



APPLICATION AND AGREEMENT FOR STANDBY LETTER OF CREDIT

Account Officer (Bank use Only) LC Reference No (Bank use Only)

DATE IBC

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| Please issue an IRREVOCABLE Documentary Credit as set forth below and forward same: <input type="text"/> | Banking Charges other than the issuing bank's are for the account of: <input type="text"/> | CREDIT to be <input type="radio"/> At Beneficiary's Expense <input type="checkbox"/> confirmed by advising bank <input type="radio"/> At Applicant's Expense | Letter of Credit to be sent via: <input type="text"/> |
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| Beneficiary/Seller/Exporter (name & address) <input style="width: 95%; height: 60px;" type="text"/> | Applicant/Buyer/Importer (name & address) <input style="width: 95%; height: 60px;" type="text"/> | Advising Bank (name & address) <input style="width: 95%; height: 60px;" type="text"/> |
| email <input style="width: 95%;" type="text"/> | email <input style="width: 95%;" type="text"/> | SWIFT ID: <input style="width: 95%;" type="text"/> |

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| Amount (Figure) <input style="width: 95%;" type="text"/> | Currency <input style="width: 95%;" type="text"/> | Amount (written) <input style="width: 95%; height: 30px;" type="text"/> | <input type="radio"/> Not to Exceed | Expiration Date <input style="width: 95%; height: 20px;" type="text"/> |
| | | | <input type="radio"/> About <input style="width: 20px;" type="text"/> % +/- | |

Credit available against presentation of Beneficiary's Draft(s) at sight on or before expiration date at the counters of International Bank of Commerce, 1200 San Bernardo Ave., Laredo Tx. when accompanied by the documents detailed here in:

1. Original Letter of Credit and Amendments if any.
2. Beneficiary signed statement, worded as follows: (state exact wording to appear on the statement accompanying the draft)

3. Other Documents:
4. Please issue an L/C in the form of attached document/format. Attachment to be initialed by applicant(s).

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| Special Instructions: | 1. Partial Drawings are: <input style="width: 80px;" type="text"/> | Automatic Renewal Clause: <input style="width: 80px;" type="text"/> | Cancellation period: <input style="width: 80px;" type="text"/> |
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Customer Initials _____

THIS CREDIT WILL BE GOVERNED BY THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS OF THE INTERNATIONAL CHAMBER OF COMMERCE, AND TO THE EXTENT NOT INCONSISTENT THEREWITH, THE PROVISIONS OF CHAPTER 5 OF THE TEXAS BUSINESS AND COMMERCE CODE IN EFFECT FROM TIME TO TIME. APPLICANT HEREBY AGREES TO THE TERMS AND THE CONDITIONS AND AGREEMENTS ABOVE AND ON THE FOLLOWING PAGES WHICH ARE HEREBY MADE A PART OF THIS APPLICATION AND AGREEMENT FOR DOCUMENTARY CREDIT.

IN THE EVENT ANY PROVISION OF THE UCP OR ISP 98, AS APPLICABLE, IS OR IS CONSTRUED TO VARY FROM OR BE IN CONFLICT WITH ANY PROVISION OF ANY APPLICABLE LAW OF TEXAS OR THE FEDERAL LAW OF THE UNITED STATES, TO THE EXTENT PERMITTED BY LAW, THE UCP OR THE ISP 98, AS APPLICABLE, SHALL GOVERN OR BE READ TO EXPLAIN THE APPLICABLE LAW. UNLESS APPLICANT SPECIFIES OTHERWISE IN ITS APPLICATION FOR THE CREDIT, APPLICANT AGREES THAT BANK MAY ISSUE THE CREDIT SUBJECT TO THE UCP OR ISP 98 OR, AT BANK'S OPTION, SUCH LATER REVISION OF EITHER THEREOF AS IS IN EFFECT AT THE TIME OF ISSUANCE OF THE CREDIT. BANK'S PRIVILEGES, RIGHTS, AND REMEDIES UNDER THE UCP, ISP 98 OR SUCH LATER REVISION SHALL BE IN ADDITION TO, AND NOT IN LIMITATION OF, ITS PRIVILEGES, RIGHTS, AND REMEDIES EXPRESSLY PROVIDED FOR HEREIN. THE UCP AND ISP 98 SHALL SERVE, IN THE ABSENCE OF PROOF TO THE CONTRARY, AS EVIDENCE OF STANDARD PRACTICE WITH RESPECT TO THE SUBJECT MATTER THEREOF.

GUARANTOR(S) (JOINTLY AND SEVERALLY IF MORE THAN ONE) GUARANTEES(S) PAYMENT HEREUNDER IN ACCORDANCE WITH THE TERMS, CONDITIONS AND AGREEMENTS ABOVE ON THE FOLLOWING PAGES.
NO ORAL AGREEMENTS

THE WRITTEN LETTER OF CREDIT AGREEMENT(S) REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

STANDBY LETTER OF CREDIT AGREEMENT

("Applicant") requests that, International Bank of Commerce ("Bank"), issue in Bank's name one or more standby letters of credit pursuant to its Applications for the issuance of such Credits and the terms and conditions of this Agreement. Each Credit will be issued at Applicant's request and for its account, and, unless otherwise specifically provided in any Loan Document, at Bank's option. Applicant agrees that the terms and conditions in this Agreement shall apply to each Application and the Credit issued pursuant to each Application, to transactions under each Application, and to each Credit.

