



# Consumer Note and Security Agreement

For Office Use Only		
RBC	Dealer	Transaction #

Borrower(s) Name(s) and Address(es) <b>ROBERT S. DOTY</b>  <b>5337 N MACARTHUR BLVD NO 3122</b> <b>IRVING, TX 75038</b>	Lender Name and Address <b>THE CIT GROUP/SALES FINANCING, INC.</b> <b>999 NORTH WEST GRAND BLVD.</b> <b>SUITE 600</b> <b>OKLAHOMA CITY, OK 73118</b>
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### 1. Definitions:

The words "you" and "your" mean each person named here as Borrower and who signs this Consumer Note and Security Agreement (this "Note") below as a Borrower, including individuals, partners, corporations, trustees, and, where applicable, any Other Owner, and the personal representative, successors and assigns of the Borrower(s), and any Other Owner. The words "we," "us" and "our" mean The CIT Group/ SALES FINANCING, INC. or any other holder of this Note to whom it may be assigned ("Assignee"). If this Note is signed by a corporation, partnership or trust, the words "it" and "its" may also mean the corporation, partnership or trust. The term "Boat" as used in this Note shall have the meaning given to it in section 14 "SECURITY INTEREST" of this Note.

### 2. Boat and Equipment (the "Boat") (Describe):

HULL <b>FIBERGLASS</b>	NEW OR USED <b>USED</b>	Manufacturer <b>HANS CHRISTIAN</b>	Model <b>AUXILIARY SLOOP</b>
YEAR Year Built	YEAR Model Year <b>1985</b>	Importer	Hull Color
LENGTH <b>38</b>	BEAM <b>0</b>	Hull ID # <b>XSA380960585</b>	

Equipment included:

ENGINE(S): **YANMAR 3QM30H, NOT SIGHTED**

### BOAT TRAILER (if included):

New or Used	Year and Make	Series or Trade Name and Length

Identification No. (Serial No.) \_\_\_\_\_ State Registration No. \_\_\_\_\_

If box at left is checked, U.S. Coast Guard Documentation and a preferred mortgage on the Boat are required by us for this financing and I have given you a copy of an undertaking by the documentation service to do the work. A preferred mortgage is intended to cover only a boat that is documented under the laws of the United States. (See section 16 "FEDERAL DOCUMENTATION" of this Note for more requirements for a boat to be federally documented).

**SEE PAGES 2, 3, 4, 5 AND 6 FOR ADDITIONAL IMPORTANT TERMS**

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Initial(s) X R.S.D. X

The Boat is not intended to be used for charter or other commercial use without express written permission and is not intended to be used as the principal dwelling of the Borrower or anyone else.

**3. Promise to Pay:**

I will pay you the Loan Amount together with a Finance Charge in accordance with the payment schedule set forth on the separate Disclosure Statement that is part of this Note. Payments will be applied first to accrued Finance Charge and then to the unpaid Loan Amount. The final payment in all cases will be the unpaid Loan Amount plus accrued and unpaid Finance Charge. I may make a full or partial prepayment at any time without penalty.

**4. Protection & Indemnity Insurance:**

(Check box and insert dollar amount if a coverage limit of more than \$300,000.00 is required.)  
\$ \_\_\_\_\_ . See section 22 "REQUIRED INSURANCE" of this Note for other insurance provisions.

**5. Loan Amount:**

We have loaned you \$ 109,683.00 (the "Loan Amount"). See section 11 "HOW INTEREST IS COMPUTED" of this Note to see how your interest will be computed.

**6. Interest Rate and When Interest Starts:**

The Interest Rate on the unpaid balance of the Loan Amount shall be 8.99 . Interest will start on 08/28/98 , as long as the loan proceeds are disbursed by such date. If the loan proceeds are not disbursed by such date, interest will begin on the date the loan proceeds are actually disbursed and the first payment date shall be the later of one calendar month after the loan proceeds are disbursed or the first payment date disclosed on the separate Disclosure Statement. Prepaid Finance Charges set forth on the separate Disclosure Statement are earned when the loan is made and are not refundable upon prepayment of the Loan Amount.

**7. Governing Law:**

Except to the extent preempted by federal law applicable to loans secured by preferred ship mortgages, including but not limited to Chapter 313 of Title 46 U.S. Code, this Note shall be governed by the laws of the State of TEXAS.

