

Appendix A

The Original Citibank Promissory Note

Chapter A tells the story of how this promissory note was replaced by the plain language one in Appendix B.

A bank employee would fill in the blanks with numbers appropriate to the loan. At several places, the employee would put a check mark inside empty parentheses, (), to indicate the loan's details.

The note was even more incomprehensible than what you see here. The first five paragraphs were in all-cap type, which can make even good drafting unreadable. Appendix •• explains why. We put everything in ordinary type so you see the wording clearly.

Personal Finance Department New York
 Application
 Number _____
 Annual Per-
 centage Rate _____%

Proceeds to Borrower	(1) \$ _____
Property Ins. Premium	(2) \$ _____
Filing Fee	(3) \$ _____
Amount Financed (1) + (2) + (3)	(4) \$ _____
Prepaid Finance Charge	(5) \$ _____
Group Credit Life Ins. Premium	(6) \$ _____
Finance Charge (5) + (6)	(7) \$ _____
Total of Payments (4) + (7)	(8) \$ _____

For value received, the undersigned (jointly and severally) hereby promise(s) to pay to First National City Bank (the "Bank") at its office at 300 Park Avenue, New York, NY 10022 (i) the sum of _____ (\$ _____) (total of payments) () in _____ equal consecutive monthly installments of \$ _____ each on the same day of each month, commencing _____ days from the date the loan is made or () in _____ equal consecutive weekly installments of \$ _____ each on the same day of each week, commencing not earlier than 5 days nor later than 45 days from the date the loan is made or () in _____ equal consecutive bi-weekly installments of \$ _____ each, commencing not earlier than 10 days nor later than 45 days from the date the loan is made and on the same day of each second week thereafter: or () in _____ equal consecutive semi-monthly installments of \$ _____ each, commencing not earlier than 10 days nor later than 45 days from the date the loan is made, and on the same day of each semi-monthly period thereafter, (ii) a fine computed at the rate of 5 cents per \$1 on any installment which has become due and remained unpaid for a period in excess of 10 days, provided (a) if the proceeds to the Borrower are \$10,000 or less, no such fine shall exceed \$5 and the aggregate of all such fines shall not exceed the lesser of 2% of the amount of this note or \$25, or (b) if the annual percentage rate stated above is 7.50% or less, the limitations provided in (a) shall not apply and no such fine shall exceed \$25 and the aggregate of all such fines shall not exceed 2% of the amount of this note, and such fine(s) shall be deemed liquidated damages occasioned by the late payments(s); (iii) in the event of this note maturing, subject to an allowance for unearned interest attributable to the matured amount, interest at a rate equal to 1% per month and (iv) if this note is referred to an attorney for collection, a sum equal to all costs and expenses thereof including an attorney's fee equal to 15% of the amount owing on this note at the time of such reference, for necessary court costs. The acceptance by the Bank of any payment(s) even if marked payment in full or similar wording, or if made after any default hereunder, shall not operate to extend the time of payment of or to waive any amount(s) then remaining unpaid or constitute a waiver of any rights of the Bank hereunder.

In the event this note is prepaid in full or refinanced, the Borrower shall receive a refund of the unearned portion of the prepaid finance charge computed in accordance with the rule of 78 (the "sum of the digits" method) provided that the Bank may retain a minimum finance charge of \$10, whether or not earned, and, except in the case of a refinancing, no refund shall be made if it amounts to less than \$1. In addition, upon any such prepayment or refinancing, the Borrower shall receive a refund of the charge, if any, for group credit life insurance included in the loan equal to the unearned portion of the premium paid or payable by the holder of the obligation (computed in accordance with the rule of 78), provided that no refund shall be made of amounts less than \$1.

As collateral security for the payment of the indebtedness of the undersigned hereunder and all other indebtedness or liabilities of the undersigned to the Bank, whether joint, several, absolute, contingent, secured, unsecured, matured or unmatured, under any present or future note or contract or agreement with the Bank (all such indebtedness and liabilities being hereinafter collectively called

the "Obligations"), the Bank shall have, and is hereby granted, a security interest and/or right of set-off in and to (a) all monies, securities and other property of the undersigned now or hereafter on deposit with or otherwise held by or coming to the possession or under the control of the Bank, whether held for safekeeping, collection, transmission or otherwise or as custodian, including the proceeds thereof, and any and all claims of the undersigned against the Bank, whether now or hereafter existing, and (b) the following described personal property (all such monies, securities, property, proceeds, claims and personal property being hereinafter collectively called the "Collateral"): motor vehicle boat stocks bonds savings and/or _____ . See customer's copy of security agreement(s) or Collateral receipt(s) relative to this loan for full description.

