

This Master Letter of Credit Agreement (the "Agreement") is issued by the undersigned applicant (the "Applicant") in favor of Banco Popular de Puerto Rico (together with its affiliates as set forth in Section 12.8, and their respective successors and assigns, the "Bank").

The Applicant may from time to time request that the Bank issue letters of credit for the account of the Applicant. The Applicant agrees that, except as provided below, any letter of credit issued by the Bank shall be subject to the terms and provisions of this Agreement, and the Applicant further agrees with and for the benefit of the Bank as follows:

Section 1 Certain Definitions.

When used herein the following terms shall have the following meanings (such definitions to be applicable to both the singular and plural forms of such terms):

Application means, at any time, an application (which shall be in writing, or made by electronic transmission) for a Letter of Credit in substantially the form furnished by the Bank, specifying (a) the requested issuance date, the amount, the beneficiary and the expiration date of such Letter of Credit; (b) the documentary requirements for drawing thereunder and (c) such other information as the Bank may reasonably request.

Business Day means any day on which the Bank is open for commercial banking business at its office in San Juan, Puerto Rico.

Event of Default means any of the events described in Section 9.1.

Foreign Currency means any currency other than the United States Dollar.

Item means any draft, order, instrument, demand or other document drawn or presented, or to be drawn or presented, under any Letter of Credit.

ISP means the International Standby Practices, ISP 98 issued by the International Chamber of Commerce. or, at the Bank's option, such later revision thereof in effect at the time of issuance of a Letter of Credit.

Letter of Credit means any letter of credit issued (including any letter of credit issued prior to the date hereof) by the Bank for the account of the Applicant (including any letter of credit issued jointly for the account of the Applicant and any other Person), in each case as amended or otherwise modified from time to time, but excluding any letter of credit that is issued pursuant to an Application which expressly provides that such letter of credit is not issued pursuant to this Agreement. A letter of credit issued by the Bank pursuant to an Application from the Applicant (either individually or together with any other Person) shall be a Letter of Credit hereunder even if another Person is named as the "Applicant" or "Account Party" in such letter of credit.

Liabilities means all obligations of the Applicant to the Bank, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing or due or to become due, arising out of or in connection with this Agreement, any Letter of Credit, any Application or any instrument or document delivered in connection herewith or therewith, including, without limitation the Indemnified Liabilities.

Person means any natural person or individual, corporation, partnership, trust, limited liability company, association, governmental authority or unit, or any other entity, whether acting in an individual, fiduciary or other capacity.

Prime Rate means the rate from time to time published in the "Money Rates" section of The Wall Street Journal as being the "Prime Rate" (or, if more than one rate is published as the Prime Rate, then the highest of such rates).

UCC means the Uniform Commercial Code as in effect from time to time in Puerto Rico.

UCP means the Uniform Customs and Practice for Documentary Credits 2007 Revision, International Chamber of Commerce Publication No. 600 or, at the Bank's option, such later revision thereof in effect at the time of issuance of a Letter of Credit.

Unmatured Event of Default means any event which if it continues uncured will, with lapse of time or notice or both, constitute an Event of Default.

Section 2 Letter of Credit Procedures.

2.1 Issuance of Letters of Credit. Subject to the terms and conditions of this Agreement, the Bank may from time to time, in its sole and absolute discretion, issue Letters of Credit for the account of the Applicant; provided that the terms and provisions of each Letter of Credit and the Application therefor shall be satisfactory to the Bank in its sole and absolute discretion.

2.2 Applications. Prior to the date of the proposed issuance of a Letter of Credit (or such later date as the Bank shall determine), the Applicant shall deliver an Application in original form for such Letter of Credit to the Bank. An Application may be sent, by United States mail, by overnight courier, by electronic transmission using the system provided by the Bank, by personal delivery or by any other means acceptable to the Bank.

