

PROMISSORY NOTE

Amount: \$116,250.00

This Promissory Note is made as of the effective date of January 30, 2019, by the undersigned Borrowers (all, individually and collectively, referred to herein as “**Borrower**”) evidencing a principal indebtedness of \$116,250.00 (“**Note**”) owed to **JEFF MICHALS**, his successors or assigns as their interests may appear (“**Lender or Note Holder**”).

The Note is stated as follows:

1. BORROWER’S PROMISE TO PAY

The Borrower acknowledges receipt of the loan in the amount of \$116,250 on January 30, 2019, evidenced by the Note. Borrower promises to pay \$116,250.00 (this amount is called “**Principal**”), plus interest, to the order of the Lender.

2. INTEREST

Interest will be charged on unpaid Principal at an annual rate of four and one half percent (4.5%) until the full amount of Principal is paid in full. The interest rate may further change as provided for in section 6.2 below at the Note Holder’s discretion, without prejudice, after default.

3. PAYMENTS

3.1. Time and Place of Payments. Borrower will make payments hereunder on a monthly basis as follows: \$1,845.36 per month for 72 months (6 years). If, on March 16th, 2024, Borrower still owes amounts under this Note, Borrower will pay those amounts in full on that date, which is called the “**Maturity Date**.” LENDER HAS NO OBLIGATION TO REFINANCE ANY PRINCIPAL BALANCE OF THE INDEBTEDNESS AT THE MATURITY DATE.

3.2. Amount and Place of Monthly Payments. Borrower will make the monthly payments to Jeff Michals, 2507 Autumn Drive Manasquan, New Jersey 08736 or at a different place if required by the Note Holder.

3.3. Late Charges. If the Note Holder has not received the full amount of any payment due hereunder by the end of **fifteen (15)** calendar days after the date it is due, Borrower will pay a late charge to the Note Holder. The amount of the charge will be **three percent (3%)** of Borrower’s overdue payment of Principal and interest.

4. BORROWER’S RIGHT TO PREPAY

Borrower has the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a “**Prepayment**.” When Borrower makes a Prepayment, Borrower will tell the Note Holder in writing that Borrower is doing so. Borrower may make a full Prepayment or partial Prepayments without paying any prepayment charge. Prepayments shall be first applied to accrued interest

and other charges due hereunder then to reduce the amount of Principal that Borrower owes under this Note. If Borrower makes a partial Prepayment, there will be no changes in the due date or in the amount of Borrower's monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then, (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Note Holder may choose to make this refund by reducing the Principal Borrower owes under this Note or by making a direct payment to Borrower. If a refund reduces the Principal, the reduction will be treated as a partial prepayment.

6. DEFAULT AND REMEDIES

6.1 Events of Default. Each of the following shall constitute an event of default hereunder:

- (a) Failure to Pay. Borrower fails to pay any portion of the indebtedness as and when due and payable under the Note hereunder.
- (b) Failure to Perform. Borrower fails to observe or perform any of the covenants, promises and other obligations made or owing by Borrower to Note Holder under, or as set forth in, this Note.
- (c) Voluntary Bankruptcy, Etc. Borrower (i) voluntarily is adjudicated as bankrupt or insolvent, (ii) seeks or consents to the appointment of a receiver or trustee for Borrower or for all or any part of Borrower's property, (iii) files a petition seeking relief under the bankruptcy or similar laws of the United States or any state or any other competent jurisdiction, (iv) makes a general assignment for the benefit of creditors, or (v) admits in writing the inability to pay Borrower's debts as they mature.
- (d) Involuntary Bankruptcy, Etc. A court of competent jurisdiction enters an order, judgment or decree appointing, without Borrower's consent, a receiver or trustee for Borrower for all or any part of Borrower's property or approving a petition filed against Borrower seeking relief under the bankruptcy or other similar laws of the United States or any state or other competent jurisdiction, and such order, judgment or decree shall remain in force undischarged or unstayed for a period of 60 calendar days.
- (e) Judgment. A judgment for the payment of money in excess of \$10,000.00 is rendered against Borrower and remains unsatisfied for a period of 10 calendar days after the date of entry.
- (f) Cross-Default. The occurrence of a default under any obligation of Borrower whether such obligation is superior to or subordinate to the obligations of Borrower to the Note Holder hereunder.
- (g) Material Adverse Change. The occurrence of a material adverse change in Borrower's financial condition affecting Borrower's ability to make the payments in accordance with Paragraph 3.2
- (h) Transfer or Encumbrance of the Property. The transfer or encumbrance of all or any part of

the property located at **707 Wainwright Place Brielle, New Jersey 08730 (Block 85. Lot 6.04)** (“**Property**”) without Note Holder’s prior written consent, provided that the Note Holder does not unreasonably withhold such consent.

