PROBE MANUFACTURING INC

FORM 8-K
(Current report filing)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **January 4, 2017**

CLEAN ENERGY TECHNOLOGIES, INC.

(Exact name of Company as specified in its charter)

Nevada	**333-125678**	**20-2675800**
(State or other jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

2990 Redhill Avenue
Costa Mesa, CA 92626
(Address of principal executive offices)

Phone: (949) 273-4990
(Company's Telephone Number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Clean Energy Technologies, Inc.
Current Report
Form 8-K

Item 1.01 Entry into a Material Definitive Agreement

Clean Energy Technologies, Inc., a Nevada corporation (the "Registrant") and EMA Financial, LLC, a Delaware limited liability company ("EMAF") entered into a Partial Debt Settlement Agreement (the "Settlement Agreement") dated January 9, 2017 pursuant to which the Registrant and EMAF agreed to the terms of the partial repayment of the 12% Convertible Note (the "Note") with Issue Date of June 6, 2016 in the original principal amount of $87,500 made by Registrant in favor of EMAF. Pursuant to the Settlement Agreement, of the $80,762.40 in principal and $6,296.86 of accrued interest outstanding (totaling $87,059.26), $60,941.49 was satisfied and canceled in consideration of the payment to EMAF of $97,506.38. The remaining amount due under the Note of 26,117.77 (consisting of $24.228.72 in principal and $1,899.05 in interest) remained outstanding under the original terms of the Note. The Registrant caused the debt amount to be paid to Subscriber on January 12, 2017.

Effective January 4, 2017, Auctus Fund, LLC, a Delaware limited liability company ("AF") elected to convert $15,400 ($11,544.45 in principal and $3.855.55 in accrued interest) under the Convertible Promissory Note (the "AF Note") dated July 6, 2016 issued to AF pursuant to the Securities Purchase Agreement dated July 6, 2016 between the Registrant and AF into a total of 7,000,000 shares of Common Stock. Such conversion left $66.205.55 remaining due and payable under the AF Note. Concurrently, the Registrant and AF agreed to the terms of the repayment of the balance of all sums due and payable under the AF Note through payment by the Registrant to AF of a total of $89,401.98. The Registrant caused the total amount of $89,401.98 to be paid to Subscriber on January 9, 2017, satisfying in full all obligations under the AF Note.

Effective February 14, 2017, JSJ Investments, Inc., a Texas company ("JSJ") the holder of a convertible note in the principal amount of $57,000 dated August 15, 2016 (the "JSJ Note"), agreed (the "Payoff Agreement") to the terms of the repayment of the balance of all sums due and payable under the JSJ Note, through payment by the Registrant to JSJ of a total of $86,079.37 (the "Payoff Amount"). The Registrant caused the total amount of $86,079.37 to be paid to JSJ on February 14, 2017, satisfying in full all obligations under the JSJ Note as per the terms of the Payoff Agreement.

Concurrently with the partial settlement of the Note payable to EMAF and the satisfaction of all remaining amounts due under the AF Note, the JSJ Note, the Registrant and Megawell USA Technology Investment Fund I LLC, a Wyoming limited liability company in formation ("MW I") entered into a Credit Agreement and Promissory Note (the "Credit Agreement"), pursuant to which MW I had caused to be deposited funds into escrow to fund the entirety of Registrant's settlement amount payable to EMAF with respect to the Note and the repayment amount under the AF Note and JSJ Note. Concurrently, MW I acquired the Convertible Debenture dated March 15, 2016 held by Red Dot Investment, Inc. (the "Master Debenture"). Pursuant to the terms of the Credit Agreement, the Registrant assigned to MW I all of the Registrant's rights to repurchase or repay the Note payable to EMAF, the JSJ Note and the AF Note and otherwise agreed that MW I would be subrogated to the rights of either note holder to the extent a note was repaid with funds advanced by MW I. The Registrant and MW I agreed that all amounts advanced by MW I to or for the benefit of the Registrant would be governed by the terms of the Master Debenture, including the payment of financing fees, interest, minimum interest, and convertibility. The Master Debenture is described in the Registrant's Current Report dated October 31, 2016, as amended. Red Dot Investment, Inc. is MW I's duly appointed agent for purposes of administration of the Credit Agreement and the Master Debenture and advances thereunder.

