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**AGREEMENT TO EXTEND  
TIME OF PAYMENT OF PROMISSORY NOTE**

**THIS AGREEMENT TO EXTEND TIME OF PAYMENT OF**

**PROMISSORY NOTE** (hereafter "Agreement") is executed and entered into as of this 21 of AUGUST, 2000, by and between City Link Airlines, Inc. (hereafter "Borrower") and the Cities of East Chicago, Gary and Hammond, Indiana a/k/a Three City Consortium (hereafter "Holder"),

**WITNESSETH:**

**WHEREAS**, on or about August 20, 1999, the Borrower executed a Promissory Note (hereafter "Note"), wherein the Borrower promised to pay to the order of the Holder the sum of Seventy-Five Thousand Dollars (\$75,000), with interest on unpaid principal computed from the date of each advance to the Borrower at the rate of 10.5 per cent (10.5%) per annum; and said that said Note is secured by collateral described in and evidenced by a Security Agreement, executed on even date (said Note being attached as Exhibit A); and

**WHEREAS**, Borrower and Holder desire to modify the Note to extend the time payment of the principal and interest on said Note.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants and benefits contained herein, and other good and valuable consideration, the receipt of which are hereby acknowledged by the parties, Borrower and Holder agree as follows:

1. The Borrower and Holder do hereby agree to extend the time of payment of the principal and interest on said Note, in accordance with the following schedule:

INTEREST ONLY PAYMENTS OF ONE THOUSAND NINE HUNDRED SIXTY-EIGHT AND 75/100 DOLLARS (\$1,968.75) BEGINNING ON THE 21 DAY OF AUGUST, 2000 AND CONTINUING AT QUARTERLY TIME INTERVALS THEREAFTER UNTIL THE 21 DAY OF AUGUST 2,001. A FINAL PAYMENT OF THE UNPAID PRINCIPAL BALANCE PLUS ACCRUED INTEREST IS DUE AND PAYABLE ON THE 6th DAY OF SEPTEMBER, 2001.

2000 061632

2000 AUG 24 PM 3:13

MORRIS W. CARPER  
RECORDED

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

10.00  
75.00



3. No other modification except this extension of time of payment of the Note shall be effective by virtue of the herein Agreement. All terms, provisions, covenants and conditions set forth in the aforesaid Note, with the exception of the payment schedule being extended hereby, are hereby recited, adopted and incorporated in this Agreement and shall have the same force and effect as though such terms, provisions, covenants, and conditions were fully set forth herein.

2. To induce Holder to extend time of payment of Note, Borrower hereby warrants and represents to Holder that the Note and the herein Agreement extending same are a valid, genuine and legally enforceable obligation of the Borrower. Holder shall be entitled to attorney's fees and costs in the event of default of Borrower.

4. This Agreement shall be binding upon the heirs, administrators and executors of the Borrower, and the rights and privileges of the Holder hereunder shall inure to the benefit of its successors and assigns.


IN WITNESS WHEREOF, the parties have executed this agreement as to the date first set forth above.

BORROWER: City Link Airlines, Inc.

By:   
David Balfour, President

HOLDER: Three City Consortium

By:   
Charles Smith, Representative

  
2002004



**EXHIBIT A**

**NOTE**

**GARY, INDIANA**

**\$ 75,000**

For value received, the undersigned promise to pay to the order of Cities of East Chicago, Gary, and Hammond at its office in the City of East Chicago, State of Indiana, or at holder's option, at such other place as may be designated from time to time by the holder, **Seventy-Five Thousand Dollars (\$75,000.00)**, with interest on unpaid principal computed from the date of each advance to the undersigned at the rate of **10.5 percent per annum**, payment to be made in installments as follows:

**Borrower shall pay the principal and interest according to the following schedule:**

**INTEREST ONLY PAYMENTS OF ONE THOUSAND NINE HUNDRED SIXTY-EIGHT DOLLARS AND SEVENTY-FIVE CENTS (\$1,968.75) BEGINNING OCTOBER 4, 1999 AND CONTINUING AT QUARTERLY TIME INTERVALS THEREAFTER. A FINAL PAYMENT OF THE UNPAID PRINCIPAL BALANCE PLUS ACCRUED INTEREST IS DUE AND PAYABLE ON JULY 6, 2000.**

Payment to any installment of principal or interest owing on this Note may be made prior to the maturity date thereof without penalty.

The term "Indebtedness" as used herein shall mean the indebtedness evidenced by this Note, including principal, interest, and expenses, whether contingent, now due or hereafter to become due and whether heretofore or contemporaneously herewith or hereafter contracted. The term "Collateral" as used in this Note shall mean the described property in the amount of **Eighty-Three Thousand Three Hundred Thirty-Two Dollars and Fifty Cents (\$ 83,332.50)** (See Exhibit "A", attached). The Collateral shall secure the Indebtedness. The covenants and conditions set forth or referred to in any and all instruments of hypothecation constituting the Collateral of the undersigned have the same force and effect as though such covenants and conditions were fully set forth therein.