If this note is secured by a motor vehicle, boat or aircraft, property insurance on the Collateral is required and the Borrower may obtain the same through a person of his own choice.

If this note is not fully secured by the Collateral specified above, as further security for the payment of this note, the Bank has taken an assignment of 10% of the undersigned Borrower's wages in accordance with the wage assignment attached to this note.

In the event of default in the payment of this or any other Obligation or the performance or observance of any term or covenant contained herein or in any note or other contract or agreement evidencing or relating to any Obligation or any Collateral on the Borrower's part to be performed or observed; or the undersigned Borrower shall die; or any of the undersigned become insolvent or make an assignment for the benefit of creditors; or a petition shall be filed by or against any of the undersigned under any provision of the Bankruptcy Act; or any money, securities or property of the undersigned now or hereafter on deposit with or in the possession or under the control of the Bank shall be attached or become subject to distraint proceedings or any order or process of any court; or the Bank shall deem itself to be insecure, then and in any such event, the Bank shall have the right (at its option), without demand or notice of any kind, to declare all or any part of the Obligations to be immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, and the Bank shall have the right to exercise all the rights and remedies available to a secured party upon default under the Uniform Commercial Code (the "Code") in effect in New York at the time, and such other rights and remedies as may otherwise be provided by law. Each of the undersigned agrees (for purposes of the "Code") that written notice of any proposed sale of, or of the Bank's election to retain, Collateral mailed to the undersigned Borrower (who is hereby appointed agent of each of the undersigned for such purpose) by first class mail, postage prepaid, at the address of the undersigned Borrower indicated below three business days prior to such sale or election shall be deemed reasonable notification thereof. The remedies of the Bank hereunder are cumulative and may be exercised concurrently or separately. If any provision of this paragraph shall conflict with any remedial provision contained in any security agreement or collateral receipt covering any Collateral, the provisions of such security agreement or collateral receipt shall control.

Acceptance by the Bank of payments in arrears shall not constitute a waiver of or otherwise affect any acceleration of payment hereunder or other right or remedy exercisable hereunder. No failure or delay on the part of the Bank in exercising, and no failure to file or otherwise perfect or enforce the Bank's security interest in or with respect to any Collateral, shall operate as a waiver of any right or remedy hereunder or release any of the undersigned, and the Obligations of the undersigned may be extended or waived by the Bank, any contract or other agreement evidencing or relating to any Obligation or any Collateral may be amended and any collateral exchanged, surrendered or otherwise dealt with in accordance with any agreement relative thereto, all without affecting the liability of any of the undersigned. In any litigation (whether or no arising out of or relating to any Obligation or Collateral or other matter connected herewith) in which the Bank and any of the undersigned may be

adverse parties, the Bank and each such undersigned hereby waives their respective right to demand trial by jury and, additionally, each such undersigned waives his right to interpose in any such litigation any counterclaim of any nature or description which he may have against the Bank. In addition, the Bank shall not be deemed to have obtained knowledge of any fact or notice with respect to any matter relating to this note or any Collateral unless contained in a written notice mailed, postage prepaid, or personally delivered to the Personal Finance Department of the bank at its address set forth above. Each of the undersigned, by his signature hereto, hereby waives presentation for payment, demand, notice of non-payment, protest and notice of protest with respect to the indebtedness evidenced by this note, and each such undersigned hereby agrees that his note shall be deemed to have been made under and shall be construed in accordance with the laws of the State of New York.

Each of the undersigned hereby authorizes the Bank to date this note as of the day the loan evidenced hereby is made, to correct patent errors herein and at its option, to cause the signatures of one or more co-makers to be added without notice to any prior obligor.

RECEIPT OF A COPY OF THIS NOTE, APPROPRIATELY FILLED IN, IS ACKNOWLEDGED BY THE BORROWER

	FULL SIGNATURE	COMPLETE ADDRESSES
BORROWER	_____	_____
WIFE OR HUSBAND OF BORROWER AS CO-MAKER	_____	_____
CO-MAKER	_____	_____
CO-MAKER	_____	_____