The convertible debt issued to MW I as described above and the underlying securities were offered by the Registrant to MW I pursuant to the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(a)(2) of the Act.

The foregoing summary descriptions of the Settlement Agreement, Payoff Agreement and the Credit Agreement are not complete and are qualified in their entirety by reference, to the full text of the Settlement Agreement, a copy of which is included as Exhibit 10.01 to this Current Report, to the full text of the Payoff Agreement, a copy of which is included as Exhibit 10.02 to this Current Report and of the Credit Agreement, a copy of which is included as Exhibit 10.03 to this Current Report.

Item 1.02 Termination of a Material Definitive Agreement

The information set forth in Item 1.01 "Entry into a Material Definitive Agreement" of this Current Report on Form 8-K is incorporated into this Item 1.02 by this reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 “Entry into a Material Definitive Agreement” of this Current Report on Form 8-K is incorporated into this Item 2.03 by this reference.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 “Entry into a Material Definitive Agreement” of this Current Report on Form 8-K is incorporated into this Item 3.02 by this reference.

Item 3.03 Material Modifications of Rights of Security Holders.

The information set forth in Item 1.01 “Entry into a Material Definitive Agreement” of this Current Report on Form 8-K is incorporated into this Item 3.03 by this reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed with this Current Report on Form 8-K.

Exhibit Number	Description of Exhibit
10.01	Partial Debt Settlement Agreement by and between EMA Financial, LLC, a Delaware limited liability company and the Registrant, dated January 9, 2017.
10.02	Payoff Agreement by and between the Registrant and JSJ Investments, Inc., dated February 14, 2017.
10.03	Credit Agreement and Promissory Note by and between Megawell USA Technology Investment Fund I LLC, a Wyoming limited liability company in formation and the Registrant, dated December 31, 2016.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Probe Manufacturing, Inc.
Date: April 20, 2017
By: */s/ Kambiz Mahdi*

Kambiz Mahdi

Chief Executive Officer

PARTIAL DEBT SETTLEMENT AGREEMENT

This PARTIAL DEBT SETTLEMENT AGREEMENT (this "Agreement") is dated January 9, 2017 (the " Effective Date "), by and between EMA Financial, LLC (" HOLDER "), a Delaware limited liability company, and Clean Energy Technologies, Inc., a Nevada corporation (" CETY ").

R E C I T A L S:

WHEREAS, CETY issued a convertible promissory note in the principal amount of $87,500.00 to the HOLDER (the " Note ") on or about June 6, 2016; and

WHEREAS, as of the Effective Date, the Note is currently outstanding in the amount of $87,059.26 (the " Total Balance "), consisting of $80,762.40 of principal and $6,296.86 of accrued interest;

WHEREAS, HOLDER and CETY desire to settle a $60,941.49 portion of the Total Balance (the " Settlement Amount "), as further provided herein.

NOW, THEREFORE, in consideration of the premises and of the terms and conditions herein contained, the parties mutually agree as follows:

1. Partial Repayment of Note.

1.1 Settlement Price. CETY and HOLDER agree to settle the Settlement Amount, in exchange for CETY's payment of $97,506.38 (the " Purchase Price ") to the HOLDER pursuant to the wiring instructions set forth in Exhibit " A " attached hereto. If the Purchase Price does not clear into HOLDER's bank account on or before close of business on January 12, 2017 (the " Deadline "), then this Agreement shall be null and void at the sole discretion of the HOLDER, the Total Balance shall automatically be multiplied by 125% (for the avoidance of doubt, such penalty shall be added to the Total Balance even if the HOLDER declares the Agreement null and void), and the HOLDER shall retain all rights under the Note with respect to the Total Balance and penalty. Upon clearing of the Purchase Price into HOLDER's bank account by the Deadline, the Settlement Amount shall be deemed satisfied in full. The difference of the Total Balance minus the Settlement Amount, totaling $26,117.77 (the " Remainder Amount ") (consisting of $24,228.72 of principal and $1,889.05 of accrued interest), shall remain outstanding under the Note pursuant to the terms therein. No provision of this Agreement shall be construed to reduce or hinder the HOLDER's rights under the Note with respect to the Remainder Amount, including but not limited to HOLDER's right to effectuate conversion(s) of the Remainder Amount.

