

**PROMISSORY NOTE
AND
LINE OF CREDIT**

\$200,000

Los Gatos California

October , 2017

FOR VALUE RECEIVED, Jikoji, Inc., (“**Borrower**”), promise to pay to James P. Mills, Jr. (“**Lender**”), or its order, at P.O. Box 3984 Fresno CA 93650 or at such other place as the Lender hereof may designate, in lawful money of the United States of America, the principal sum of Two Hundred Thousand Dollars (**\$200,000**) or so much thereof as shall have been advanced and is outstanding together with interest, on the outstanding principal balance, until paid in full in accordance with the terms, conditions and provisions as hereinafter set forth in this Promissory Note (this “**Note**”).

1. **The Note.** This Note is entered into by Borrower, subject to all of the terms and conditions hereof.

2. **INTEREST RATE.** Interest on the outstanding principal balance of this Note shall be computed and calculated based upon a three hundred sixty (360)-day year and actual days elapsed and shall accrue at the per annum rate (the “**Note Rate**”) of two percent (**2.00%**) simple interest compounded annually.

3. **ADVANCES.** At any time and from time to time, upon receipt of a request for funds that is signed by both Borrower’s Chairperson and its treasurer that has been mailed to Lender, first class postage prepaid, to Lender’s address as set forth above, provided a copy of such signed request shall also be emailed to Lender at the following email address: sierrajac95@gmail.com or to such other email address as Lender may designate, Lender shall, within 10 calendar days of the date of receipt of the later of such notices, advance to Borrower the amount set forth in the request for funds, provided in no event shall the amount so advanced when added to the total of all previous amounts advanced, exceed two hundred thousand dollars (\$200,000).

4. **PRINCIPAL AND INTEREST PAYMENTS.** Interest shall commence to accrue beginning on October , 2017, the date of this Note, shall be due and payable, in arrears, on a quarterly basis beginning on the following dates each year:

First Quarterly Payment: February 1st

Second Quarterly Payment: May 1st

Third Quarterly Payment: August 1st

Fourth Quarterly Payment: November 1st

In addition to the payment of accrued Interest on this Note on a quarterly basis, Borrower shall also pay on a quarterly basis an amount equal to three percent (3%) of the Principal balance that shall have been advanced by Lender as of each quarterly payment date. Upon the

Maturity Date, the entire unpaid obligation outstanding under this Note shall become due and payable in full. All payments due hereunder, including payments of principal and interest, shall be made to Lender in United States Dollars and shall be in the form of immediately available funds acceptable to the holder of this Note.

The following is provided as an example of the manner in which payments on this Note will be due each quarter:

Assume principal in the amount of fifty thousand dollars (**\$50,000**) has been advanced by Lender to Borrower as of the date of this Note. On February 1, 2018, the first quarterly payment will be due and payable. Interest will have accrued for ninety (**90**) days at 2% per annum on the principal with equals two hundred and fifty dollars (**\$250**) determined as follows: $\$50,000 \times .02 = \$1,000/4 = \$250$. In addition, Interest, there shall be due and payable a principal reduction payment of fifteen hundred dollars (**\$1,500**) determined as follows: $\$50,000 \times 3\% = \$1,500$.

At the time of the second quarterly payment on May 1, 2017 and assuming no additional funds have been advanced, accrued interest will be based on an outstanding principal balance of forty-eight thousand five hundred dollars (**\$48,500**). Accrued interest at that time will be two hundred and forty-two dollars and fifty cents (**\$242.50**) determined as follows: $\$48,500 \times .02 = \$970/4 = 242.50$. The principal payment due at that time will be one thousand four hundred and fifty-five dollars (**\$1,455**) determined as follows: $\$48,500 \times .03 = \$1,455$.

5. **APPLICATION OF PAYMENTS.** All payments received by Lender from, or for the account of Borrower, due hereunder shall be applied by Lender, in its sole and absolute discretion, in the following manner, or, following a Default (as hereinafter defined) and during the continuance thereof, in any other order or manner as Lender chooses:

- a. First. To pay any and all interest due, owing and accrued;
- b. Second. To pay any and all costs, advances, expenses or fees due, owing and payable to Lender, or paid or incurred by Lender, arising from or out of this Note; and
- c. Third. To pay the outstanding principal balance on this Note.

All records of payments received by Lender shall be maintained by Lender and shall be sent to Borrower within 30-days after the day of Lender's receipt of a payment from Borrower, and the records of Lender shall, absent manifest error, be binding and conclusive upon Borrower. The failure of Lender to record any payment or expense shall not limit or otherwise affect the obligations of Borrower under this Note.

6. **MATURITY DATE.** On the tenth (10th) annual anniversary of this Note, ("**Maturity Date**"), the entire unpaid principal balance, and all unpaid accrued interest thereon, shall be due and payable without demand or notice. In the event that Borrower does not pay this Note in full on the Maturity Date then, as of the Maturity Date and thereafter until paid in full, the interest accruing on the outstanding principal balance hereunder shall be computed, calculated and accrued on a daily basis at the Default Rate (as hereinafter defined).

7. **UNPAID INTEREST, CHARGES AND COSTS.** Interest, late charges, costs or expenses that are not received by Lender within ten (10) calendar days from the date such interest, late charges, costs, or expenses become due, shall, at the sole discretion of Lender, be added to the principal balance and shall from the date due bear interest at the Default Rate.

8. **NO OFFSETS OR DEDUCTIONS.** All payments under this Note shall be made by Borrower without any offset, decrease, reduction or deduction of any kind or nature whatsoever.

