

LETTER OF CREDIT SECURITY AGREEMENT

In consideration of your opening, at our request, a Letter of Credit, (herein called "the Credit"), the terms of which appear on the reverse hereof, we hereby agree as follows:

1. As to drafts or acceptances under or purporting to be under the Credit, which are payable in lawful U.S. Funds, we agree to pay you at your office in lawful U.S. Funds, the amount of (a) such sight draft on demand or at your request in advance; (b) each acceptance on demand but in any event not later than one business day prior to maturity is payable at your office, or in time to reach the place of payment if not at your office at maturity.
2. As to drafts or acceptances under or purporting to be under the Credit, which are payable in foreign currency, we agree to pay you at your office on demand (a) the equivalent of each sight draft in lawful U.S. Funds at the current rate of exchange in San Francisco effective for cable transfer to the place of payment in the currency of the draft; (b) and in any event, in the case of each acceptance, in time to reach the place of payment in the course of the mails not later than one business day prior to maturity, with first class bankers' demand bills of exchange to be approved by you for the amount of the acceptance payable in the currency of the acceptance and bearing our endorsement, or if you so request, to pay you the equivalent of the acceptance in lawful U.S. Funds at the current rate of exchange in San Francisco for cable transfers to the place of payment in the currency in which the acceptance is payable.
3. We also agree to pay to you, on demand, your commission and all charges and expenses paid or incurred by you in connection therewith, and interest where chargeable. We further authorize you to charge our account for all amounts so paid.
4. We grant you a security interest in all property at any time shipped under, or pursuant to, or in connection with the Credit or in any way related thereto, or to the drafts drawn thereunder, whether or not you receive the documents covering such property or release the same to us on trust receipt and also in and to all shipping documents, warehouse receipts, policies or certificates of insurance and other documents accompanying or relative to drafts drawn under the Credit, and in and to the proceeds of each and all the foregoing, until such time as all our obligations and liabilities to you at any time existing under or with reference to the Credit or this agreement or any other Credit or any other obligation or liability to you have been fully paid, and discharged, all as security for such obligations and liabilities; and that all or any of such property and documents and the proceeds of any thereof, coming into the possession of you or any of your correspondents, may be held and disposed of by you as hereinafter provided; and the receipt by you or any of your correspondents, at any time of other security, of whatsoever nature, including cash, shall not be deemed a waiver of your rights or powers herein recognized.
5. We agree that your rights and duties under the Credit are, except as otherwise provided therein, governed by the Uniform Customs and Practices or Documentary Credits 1983 Revision), International Chamber of Commerce, Publication No. 400, and that you shall have the right to rely upon the provisions thereof as though set forth in length herein.
6. We agree that in the event of any amendments or modifications of the terms of the Credit, this agreement shall be binding upon us with regard to the Credit so amended.
7. The users of the Credit shall be deemed our agents and we assume all risks of their acts or omissions. Neither you nor your correspondents shall be responsible; for the existence, character, quality, quantity, condition, packing, value or delivery of the property purporting to be represented by documents; for any difference in character, quality, quantity, condition, or value of the property from that expressed in documents; for the validity, sufficiency, or genuineness of documents, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; for the time, place, manner, or order in which shipment is made; for partial or incomplete shipment, or failure or omission to ship any or all of the property referred to in the Credit; for the character, adequacy, validity, or genuineness of insurance; for the solvency or responsibility of any insurer; or for any deviation from instructions, delay, default, or fraud by the shipper or anyone else in connection with the property or the shipping thereof; for the solvency, responsibility or relationship to the property of any party issuing any documents in connection with the property; for delay in arrival or failure to arrive of either the property or any documents relating thereto; for delay in giving or failure to give notice of arrival or any other notice; for the breach of contract between the shippers or vendors and ourselves, for failure of any draft to bear adequate reference to the Credit; or failure of documents to accompany any draft at negotiation, or failure of any person to note the amount of any draft on the reverse of the Credit, or to surrender or take up the Credit or to send documents apart from drafts as required by the