2. Representations and Warranties of CETY.

2.1 Authorization. The execution, delivery and performance by CETY of this Agreement and the performance of all of CETY ' s obligations hereunder have been duly authorized by all necessary corporate action, and this Agreement has been duly executed and delivered by CETY. This Agreement constitutes the valid and binding obligation of CETY

enforceable in accordance with its terms. The execution and performance of the transactions contemplated by this Agreement and compliance with its provisions by CETY will not conflict with or result in any breach of any of the terms, conditions, or provisions of, or constitute a default under, its Certificate of Incorporation or Bylaws or any agreement to which CETY is a party or by which it or any of its properties is bound.

2.3 Binding Obligation. Assuming the due execution and delivery of this Agreement, this Agreement constitutes the valid and binding obligation of CETY, enforceable against CETY in accordance with its terms.

3. Representations and Warranties of the HOLDER .

3.1 Authorization. The HOLDER has full power and authority to enter into this Agreement, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement constitutes a valid and legally binding obligation of the HOLDER, enforceable in accordance with the terms.

4. Miscellaneous .

4.1 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the parties and their respective successors and permitted assigns.

4.2 Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they related in any way to the subject matter hereof.

4.3 Counterparts. This agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without regard to conflict of laws).

4.5 No Amendments. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the HOLDER and CETY.

4.6 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

4.7 Costs. Each party will bear the costs and expenses incurred by it in connection with this Agreement and the transaction contemplated thereby.

4.8 Survival of Terms. Except as provided in this Agreement, all representations, warranties and covenants contained in this Agreement or in any certificates or other instruments delivered by or on behalf of the parties hereto shall be continuous and survive the execution of this Agreement.

4.9 Non-Assignment. This Agreement and the obligations hereunder shall not be assignable.

4.10 Notices. Notices hereunder shall be given only by personal delivery, registered or certified mail, return receipt requested, overnight courier service, facsimile, or electronic mail, and shall be deemed transmitted when personally delivered, deposited in the mail, delivered to a courier service, transmitted by facsimile, or transmitted by electronic mail (as the case may be), postage or charges prepaid (if applicable), and addressed to the particular party to whom the notice is to be sent.

4.11 Headings. The headings used in this Agreement are for convenience only and shall not by themselves determine the interpretation, construction or meaning of this Agreement.

4.12 Attorneys' Fees and Costs. In the event any party to this Agreement shall be required to initiate legal proceedings to enforce performance of any term or condition of this Agreement, including, but not limited to, the interpretation of any term or provision hereof, the payment of moneys or the enjoining of any action prohibited hereunder, the prevailing party shall be entitled to recover such sums in addition to any other damages or compensation received, as will reimburse the prevailing party for reasonable attorneys' fees and court costs incurred on account thereof (including, without limitation, the costs of any appeal) notwithstanding the nature of the claim or cause of action asserted by the prevailing party.

IN WITNESS WHEREOF, the HOLDER and CETY have caused this Agreement to be executed as of the Effective Date.

HOLDER:

EMA FINANCIAL, LLC

By: _____
Name: Jamie Beitler
Title: Authorized Signatory

THE ISSUER:

CLEAN ENERGY TECHNOLOGIES, INC.

By: _____
Name: Kambiz Mahdi

Title: Chief Executive Officer

PAYOFF AGREEMENT

This **PAYOFF AGREEMENT** (the " Agreement "), dated as of February 13, 2017 (the " Execution Date "), by and between **Clean Energy Technologies** a Nevada corporation, with headquarters located at 2990 Redhill Avenue, Costa Mesa, CA (the " Company "), and **JSJ INVESTMENTS, INC.**, a Texas corporation, with its address at 10830 North Central Expressway, Suite 152, Dallas, TX 75231 (the " Holder ").

WHEREAS :

A. The Company issued a convertible promissory note in the principal amount of $57,000 to the Holder on August 15, 2016 (the " Note ").