- (i) Cure Provisions. If any default is curable it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default:

(1) cures the default within fifteen (15) days; or

(2) if the cure requires more than fifteen (15) days, excluding payments due 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 possible.

6.2 Remedies

In the event of such default in addition to, and not in limitation of, any and all rights and remedies available as a result of any such default to the Note Holder either by law or by any other provision or any of the other loan documents related to this loan, Note Holder shall have the following rights and remedies:

- (a) Acceleration. Note Holder, in Note Holder’s sole discretion and without notice or demand, may declare the entire principal balance outstanding under this Note, plus accrued interest and all other sums owed under this Note, immediately due and payable.
- (b) Default Interest Rate. Note Holder, in Note Holder’s sole discretion, may raise the rate of interest accruing on the Principal’s balance outstanding under this Note by two (2) percentage points above the rate of interest otherwise applicable, independent of whether the Note Holder elects to accelerate the principal balance outstanding under this Note.
- (c) **CONFESSION OF JUDGMENT. BORROWER AUTHORIZES ANY ATTORNEY DESIGNATED BY NOTE HOLDER OR ANY CLERK OF ANY COURT OF RECORD TO APPEAR FOR BORROWER AND CONFESS JUDGMENT AGAINST BORROWER IN FAVOR OF NOTE HOLDER FOR THE FULL AMOUNT DUE ON THIS NOTE (INCLUDING PRINCIPAL, ACCRUED INTEREST, CHARGES AND FEES), PLUS COURT COSTS, PLUS ATTORNEYS’ FEES EQUAL TO 15% OF THE AMOUNT DUE, ALL WITHOUT PRIOR NOTICE OR OPPORTUNITY OF BORROWER FOR PRIOR HEARING, WITHOUT STAY OF EXECUTION OR RIGHT OF APPEAL, AND EXPRESSLY WAIVING THE BENEFIT OF ALL EXEMPTION LAWS AND ANY IRREGULARITY OR ERROR IN ENTERING ANY SUCH JUDGMENT. NO SINGLE EXERCISE OF THE POWER TO CONFESS JUDGMENT GRANTED IN THIS PARAGRAPH SHALL EXHAUST THE POWER, REGARDLESS OF WHETHER SUCH EXERCISE IS RULED INVALID, VOID OR VOIDABLE BY ANY COURT. THE POWER TO CONFESS JUDGMENT GRANTED IN THIS PARAGRAPH MAY BE FROM TIME TO TIME EXERCISED AS OFTEN AS THE HOLDER OF THIS NOTE MAY ELECT.**

6.3 Expenses of Collection and Attorneys’ Fees

If this Note is referred to an attorney for collection, whether or not judgment has been confessed or suit has been filed, Borrower shall pay all of Note Holder's costs, fees and expenses, including reasonable attorneys' fees, resulting from such referral.

6.4 No Waiver By Note Holder

Even if, at a time when Borrower is in default, the Note Holder does not require Borrower to pay immediately in full as described above, the Note Holder will still have the right to do so if Borrower is in default at a later time.

7. SEVERABILITY

All agreements and covenants contained herein are severable, and in the event any of them shall be held invalid by any competent court or board of arbitration, this Note shall be interpreted and enforced as if such invalid agreements or covenants were not contained herein.

8. GOVERNING LAW; CONSENT TO PERSONAL JURISDICTION

This Note will be governed by and construed according to the laws of the Commonwealth of Pennsylvania. The parties hereby expressly consent to the personal jurisdiction of the state and federal courts for the State of New Jersey in the event a lawsuit is filed by either party against the other arising from or related to this Note.

9. WAIVER OF TRIAL BY JURY

Borrower hereby knowingly, voluntarily, and intentionally waives any right to trial by jury in any action or proceeding, in law or in equity, in connection with this Note or the transactions related hereto. Borrower acknowledges that Lender was induced into entering this transaction by, among other things, the provisions of this Section.

10. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at 297 Euclid Avenue Manasquan, New Jersey 08736 or at a different address if Borrower gives the Note Holder a notice of its different address. Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated above in Section 3.2 or at a different address if Borrower is given a notice of that different address.

11. WAIVERS

Except as provided in this Note and any other related loan documents the Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. **"Presentment"** means the right to require the Note Holder to demand payment of amounts due. **"Notice of dishonor"** means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

12. COUNTERPARTS

This Note may be executed in one or more counterparts, including by transmission of facsimile or

PDF copies of signature pages, each of which shall for all purposes be deemed to be an original and all of which shall constitute one instrument.

WITNESS THE HAND AND SEAL OF THE UNDERSIGNED.

WITNESS:

Dorado Environmental, Inc

_____ (Seal)

NAME: JOHN MICHALS

TITLE: PRESIDENT