

4. Upon the occurrence of an Event of Default, then, at the option of the holder hereof, the entire balance of principal together with the accrued interest shall immediately become due and payable. Upon the occurrence of an Event of Default and irrespective of whether the holder hereof exercises its option to accelerate the maturity of this Note by reason of such Event of Default, this Note shall thereafter bear interest while such default continues at the rate of 10% per annum. No delay or omission on the part of the holder hereof in exercising any right hereunder or under any of the agreements referred to in Item (b) of Paragraph 3 hereof shall operate as a waiver of such right or of any other right hereunder or under said agreements. In addition, Pacific may collect a late charge not to exceed an amount equal to 2% of any installment which is not paid on or before the due date. Creative Fabrics and Pacific, by its acceptance of this Note, agree that because of the extra cost involved in handling delinquent payments, Pacific will incur certain administrative costs and expenses in an uncertain amount; that the exact amount of such costs would be impractical or extremely difficult to fix; that the late charge is fair compensation to Pacific for its loss suffered by such non-payment; and Pacific agrees to accept such late charge in lieu of its right to recover its actual damages caused by such non-payment.

5. If this Note is not paid when due, or if an Event of Default occurs, Creative Fabrics promises to pay all costs of collection including, but not limited to, reasonable attorneys' fees incurred by the holder of this Note on account of such collection, whether or not suit is filed hereon.

6. Creative Fabrics waives presentment, protest, and demand, notice of protest demand and dishonor and non-payment of this Note. No extension of the time for the payment of this Note or any installment hereof made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify change or affect the original liability under this Note, either in whole or in part, of Creative Fabrics if Pacific is not a party to such agreement. Notwithstanding any provision herein or in any instrument now or hereafter securing said indebtedness, the total

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