SECTION 1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings set forth after each term:

1. "AGREEMENT" means this Standby Letter of Credit Agreement as it may be revised or amended from time to time.
2. "APPLICANT" means collectively each person and/or entity signing this Agreement as Applicant.
3. "APPLICATION" means Bank's printed form titled "Application and Agreement For Standby Credit" or any other form acceptable to Bank on which Applicant applies for the issuance by Bank of a Credit and/or an application for amendment of a Credit or any combination of such applications, as the context may require.
4. "BENEFICIARY" means the person or entity named on an Application as the beneficiary or any transferee of such beneficiary.
5. "COLLATERAL" means the Property, together with the proceeds of such Property, securing any or all of Applicant's obligations and liabilities at any time existing under or in connection with any L/C Document and/or any Loan Document.
6. "COMMISSION FEE" means the fee, computed at the commission fee rate specified by Bank or specified in any Loan Document, charged by Bank at the time or times specified by Bank on the amount of each Credit and on the amount of each increase in a Credit for the time period each Credit is outstanding.
7. "CREDIT" means an instrument or document titled "Irrevocable Standby Letter of Credit" or "Standby Letter of Credit", or any instrument or document whatever it is titled or whether or not it is titled functioning as a standby letter of credit, issued under or pursuant to an Application, and all renewals, extensions and amendments of such instrument or document.
8. "DEMAND" means any sight draft, electronic or telegraphic transmission or other written demand drawn or made, or purported to be drawn or made, under or in connection with any Credit.
9. "DOCUMENT" means any instrument, statement, certificate or other document referred to in or related to any Credit or required by any Credit to be presented with any Demand.
10. "DOLLARS" means the lawful currency at any time for the payment of public or private debts in the United States of America.
11. "EVENT OF DEFAULT" means any of the events set forth in Section 13 of this Agreement.
12. "EXPIRATION DATE" means the date any Credit expires.
13. "GUARANTOR" means any person or entity guaranteeing the payment and/or performance of any or all of Applicant's obligations under or in connection with any L/C Document and/or any Loan Document.
14. "HOLDING COMPANY" means any company or other entity directly or indirectly controlling Bank.
15. "ISP 98" means International Standby Practices 1998, an International Chamber of Commerce publication, or any substitution thereof or replacement thereof.
16. "L/C DOCUMENT" means this Agreement, each Application, each Credit, and each Demand.
17. "LOAN DOCUMENT" means each and any promissory note, loan agreement, security agreement, pledge agreement, guarantee or other agreement or document executed in connection with, or relating to, any extension of credit under which any Credit is issued.
18. "MAXIMUM RATE" means the maximum amount of interest (as defined by applicable laws), if any, permitted to be paid, taken, reserved, received, collected or charged under applicable laws, as the same may be amended or modified from time to time.
19. "NEGOTIATION FEE" means the fee, computed at the negotiation fee rate specified by Bank or specified in any Loan Document, charged by Bank on the amount of each Demand paid by Bank or any other bank specified by Bank when each Demand is paid.
20. "PAYMENT OFFICE" means the office specified by Bank or specified in any Loan Document as the office where reimbursements and other payments under or in connection with any L/C Document are to be made by Applicant.
21. "PRIME RATE" means the rate of interest most recently announced within Bank at its principal office as its Prime Rate, with the understanding that the Prime Rate is one of Bank's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate.
22. "PROPERTY" means all forms of property, whether tangible or intangible, real, personal or mixed.
23. "RATE OF EXCHANGE" means Bank's then current selling rate of exchange in Laredo, Texas for sales of the currency of payment of any Demand, or of any fees or expenses or other amounts payable under this Agreement, for cable transfer to the country of which such currency is the legal tender.
24. "UCP" means the Uniform Customs and Practice for Documentary Credits, an International Chamber of Commerce publication, or any substitution thereof or replacement thereof.
25. "UNPAID AND UNDRAWN BALANCE" means at any time the entire amount which has not been paid by Bank under all the Credits issued for Applicant's account, including, without limitation, the amount of each Demand on which Bank has not yet effected payment as well as the amount undrawn under all such Credits.

SECTION 2. HONORING DEMANDS AND DOCUMENTS. Bank may receive, accept and honor, as complying with the terms of any Credit, any Demand and any Documents accompanying such Demand; provided, however, that such Demand and accompanying Documents appear on their face to comply substantially with the provisions of such Credit and are, or appear on their face to be, signed or issued by (a) a person or entity authorized under such Credit to draw, sign or issue such Demand and accompanying Documents, or (b) an administrator, executor, trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, liquidator, receiver or other legal representative or successor in interest by operation of law of any such person or entity.

SECTION 3. REIMBURSEMENT FOR PAYMENT OF DEMANDS. Applicant shall reimburse Bank for all amounts paid by Bank on each Demand, including, without limitation, all such amounts paid by Bank to any paying, negotiating or other bank. If in connection with the issuance of any Credit, Bank agrees to pay any other bank the amount of any payment or negotiation made by such other bank under such Credit upon Bank's receipt of a cable, telex or other written telecommunication advising Bank of such payment or negotiation, or authorizes any other bank to debit Bank's account for the amount of such payment or negotiation, Applicant agrees to reimburse Bank for all such amounts paid by Bank, or debited to Bank's account with such other bank, even if any Demand or Document specified in such Credit fails to arrive in whole or in part or if, upon the arrival of any such Demand or Document, the terms of such Credit have not been complied with or such Demand or Document does not conform to the requirements of such Credit or is not otherwise in order.

SECTION 4. FEES AND EXPENSES. Applicant agrees to pay to Bank:

1. All Commission Fees, Negotiation Fees, cable fees, amendment fees, and cancellation fees of, and all out-of-pocket expenses incurred by, Bank under or in connection with any L/C Document; and
2. All fees and charges of banks or other entities other than Bank under or in connection with any L/C Document if any Application:
 - a) Does not indicate who will pay such fees and charges,
 - b) Indicates that such fees and charges are to be paid by Applicant, or
 - c) Indicates that such fees and charges are to be paid by the Beneficiary and the Beneficiary does not, for any reason whatsoever, pay such fees or charges.

There shall be no refund of any portion of any Commission Fee in the event any Credit is used, reduced, amended, modified or terminated before its Expiration Date.

SECTION 5. DEFAULT INTEREST. Unless otherwise specified in any Loan Document, or on an Application and agreed to by Bank, all amounts to be reimbursed by Applicant to Bank, and all fees and expenses to be paid by Applicant to Bank, and all other amounts due from Applicant to Bank under or in connection with any L/C Documents, will bear interest (to the extent permitted by law), payable on demand, from the date Bank paid the amounts to be reimbursed or the date such fees, expenses and other amounts were due until such amounts are paid in full, at a rate per annum (computed on the basis of a 360-day year, actual days elapsed) which is the lesser of (a) two percent (2%) above the Prime Rate in effect from time to time, or (b) the Maximum Rate.