NOW THEREFORE , the Company and the Holder hereby agree as follows:

1. The Holder hereby agrees that in the event that Holder receives $86,079.37 (the " Payoff Amount ") from the Company on or before February 14, 2017 (the " Deadline "), the Note shall be deemed satisfied in full.

2. In the event that Holder does not receive the Payoff Amount on or before the Deadline, this Agreement shall, at the sole option of the Holder , be deemed null and void and of no further force or effect.

3. Except as specifically modified hereby, all of the provisions of the Note shall remain in full force and effect.

IN WITNESS WHEREOF , the parties have caused this Agreement to be duly executed by their respective authorized representatives as of the Execution Date.

Clean Energy Technologies

By:
Name: _____
Title: Chief Executive Officer

JSJ Investments, Inc.

By:

Name: Sameer Hirji
Title: President

CREDIT AGREEMENT AND PROMISSORY NOTE

This C REDIT A GREEMENT AND P ROMISSORY N OTE (this " Agreement ") dated as of December 31, 2016 is made by and between Clean Energy Technologies, Inc., a Nevada corporation (the " Company ") and Megawell USA Technology Investment Fund I LLC, a Wyoming limited liability company in formation (" Lender ").

R ECITALS

W HEREAS on or about March 15, 2016 the Company and Peak One Opportunity Fund, L.P., a Delaware limited partnership (" Peak One ") entered into a Securities Purchase Agreement dated March 11, 2016 (the " SPA ").

W HEREAS pursuant to the SPA, on March 15, 2016 Peak One subscribed for and purchased from the Company and the Company issued to Peak One a Convertible Debenture dated March 15, 2016 in the original stated principal amount of $75,000.00 (the " Peak One Debenture ").

W HEREAS the Company issued a notice of redemption of the Peak One Debenture and, pursuant to an Escrow Funding Agreement, the Company assigned its rights under such redemption to Red Dot Investment, Inc., a California corporation (" Red Dot "), Red Dot acquired the Peak One Debenture, and the Company and Red Dot or an associate of Red Dot amended the Peak One debenture as held by Red Dot (or such associate) (the Peak One Debenture, as so amended, the " Master Debenture ").

W HEREAS Lender has acquired the Master Debenture from Red Dot.

W HEREAS on or about June 6, 2016, July 6, 2016, and August 15, 2016, respectively, the
Company issued the following securities (collectively the " Notes "): (1) a 12% Convertible Note in the original principal amount of $87,500.00 to EMA Financial, LLC, a Delaware limited liability company (" EMA "), (2) a Convertible Promissory Note in the original principal amount of $77,750.00 to Auctus Fund LLC, a Delaware limited liability company (" Auctus "), and (3) a 12% Convertible Promissory Note in the original principal amount of $57,000.00 to JSJ Investments, Inc., a Texas corporation (" JSJ " and, together with Auctus and EMA, the " Additional Noteholders ") .

W HEREAS the Company intends to redeem all of the Notes or to repay all or substantially all of the amounts owed to the Additional Noteholders under the Notes, pursuant to which the Company will pay amounts of $89,401.98, $97,506.38 and $86,079.37, respectively (the " Note Payment Amounts ").

W HEREAS the Company does not presently have the funds to pay the Note Payment Amounts.

W HEREAS the Company would like to borrow additional amounts from the Lender for the Company ' s operating capital needs (" Additional Advance Amounts "), which advances would be at the sole and absolute discretion of Lender.

W HEREAS Lender has deposited in escrow with Richardson & Maloney LLP (the " Escrow Holder ") certain funds that may be advanced to or for the benefit of the Company as Note Payment
Amounts or as Additional Advance Amounts (the " Escrow ").

W HEREAS , as a condition to the advance of any amount from Escrow relating to Note Payment Amounts, the Company agrees to assign to Lender all of the Company ' s rights to redeem, repurchase,

reacquire, repay or otherwise satisfy any associated Note and agrees that Lender shall otherwise be subrogated to all of the rights of the lender under any Note repaid with funds advanced by Lender.