2.3 Form of Letters of Credit. (a) The Applicant authorizes the Bank to set forth the terms of each Letter of Credit corresponding to any Application (and in any amendment thereto) in such language as the Bank deems appropriate, with such variations from such terms as the Bank may in its discretion determine to be necessary (which determination shall be conclusive) and not materially inconsistent with such Application. The Bank may, but shall not be obligated to, request the Applicant to review the form of a Letter of Credit prior to issuance thereof, in which case the Applicant shall be deemed to have approved the form of such Letter of Credit.

(b) The Applicant accepts the risk that a Letter of Credit will be interpreted or applied other than as intended by the Applicant to the extent such Letter of Credit (i) permits presentation at a place other than the place of issuance, (ii) permits application of laws or practice rules with which the Applicant is unfamiliar, (iii) includes ambiguous, inconsistent or impossible requirements, (iv) requires termination or reduction against a presentation made by the Applicant rather than the beneficiary or (v) fails to incorporate appropriate letter of credit practices rules.

2.4 Representations and Warranties. The delivery of each Application and each request for a Letter of Credit shall automatically constitute a representation and warranty by the Applicant to the Bank to the effect that on the requested date of issuance of such Letter of Credit, (a) the representations and warranties of the Applicant set forth in Section 4 shall be true and correct as of such requested date as though made on such date and (b) no Event of Default or Unmatured Event of Default shall have then occurred and be continuing or will result from such issuance.

Section 3 Reimbursement Obligations; Responsibilities, Etc.

3.1 Reimbursement Obligations. The Applicant hereby agrees to reimburse the Bank on demand in an amount equal to any payment or disbursement made by the Bank under any Letter of Credit or any Item issued pursuant thereto, together with all commissions, fees, charges, disbursements and expenses and interest on the amount paid or disbursed by the Bank under this Agreement. With respect to any Letter of Credit, the Bank may demand payment by the Applicant before any Item is presented for payment. The Liabilities of the Applicant (including, without limitation Applicant's obligation to reimburse the Bank under this Section 3) shall be absolute and unconditional under any and all circumstances, including, without limitation, the following:

- (a) any failure of any Item presented under such Letter of Credit to strictly comply with the terms of such Letter of Credit;
- (b) the legality, validity, regularity or enforceability of such Letter of Credit, any Item presented thereunder, or any other agreement, document or instrument related thereto;
- (c) any defense based on the identity of the transferee of such Letter of Credit or the sufficiency of the transfer if such Letter of Credit is transferable;
- (d) the existence of any claim, set-off, defense or other right that the Applicant may have at any time against any beneficiary or transferee of such Letter of Credit, the Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or any unrelated transaction;
- (e) any Item presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;
- (f) honor of a demand for payment presented even if such Letter of Credit requires that demand be in the form of a draft;
- (g) waiver by the Bank of any requirement that exists for the Bank's protection and not the protection of the Applicant or any other waiver by the Bank which does not in fact materially prejudice the Applicant;
- (h) any payment made by the Bank in respect of an Item presented after the date specified as the expiration date of, or the date by which documents must be received under, such Letter of Credit if payment after such date is authorized by the ISP, the UCC or the UCP;
- (i) any change in the time, manner or place of payment of or in any other term of all or any of the Liabilities of Applicant or the obligations of any Person that guarantees the Liabilities;
- (j) any exchange, release or non-perfection of any collateral, or release or amendment or waiver of or consent to depart from the terms of any guarantee or security agreement, for all or any of the Liabilities;
- (k) any action or inaction taken or suffered by the Bank or any of its officers, directors, employees, parent, subsidiaries, affiliates, attorneys and agents and each of their respective successors and assigns in connection with the Letter of Credit or related certificate, other document or collateral, if taken in good faith and in conformity with applicable U.S. law letter of credit practices; or
- (l) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing;

provided that the Applicant shall not be obligated to reimburse the Bank for any wrongful payment or disbursement made by the Bank under any Letter of Credit as a result of any act or omission constituting gross negligence or willful misconduct on the part of the Bank.

