



## STANDBY LETTER OF CREDIT AGREEMENT

To: California Bank & Trust

In consideration of your opening at our request a Stand-by Letter of Credit ("Credit"), the requested terms of which appear on page 1 hereof, we hereby agree (the "Agreement") with you as follows:

1. We shall pay you upon demand in immediately available funds and in United States currency all moneys paid by you or your correspondents or for which you or your correspondents become liable under or pursuant to said Credit, including under drafts paid by you or your correspondents, together with interest, commission and all customary charges thereon; and we agree to provide such funds at least one business day before same is due provided, however, that if any amounts paid or payable under or in respect of said Credit are in any currency other than United States currency, the amount payable or provided by us to you or chargeable by you hereunder may be, at your election, either in such other currency or the equivalent in United States currency computed at the rate you would at the time sell such other currency for United States currency. Past due amounts of any kind shall be payable with interest at the rate of three (3%) percent above your prime rate. The "prime rate" shall mean the rate of interest established by you from time to time as your prime rate, which may not necessarily be the lowest rate charged by you to your borrowers. You are authorized to charge any or all of our deposit accounts for all required payments and reimbursements under this Agreement.
2. We understand that the commissions, fees and charges payable by us to you in connection with said Credit are established by you with regard in part to your costs in issuing and maintaining the Credit. If, prior to the expiry date of said Credit, any applicable law, rule or regulation is adopted or amended, or there is a change in the interpretation or administration of any existing applicable law, rule or regulation, which has the effect of increasing the taxes, duties, charges or other costs paid or incurred by you in connection with said Credit (including without limitation, deposit insurance assessments, reserve requirement costs, and the implied costs of additional capital), we shall pay you upon demand in United States currency the amount of any such increase or increases. We will comply with all foreign laws, rules and regulations now or hereafter applicable to the transaction underlying the Credit or relevant to the execution, delivery and performance by us of this Agreement.
3. As security for the fulfillment of our obligations hereunder, we hereby grant to you a security interest in the "Collateral". As used herein, the term "Collateral" shall mean the balance of every deposit account or credit balance account, now or hereafter existing, of ours with you, and any other claim of ours against you, now or hereafter existing, direct or indirect, and all money, goods, instruments, securities, documents (including the goods covered thereby) chattel paper, credits, claims, demands, goods, inventory, equipment and any other property, rights and interest of ours which at any time shall come into your possession or custody or under your control or any of your agents, associates or correspondents for any purpose, and shall include any of the foregoing from time to time made available to us by you pursuant to a trust receipt, and shall also include the proceeds, products, and accessions, if any, to each of the foregoing. We agree at any time upon your demand to deposit with you as further security for the fulfillment of our obligations hereunder such cash or other collateral as you may request, and you may, at any time, take control of our Collateral with you as security for our obligations under this Agreement. We will at any time on your request sign financing statements, security agreements or other agreements with respect to the Collateral. You are authorized as our agent to sign any such statements or agreements. We agree to pay all filing fees and to reimburse you for all costs and expenses of any kind (including legal fees) incurred in any way in connection with the Collateral, including costs of collection, storage and sale.
4. In the event of default in respect of any payment due under this Agreement, or in the event of the death, insolvency, dissolution or termination of the existence of any of us, or should any bankruptcy or similar proceeding be filed by or against any of us, the amount of said Credit, as well as any and all other amounts then or to become payable to you hereunder ("Other Amounts"), together with interest thereon, shall, to the extent not theretofore paid to you, become immediately due and payable; and if at the time of any such event said Credit is still in effect and not completely drawn against or Other Amounts are not paid, we shall, upon demand, pay to you, for application to drawings under said Credit or payment of such Other Amounts, the entire amount which has not been drawn or paid. Any amount so paid shall be repaid to us without interest when it is finally determined by you that we have fully discharged our obligations hereunder.
5. You and your correspondents shall be entitled to make payments under said Credit if the documents presented thereunder appear on their face to be in accordance with the terms and conditions of said Credit; and neither you nor your correspondents shall be liable or responsible for the form, sufficiency, accuracy, genuineness, falsification or legal effect of any documents, or for the authority of any persons signing the documents, or for the good faith or acts or omissions, solvency, performance or standing of the beneficiary or any other person whomsoever, including performance of the underlying contract or other transaction between us and the beneficiary. Furthermore, you and your correspondents shall not have any liability or responsibility for the consequences arising out of delay or loss in transit of any messages, drafts or documents, or for any delay, interruption, mutilation or other error arising in the transmission of any telecommunication, or for errors in translation or interpretation of any message or documents relating to said Credit. You and your correspondents shall not be liable for any failure to pay or accept any draft under the Credit resulting from any law or restriction exercised by any domestic or foreign government, any court order, or any other cause beyond your control. Any and all claims by us for improper payment, dishonor or other actions or inaction by you shall be made by written notice within sixty (60) days of the contested action or inaction or such claim is waived. Any and all proceedings to recover from you or your correspondents must be made within one (1) year from the date of said notice or said claim shall be deemed waived.
6. We shall pay upon demand in United States currency all expenses, including reasonable attorney's fees (including any such fees incurred in bankruptcy or similar proceedings), incurred by you or your correspondents in connection with or related to the Credit, or the preservation or enforcement of any right granted hereunder. In addition, we shall indemnify you and your correspondents against any and all liabilities, losses, damages, settlements and expenses, including reasonable attorneys' fees (including any such fees incurred in bankruptcy or similar proceeding), which you or your correspondents may incur in connection with any claim or controversy with the beneficiary or any other third party relating to said Credit except for such matters constituting your own gross negligence or willful misconduct; and, in the event any suit or other proceeding is brought against you or your correspondents regarding such dispute, you or your correspondent named in such suit or proceeding may elect either to defend such suit or proceeding at our expense or to require that we assume the defense thereof employing counsel acceptable to you or such correspondent. Attorney's fees shall include the reasonable cost of in-house counsel.
7. In the event of any extension of the maturity or time for presentation of drafts, acceptance of documents, or any other modification of the terms of said Credit, at the request of any of us with or without notification to the others, or in the event of any increase in the amount of said Credit at our request, this Agreement shall be binding upon us with regard to said Credit so increased or otherwise modified, to drafts, documents and property covered thereby, and to any action by you or any of your correspondents in accordance with such extension, increase or other modification.