WHEREAS, pursuant to the instructions of Lender and the Company contained herein, Lender and the Company are instructing the Escrow Holder to disburse funds from the Escrow to fund the entirety of the Note Payment Amounts and all costs, expenses, fees or other charges arising in connection with or relating to the Notes or payment of the Note Payment Amounts, the assignment of the Company's rights relating thereto, the amendment thereof once acquired by Lender, this Agreement, the transactions contemplated herein, including the Financing Fee (as defined below) and any costs, expenses, or other fees relating to the Notes, payment of the Note Payment Amounts, or the enforcement or collection of any amounts advanced hereunder, and any other expense for or on account of the Company for which an agent of the Company may request an advance, provided such advance is approved by Lender, Red Dot, the Executive Chairman of the Company, or the Escrow Holder (collectively, the "Ancillary Note Expenses").

WHEREAS, pursuant to additional instructions of Lender or Red Dot, as Lender's agent hereby expressly authorized for such purpose, Lender may further instruct the Escrow Holder to disburse funds from the Escrow to fund Additional Advance Amounts and any and all costs, expenses, fees or other charges arising in connection with or relating to such Additional Advance Amounts or repayment of the Additional Advance Amounts, this Agreement, the transactions contemplated herein, including the Financing Fee and any costs, expenses, or other fees relating to the Additional Advance Amounts, repayment of the Additional Advance Amounts, or the enforcement or collection of any amounts advanced hereunder, and any other expense for or on account of the Company for which an agent of the Company may request an advance, provided such advance is approved by Lender or Red Dot, as Lender's agent hereby expressly authorized for such purpose (collectively, the "Ancillary Advance Expenses" and, together with the Ancillary Note Expenses, the "Ancillary Expenses").

WHEREAS Lender and the Company have agreed that Lender will, where possible, acquire the rights of the Company with respect to any Note and acquire any acquired Note through Escrow or will otherwise be subrogated to the rights of any Note holder and that Lender will not purchase such Note from the Company; provided, however, that where such an assignment of rights and acquisition of an outstanding Note is not possible, then Lender shall be so subrogated and the amount and rights of such Note Payment Amounts and Ancillary Note Expenses shall be deemed an additional advance under the Master Debenture and such Note Payment Amounts shall be added to the outstanding principal of the Master Debenture.

WHEREAS Lender and the Company have agreed that Lender is acquiring any Note acquired as a good faith purchaser for value and a holder in due course, but Lender does not acquire any Note with any representation or warranty from an Additional Noteholder other than as implied by the Additional Noteholder to the Company, as assignor, with respect to its ownership of the Note.

WHEREAS Lender and the Company have agreed to amend any acquired Note or the subrogated rights of Lender in respect thereof, once acquired by Lender or once Lender is subrogated thereto, (a) to have a fixed conversion price of $.005 per share, subject to the provisions for adjustment provided for in the Master Debenture, as amended, (b) to have a fixed interest rate of ten percent (10%) per annum with respect to both the Note Payment Amount and any Ancillary Note Expenses (in each case with a minimum 10% yield in the event of payoff or conversion within the first year), as provided herein, all such expenses to be for the account of and the responsibility of the Company, notwithstanding that Lender may advance sums to pay for them, the amount of such Ancillary Note

Expenses to constitute additional principal under the a Note so acquired, as amended, and (c) as otherwise provided herein.

WHEREAS Lender and the Company have agreed that, with respect to any Note Advance Amount or Ancillary Note Expense that relates to a Note that is not acquired by Lender, such amounts shall be added to the principal amount of the Master Debenture.

WHEREAS Lender and the Company have agreed that, with any Additional Advance Amount or Ancillary Advance Expense shall be added to the principal amount of the Master Debenture.

WHEREAS Lender and the Company have further agreed that, in the event Lender is not the holder of the Master Debenture, this Agreement shall constitute a Promissory Note with terms and conditions identical to the Master Debenture, *mutatis mutandis*. In such event, any references herein to the Master Debenture shall be to this Agreement, *mutatis mutandis*.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to agree as follows:

1. **Recitals; Terms**. The foregoign Recitals are incorproated herin by refernce as if set forth fully herein and, in accodance with Section 622 of the California Evidence Code, the facts recited in the Recitals are conclusively presumed to be true as between the parties hereto, or their successors in interest. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Master Debenture (including any terms incorproated by reference therein).