terms of the Credit, each of which provisions, if contained in the Credit itself, it is agreed may be waived by you; or for errors, omissions, or interruptions or delays in transmission or delivery of any message, by mail, cable, telegraph, wireless or otherwise, whether or not they be in cipher, nor shall you be responsible for any error, neglect, or default of any of your correspondents; and none of the above shall affect, impair, or prevent the vesting of any of your rights or powers hereunder. In furtherance and extension and not in limitation of the specific provisions herein before set forth, we agree that any action taken by you or by any correspondent of yours or in connection with the Credit or relative drafts, documents or property, if taken in good faith, shall be binding on us and shall not put you or your correspondent under any resulting liability to us; and we make like agreement as to any inaction or omission, unless in breach of good faith.
8. We agree to promptly procure any necessary licenses for import/export and certify our compliance with foreign and domestic governmental regulations concerning shipment and financing of the goods described in the Credit. We agree to keep the property adequately covered by insurance satisfactory to you, in companies satisfactory to you, and to assign the policies or certificates of insurance to you, or to make the loss or adjustment, if any, payable to you, at your option; and to furnish you if demanded with evidence of acceptance by the insurers of such assignment.
9. We agree at any time and from time to time, on demand, to deliver, convey, transfer, or assign to you, as security for any and all of our obligations and liabilities hereunder, and also for any and all other obligations and liabilities, absolute or contingent, due or to become due, where are now or may at any time hereafter be owing to you, additional security of a value and character satisfactory to you, or to make such cash payment as you may require. We agree that all property belonging to us, or in which we may have an interest, of every name and nature whatsoever, now or at any time hereafter delivered, conveyed, transferred, assigned, or paid to you, or coming into your possession or into the possession of anyone for you in any manner whatsoever, whether expressly as security for any of the obligations or liabilities of us to you, or for safekeeping or otherwise, including any items received for collection or transmission and the proceeds thereof, whether or not such property is in whole or in part released to us on trust or bailee receipt, are hereby made security for each and all such obligations and liabilities. We agree that upon our failure at all times to keep a margin of security with you satisfactory to you, or upon the making by us of any assignments for the benefit of creditors, or upon the filing of any voluntary or involuntary petition in bankruptcy by or against us, or upon the application for the appointment of a receiver of any of our property, or upon any act of bankruptcy or state of insolvency of us, all of such obligations and liabilities shall become and be immediately due and payable without demand or notice notwithstanding any credit or time allowed to us, or any instrument evidencing any such obligation or liabilities or otherwise; and each of us, and all of us, as to property in which we may have any interest, expressly authorize you in any such event, or upon our failure to pay any of such obligations or liabilities when -t or they shall become or be made due, to sell immediately, without demand for payment, without advertisement and without notice to us, all of which are hereby expressly waived, any and all such property, arrived or to arrive, at private sale or at public auction or at brokers' board or otherwise, at your option, in such parcel or parcels and at such time or times and at such place or places for such price or prices and upon such terms and conditions as you may deem proper, and to apply the net proceeds of such sale or sales, together with any balance of deposits and any sum credited by or due from you to us, in general account or otherwise, to the payment of any and all of our obligations or liabilities to you however arising. If any such sale be at brokers' board or at public auction you may yourself be a purchaser at such sale, free from any right of redemption, which we hereby expressly waive and release.
10. You shall not be deemed to have waived any of your rights hereunder, unless you or your authorized agent shall have signed such waiver in writing. NO such waiver unless expressly stated therein shall be effective as to any transaction which occurs subsequent to the date of such waiver, nor as to any continuance of a breach after such waiver.
11. The word "property" as used in this agreement includes goods, merchandise, securities, funds, choses in action, and any and all such other forms of property, whether real, personal or mixed and any right or interest therein.
12. If this agreement is signed by one individual the terms, "we," "our," "us," shall be read throughout as "I," "my," "ma," as the case may be. If this agreement is signed by two or more parties, it shall be the joint and several agreements of such parties.