9. **DEFAULT.** Any one or more of the following events or occurrences shall constitute a default under this Note (hereinafter “**Default**”): Lender does not receive a payment in the amount set forth herein within ten (10) calendar days from the date such payment was due. Upon the occurrence of a Default hereunder, Lender may, in its sole and absolute discretion, declare the entire unpaid principal balance, together with all accrued and unpaid interest thereon, and all other amounts and payments due hereunder, immediately due and payable, without notice or demand.

10. **DEFAULT RATE.** From and after the occurrence of any Default in this Note whether by non-payment, maturity, acceleration, non-performance or otherwise, and until such Default has been cured, all outstanding amounts under this Note (including, but not limited to, interest, costs and late charges) shall bear interest at a per annum rate (“**Default Rate**”) equal to six percent (6%).

11. **PREPAYMENT.** The principal amount of this Note may be prepaid in whole or in part without any prepayment penalty or fee; provided, however, that written notice of prepayment is received by Lender concurrently therewith. Any such prepayment shall not result in a re-amortization, deferral, postponement, suspension, or waiver of any and all principal or other payments due under this Note.

12. **LATE CHARGES.** Time is of the essence for all payments and other obligations due under this Note. Borrower acknowledges that if any payment required under this Note (other than any balloon payment due on the Maturity Date) is not received by Lender within ten (10) calendar days after the same becomes due and payable, Lender will incur extra administrative expenses (i.e., in addition to expenses incident to receipt of timely payment) and the loss of the use of funds in connection with the delinquency in payment. Because, from the nature of the case, the actual damages suffered by Lender by reason of such administrative expenses and loss of the use of funds would be impracticable or extremely difficult to ascertain, Borrower agrees that five percent (5%) of the amount of the delinquent payment, together with interest accruing on the entire principal balance of this Note at the Default Rate, as provided above, shall be the amount of damages which Lender is entitled to receive upon such breach, in compensation therefor. Therefore, Borrower shall, in such event, without further demand or notice, pay to Lender, as Lender's monetary recovery for such extra administrative expenses and loss of use of funds, pay as liquidated damages an amount equal to five percent (5%) of the amount of the delinquent payment. The provisions of this paragraph are intended to govern only the determination of damages in the event of a breach in the performance of Borrower to make timely payments hereunder. Nothing in this Note shall be construed as in any way giving Borrower the right, express or implied, to fail to make timely payments hereunder, whether

upon payment of such damages or otherwise. The right of Lender to receive payment of such liquidated and, and receipt thereof, are without prejudice to the right of Lender to collect such delinquent payments and any other amounts provided to be paid hereunder, or to declare a default hereunder.

13. **SECURITY**. This Note is unsecured.

14. **COSTS AND EXPENSES**. Borrower hereby agrees to pay any and all costs or expenses paid or incurred by Lender by reason of, as a result of, or in connection with the enforcement of this Note, including, but not limited to, any and all reasonable attorney's fees and related costs when such costs or expenses are paid or incurred in connection with the enforcement of this Note, or any other rights, remedies or interests of Lender. Borrower's agreement to pay any and all such costs and expenses includes, but is not limited to, costs and expenses incurred in or in connection with any bankruptcy proceeding, in enforcing any judgment obtained by Lender and in connection with any and all appeals therefrom, and in connection with the monitoring of any bankruptcy proceeding and its effect on Lender's rights and claims for recovery of the amounts due hereunder, any proceeding concerning relief from the automatic stay, use of cash collateral, proofs of claim, approval of a disclosure statement or confirmation of, or objections to confirmation of, any plan of reorganization. All such costs and expenses are immediately due and payable to Lender by Borrower whether or not demand therefor is made by Lender.

15. **WAIVERS**. Borrower hereby waives grace, diligence, presentment, demand, notice of demand, dishonor, notice of dishonor, protest, notice of protest, any and all exemption rights against the indebtedness evidenced by this Note and the right to plead any statute of limitations as a defense to the repayment of all or any portion of this Note, and interest thereon, to the fullest extent allowed by law. No delay, omission or failure on the part of Lender in exercising any right or remedy hereunder shall operate as a waiver of such right or remedy or any other right or remedy of Lender.

16. **MAXIMUM LEGAL RATE**. This Note is subject to the express condition that at no time shall Borrower be obligated, or required, to pay interest on the principal balance at a rate which could subject Lender to either civil or criminal liability as a result of such rate being in excess of the maximum rate which Lender is permitted to charge. If, by the terms of this Note, Borrower is, at any time, required or obligated to pay interest on the principal balance at a rate in excess of such maximum rate, then the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate and interest payable hereunder shall be computed at such maximum rate and any portion of all prior interest payments in excess of such maximum rate shall be applied, or shall retroactively be deemed to have been payments made, in reduction of the principal balance, as the case may be.

17. **AMENDMENT; GOVERNING LAW**. This Note may be amended, changed, modified, terminated or canceled only by a written agreement signed by the party against whom enforcement is sought for any such action. This Note shall be governed by, and construed under, the Laws of the State of California.

18. **AUTHORITY.** Borrower, and each person executing this Note on Borrower's behalf, hereby represents and warrants to Lender that, by its execution below, Borrower has the full power, authority and legal right to execute and deliver this Note and that the indebtedness evidenced hereby constitutes a valid and binding obligation of Borrower without exception or limitation. In the event that this Note is executed by more than one person or entity, the liability hereunder shall be joint and several.

IN WITNESS WHEREOF, Borrower by and through its duly authorized representative has executed this Promissory Note as of the day and year first above written.

Douglas Jacobson,
Chairperson of Jikoji, Inc.