2. **Escrow Deposit; Note Assignment; Promise to Pay**.

(a) Lender has designated and hereby reaffirms such designation, from funds on deposit in Escrow with the Escrow Holder, sufficient funds to pay the Note Payment Amounts and pay any Ancillary Note Expenses. The total of such amounts (the "Additional Owed Principal Amount") shall be as set forth in a schedule (the "Loan Schedule") prepared and updated by Lender or Red Dot, as Lender's agent hereby expressly authorized for such purpose, from time to time and that may be appended or re-appended by Lender or Red Dot, as Lender's agent hereby expressly authorized for such purpose, to the Master Debenture (or a copy thereof if Lender does not receive the original of the Master Debenture). The parties agree that the Loan Schedule, as prepared by Lender or Red Dot, as Lender's agent hereby expressly authorized for such purpose, from time to time and whether or not appended to the Master Debenture (or a copy thereof), shall conclusive evidence of the Additional Owed Principal Amount.

(b) The Company represents and warrants to Lender that the Company has or will reach consensual terms with the Additional Noteholders for redemption or repayment of the Notes.

(c) To the maximum extent possible, the Company hereby assign to Lender all of the Company's rights to repurchase the Notes and otherwise agrees that Lender shall be subrogated to the rights of any Note prepaid with funds advanced by Lender.

(d) To induce Lender to acquire or repay the Notes, the Company agrees to pay to Lender a fee of $10,000.00 (the " Financing Fee ") with respect to the Note Payment Amount of each Note and each Additional Advance Amount, with the amount of the Financing Fee to be included as an Ancillary Expenses.

(e) In consideration of the foregoing, the Company hereby agrees to repay to Lender, in accordance with the terms and conditions of the Master Debenture, the Additional Owed Principal Amount, together with interest accrued thereon and other amounts owing in connection therewith, as any such amounts be due and owing and whether or not reflected in the Loan Schedule.

3. **Escrow Deposit; Additional Advance Amounts; Promise to Pay** .

(a) Lender, directly or through its agent hereby expressly authorized therefor, Red Dot, may designate, from funds on deposit in Escrow with the Escrow Holder, funds to pay Additional Payment Amounts and Ancillary Additional Expenses. The total of such amounts (the " Second Additional Owed Principal Amount ") shall be as set forth in the Loan Schedule prepared and updated by Lender or Red Dot from time to time and that may be appended or re-appended to the Master Debenture (or a copy thereof, including if Lender does not receive the original of the Master Debenture). The parties agree that the Loan Schedule, as prepared by Lender or Red Dot, as Lender ' s agent hereby expressly authorized for such purpose, from time to time and whether or not appended to the Master Debenture (or a copy thereof), shall conclusive evidence of the Second Additional Owed Principal Amount.

(b) In consideration of the foregoing, the Company hereby agrees to repay to Lender, in accordance with the terms and conditions of the Master Debenture, the Second Additional Owed Principal Amount, together with interest accrued thereon and other amounts owing in connection therewith, as any such amounts be due and owing and whether or not reflected in the Loan Schedule.

4. **Note Escrow Instruction** . Lender and the Company hereby jointly instruct the Escrow Holder to disburse funds from the Escrow to fund the entirety of the Note Payment Amounts and to pay from the Escrow Account any and all Ancillary Note Expenses, inculding the legal expenses incurred in connection with the preparation of this Agreement and the expenses of the Escrow Holder. At the request of the Escrow Holder, Lender or Red Dot, as Lender ' s agent hereby expressly authorized for such purpose, shall confirm in writing the Escrow Holder ' s payment of Ancillary Note Expenses and Escrow Holder ' s authortiy threfor, though no such confirmation shall be required, it being agreed between the parties that the Escrow Holder shall have the authority to pay such expenses as they are invoiced.

5. **Additional Advance Escrow Instructions** . Lender, directly or through its agent hereby expressly authorized therefor, Red Dot, may in the future instruct the Escrow Holder to disburse funds from the Escrow to fund Additional Advance Amounts and to pay from the Escrow Account Ancillary Additional Expenses, inculding the legal expenses and the expenses of the Escrow Holder.