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SECTION 6. TIME AND METHOD OF REIMBURSEMENT AND PAYMENT. Unless otherwise specified in this Section, in any Loan Document, or on an Application and agreed to by Bank, all amounts to be reimbursed by Applicant to Bank, all fees and expenses to be paid by Applicant to Bank, and all interest and other amounts due to Bank from Applicant under or in connection with any L/C Documents will be reimbursed or paid at the Payment Office in Dollars in immediately available funds, without setoff or counterclaim (i) on demand or, (ii) at Bank's option by Bank debiting any of Applicant's accounts with Bank, with each such debit being made without presentment, protest, demand for reimbursement or payment, notice of dishonor or any other notice whatsoever, all of which are hereby expressly waived by Applicant. Each such debit will be made at the time each Demand is paid by Bank or, if earlier, at the time each amount is paid by Bank to any paying, negotiating or other bank, or at the time each fee and expense is to be paid or any interest or other amount is due under or in connection with any L/C Documents.

If any Demand or any fee, expense, interest or other amount payable under or in connection with any L/C Documents is payable in a currency other than Dollars, Applicant agrees to reimburse Bank for all amounts paid by Bank on such Demand, and/or to pay Bank all such fees, expenses, interest and other amounts, in one of the three following ways, as determined by Bank in Bank's sole discretion in each case: (a) at such place as Bank shall direct, in such other currency; or (b) at the Payment Office in the Dollar equivalent of the amount of such other currency calculated at the Rate of Exchange on the date determined by Bank in Bank's sole discretion; or (c) at the Payment Office in the Dollar equivalent, as determined by Bank (which determination shall be deemed correct absent manifest error), of such fees, expenses, interest or other amounts or of the actual cost to Bank of paying such Demand. Applicant assumes all political, economic and other risks of disruptions or interruptions in any currency exchange.

SECTION 7. AGREEMENTS OF APPLICANT. Applicant agrees as follows:

1. **Unless otherwise specifically provided in any Loan Document, Bank shall not be obligated at any time to issue any Credit for Applicant's account;**
2. Unless otherwise specifically provided in any Loan Document, if any Credit is issued by Bank for Applicant's account, Bank shall not be obligated to issue any further Credit for Applicant's account or to make other extensions of credit to Applicant or in any other manner to extend any financial consideration to Applicant;
3. Bank has not given Applicant any legal or other advice with regard to any L/C Document or Loan Document;
4. If Bank at any time discusses with Applicant the wording for any Credit, any such discussion will not constitute legal or other advice by Bank or any representation or warranty by Bank that any wording or Credit will satisfy Applicant's needs;
5. Applicant is responsible for the wording of each Credit, including, without limitation, any drawing conditions, and will not rely on Bank in any way in connection with the wording of any Credit or the structuring of any transaction related to any Credit;
6. Applicant, and not Bank, is responsible for entering into the contracts relating to the Credits between Applicant and the Beneficiaries and for causing Credits to be issued;
7. Bank may, as it deems appropriate, modify or alter and use in any Credit the terminology contained on the Application for such Credit;
8. Unless the Application for a Credit specifies whether the Documents to be presented with a Demand under such Credit must be sent to Bank in one parcel or in two parcels or may be sent to Bank in any number of parcels, Bank may, if so desired, make such determination and specify in the Credit whether such Documents must be sent in one parcel or two parcels or may be sent in any number of parcels;
9. Bank shall not be deemed Applicant's agent or the agent of any Beneficiary or any other user of any Credit, and neither Applicant, nor any Beneficiary nor any other user of any Credit shall be deemed Bank's agent;
10. Applicant will promptly examine all Documents and each Credit if and when they are delivered to Applicant and, in the event of any claim of noncompliance of any Documents or any Credit with Applicant's instructions or any Application, or in the event of any other irregularity, Applicant will promptly notify Bank in writing of such noncompliance or irregularity, Applicant being conclusively deemed to have waived any such claim of noncompliance or irregularity unless such notice is promptly given;
11. All directions and correspondence relating to any L/C Document are to be sent at Applicant's risk;
12. If any Credit has a provision concerning the automatic extension of its Expiration Date, Bank may, at Bank's sole option, give notice of nonrenewal of such Credit and if Applicant does not at any time want such Credit to be renewed Applicant will notify Bank at least fifteen (15) calendar days before Bank is to notify the Beneficiary of such Credit or any advising bank of such nonrenewal pursuant to the terms of such Credit;
13. Applicant will not seek to obtain, apply for, or acquiesce in any temporary or permanent restraining order, preliminary or permanent injunction, permanent injunction or any other pretrial or permanent injunctive or similar relief, restraining, prohibiting or enjoining Bank, any of Bank's correspondents or any advising, confirming, negotiating, paying or other bank from paying or negotiating any Demand or honoring any other obligation under or in connection with any Credit; and
14. Except for Applicant's obligations specifically affected by those actions or failures to act referred to in subsections (b) and (g) of this Section 7(14) which Bank has performed, approved or accepted, Applicant's obligations under or in connection with each L/C Document and Loan Document shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of each such L/C Document and Loan Document under all circumstances, including without limitation, the following circumstances, the circumstances listed in Section 12(2) through (21) of this Agreement, and any other event or circumstance similar to such circumstances:
 - a) Any lack of validity or enforceability of any L/C Document, any Loan Document, any Document or any agreement relating to any of the foregoing;
 - b) Any amendment of or waiver relating to, or any consent to or departure from, any L/C Document, any Loan Document or any Document;
 - c) Any release or substitution at any time of any Property held as Collateral;
 - d) Bank's failure to deliver to Applicant any Document Bank has received with a drawing under a Credit because doing so would, or is likely to, violate any law, rule or regulation of any government authority;
 - e) The existence of any claim, set-off, defense or other right which Applicant may have at any time against Bank or any Beneficiary (or any person or entity for whom any Beneficiary may be acting) or any other person or entity, whether under or in connection with any L/C Document, any Loan Document, any Document or any Property referred to in or related to any of the foregoing or under or in connection with any unrelated transaction;
 - f) Any breach of contract or other dispute between or among any two or more of Bank, Applicant, any Beneficiary, any transferee of any Beneficiary, any person or entity for whom any Beneficiary or any transferee of any Beneficiary may be acting, or any other person or entity; or
 - g) Any delay, extension of time, renewal, compromise or other indulgence granted or agreed to by Bank with or without notice to Applicant, or Applicant's approval, in respect of any of Applicant's indebtedness or other obligations to Bank under or in connection with any L/C Document or any Loan Document.