3.2 Discrepancies - (a) The Applicant agrees that it will promptly examine any and all instruments and documents delivered to it from time to time in connection with any Letter of Credit, and if the Applicant has any claim of non-compliance with its instructions or of discrepancies or other irregularity, the Applicant will immediately (and, in any event, within 24 hours) notify the Bank thereof in writing, and the Applicant shall be deemed to have waived any claim against the Bank unless such notice is given within such time period. Without limiting the foregoing, if the Bank makes any payment or disbursement under a Letter of Credit and the Applicant does not send a notice to the Bank within 24 hours objecting to such payment or disbursement and specifying in reasonable detail the discrepancy or irregularity which is the basis for such objection, then the Applicant shall be precluded from making any objection to the Bank's honor of the presentation with respect to which such payment or disbursement was made.

(b) The Applicant's acceptance or retention of any documents presented under or in connection with a Letter of Credit (including originals or copies of documents sent directly to the Applicant) or of any property for which payment is supported by a Letter of Credit shall ratify the Bank's honor of the documents and absolutely preclude the Applicant from raising a defense or claim with respect to the Bank's honor of the applicable presentation.

3.3 Documents. Unless specified to the contrary in the relevant Application, the Applicant agrees that the Bank and its officers, directors, employees, parent, subsidiaries, affiliates, attorneys and agents and each of their respective successors and assigns:

(a) may accept as complying with the applicable Letter of Credit any Item drawn, issued or presented under such Letter of Credit which is issued or purportedly issued by an agent, executor, trustee in bankruptcy, receiver or other representative of the party identified in such Letter of Credit as the party permitted to draw, issue or present such Item; and (b) may in its or their discretion, but shall not be obligated to, accept or honor (i) any Item which substantially complies with the terms of the applicable Letter of Credit; (ii) any Item which substantially complies under the laws, rules, regulations and general banking or trade customs and usages of the place of presentation, negotiation or payment; (iii) drafts which fail to bear any or adequate reference to the applicable Letter of Credit; (iv) any Item presented to the Bank after the stated expiration date of a Letter of Credit but within any applicable time period during which such Letter of Credit may be honored in accordance with the UCP, the UCC and/or the ISP, as applicable (and, in any event, any Item presented to the Bank on the Business Day immediately following the stated expiration date of any Letter of Credit, if such stated expiration date falls on a day which is not a Business Day); or (v) any Item which substantially complies with the requirements of the UCP, the UCC and/or the ISP, as applicable. In determining whether to pay under any Letter of Credit, the Bank shall have no obligation to the Applicant or any other Person except to confirm that the Items required to be delivered under such Letter of Credit appear to have been delivered and appear on their face to substantially comply with the requirements of such Letter of Credit. For purposes of this Agreement, an Item or other document "substantially complies" unless there are discrepancies in the presentation which appear to be substantial and which reflect corresponding defects in the beneficiary's performance in the underlying transaction. A discrepancy is not substantial if it is unrelated or immaterial to the nature or amount of the Applicant's loss.

3.4 Exculpation. In addition to the exculpatory provisions contained in the UCP, the UCC and/or the ISP, as applicable, the Bank and its officers, directors, employees, parent, subsidiaries, affiliates, attorneys and agents and each of their respective successors and assigns shall not be responsible for, and the Applicant's obligation

to reimburse the Bank shall not be affected by, (a) compliance with any law, custom or regulation in effect in the country of issuance, presentation, negotiation or payment of any Letter of Credit that the Bank is not otherwise subject to, (b) any refusal by the Bank to honor any Item because of an applicable law, regulation or ruling of any governmental agency, whether now or hereafter in effect, (c) any action or inaction required or permitted under the UCC, the UCP, the ISP or the United Nations Convention on Independent Guarantees and Standby Letters of Credit, in each case as applicable, or (d) any inaccuracy, interruption, error, or delay in transmission by mail, cable, telefax, courier or electronic transmission or any inaccuracy of any translation not on the part of the Bank.