**8. Customer Service Number:**

If you have any questions about any billing error, call us at 1-800-621-1433 or write to us at P.O. Box 24610, Oklahoma City, Oklahoma 73124-0610, ATTN: Customer Service Department.

**9. Payment of Loan Proceeds:**

A letter showing us how and to whom the loan proceeds are to be paid signed by you is attached as Exhibit "A" and is part of this Note. Any holdback pending completion of further work or installation of additional equipment on the Boat must be covered by such letter.

**10. Application of Interest:**

Each payment will be applied first to accrued interest and then to reduction of the Loan Amount or, at our option, first to our reasonable expenses in protecting the Boat and enforcing this Note and any related preferred mortgage.

**SEE PAGES 1, 3, 4, 5 AND 6 FOR ADDITIONAL IMPORTANT TERMS**

DOTY, ROBERT

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Page 2 of 6

**11. How Interest Is Computed:**

This is a simple interest Note. Interest will be computed on actual unpaid balances of the Loan Amount for the number of days between received payments. You understand that the Finance Charge, the Total of Payments and the payment schedule set forth in the separate Disclosure Statement that is part of this Note are estimates, which are based on the assumption that every installment will be paid on the exact day that it is due.

**12. Time Of The Essence; Interest On Overdue Payments:**

Time is of the essence. This means that all required payments must be made on or before the day due. There are no grace periods for payment in this Note. Although we do not impose a fixed late charge as such, you will be charged for each day that a payment is late pursuant to section 11 "HOW INTEREST IS COMPUTED" of this Note.

**13. Each Signer Liable:**

Each person who signs this Note as Borrower is separately and individually obligated to pay the entire amount and to keep all promises owing under it. We may require that any one of you pay the entire amount of the Note without asking any other person to pay. We do not have to notify you that this amount has not been paid by any other person. We do not have to notify one Borrower that another has defaulted under this Note. We may sue one or more parties. Your obligation to pay is absolute and unconditional.

**14. Security Interest:**

You have granted us a security interest under the Uniform Commercial Code in the Boat and all proceeds thereof and accessions thereto until you have paid the balance in full and completely satisfied all other requirements of this Note and any modifications to it. You assign to us any insurance proceeds relating to the Boat, including return or unearned premiums for application to the unpaid balance. You direct any insurer to pay us directly. In the event of default, we may cancel all insurance and credit any refund to the unpaid balance. You waive all marital rights, homestead exemption and all other exemptions relating to any property in which you have granted us a security interest. The term "Boat" shall, unless the context requires specific reference to a trailer or specific item of equipment, mean the boat and any trailer described in section 2 "BOAT AND EQUIPMENT" of this Note, together with masts, towers, boilers, cables, engines, machinery, bowsprits, sails, rigging, auxiliary boats, anchors, chains, tackle, apparel, furniture, fittings, tools, pumps, radar, sonar and other navigational or other equipment and supplies, and all fishing and other attachments and accessories, now forming part of the Boat or used in or on the Boat or which may become part of the Boat in the future, whether or not removed from the Boat. Our security interest also includes all claims of damages or compensation with respect to the Boat and proceeds of all policies of insurance on the Boat including all claims of any nature and return of premiums. Following any repossession of the Boat, any equipment installed in the Boat more than 10 days after the date of this Note which does not technically become part of the Boat and was not included in the Loan Amount will be returned to you upon your request. However, as we may have trouble identifying such equipment, you will identify it for us as soon as we notify you of a repossession. If you do not claim such articles within 45 days after we tell you where they can be claimed, we may dispose of them in any manner the law allows. Instead of repossession at a distant port, we may demand that you assemble on the Boat any equipment that is supposed to be there and deliver the Boat with such equipment to a marina or boatyard acceptable to us in the county or U.S. Coast Guard district where the Boat was supposed to be kept under this Note.

**SEE PAGES 1, 2, 4, 5 AND 6 FOR ADDITIONAL IMPORTANT TERMS**

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Page 3 of 6

**15. Titling of Boat and Filing Financing Statements:**

At our request, you will sign and deliver to us or our designee applications for certificate of title to the state where the Boat is to be principally kept, if that state issues titles for the Boat and/or boat trailer. You will also sign and deliver any other papers required by the title issuing state in order for such title(s) to issue. You understand that a boat and a boat trailer may require separate applications and titles. You will also mark or authorize us to mark on the hull of the Boat any state registration numbers required by law to be shown on the hull before you operate the Boat, if they are not so marked when the Boat is delivered to you. You will also sign UCC-1 Financing Statements, at our request, to reflect our security interest in the Boat, where required to perfect our security interest. We may file such financing statements from time to time in any applicable filing offices. Such filings may be made without your signature if permitted by law.