SECTION 8. COMPLIANCE WITH LAWS AND REGULATIONS. Applicant represents and warrants to Bank that no Application, Credit or transaction under any Application and/or Credit will contravene any law or regulation of the government of the United States or any state thereof. Applicant agrees as follows:

1. **To comply with all federal, state and foreign exchange regulations and other government laws and regulations now or hereafter applicable to any L/C Document, to any payments under or in connection with any L/C Document, to each transaction under or in connection with any L/C Document, or to the import, export, shipping or financing of the Property referred to in or shipped under or in connection with any Credit, and**
2. To reimburse Bank for such amounts as Bank may be required to expend as a result of such laws or regulations, or any change therein or in the interpretation thereof by any court or administrative or government authority charged with the administration of such laws or regulations.
3. Neither Applicant nor Beneficiary is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order, or other governmental action.

SECTION 9. TAXES, RESERVES AND CAPITAL ADEQUACY REQUIREMENTS. In addition to, and notwithstanding any other provision of any L/C Document or any Loan Document, in the event that any law, treaty, rule, regulation, guideline, request, order, directive or determination (whether or not having the force of law) of or from any government authority, including, without limitation, any court, central bank or government regulatory authority, or any change therein or in the interpretation or application thereof:

1. **Does or shall subject Bank to any tax of any kind whatsoever with respect to the L/C Documents, or change the basis of taxation of payments to Bank of any amount payable thereunder (except for changes in the rate of tax on Bank's net income);**
2. Does or shall impose, modify or hold applicable any reserve, special deposit, assessment, compulsory loan, Federal Deposit Insurance Corporation insurance or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances or loans by, other credit extended by or any other acquisition of funds by, any of Bank's offices;
3. Does or shall impose, modify or hold applicable any capital adequacy requirements (whether or not having the force of law); or
4. Does or shall impose on Bank any other condition; and the result of any of the foregoing is:
 - a) To increase the cost to Bank of issuing or maintaining any Credit or of performing any transaction under any L/C Document,
 - b) To reduce any amount receivable by Bank under any L/C Document, or
 - c) To reduce the rate of return on Bank's capital or the capital of the Holding Company to a level below that which Bank or the Holding Company could have achieved but for any imposition, modification or application of any capital adequacy requirement (taking into consideration Bank's policy and the policy of the Holding Company, as the case may be, with respect to capital adequacy), and any such increase or reduction is material (as determined by Bank or the Holding Company, as the case may be, in Bank's or the Holding Company's sole discretion); then, in any such case, Applicant agrees to pay to Bank or the Holding Company, as the case may be, such amount or amounts as may be necessary to compensate Bank or the Holding Company for the following:
 - i. Any such additional cost,
 - ii. Any reduction in the amount received by Bank under any L/C Document, or
 - iii. To the extent allocable (as determined by Bank or the Holding Company, as the case may be, in Bank's or the Holding Company's sole discretion) to any L/C Document, any reduction in the rate of return on Bank capital or the capital of the Holding Company.

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SECTION 10. COLLATERAL. In addition to, and not in substitution for, any Property delivered, conveyed, transferred or assigned to Bank under any Loan Document as security for any or all of Applicant's obligations and liabilities to Bank at any time existing under or in connection with any L/C Document or any Loan Document, Applicant agrees to deliver, convey, transfer and assign to Bank on demand, as security, Property of a value and character satisfactory to Bank as follows:

1. **If Bank at any time reasonably feels insecure about Applicant's ability or willingness to repay any amounts which Bank has paid or may pay in the future on any Demand or in honoring any other of Bank's obligations under or in connection with any Credit, or**
2. Without limiting the generality of the foregoing, if any temporary or permanent restraining order, preliminary or permanent injunction, or any other pretrial or permanent injunctive or similar relief is obtained restraining, prohibiting or enjoining Bank, any of Bank's correspondents or any advising, confirming, negotiating, paying or other bank from paying or negotiating any Demand or honoring any other obligation under or in connection with any Credit.

Applicant agrees that the receipt by Bank or any of Bank's agents or correspondents at any time of any kind of security, including, without limitation, cash, shall not be deemed a waiver of any of Bank's rights or powers under this Agreement. Applicant agrees to sign and deliver to Bank on demand, all such deeds of trust, security agreements, financing statements and other documents as Bank shall at any time request which are necessary or desirable (in Bank's sole opinion) to grant to Bank an effective and perfected security interest in and to any or all of the Collateral. Applicant agrees to pay all filing and recording fees related to the perfection of any security interest granted to Bank in accordance with this Section. Applicant hereby agrees that any or all of the Collateral may be held and disposed of as provided in this Agreement by Bank. Upon any transfer, sale, delivery, surrender or endorsement of any Document or Property which is or was part of the Collateral, Applicant will indemnify and hold Bank and Bank's agents and correspondents harmless from and against each and every claim, demand, action or suit which may arise against Bank or any of Bank's agents or correspondents by reason of such transfer, sale, delivery, surrender or endorsement.