8. You may, in your discretion, arrange for the direct or indirect participation by other financial institutions in the issuance of said Credit or provide for the assignment or transfer to and assumption by other financial institutions of all or some portion of your liability under said Credit; and you may assign or transfer this Agreement or all or any portion of your rights hereunder, and any instrument(s) evidencing all or any portion of your liability under said Credit, and you may deliver all or any of the property then held as security for our obligations hereunder, to the assignee(s) or transferee(s), who shall thereupon become vested with all the powers and rights in respect thereto given you herein or in the instrument(s) assigned or transferred, and you shall thereafter be forever relieved and fully discharged from all liability or responsibility with respect thereto, but you shall retain all rights and powers hereby given with respect to any and all instrument(s), rights or property not so assigned or transferred.
9. If the Application and Agreement for Stand-by Letter of Credit is signed by one party, terms in the plural shall be read in the singular, as appropriate. If signed by two or more parties, this Agreement shall be the joint and several agreement of such parties.
10. You shall not be liable for any failure by your correspondents to pay or accept any draft under the Credit resulting from any law or restriction exercised by any domestic or foreign government or from any other cause beyond your control or your correspondents', and we agree to indemnify and hold you harmless from any claim, loss, liability or expense arising by reason of any such failure to pay.
11. This Agreement is to continue in force and be applicable to all transactions, notwithstanding any change in the individuals composing any firm, parties to, or concerned in this contract, whether such change shall arise from the acquisition of one or more new partners or from the death or secession of any partner or partners.
12. If any other person signs this Agreement as Applicant's Bank (including any bank which procures issuance of the Letter of Credit on our behalf as Applicant's Bank), that person shall be jointly and severally liable for all obligations and shall otherwise be treated as the Applicant under this Agreement, including with respect to all warranties hereunder. Without limiting the foregoing, each Applicant shall be bound by any notice from you to any other Applicant. Each Applicant shall be bound by any authorization or waiver from any Applicant to you that supports the extension, increase or other amendment of the Letter of Credit, your amendment of this Agreement or your settlement or release of any obligations or your release of any Collateral. Each Applicant shall be bound by any Applicant's settlement or release of any claims against you arising under this Agreement. Each Applicant shall be bound by any event of default attributable to any Applicant or to any guarantor of any Applicant's obligations hereunder. Each Applicant signing this Agreement accepts that its obligations are primary. We hereby grant you a security interest in any collateral (not including real property or fixtures) given as security for our obligations under this application and in any deposit account with Applicant's Bank for the Credit and for any of Applicant's Bank obligations entered into on our behalf for issuance of the Credit. At your request, you may take control of and direct disbursement of such deposit accounts without notice or further direction from us.
13. If this application is directed through Applicant's Bank, the Applicant's Bank, by its execution of this Agreement: (a) requests and appoints you as its agent to establish in your name or through a correspondent the Credit; (b) authorizes you and/or your correspondent(s) to pay drafts drawn against the Credit as specified in this Agreement and to exercise all rights, powers and privileges conferred by this Agreement without reference to Applicant's Bank; (c) agrees to make payments to you in amount, time and manner as required of us under this Agreement whether or not Applicant's Bank has received payment from us; (d) assigns to you as security all its rights, including rights of payment and to security (not including real estate or fixtures), under this Agreement and agrees to deliver to you, upon demand, such additional security as you may request, and also agrees to give you a lien on all our property, including deposit accounts, now or hereafter in its possession, for the amount of any liability of Applicant's Bank to you hereunder; and (e) agrees that if it fails to make any payment or provide any security as requested, all its obligations and liabilities to you shall immediately, without notice, become due and payable at your sole option.
14. Except as otherwise provided herein, any notice from you to us, if mailed, shall be deemed given when mailed postage paid, addressed to us at our address set forth herein or such other address of which you are notified in writing at your designated office. All notices to you shall be sent as indicated below and shall be deemed given when received. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.
15. If the Credit provides for automatic renewal without amendment, we shall notify you of our desire not to renew such Credit in writing at least thirty (30) days prior to the last day specified in the Credit by which you must give notice of your intent not to renew the Credit. If we fail to provide timely notice to you as provided for in the preceding sentence, you may renew the Credit in your sole and absolute discretion, and all of our liabilities and obligations as to the Credit and under this Agreement will continue in full force and effect. Any decision whether to renew a Credit will be in your sole and absolute discretion, and notwithstanding any notice from us to you requesting the renewal of the Credit, you may elect not to renew the Credit. If you notify the beneficiary or transferee, if any, that you have elected not to renew the Credit, the Credit may be drawn on, if permitted under the terms of the Credit. In such case, we will reimburse you for all amounts paid or payable by you in respect of the Credit. We will have no claim against you and no defense against payment of your obligations under this Agreement as a result of your renewal or non-renewal of this Credit.
16. We understand and agree that you shall rely, and are entitled to rely, on information from us with respect to the terms and wording of the Credit. We agree that our approval of the Credit format binds us irrevocably, and we hereby waive any and all claims or liabilities we may have with respect to such terms and wording. We further understand and agree that the acceptance of this Agreement and application does not constitute a commitment by you to issue a Credit. This Agreement, together with the application and any other loan document provided in connection herewith, constitutes the entire agreement of the parties hereto, and supersedes all prior discussions, negotiations and agreements with respect thereto.
17. To the extent not inconsistent with this Agreement, this Agreement shall be subject to the UCP or ISP98, as provided in the Credit, and subject to such limitation, shall be governed by the laws of the State of California, United States of America, in all respects, including (without limitations) matters of title, construction, validity, performance and discharge, and shall be binding upon us and our successors, assigns, and legal representatives and shall not be waived, altered, modified or amended as to any of its terms or provisions, except as you may consent thereto in writing. No assignment or other transfer of all or any of our rights hereunder or under said Credit, whether with regard to any property or otherwise, may be made without your prior consent in writing. We agree to submit to the jurisdiction of the state or federal courts located in San Diego, Los Angeles or San Francisco, California, and waive our right to contest the jurisdiction or venue of such courts. We agree to waive our right to assert forum non conveniens against the institution of an action in or removal of an action to any such court.

