



PROMISSORY NOTE

Borrower: Wildwood Water Company LLC
1262 West Beach Rd
Oak Harbor, WA 98277

Lender: Craft3
42 7th Street, Suite 100
Astoria, OR 97103
(888) 231-2170

Principal Amount: \$51,530.50

Date of Note: March 4, 2022

PROMISE TO PAY. Wildwood Water Company LLC ("Borrower") promises to pay to Craft3 ("Lender"), or order, in lawful money of the United States of America, the principal amount of Fifty-one Thousand Five Hundred Thirty & 50/100 Dollars (\$51,530.50), together with interest on the unpaid principal balance from March 4, 2022, until paid in full.

PAYMENT. Borrower will pay this loan in accordance with the following payment schedule, which calculates interest on the unpaid principal balances as described in the "INTEREST CALCULATION METHOD" paragraph using the interest rates described in this paragraph: 59 monthly consecutive principal and interest payments of \$1,098.62 each, beginning April 15, 2022, with interest calculated on the unpaid principal balances using an interest rate of 10.000% per annum; and one principal and interest payment of \$1,098.33 on March 15, 2027, with interest calculated on the unpaid principal balances using an interest rate of 10.000% per annum. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled; the actual final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under this Note. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to any late charges; then to any unpaid collection costs; and then to principal.

ADDITIONAL PAYMENT INFORMATION. Payments will be as outlined above if loan proceeds are fully advanced at inception. If loan proceeds are partially drawn, loan payments will be amortized based on the amount of loan proceeds advanced until such time the proceeds are fully drawn.

DEFERRED PAYMENT OPTION. Borrower shall have the option to request up to 3 one-time deferred payments over the life of the loan so long as the loan is not in default. Each deferred payment period is for one month, and deferrals cannot be taken consecutively. Interest will continue to accrue during deferment.

Borrower must make deferment request in writing to Lender at least 3 business days in advance of the regularly schedule payment. Unless otherwise approved by Lender, no Event of Default shall exist under this Note, the Agreement, or any Related Documents. Late charges and NSF fees may apply for payments missed without advanced Lender approval.

When full payments resume, Borrower's monthly payment will be applied first to any accrued unpaid interest, then to any later charges, then to any unpaid collection costs, and then to principal. This change in deferred payment will result in your last payment at maturity being larger than it would have been had these monthly payments not been deferred.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (365 for all years, including leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

RECEIPT OF PAYMENTS. All payments must be made in U.S. dollars and must be received by Lender consistent with the following payment instructions: Payments made by check or draft must be received by Lender at the following address via United States Postal Service: Craft3, PO Box 3914, Seattle, WA 98124-3914. Checks remitted to Lender via overnight courier should be delivered to the following address: Craft3, Lockbox Services, LB 003914 Craft3, 18035 Sperry Drive, Tukwila, WA 98188. Lender may modify these payment instructions by providing updated payment instructions to Borrower in writing.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Craft3, 42 7th Street, Suite 100, Astoria, OR 97103.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$50.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 7.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. After maturity, or after this Note would have matured had there been no default, the Default Rate Margin will continue to apply to the final interest rate described in this Note. If judgment is entered in connection with this Note, interest will continue to accrue after the date of judgment at the rate in effect at the time judgment is entered. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or

**PROMISSORY NOTE
(Continued)**

Loan No: 25146

Page 2

Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within twelve (12) days; or (2) if the cure requires more than twelve (12) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of King County, State of Washington.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$75.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein:

(A) a Commercial Security Agreement dated March 4, 2022 made and executed between Wildwood Water Company LLC and Lender on collateral described as: inventory, chattel paper, accounts, equipment and general intangibles.

NON COMPLIANCE FEE. If Borrower fails to comply with any affirmative covenant of this Note or the Related Loan Documents, Borrower will, after 30 days advance written notice to allow time to cure, be charged a non-compliance fee of one half of one percent (.0050) of the outstanding balance of the loan, or \$25.00, whichever is greater. The fee will be charged for each month that the non-compliance occurs..

CREDIT INQUIRIES AND REPORTING. Borrower agrees Lender may make credit inquiries it deems necessary or report applicant's/Borrower's performance under any loan agreement to credit reporting agencies or other entities. Borrower agrees to release and indemnify Lender for any and all liability or claims resulting from such credit inquiry or reporting..

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PROMISSORY NOTE (Continued)

Loan No: 25146

Page 3

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

WILDWOOD WATER COMPANY LLC

DocuSigned by:
By: Robert S. Jones
Robert S. Jones, Member of Wildwood Water Company LLC

DocuSigned by:
By: Jay P. Jones
Jay P. Jones, Member of Wildwood Water Company LLC

DocuSigned by:
By: Patricia A. Jones
Patricia A. Jones, Member of Wildwood Water Company LLC

DocuSigned by:
By: Ashley R. Jones
Ashley R. Jones, Member of Wildwood Water Company LLC