SECTION 11. INDEMNIFICATION. EXCEPT TO THE EXTENT CAUSED BY BANK'S LACK OF GOOD FAITH, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, APPLICANT AGREES TO REIMBURSE AND INDEMNIFY BANK FOR:

1. **ALL AMOUNTS PAID BY BANK TO ANY BENEFICIARY UNDER OR IN CONNECTION WITH ANY GUARANTEE OR SIMILAR UNDERTAKING ISSUED BY SUCH BENEFICIARY TO A THIRD PARTY AT APPLICANT'S REQUEST, WHETHER SUCH REQUEST IS COMMUNICATED DIRECTLY BY APPLICANT OR THROUGH BANK TO SUCH BENEFICIARY; AND**
2. ALL DAMAGES, LOSSES, LIABILITIES, ACTIONS, CLAIMS, SUITS, PENALTIES, JUDGMENTS, OBLIGATIONS, COSTS OR EXPENSES, OF ANY KIND WHATSOEVER AND HOWSOEVER CAUSED, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND INTEREST, PAID, SUFFERED OR INCURRED BY, OR IMPOSED UPON, BANK DIRECTLY OR INDIRECTLY ARISING OUT OF OR IN CONNECTION WITH THE FOLLOWING:
 - a) ANY L/C DOCUMENT, ANY LOAN DOCUMENT, ANY DOCUMENT OR ANY PROPERTY REFERRED TO IN OR RELATED TO ANY CREDIT;
 - b) APPLICANT'S FAILURE TO COMPLY WITH ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT;
 - c) THE ISSUANCE OF ANY CREDIT;
 - d) THE TRANSFER OF ANY CREDIT;
 - e) ANY GUARANTEE OR SIMILAR UNDERTAKING, OR ANY TRANSACTIONS THEREUNDER, ISSUED BY ANY BENEFICIARY TO A THIRD PARTY AT APPLICANT'S REQUEST, WHETHER SUCH REQUEST IS COMMUNICATED DIRECTLY BY APPLICANT OR THROUGH BANK TO SUCH BENEFICIARY;
 - f) ANY COMMUNICATION MADE BY BANK, ON APPLICANT'S INSTRUCTIONS, TO ANY BENEFICIARY REQUESTING THAT SUCH BENEFICIARY ISSUE A GUARANTEE OR SIMILAR UNDERTAKING TO A THIRD PARTY OR THE ISSUANCE OF ANY SUCH GUARANTEE OR SIMILAR UNDERTAKING;
 - g) THE COLLECTION OF ANY AMOUNTS APPLICANT OWES TO BANK UNDER OR IN CONNECTION WITH ANY L/C DOCUMENT OR ANY LOAN DOCUMENT;
 - h) THE FORECLOSURE AGAINST, OR OTHER ENFORCEMENT OF, ANY COLLATERAL;
 - i) THE PROTECTION, EXERCISE OR ENFORCEMENT OF BANK'S RIGHTS AND REMEDIES UNDER OR IN CONNECTION WITH ANY L/C DOCUMENT OR ANY LOAN DOCUMENT;
 - j) ANY COURT DECREES OR ORDERS, INCLUDING, WITHOUT LIMITATION, TEMPORARY OR PERMANENT RESTRAINING ORDERS, PRELIMINARY OR PERMANENT INJUNCTIONS, OR ANY OTHER PRETRIAL OR PERMANENT INJUNCTIVE OR SIMILAR RELIEF, RESTRAINING, PROHIBITING OR ENJOINING OR SEEKING TO RESTRAIN, PROHIBIT OR ENJOIN BANK, ANY OF BANK'S CORRESPONDENTS OR ANY ADVISING, CONFIRMING, NEGOTIATING, PAYING OR OTHER BANK FROM PAYING OR NEGOTIATING ANY DEMAND OR HONORING ANY OTHER OBLIGATION UNDER OR IN CONNECTION WITH ANY CREDIT; OR
 - k) ANY CREDIT BEING GOVERNED BY LAWS OR RULES OTHER THAN THE UCP OR ISP 98 IN EFFECT ON THE DATE SUCH CREDIT IS ISSUED.
 - l) THE INDEMNITY PROVIDED IN THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT AND THE EXPIRATION OR CANCELLATION OF ANY OR ALL THE CREDITS.

SECTION 12. LIMITATION OF LIABILITY. Notwithstanding any other provision of this Agreement, neither Bank nor any of Bank's agents or correspondents will have any liability to Applicant for any action, neglect or omission, if done in good faith, under or in connection with any L/C Document, Loan Document or Credit, including, without limitation, the issuance or any amendment of any Credit, the failure to issue or amend any Credit, or the honoring or dishonoring of any Demand under any Credit, and such good faith action, neglect or omission will bind Applicant. Notwithstanding any other provision of any L/C Document, in no event shall Bank or Bank's officers or directors be liable or responsible, regardless of whether any claim is based on contract or tort, for the following