**WE AND YOU WAIVE OUR RIGHTS TO TRIAL BY JURY, AND AGREE THAT ANY COURT PROCEEDING SHALL TAKE PLACE BEFORE A JUDGE OR MAGISTRATE.**

18. In these provisions:

1. "We", "Us" means the undersigned party or parties identified and signing this Agreement as Applicant.
2. "Applicant" means all of the undersigned party or parties.
3. "You", "Your" means California Bank & Trust.
4. "Applicant's Bank" means the undersigned party or parties identified and signing as such.
5. "Credit" means the irrevocable standby letter of credit issued by California Bank & Trust at its option pursuant to this Application, as such letter of credit may be modified or amended from time to time.
6. "UCP" means the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, and any subsequent revisions thereof approved by the International Chamber of Commerce.
7. "ISP98" means the International Standby Practices, International Chamber of Commerce Publication No. 590, and any subsequent revisions thereof approved by the International Chamber of Commerce.

In consideration of your issuing the Credit and for other consideration, the receipt and adequacy of which is hereby acknowledged, we agree to be bound by this Agreement, including but not limited to the payment obligations therein set forth, and including being jointly and severally liable for all indebtedness and obligations of any other Applicant, if any, arising under or pursuant to this Agreement.

<b>APPLICANT</b>	
_____ NAME	_____ DATE
_____ AUTHORIZED SIGNATURE, TITLE	
_____ AUTHORIZED SIGNATURE, TITLE	
_____ CONTACT NAME	
_____ TELEPHONE NUMBER	

<b>APPLICANT'S BANK</b> (This section must be completed by Applicant's Bank if application is being submitted through another bank)	
_____ NAME	_____ DATE
_____ AUTHORIZED SIGNATURE, TITLE	
_____ AUTHORIZED SIGNATURE, TITLE	

Co-Applicant agrees to be bound by the terms and conditions of this Agreement (as Applicant) and Applicant and Co-Applicant agree that each shall be jointly and severally liable for all indebtedness and obligations arising under or pursuant to this Agreement.

**CO-APPLICANT**

_____ NAME	_____ DATE
_____ AUTHORIZED SIGNATURE, TITLE	
ADDRESS: _____ _____	
TELEPHONE: _____	

All notices to California Bank & Trust shall be sent to:

International Banking Operations  
550 South Hope Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90071

and confirmed by fax (213) 593-2144  
addressed to Operations Manager