The Indebtedness shall immediately become due and payable, without notice or demand, upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the undersigned or for any of its property, upon the filing of a petition by or against the undersigned under the provisions of any State insolvency law or under the provisions of the Bankruptcy reform Act of 1978, as amended, or upon the making by the undersigned of an assignment for the benefit of its creditors. Holder is authorized to declare all or any part of the Indebtedness immediately due and payable upon the happening of any of the following events: (1) Failure to pay any part of the Indebtedness when due; (2) nonperformance by the undersigned of any agreement with, or any condition imposed by, Holder with respect to the Indebtedness; (3) Holder's discovery of the undersigned's failure in any application of the undersigned to Holder to disclose any fact deemed by Holder to be material or of the making therein or in any of the said agreements, or in any affidavit or other documents submitted in connection with said application or the indebtedness, of any misrepresentation by, on behalf of, or for the benefit of the undersigned; (4) the reorganization (other than a reorganization pursuant to any of the provisions of the Bankruptcy Reform Act of 1978, as amended) or merger or consolidation of the undersigned (or the making of any agreement therefore) without the prior written consent of Holder; (5) the undersigned's failure duly to account to Holder's satisfaction, at such time or times as Holder may require, for any of the Collateral, or proceeds thereof, coming into the control of the undersigned; or (6) the institution of any suit affecting the undersigned deemed by Holder to affect adversely its interest hereunder in the collateral or otherwise. Holder's failure to exercise its rights under this paragraph shall not constitute a waiver thereof.

In the event that the Holder decides to accept a late payment in lieu of declaring the entire indebtedness due and owing, such late payment shall first be applied to unpaid and accrued interest and the remaining portion so such late payment (if any) shall be applied to reduce the then principal balance of this note. After establishing the new principal balance (after receipt of any late payment), the holder may at its sole discretion re-calculate an amortization schedule for payment of this note and utilizing the same interest rate and the new principal balance by either extending the loan term in order to keep the same monthly payment and establish a principal balance which would remain due and owing at the end of the loan term (balloon payment) which would then be due and owing in its entirety at the end of the



original loan term. Should the late payment not be sufficient to pay unpaid and accrued interest, and if accepted by the holder, all such late payments shall be applied toward the unpaid and accrued interest with the remaining unpaid accrued interest being added to the unpaid principal balance and a new amortization schedule would then be established in the sole discretion of the holder and pursuant to the options previously identifies in this paragraph.

At the sole and exclusive option of the holder of this note, there may be charged a late charge on any installment of principal and interest received more than fifteen (15) days after due date. Such late charge shall be equivalent to \$15.00 or 5% of the installment, whichever is greater, and for the late installment, the interest rate chargeable shall be 3% above the interest rate contained on the face of this promissory note.

Upon the nonpayment of the Indebtedness, or any part thereof, when due, whether by acceleration or otherwise, Holder is empowered to sell, assign, and deliver the whole or any part of the Collateral at public or private sale, without demand, advertisement or notice of the time or place of sale or of any adjournment thereof, which are hereby expressly waived. After deducting all expenses incidental to or arising from such sale or sales, Holder may apply the residue of the proceeds thereof to the payment of the Indebtedness, as it shall deem proper, returning the excess, if any, to the undersigned. The undersigned hereby waives all right of redemption or appraisal whether before or after sale.

Holder is further empowered to collect or cause to be collected or otherwise to be converted into money all or any part of the Collateral, by suit or otherwise, and to surrender, compromise, release, renew, extend, exchange, or substitute any item of the Collateral in transactions with the undersigned or any third party, irrespective of any assignment thereof by the undersigned, and without prior notice to or consent of the undersigned or any assignee. Whenever any item of the Collateral shall not be paid when due, or otherwise shall be in default, whether or not the indebtedness or any part thereof has become due, Holder shall have the same rights and powers with respect to such item of the Collateral as are granted in respect thereof in this paragraph in case of nonpayment of the Indebtedness, or any part thereof, when due. None of the rights, remedies, privileges or powers of Holder expressly provided for herein shall be exclusive, but each of them shall cumulative with and in addition to every other right, remedy, privilege, and power now or hereafter existing in favor of Holder, whether at law or in equity, by statute or otherwise.

This agreement and performance by the parties hereunder shall be governed by and construed in accordance with the laws of the State of Indiana, and suit, if any, must be brought in a Lake County Court in the State of Indiana. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

The undersigned agrees to take all necessary steps to administer, supervise, preserve and protect the Collateral; and, regardless of any action taken by Holder, there shall be no duty upon Holder in this respect. The undersigned shall pay all expenses of any nature, whether incurred in or out of court, and whether incurred before or after this Note shall become due at its maturity date or otherwise, including but not limited to reasonable attorney's fees and costs, which Holder may deem necessary or proper in connection with the satisfaction of the Indebtedness or the administration, supervision, preservation, protection of (including, but not limited to, the maintenance of adequate insurance) or the realization upon the Collateral. Holder is authorized to pay at any time and from time to time any or all of such expenses, add the amount of the Indebtedness, and charge interest thereon at the rate specified herein with respect to the principal amount of this Note.

IN WITNESS WHEREOF, this Agreement has been duly executed on this 20 day of August 19 99.

By: David Balfour  
David Balfour, President  
CityLink Airlines Inc.

By: Charles Smith  
Charles Smith, Three City Consortium Representative  
City of Gary





### Official Stamp

2000 061632

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

2000 AUG 24 PM 3:13

MORRIS W. CARTER  
RECORDER

## Document Mail Back to Information Sheet

**This is where you want the recorded document sent back to when it has completed the recording process.**

Name JANET CYPRA

Address CITY HALL 4525 INDIANAPOLIS BLVD

City St Zip EAST CHICAGO, IN 46312

Telephone 219-391-8205

Signature Printed JANET CYPRA

Signature Written Janet Cypria

Date of Signature 8/24/00

Check Number \_\_\_\_\_

Check Amount \_\_\_\_\_

Cash 17.00

### Office Use Only

Check Equals Amount Due  Yes  No

Total \_\_\_\_\_

Initials \_\_\_\_\_