1. **Any special, consequential, indirect or incidental damages, including, without limitation, lost profits, arising out of or in connection with the issuance of any Credit or any action taken or not taken by Bank in connection with any L/C Document, any Loan Document, or any Document or Property referred to in or related to any Credit;**
2. The honoring of any Demand in accordance with any order or directive of any court or government or regulatory body or entity requiring such honor despite any temporary restraining order, restraining order, preliminary injunction, permanent injunction or any type of pretrial or permanent injunctive relief or any similar relief, however named, restraining, prohibiting or enjoining such honor;
3. The dishonoring of any Demand in accordance with any legal or other restriction in force at the time and in the place of presentment or payment;
4. Verifying the existence or reasonableness of any act or condition referenced, or any statement made, in connection with any drawing or presentment under any Credit;
5. The use which may be made of any Credit;
6. The validity of any purported transfer of any Credit or the identity of any purported transferee of any Beneficiary;
7. Any acts or omissions of any Beneficiary or any other user of any Credit;
8. The form, validity, sufficiency, correctness, genuineness or legal effect of any Demand or any Document, or of any signatures or endorsements on any Demand or Document, even if any Demand or any Document should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged;
9. Payment by Bank of any Demand when the Demand and any accompanying Documents appear on their face to comply substantially with the terms of the Credit to which they relate or dishonor by Bank of any Demand when the Demand and any accompanying Documents do not strictly comply on their face with the terms of the Credit to which they relate;
10. The failure of any Demand or Document to bear any reference or adequate reference to the Credit to which it relates;
11. The failure of any Document to accompany any Demand;
12. The failure of any person or entity to note the amount of any Demand on the Credit to which it relates or on any Document;
13. The failure of any person or entity to surrender or take up any Credit;
14. The failure of any Beneficiary to comply with the terms of any Credit or to meet the obligations of such Beneficiary to Applicant;
15. The failure of any person or entity to send or forward Documents if and as required by the terms of any Credit;
16. Any errors, inaccuracies, omissions, interruptions or delays in transmission or delivery of any messages, directions or correspondence by mail, cable, telegraph, wireless or otherwise, whether or not they are in cipher;
17. Any notice of nonrenewal of a Credit sent by Bank not being received on time or at any time by the Beneficiary of such Credit;
18. Any inaccuracies in the translation of any messages, directions or correspondence;
19. Any Beneficiary's use of the proceeds of any Demand;
20. Any Beneficiary's failure to repay to Bank or Applicant the proceeds of any Demand if the terms of any Credit require such repayment; or
21. Any act, error, neglect, default, negligence, gross negligence, omission, willful misconduct, lack of good faith, insolvency or failure in business of any of Bank's agents or correspondents or of any advising, confirming, negotiating, paying or other bank.

The occurrence of any one or more of the contingencies referred to in the preceding sentence shall not affect, impair or prevent the vesting of Bank's rights or powers under this Agreement or any Loan Document or Applicant's obligation to make reimbursement or payment to Bank under this Agreement or any Loan Document. The provisions of this Section will survive the termination of this Agreement and any Loan Documents and the expiration or cancellation of any or all the Credits.

SECTION 13. EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

1. **Applicant's or any Guarantor's failure to pay any principal, interest, fee or other amount when due under or in connection with any L/C Document or any Loan Document;**
2. Applicant's failure to deliver to Bank Property of a value and character satisfactory to Bank at any time Bank has demanded security from Applicant pursuant to Section 10 of this Agreement;
3. The occurrence and continuance of any default or defined event of default under any Loan Document or any other agreement, document or instrument signed or made by Applicant or any Guarantor in Bank's favor;

Customer Initials _____

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4. Applicant's or any Guarantor's failure to perform or observe any term, covenant or agreement contained in this Agreement or any Loan Document (other than those referred to in subsections (1), (2) and (3) of this Section), or the breach of any other obligation owed by Applicant or any Guarantor to Bank, and any such failure or breach shall be impossible to remedy or shall remain unremedied for thirty (30) calendar days after such failure or breach occurs;
5. Any representation, warranty or certification made or furnished by Applicant or any Guarantor under or in connection with any L/C Document, any Loan Document or any Collateral, or as an inducement to Bank to enter into any L/C Document or Loan Document or to accept any Collateral, shall be materially false, incorrect or incomplete when made;
6. Any material provision of this Agreement or any Loan Document shall at any time for any reason cease to be valid and binding on Applicant or any Guarantor or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Applicant, any Guarantor or any government agency or authority, or Applicant or any Guarantor shall deny that it has any or further liability or obligation under this Agreement or any Loan Document;
7. Applicant's or any Guarantor's failure to pay or perform when due any indebtedness or other obligation Applicant or such Guarantor has to any person or entity other than Bank if such failure gives the payee of such indebtedness or the beneficiary of the performance of such obligation the right to accelerate the time of payment of such indebtedness or the performance of such obligation;
8. Any guarantee of, or any security covering, any of Applicant's indebtedness to Bank arising under or in connection with any L/C Document or any Loan Document fails to be in full force and effect at any time;
9. Any material adverse change in Applicant's or any Guarantor's financial condition;
10. Applicant or any Guarantor suspends the transaction of its usual business or is expelled or suspended from any exchange;
11. Applicant or any Guarantor dies or is incapacitated;
12. Applicant or any Guarantor dissolves or liquidates;
13. Applicant or any Guarantor is not generally paying its debts as they become due;
14. Applicant or any Guarantor becomes insolvent, however such insolvency may be evidenced, or Applicant or any Guarantor makes any general assignment for the benefit of creditors;
15. A petition is filed by or against Applicant or any Guarantor seeking Applicant's or such Guarantor's liquidation or reorganization under the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or refiled from time to time, or a similar action is brought by or against Applicant or any Guarantor under any federal, state or foreign law;
16. A proceeding is instituted by or against Applicant or any Guarantor for any relief under any bankruptcy, insolvency or other law relating to the relief of debtors, reorganization, readjustment or extension of indebtedness or composition with creditors;
17. A custodian or a receiver is appointed for, or a writ or order of attachment, execution or garnishment is issued, levied or made against, any of Applicant's or any Guarantor's Property or assets;
18. An application is made by any of Applicant's or any Guarantor's judgment creditors for an order directing Bank to pay over money or to deliver other of Applicant's or such Guarantor's Property; or
19. Any government authority or any court takes possession of any substantial part of Applicant's or any Guarantor's Property or assets or assumes control over Applicant's or any Guarantor's affairs.

SECTION 14. REMEDIES. Upon the occurrence and continuance of any Event of Default all amounts paid by Bank on any Demand which have not previously been repaid to Bank, together with all interest on such amounts, and the Unpaid and Undrawn Balance, if any, shall automatically be owing by Applicant to Bank and shall be due and payable by Applicant on demand without presentment or any other notice of any kind, including, without limitation, notice of nonperformance, notice of protest, protest, notice of dishonor, notice of intention to accelerate, or notice of acceleration, all of which are expressly waived by Applicant. Upon payment of the Unpaid and Undrawn Balance to Bank, Applicant shall have no further legal or equitable interest therein, and Bank will not be required to segregate on Bank's books or records the Unpaid and Undrawn Balance paid by Applicant.

