

Appendix B

The Citibank Plain Language Promissory Note

Chapter A explains how and why Citibank replaced the promissory note in Appendix A with the plain language note below. (This is not identical to the note Citibank uses today.)

In the section captioned **Security**, a bank employee would put a check mark in any circle relevant to the loan.

Consumer Loan Note

(In this note, the words **I, me, mine** and **my** mean each and all of those who signed it. The words **you, your** and **yours** mean First National City Bank.)

Terms of Repayment To repay my loan, I promise to pay you _____ Dollars (\$_____). I'll pay this sum at one of your branches in _____ uninterrupted _____ installments of \$ _____ each. Payments will be due _____, starting from the date the loan is made.

Here's the breakdown of my payments:

- | | | |
|----|----------------------------------|----------|
| 1. | Amount of the Loan | \$ _____ |
| 2. | Property Insurance Premium | \$ _____ |
| 3. | Filing Fee for Security Interest | \$ _____ |
| 4. | Amount Financed (1+2+3) | \$ _____ |
| 5. | Finance Charge | \$ _____ |
| 6. | Total of Payments (4+5) | \$ _____ |

Annual Percentage Rate _____%

Prepayment Of Whole Note Even though I needn't pay more than the fixed installments, I have the right to prepay the whole outstanding amount of this note at any time. If I do, or if this loan is refinanced — that is, replaced by a new note — you will refund the unearned **finance charge**, figured by the rule of 78 — a commonly used formula for figuring rebates on installment loans. However, you can charge a minimum **finance charge** of \$10.

Late Charge If I fall more than 10 days behind in paying an installment, I promise to pay a late charge of 5% of the overdue installment, but no more than \$5. However, the sum total of late charges on all installments can't be more than 2% of the total of payments or \$25, whichever is less.

Security To protect you if I default on this or any other debt to you, I give you what is known as a security interest in my Motor Vehicle and/or _____ (see the Security Agreement I have given you for a full description of this property), Stocks, Bonds, Savings Account (more fully described in the receipt you gave me today) and any account or other property of mine coming into your possession.

Insurance I understand I must maintain property insurance on the property covered by the Security Agreement for its full insurable value, but I can buy this insurance through a person of my own choosing.

Default I'll be in default:

1. If I don't pay an installment on time; or
2. If any other creditor tries by legal process to take any money of mine in your possession.

You can then demand immediate payment of the balance of this note, minus the part of the **finance charge** which hasn't been earned figured by the rule of 78. You will also have other legal rights, for instance, the right to repossess, sell and apply security to the payments under this note and any other debts I may then owe you.

Irregular Payments You can accept late payments or partial payments, even though marked "payment in full", without losing any of your rights under this note.

Delay in Enforcement You can delay enforcing any of your rights under this note without losing them.

Collection Costs If I'm in default under this note and you demand full payment, I agree to pay you interest or the unpaid balance at the rate of 1% per month, after an allowance for the unearned **finance charge**. If you have to sue me, I also agree to pay your attorney's fees equal to 15% of the amount due, and court costs. But if I defend and the court decides I am right, I understand that you will pay my reasonable attorney's fees and the court costs.

Comakers If I'm signing this note as a comaker, I agree to be equally responsible with the borrower. You don't have to notify me that this note hasn't been paid. You can change the terms of payment and release any security without notifying or releasing me from responsibility on this note.

Copy Received The borrower acknowledges receipt of a completely filled in copy of this note.

	Signatures	Addresses
Borrower:	_____	_____
Comaker:	_____	_____
Comaker:	_____	_____
Comaker:	_____	_____

Hot Line If something should happen and you can't pay on time, please call us immediately at (212) 559-3061.