

PROMISSORY NOTE

Principal: \$25,000.00

Date: April 17, 2014
Place: Port Townsend, Washington

For value received, the undersigned Borrower promises to pay to RICK D. ZAJICEK and DEBORAH C. ZAJICEK, husband and wife (together "Lender"), the principal amount of Twenty-five Thousand and No/100 Dollars (\$25,000.00) in the manner described below.

No Interest: There shall be no interest on this Note. Borrower makes no representations with respect to any tax or other implications for Lender with respect to this term. All terms of this note remain unaffected by any implied interest attributed to it or any other consequences to Lender.

Default Rate: In the event of a default under this Note, the interest rate shall be calculated at eighteen percent (18%) per annum.

Payment: Borrower shall pay the principal as follows: Borrower will pay this Note upon demand, or if no demand is made, in one payment of all outstanding principal and any other amounts due Lender, on or before April 17, 2015 ("Maturity Date"). All payments shall be made in currency of the U.S.

Prepayment: This Note may be prepaid in part or in full at any time on or before the Maturity Date.

Default: Borrower agrees that:

(1) If default shall be made: (i) in the payment of principal, any accrued interest, costs, late charges or other amounts which may become payable under the terms of this Note precisely when due; or (ii) in the payment of any taxes, assessments, insurance premiums or any lien or charge upon any property given as security for this obligation;

(2) If a petition shall be filed by or against Borrower under the Federal Bankruptcy Act, or acts amendatory thereof, or supplemental thereto, or under any statute either of the United States or any state in connection with the insolvency or reorganization, for the appointment of a receiver or trustee for all or a portion of Borrower's property, and any such petition is not denied within thirty (30) days or such receiver or trustee is not discharged or removed within thirty (30) days after such petition; or

(3) If any assignment of Borrower for the benefit of creditors shall be made;

then, in any such event, the entire sum due under this Note, together with any accrued interest, costs, late charges and other amounts which may become payable under the terms of this Note shall, at the option of the Lender hereof, become due and payable forthwith, without notice, in addition to any and all other rights accruing to Lender by

virtue of this Note. No failure to exercise such option shall be deemed a waiver on the part of the Lender hereof of any right accruing thereafter.

Waiver: Borrower hereby waives presentment, demand of payment, protest and notice of nonpayment, and any and all other notices and demands whatsoever.

Attorneys' Fees: Borrower promises to pay all costs, expenses and attorneys' fees (including costs of discovery and all fees and expenses of experts) incurred by the Lender hereof if this Note is referred to an attorney for collection, whether suit is commenced thereon or not, in any proceeding for the collection of the debt, any foreclosure of security given by Borrower to secure this Note, in protecting or sustaining the lien of said security, or in any litigation or controversy arising from or connected with this Note in which the Lender hereof prevails. If a judgment is obtained thereon, such attorneys' fees, costs and expenses shall be in such amount as the court shall deem reasonable.

Governing Law; Venue: This Note shall be construed, interpreted and enforced in accordance with the laws of the State of Washington (excluding its conflicts of laws rules). All proceedings between the parties to this Note shall be brought in King County Superior Court and Borrower consents to personal jurisdiction for such purposes.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BORROWER:

FORT WORDEN LIFELONG LEARNING CENTER
PUBLIC DEVELOPMENT AUTHORITY

By: _____,
_____, Its _____