After Bank receives the Unpaid and Undrawn Balance, Bank agrees to pay to Applicant, upon termination of all of Bank's liability under all the Credits and Demands, a sum equal to the amount which has not been drawn under all the Credits less all amounts due and owing to Bank from Applicant under or in connection with the L/C Documents and the Loan Documents. Further, upon the occurrence and continuance of any Event of Default, Bank may sell immediately, without demand for payment, advertisement or notice to Applicant, all of which are hereby expressly waived, any and all Collateral, received or to be received, at private sale or public auction or at brokers' board or upon any exchange or otherwise, at Bank's option, in such parcel or parcels, at such times and places, for such prices and upon such terms and conditions as Bank may deem proper, and Bank may apply the net proceeds of each sale, together with any sums due from Bank to Applicant, to the payment of any and all obligations and liabilities due from Applicant to Bank under or in connection with the L/C Documents and the Loan Documents, all without prejudice to Bank's rights against Applicant with respect to any and all such obligations and liabilities which may be or remain unpaid.

If any such sale be at brokers' board or at public auction or upon any exchange, Bank may itself be a purchaser at such sale free from any right of redemption, which Applicant hereby expressly waives and releases. All Bank's rights and remedies existing under the L/C Documents and the Loan Documents are in addition to, and not exclusive of, any rights or remedies otherwise available to Bank under applicable law.

In addition to any rights now or hereafter granted under applicable law, and not by way of limitation of any such rights, upon the occurrence and continuance of any Event of Default, Applicant hereby authorizes Bank at any time or from time to time, without notice to Applicant or to any other person (any such notice being hereby expressly waived by Applicant) and to the extent permitted by law, to appropriate and to apply any and all Applicant's deposits (general or special, including, without limitation, indebtedness evidenced by certificates of deposit) with Bank or elsewhere, whether matured or unmatured, and any other indebtedness at any time held or owing by Bank to or for Applicant's credit or its account, against and on account of Applicant's obligations and liabilities to Bank under or in connection with any of the L/C Documents or the Loan Documents, irrespective of whether or not Bank shall have made any demand for payment of any or all such obligations and liabilities or declared any or all such obligations and liabilities to be due and payable, and although any or all such obligations and liabilities shall be contingent or unmatured.

SECTION 15. WAIVERS. No delay, extension of time, renewal, compromise or other indulgence which may occur or be granted by Bank under any L/C Document or any Loan Document shall impair Bank's rights or powers under this Agreement or any Application. Bank shall not be deemed to have waived any of Bank's rights under this Agreement or any Application unless such waiver is in writing signed by Bank's authorized representative. No such waiver, unless expressly provided therein, shall be effective as to any transactions which occur subsequent to the date of such waiver or as to the continuance of any Event of Default after such waiver. No amendment or modification of this Agreement shall be effective unless it is in writing signed by Applicant's and Bank's authorized representative(s).

SECTION 16. AMENDMENTS AND MODIFICATIONS TO CREDITS. At Applicant's verbal or written request, or with Applicant's verbal or written consent, and without extinguishing or otherwise affecting Applicant's obligations under this Agreement or any Loan Document, Bank may with respect to any Credit, in writing or by any other action, but Bank will not be obligated to:

1. **Increase the amount of such Credit,**
2. Extend the time for, and amend or modify the terms and conditions governing, the making and honoring of any Demand or Document or any other terms and conditions of such Credit, or
3. Waive the failure of any Demand or Document to comply with the terms of such Credit, and any Collateral pledged or granted to Bank in connection with such Credit will secure Applicant's obligations to Bank with respect to such Credit as amended, modified or waived.

No amendment to, or modification of, the terms of any Credit will become effective if the Beneficiary of such Credit or any confirming bank objects to such amendment or modification. If any Credit is amended or modified in accordance with this Section, Applicant shall be bound by, and obligated under, the provisions of this Agreement with respect to such Credit as so amended or modified, and any action taken by you or any advising, confirming, negotiating, paying or other bank in accordance with such amendment or modification.

SECTION 17. SUCCESSORS AND ASSIGNS. The terms and conditions of this Agreement and each Application shall bind Applicant's heirs, executors, administrators, successors and assigns, and all rights, benefits and privileges conferred on you under or in connection with each L/C Document and each Loan Document shall be and hereby are extended to, conferred upon and may be enforced by Bank's successors and assigns. Applicant will not assign this Agreement or Applicant's obligations or liabilities to Bank under or in connection with any L/C Document or Loan Document to any person or entity without Bank's prior written approval.

SECTION 18. GOVERNING LAW. The UCP or ISP 98 as applicable to each Credit governs this Agreement and is incorporated herein. Subject to the other provisions of the Agreement, the Agreement shall be governed by and construed in accordance with the substantive laws of Texas, without regard to conflicts of law principles, except to the extent that such law is inconsistent with the UCP or ISP 98, as applicable. In the event any provision of the UCP or ISP 98, as applicable, is or is construed to vary from or be in conflict with any provision of any applicable law of Texas or the federal law of the United States, to the extent permitted by law, the UCP or the ISP 98, as applicable, shall govern or be read to explain the applicable law. Unless Applicant specifies otherwise in its application for the Credit, Applicant agrees that Bank may issue the Credit subject to the UCP or ISP 98 or, at Bank's option, such later revision of either thereof as is in effect at the time of issuance of the Credit. Bank's privileges, rights, and remedies under the UCP, ISP 98 or such later revision shall be in addition to, and not in limitation of, its privileges, rights, and remedies expressly provided for herein. The UCP and ISP 98 shall serve, in the absence of proof to the contrary, as evidence of standard practice with respect to the subject matter thereof.