**16. Federal Documentation:**

If the federal documentation box on the front of this Note is checked, the Boat meets the physical requirements for federal documentation and you meet the citizenship requirements for such documentation, you will sign and deliver a preferred mortgage to us or our designee or an assignee who will acquire this Note. At our request, you will also sign a power of attorney authorizing an attorney-in-fact to sign the preferred mortgage for you in the form attached to the power of attorney. We or the attorney-in-fact may file the preferred mortgage with the U.S. Coast Guard. This power will also authorize us or your attorney-in-fact to sign on your behalf any other papers needed for federal documentation of the Boat completed consistent with the facts you have given to us or to your documentation service.

**17. Default:**

If we accept late payments or partial payments, that does not mean we will accept other late or partial payments. If you do not make any of your scheduled payments, or if you do not comply with any other requirements of this Note or any related preferred mortgage, or if bankruptcy or insolvency proceedings are brought by or against you, the full unpaid Loan Amount and accrued and unpaid interest which you owe will become due if we desire, without our notifying you. If you default and we refer this Note to an attorney, not our salaried employee, for collection, you agree to pay our reasonable attorney's fees of not more than 15% of any amount that you owe us plus court costs. If you have not met the requirements of this Note or any related preferred mortgage, we may repossess the Boat with or without court order and we can peaceably enter your premises or any marina or boatyard where the Boat is moored or stored to do so. We have all the rights of a secured party under the Uniform Commercial Code. We will notify you within 15 days after repossession. We will also notify you of your rights to redeem the Boat for past due installment(s) or the full balance and repossession and other allowable expenses and of any right you may have to require a resale of the Boat. If you have not paid enough to be able to require a resale and if you do not redeem, we may give you a written notice under the Uniform Commercial Code that we intend to keep the Boat and waive any claim against you for a deficiency. In any case, we may give you a 10-day written notice of the date, time and place of public sale or the time after which we will try to resell the Boat at private sale if not prohibited by law or by an option of yours timely exercised. If we foreclose judicially, the court will decide on the foreclosure procedure. We may resell the Boat to a dealer. The expenses we may deduct in addition to the principal and accrued interest are costs of repossession, moving, mooring or storage, repair and refurbishing for resale, maintenance, insurance, advertising, auctioneer's or other sales or brokerage commission, survey fees and allowable attorney's fees and court costs. After applying the net resale proceeds (after allowable costs and expenses) to your balance under this Note, we will pay any money left over to you and you will pay any deficiency to us.

**SEE PAGES 1, 2, 3, 5 AND 6 FOR ADDITIONAL IMPORTANT TERMS**

DOTY, ROBERT

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**18. Change of Name or Residence:**

You will notify us in advance before you change the name of the Boat or your name or residence or the state in which the Boat is registered or titled or principally kept.

**19. Operator's License:**

If the operation of the Boat requires a license, you will have such license and keep it current.

**20. Inspection of Boat:**

You will at all times let us inspect or survey the Boat, its contents and papers and examine any related accounts and records and you will certify to us on request that all wages and all claims which may become liens on the Boat have been paid. You will furnish us at your expense a copy of any insurance survey that has been or may be performed upon the Boat.

**21. Liens - Use of Commodity - Proceeds - Notices:**

You agree to keep the Boat free from all liens, and you won't move it from the address(es) shown in section 2 "BOAT AND EQUIPMENT" of this Note, unless we agree in writing. You won't sell or give the Boat away, rent it out, use it illegally, or subject it to waste. We are entitled to any proceeds from the sale of the Boat, but this right does not waive any rights we have in the Boat and does not permit you to sell or transfer the Boat in violation of this Note. The Boat will remain personal property and will not become part of your real estate. Any notices we send you are sufficient if sent to your address as shown on this Note.

