Draft 2-9-2015

PROMISSORY NOTE

$1,040.000.00 March __, 2015
Foley, Alabama

FOR VALUE RECEIVED, the undersigned **WOLF BAY LODGE, INC.**, an Alabama corporation (hereinafter called "**Borrower**") promises to pay to **CITY OF FOLEY, ALABAMA,** a municipal corporation (hereinafter called "**Lender**"), or order, the principal sum of ONE MILLION FORTY THOUSAND AND 00/100 DOLLARS ($1,040,000.00), together with interest thereon from the above date at 4.5% per annum, or as otherwise hereinafter set forth. Both principal and interest are payable in lawful money of the United States of America to Lender at 407 East Laurel Avenue, Foley, Alabama 36535, or as otherwise designated in writing by Lender or its assigns.

Payments. Borrower shall make monthly payments of principal and interest due under this Note as follows:

(A) Monthly Payment for First Ninety (90) Months. Payment of the principal sum of this Note will initially be amortized over a period of fifteen (15) years (180 months) at an interest rate of four and one-half percent (4.5%) per annum, on the basis of a 360-day year, as follows: Borrower shall make ninety (90) monthly payments of principal and interest in the amount of $_____________ each on the ___________ (___) day of each month hereafter, commencing on _____________, 2015.

(B) Monthly Payment for Second Ninety (90) Months. Effective on the ____ day of the 91st month of the Note (September ____, 2022), the monthly payment of principal and interest due under this Note shall be adjusted as follows: The remaining principal balance as of September __, 2022 shall be amortized over 7.5 years (90 months) at the New Interest Rate (as hereinafter defined). The New Interest Rate will be 4.5%, increased or decreased, as the case may be, by the difference in the 10 Year Treasury Note Rate from March ___, 2015 to the 10 Year Treasury Note Rate on September ___, 2022, subject to the following limitations: The maximum amount of the New Interest Rate shall be 6.5% per annum and the minimum amount of the New Interest Rate shall be 3.5% per annum.

(C) Final payment of all remaining principal and interest shall be made on March ___, 2030.

Late Charges. If a payment is 10 days late, the Borrower will be charged 5.00% of the unpaid portion of the late payments with a minimum late fee of $100.00; provided, however, that nothing contained in this sentence shall be construed as a waiver or relinquishment of Lender's right to insist upon prompt payment of each said payment or installment as the same respectively fall due.

Default Rate. After maturity, whether that maturity results from acceleration or otherwise, interest shall, to the extent permitted by applicable law, accrue at the Default Rate.

 Initials:_____________

The Default Rate shall be 12% per annum but in no event in excess of the maximum rate permissible under applicable law. Nothing contained herein shall be construed as creating any grace period.

Collateral Documents. This Promissory Note has been executed and delivered in connection with, and is secured by (i) a Vendor's Lien of even date herewith executed by Borrower in favor of Lender (the "Vendor's Lien"), and (ii) a personal guaranty agreement (the "Guaranty Agreement") executed by Charlene W. Haber (the "Guarantor") guaranteeing the obligations of Borrower under the Note and Vendor's Lien.

Assignment. Lender may sell, assign and/or pledge this Note, together with the Vendor's Lien, Guaranty Agreement and any other collateral document(s), to one or more assignees, lenders, etc., without notice to or consent of Borrower or any Guarantor.

Waiver. Borrower hereby waives as to this debt and all advances hereunder all rights of exemption under the Constitution and laws of Alabama, or any other state. Borrower further waives personal service of all process upon it and hereby consents that such service may be made by registered or certified mail directed to it at the address indicated on Lender's records. Borrower further waives presentment for payment, demand, notice of demand and of dishonor and nonpayment of this Promissory Note, notice of intention to accelerate the maturity of this Promissory Note, protest and notice of protest, diligence in collecting, and the bringing of suit against any other party, and agrees to all renewals, extensions, modifications, partial payments, releases or substitutions of security, in whole or in part, with or without notice, before or after maturity. The granting, without notice, of any extension or extensions of time for payment of any sums due hereunder or under any instruments securing this Promissory Note or for the performance of any covenant, condition or agreement of any of the foregoing, the taking or releasing of other or additional collateral, or the releasing in whole or in part of any person liable for this Promissory Note, shall in no way release or discharge the liability of Borrower. Failure by the Lender to exercise any right or option shall not constitute a waiver of the right to the later exercise thereof.