SECTION 19. ARBITRATION. Applicant and Bank hereby incorporate the following into the letter of credit application, agree that the following shall be an integral part thereof, and agree as follows:

1. **Any and all controversies between the parties shall be resolved by arbitration in accordance with the commercial association rules of the American Arbitration Association ("AAA") in effect at the time of filing, unless the commercial arbitration rules conflict with this provision, and in such event the terms of this provision shall control. Any arbitration hereunder shall be before at least three arbitrators associated with the AAA and selected in accordance with the commercial arbitration rules of the AAA. The award of the arbitrators, or a majority of them, shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. Errors of law shall be an additional ground for vacatur of an award rendered pursuant to this provision.**
2. Type or manner, including without limitation, any claim arising out of or relating to this agreement, any proposed or actual loan or extension of credit, all past, present and/or future agreements involving the parties, any transactions between or involving the parties, and/or any aspect of any past or present relationship of the parties, whether banking or otherwise, specifically including any alleged tort committed by any party.
3. Depositions may be taken and other discovery obtained in any arbitration under this provision. Within thirty (30) days of the date of a responsive pleading is filed in an arbitration proceeding hereunder, all parties shall serve on all other parties an initial disclosure as would be required by rule 26, federal rules of civil procedure.
4. For the purposes of this provision, "the parties" means International Bank Of Commerce and Applicant and each of them, and all persons and entities signing this agreement or any other agreements, security instruments, and/or guarantees executed heretofore or contemporaneously with and as part of the same transaction with this agreement. "The parties" shall also include individual partners, officers, directors, employees, agents and/or representatives of any party to those documents, and shall include any other owner and holder of the loan documents.
5. The parties shall have the right to invoke self-help remedies (such as set-off, notification of account debtors, seizure and/or foreclosure of collateral, and non-judicial sale of personal property and real property collateral) before, during or after any arbitration and/or to request ancillary or provisional judicial remedies (such as garnishment, attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after any arbitration. The parties need not await the outcome of the arbitration before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either party's right to compel arbitration.
6. The parties agree that any action regarding any controversy between the parties shall either be brought by arbitration, as described herein, or by judicial proceedings, but shall not be pursued simultaneously in different or alternative forums. A timely written notice of intent to arbitrate pursuant to this agreement stays and/or abates any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the arbitrators.
7. Any aggrieved party shall serve a written notice of intent to arbitrate to any and all opposing parties within 360 days after dispute has arisen. A dispute is defined to have arisen only upon receipt of service of judicial process or of a complaint in arbitration. Failure to serve a written notice of intent to arbitrate within the time specified above shall be deemed a waiver of the aggrieved party's right to compel arbitration of such claim. The issue of waiver pursuant to this agreement is an arbitrable dispute.
8. Active participation in pending litigation during the 360 day notice period, whether as plaintiff or defendant, is not a waiver of the right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding. The parties further agree as follows: (i) no arbitration proceeding shall be certified as a class action or proceed as a class action, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding.
9. Any arbitrator selected shall be knowledgeable in the subject matter of the dispute. Each of the parties shall pay an equal share of the arbitration costs, fees, expenses, and of the arbitrators' fees, costs, and expenses.
10. All statutes of limitations which would otherwise be applicable shall apply to any arbitration proceeding hereunder and the commencement of any arbitration proceeding tolls such limitations.
11. In any arbitration proceeding subject to this provision, the arbitrators, or majority of them, are specifically empowered to decide (by documents only, or with a hearing, at the arbitrators' sole discretion) pre-hearing motions which are substantially similar to pre-hearing motions to dismiss and motions for summary adjudication.
12. This arbitration provision shall survive any termination, amendment, or expiration of the agreement in which this provision is contained, unless all of the parties otherwise expressly agree in writing.
13. The parties acknowledge that this agreement evidences a transaction involving interstate commerce in that the funds which may be advanced or committed under this agreement are derived from interstate and/or international financial markets. The federal arbitration act shall govern the interpretation, enforcement, and proceedings pursuant to the arbitration clause of this agreement.
14. The arbitrators, or a majority of them, shall award attorney's fees and costs to the prevailing party pursuant to the terms of this agreement.
15. Venue of any arbitration proceeding hereunder shall be in Webb County, Texas.

SECTION 20. JOINT APPLICANTS. If this Agreement is signed by more than one person and/or entity as an Applicant, this Agreement and the Applications shall be the joint and several agreement of all such persons and/or entities and that all references to "Applicant" or "Applicant's" in this Agreement and the Applications shall refer to all such persons and/or entities jointly and severally.

SECTION 21. SEVERABILITY. Any provision of any L/C Document which is prohibited or unenforceable in any jurisdiction shall be, only as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability, but all the remaining provisions of such L/C Document and all the other L/C Documents shall remain valid.

SECTION 22. HEADINGS. The headings used in this Agreement are for convenience of reference only and shall not define or limit the provisions of this Agreement.

SECTION 23. COMPLETE AGREEMENT. The entire agreement with respect to each Credit will consist of this Agreement and the Application for such Credit, together with any written document or instrument signed by Applicant and Bank, or signed by Applicant and approved by Bank, which specifically references such Credit, the Application for such Credit, or this Agreement. Except as specifically provided in this Agreement, in any Application or in any written document or instrument referred to in the preceding sentence, no statements or representations not contained in this Agreement, such Application or such written document or instrument shall have any force or effect on this Agreement, such Application or such written document or instrument.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each business that opens an account.

What this means for Applicant: When you open an account, we will ask for your business name, address (principle place of business or local office), a government issued identification number (such as a tax identification number), and other information that will allow us to identify your business. We will ask to see your business license and/or other identifying documents

PLEASE SIGN APPLICATION BELOW

Name of Company

BY:

Printed Name and Authorized Signature

Name and signature , Individually

TITLE

FOR BANK USE ONLY: THE LETTERS OF CREDIT DEPARTMENT WILL NOT PROCESS THIS APPLICATION WITHOUT THIS PART COMPLETED. IN ADDITION ACCOMPANIED BY THIS APPLICATION PLEASE SUBMIT A LOAN MEMO APPROVED BY CREDIT MANAGER FROM YOUR SPECIFIC MARKET.

Commision is **2 %** of the amount of the credit per annum

Commision is % of the amount of the credit per annum Account Officer Approval Signature Title Date

Commision is Flat Fee \$

Account No. to collect Fees:

Name on Account:

COLLATERAL DESCRIPTION