**22. Required Insurance:**

Hull insurance coverage and protection and indemnity insurance are required for the Boat, except in states where a creditor cannot require it. Hull insurance for the Boat must be for an agreed value reasonably satisfactory to us or the actual cash value of the Boat up to the balance due under this Note. Protection and indemnity insurance must have coverage limits reasonably satisfactory to us taking into account the size and type of the Boat. For marine perils, coverage available to you under your homeowner's insurance is acceptable, subject to reasonably satisfactory coverage limits. You will name us and/or our assigns or any specific holder of this Note as loss payee on the hull coverage and as an additional insured on the protection and indemnity insurance. Unless the premium is financed by us, you must pay it in advance for a year at a time. You will give us a copy of the invoice for the current year's coverage marked "PAID" and a similar invoice marked in the same way before the beginning of each policy year. If you decide to change insurance companies, you will notify us in advance. You authorize the insurance company(ies) to pay any loss to us. We may sign any proof of loss and endorse any check, draft or other payment from the insurance company or its agent as a loss payment on the Boat. If you do not have the insurance either at closing or any time after closing, we may require you to place the coverage. If you fail to do so, we may buy insurance to protect ourselves only or you and us. If we purchase such insurance, the premiums shall be paid by you. We may demand immediate payment from you for any balance due, or, we may add such premiums (less any premium refunds) to your indebtedness and charge and collect interest on such unpaid insurance premiums at the Finance Charge referred to in paragraph 3 of this Note.

**23. Assignment of Note - Representations - Promises - Modifications:**

If we assign this Note to someone else, you understand that we will not act for the other party or receive payments or for any other purposes. No representation or promise is binding on us, unless included in this Note. No change in this Note will be binding if it is not in writing and signed by us and you. All of our rights are cumulative. If anything in this Note is not valid or consistent with law or regulations, it can be considered modified or deleted so that it complies and the rest of this Note will stay in effect.

DOTY, ROBERT

**SEE PAGES 1, 2, 3, 4 AND 6 FOR ADDITIONAL IMPORTANT TERMS**

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Page 5 of 6

**24. Original and True Copies of This Note:**


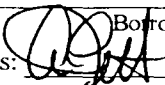
This Note may be signed and then multiple copies made thereof as necessary, but only the document bearing the original signatures shall be deemed the Original. No ownership interest in this Note or security interest in the Boat may be created other than through possession of the Original.

ON THE DAY and year written below, you have signed this Note or, if a corporation, partnership or trust, have caused this Note to be signed in the corporate, partnership or trust name, as appropriate (and sealed, if a corporate seal has been adopted) by the proper corporate officers, partner(s) or trustee(s) who were properly authorized to do so. You certify that any corporation, partnership, or trust signing this Note is duly incorporated or formed in good standing under the laws of the state of its incorporation or formation, as the case may be.

All the terms on the pages hereof, as well as the separate Truth-in-Lending Disclosure Statement, are a part of this Note.

**YOU ACKNOWLEDGE RECEIPT OF A COPY OF THIS NOTE FULLY COMPLETED AND SIGNED. READ BEFORE SIGNING.**

**SEE PAGES 1, 2, 3, 4 AND 5 FOR ADDITIONAL IMPORTANT TERMS**

 (Seal) \_\_\_\_\_ (Seal)  
ROBERT S. DOTY Borrower #1 \_\_\_\_\_ Borrower #2  
Date: 2 Sep 98 Witness:  Date: \_\_\_\_\_ Witness: \_\_\_\_\_

Other Owner - Any person who is not a Borrower but is an owner of the Boat signs here: Other Owners are not personally liable to pay the amount owed but join under seal in granting us the security interests described above and agree to the terms and conditions of this Note pertaining to that security.

OTHER OWNER #1 \_\_\_\_\_ (Seal) OTHER OWNER #2 \_\_\_\_\_ (Seal)  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Address: \_\_\_\_\_  
Date: \_\_\_\_\_ Witness: \_\_\_\_\_ Date: \_\_\_\_\_ Witness: \_\_\_\_\_

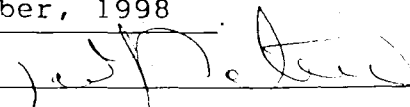
**ACKNOWLEDGMENT**

STATE OF Pennsylvania  
COUNTY OF Westmoreland } SS.

Before me, a Notary Public in and for said County and State, personally appeared Robert S. Doty, and acknowledged the execution of the foregoing Consumer Note and Security Agreement as his/her/their voluntary act and deed.

WITNESS my hand and Notarial Seal this 2nd day of September, 1998

My Commission Expires:  
April 8, 2002

  
Notary Public  
Roland J. Martino  
(Printed Signature)

Notarial Seal  
Roland J. Martino, Notary Public  
Greensburg, Westmoreland County  
My Commission Expires Apr. 8, 2002  
Member, Pennsylvania Association of Notaries