

INSTRUCTIONS OF USE OF SAMPLE PROMISSORY NOTE

Funeral homes will occasionally extend credit to consumers. NFDA has prepared the following sample promissory note for use by NFDA members. However, please review the following instructions prior to use of the sample promissory note.

1. Fill In Information. The funeral home needs to fill in its name and address in as the creditor on the promissory note. The name and address of the consumer is listed under the “debtor” heading. The date of the promissory note and the dollar amount of the loan is filled in at the top of the promissory note. In the main portion of the promissory note, the dollar amount is again listed together with the interest rate. The promissory note has been set up for monthly payments. The funeral home should fill in the number of monthly payments that the consumer will be making and indicate the date the first monthly payment will be made and the date the last monthly payment will be made.

2. Amortization. The promissory note is set up so that the consumer will pay to the funeral home equal monthly payments of principal and interest so that the debt is fully paid off at the interest rate over the term of the note. In order to calculate the amount of the monthly payment, the funeral home should use an amortization calculator. These are available on the internet. An example is found at www.bretwhissel.net/amortization/advertise.html. To use the amortization calculator on this website, the funeral home simply inserts into the amortization calculator the amount of the loan, the number of payments per year (which would be 12 on a monthly payment), the interest rate, and the total number of monthly payments the consumer will make over the term of the note. The amortization calculator will then provide to you the dollar the amount of the monthly payment which should be inserted in the main portion of the promissory note.

3. Truth-In-Lending. If funeral homes extend consumer credit more than 20 times per year, they fall under the federal Truth-In-Lending regulations and must make the consumer credit disclosures required by that regulation.

4. Legal Advisory. NFDA makes this form available to its members as a membership benefit. It is not a substitute for legal advice or legal counsel. Prior to utilizing this form, a funeral home should consult with an attorney in its state who is familiar with consumer credit matters. NFDA makes no representations or warranties regarding the enforceability or validity of this promissory note under the state law where the funeral home is situated.

PROMISSORY NOTE

\$ _____

Date: _____

NAME OF CREDITOR: _____

CREDITOR'S ADDRESS: _____

NAME OF DEBTOR: _____

DEBTOR'S ADDRESS: _____

FOR VALUE RECEIVED, the Debtor promises to pay the Creditor the principal sum of

\$_____ at _____% interest until paid in full. Debtor shall pay Creditor _____ monthly payments

of principal and interest in the amount of \$_____ each starting on _____, _____, 20_____ and

continuing monthly on the first day of each month with the last such monthly payment due on

_____, _____, 20_____. Failure payment to pay any monthly installment within _____ days of a

monthly due date shall place the Debtor in default hereunder and accelerate all indebtedness under this Promissory Note. Upon such default, Creditor shall have all the rights under the laws of the State where this Promissory Note is signed.

This Promissory Note may be pre-paid at any time without a pre-payment penalty.

If suit is brought to collect this Promissory Note, the Creditor shall be entitled to collect all reasonable costs and expenses of suit, including attorney's fees.

All payments to Creditor provided for in this Promissory Note shall be given my mailing or delivering such payment to Creditor at Creditor's address noted above. Any notice to Debtor shall be given by mailing such notice to Debtor at Debtor's address noted above.

DEBTOR:

STATE OF _____)

)ss:

COUNTY OF _____)

The foregoing Promissory Note was acknowledged before me, a Notary Public in and for said County and State, by the above named Debtor on this _____ day of _____, 20__.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the date last aforesaid.

Notary Public