monthly installments on the first day of each month, beginning \_\_\_\_\_, 20\_\_\_\_, and continuing until \_\_\_\_\_, 20\_\_\_\_, when the principal is due and payable.
  - 3.1 The initial installment of principal and interest is to be \$ \_\_\_\_\_.
  - 3.2 Monthly installments payable beginning the next month following each note rate adjustment will be changed to an amount sufficient to pay off the remaining principal at the adjusted note rate over an amortization period of \_\_\_\_\_ years from the date interest first commenced on this note.
  - 3.3 Borrower may prepay all or part of the outstanding principal amount at any time without penalty.
  - 3.4 Principal and interest payable in lawful money of the United States.
  - 3.5 Each payment to be credited first on interest then due and the remainder on principal.
  - 3.6 In the event this note evidences a money loan and the interest on this note exceeds the limit allowed by usury law and the loan is not exempt from usury laws, excess interest will be applied to the principal.
4. On default in payment of any installment when due, the whole sum of principal and interest may be called immediately due at the option of the Note Holder.
5.  Special provisions attached. [RPI Form 250]
6. In any action to enforce this agreement, the prevailing party will receive attorney fees.
7. This note is secured by a DEED OF TRUST.

Payor: \_\_\_\_\_

Payor: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Payor: \_\_\_\_\_

Payor: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_