6. **Events of Default** . In addition to the Events of Default listed in the Master Debenture, the occurrence of any of the following shall also constitute an " Event of Default " under the Master Debenture and this Agreement:

(a) Failure to Pay. The Company shall fail to pay when due any outstanding amount owed under the Master Debenture;

(b) Cross Default. A default shall occur in any other obligation of the Company to pay money or to perform an obligation when due;

(c) Voluntary Bankruptcy or Insolvency Proceedings. The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) be unable, or admit in writing its inability, to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated, (v) become insolvent (as such term may be defined or interpreted under any applicable statute), (vi) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vii) take any action for the purpose of effecting any of the foregoing; or

(d) Involuntary Bankruptcy or Insolvency Proceedings. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within thirty (30) days of commencement.

7. **Rights of Lender upon Default** . In addition to any remedies listed in the Master Debenture or available at law or in equity, upon the occurrence and during the continuance of any Event of Default (and giving effect to any applicable cure periods) and at any time thereafter during the continuance of such Event of Default, Lender may declare all amounts payable under the Master Debenture to be and become immediately due and payable, whereupon such amounts shall be immediately due and payable in full. In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, Lender may exercise any other right power or remedy otherwise permitted to it by law, either by suit in equity or by action at law, or both.

8. **No Assignment by the Company** . Neither this Agreement nor the Master Debenture nor any of the rights, interests, or obligations of the Company hereunder or thereunder may be assigned, in whole or in part, by the Company, including by operaiton of law, without the prior written consent of Lender.

9. **Waiver and Amendment.** Any provision of this Agreement may be amended, waived, or modified upon the written consent of Company and the Lender, directly or through its agent hereby expressly authorized therefor, Red Dot.

10. **Notices** . All notices, requests, demands, consents, instructions, or other communications required or permitted hereunder shall be in writing and faxed, emailed, mailed, or delivered to each party at the respective addresses of the parties provided for such purpose. All such notices and communications will be deemed given when sent to an address of the reciptient. Any party hereto may by notice so given change its address for future notice hereunder.

11. **Payment.** Payment shall be made in lawful tender of the United States.

12. **Expenses.** If action is instituted to collect on the Master Debenture or to enforce any right under this Agreement, the prevailing party shall pay all costs and expenses, including, without limitation, attorneys ' fees and costs, incurred in connection with such action.

13. **Governing Law.** All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflicts of law thereof.

14. **Arbitration; Waiver of Right to Trial by Jury** . Any dispute, controversy or claim arising from or connected with this Agreement, including one regarding the existence, validity or performance of this Agreement or the Master Debenture (a " Dispute ") shall be referred to and finally resolved by arbitration under the expedited commercial arbitration rules of Pan Pacific Arbitration. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE MASTER DEBENTURE, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

15. **Usury Limitations** . It is the intention of the Company and Lender to conform strictly to applicable usury laws. Accordingly, notwithstanding anything to the contrary in this Agreement or the Master Debenture, amounts deemed to constitute interest under applicable law and contracted for, chargeable, or receivable under this Agreement or under the Master Debenture shall under no circumstances, together with any other interest, late charges, or other amounts which may be interpreted to be interest contracted for, chargeable, or receivable hereunder or thereunder, exceed the maximum amount of interest permitted by law, and in the event any amounts were to exceed the maximum amount of interest permitted by law, such excess amounts shall be deemed a mistake and shall either be reduced immediately and automatically to the maximum amount permitted by law or, if required to comply with applicable law, be canceled automatically and, if theretofore paid, at the option of Lender, be refunded to the Company or credited on the principal amount of the Master Debenture then outstanding.

[Remainder of page intentionally left blank]

I N W ITNESS W HEREOF , the Company and Lender have each caused this Credit Agreement and Promissory Note to signed by their duly appointed and authorized officers as the act and deed of such company as of the date first written above.

CLEAN ENERGY TECHNOGIES, INC.,
a Nevada corporation

By:
Kambiz Mahdi
Chief Executive Officer

MEGAWELL USA TECHNOLOGY INVESTMENT FUND I LLC,
a Wyoming limited liability company in formation

By:
Morris Lu
Managing Director