Costs of Collection. Borrower agrees to pay in addition to principal and interest all costs of collecting or securing, or attempting to collect or secure, this Promissory Note or any installment due hereunder, whether the same or any part thereof be collected at law or in equity or through any bankruptcy, receivership, probate or other court proceedings, including, if referred to an attorney for collection, a reasonable attorney's fee, whether the same be collected or secured by suit or otherwise.

Acceleration. Upon failure to pay any installment of principal and/or interest when due under the terms of this Promissory Note, or upon failure to pay or fulfill any obligation under any other agreement with Lender of any kind whatsoever (including, without limitation, the Vendor's Lien), now or hereafter existing, or if Borrower makes an assignment for the benefit of creditors, or is petitioned into bankruptcy, either voluntarily or involuntarily, Lender may declare the entire principal balance of this Note, together with all accrued interest and other sums due hereunder, to be immediately due and payable, without notice, demand or legal process, and the interest rate shall adjust to the Default Rate. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent defaults.

Initials:_____________

Applicable Law. This Promissory Note is to be construed according to the laws of the State of Alabama. Borrower consents to the jurisdiction and venue of any state or federal court located in Baldwin County, Alabama with respect to any proceedings arising out of this instrument.

Usury. It is the intent of the Lender and the Borrower in the execution of this Promissory Note and all other instruments now or hereafter securing the Promissory Note to contract in strict compliance with applicable usury law. In furtherance thereof, Lender and Borrower stipulate and agree that none of the terms and provisions contained in this Promissory Note, or in any other instrument executed in connection herewith, shall ever be construed to create a contract to pay for the use, forbearance, detention of money or interest at a rate in excess of the maximum interest rate permitted to be charged by applicable law. In the event that Lender or any other holder of this Promissory Note shall collect monies which are deemed to constitute interest which would increase the effective interest rate on this Promissory Note to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the lawful rate shall, upon such determination, at the option of the holder of this Promissory Note, be immediately returned to the undersigned or credited against the principal balance of this Promissory Note then outstanding. The invalidity or unenforceability of any provision of this Promissory Note shall not affect or impair the invalidity of any other provision hereof.

Waiver of Trial by Jury. The Borrower and the Lender irrevocably waive all right to trial by jury in any court in any action:

(a) brought by Lender to collect amounts owed by Borrower under the Promissory Note;

(b) alleging that (i) Lender has breached this Promissory Note, or any related agreement referred to herein, or any agreement that modifies any of the foregoing; or (ii) Lender or any of its officers, employees, or agents have acted wrongfully, negligently or otherwise tortiously with respect to Borrower in connection with the transaction contemplated by this Promissory Note or any related agreement referred to herein.

(c) This waiver of trial by jury does not waive Borrower’s or the Lender’s right to bring a lawsuit that a judge, without a jury, would decide.

IN WITNESS WHEREOF, this Promissory Note has been duly executed and delivered as of the day and year specified at the beginning hereof.

BORROWER:

Wolf Bay Lodge, Inc., an Alabama corporation

____

By: Charlene W. Haber
As its: President

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned authority, a Notary Public in and for said county in said State, hereby certify that Charlene W. Haber, whose name as President of Wolf Bay Lodge, Inc., an Alabama corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, she, as such President and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal on this ___ day of ________, 2015.

____
NOTARY PUBLIC
My Commission Expires:______________________
(NOTARY SEAL)

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