3.5 Risks. The Applicant assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit (it being understood that such assumption is not intended to, and shall not, preclude the Applicant from pursuing any right or remedy it may have against any such beneficiary or transferee). Without limiting the foregoing, the Applicant agrees that in no event shall the Bank be liable for incidental, consequential, punitive, exemplary or special damages.

3.6 Limitation on Bank's Obligations. Without limiting any other provision herein, the Bank: (a) is expressly authorized and directed to honor any request for payment which is made under and in substantial compliance with the terms of any Letter of Credit without regard to, and without any duty on the part of the Bank to inquire into, the existence of any dispute or controversy between any of the Applicant, the beneficiary of any Letter of Credit or any other Person, or the respective rights, duties or liabilities of any of them, or whether any Item is genuine or the facts represented in any Item or any other document presented under a Letter of Credit are true or correct; (b) may disregard any requirement stated in the Letter of Credit that any Item, certificate or other document be presented to it at a particular hour or place; (c) shall not be responsible for the effectiveness or suitability of the Letter of Credit for Applicant's purpose, or be regarded as the drafter of the Letter of Credit, regardless of any assistance that the Bank may, in its discretion, provide to Applicant in preparing the text of the Letter of Credit or amendments thereto; (d) may assert or waive application of Article 33 (hours of presentation) and Article 36 (force majeure) of the UCP and all other UCP and ISP articles primarily benefiting credit issuers; (e) may honor a previously dishonored presentation under the Letter of Credit, whether pursuant to court order, to settle or compromise any claim that it wrongfully dishonored, or otherwise, and shall be entitled to reimbursement to the same extent as if it had initially honored; and (f) may pay any paying or negotiating bank (designated or permitted by the terms of the Letter of Credit claiming that it rightfully honored under the laws or practices of the place where it is located. The Bank shall not be liable to the Applicant with respect to any of the circumstances described in this Section.

3.7 Transfers. If any Letter of Credit is issued in transferable form, it is understood and agreed that the Bank is under no duty to determine the proper identity of anyone appearing in the transfer request or in the Item or other documents as transferee, nor shall the Bank have any liability for the validity or correctness of any transfer or successive transfers; and payment by the Bank to any purported transferee(s) as determined by the Bank is hereby authorized and approved. The Applicant further agrees to hold the Indemnified Parties (as hereinafter defined) harmless and to indemnify the Indemnified Parties against any liability or claim in connection with or arising out of the foregoing.

3.8 AUTOMATIC RENEWAL OF LETTERS OF CREDIT. IF ANY LETTER OF CREDIT CONTAINS ANY PROVISION FOR AUTOMATIC RENEWAL OR EXTENSION WITHOUT AMENDMENT, THE APPLICANT ACKNOWLEDGES AND AGREES THAT THE BANK

IS UNDER NO OBLIGATION TO ALLOW SUCH RENEWAL OR EXTENSION TO OCCUR AND ANY SUCH RENEWAL SHALL REMAIN WITHIN THE SOLE AND ABSOLUTE DISCRETION OF THE BANK. THE APPLICANT IRREVOCABLY CONSENTS TO THE AUTOMATIC RENEWAL OR EXTENSION OF EACH SUCH LETTER OF CREDIT IN ACCORDANCE WITH ITS TERMS IF THE BANK ALLOWS SUCH RENEWAL TO OCCUR; PROVIDED THAT THE APPLICANT SHALL HAVE THE RIGHT TO REQUEST THE BANK TO CANCEL ANY SUCH RENEWAL ON THE CONDITION THAT THE APPLICANT SHALL GIVE THE BANK PRIOR WRITTEN NOTICE OF SUCH REQUEST NOT LESS THAN 60 DAYS PRIOR TO THE DEADLINE IMPOSED UPON THE BANK FOR NOTIFICATION TO THE BENEFICIARY OF NON-RENEWAL OR EXTENSION OF ANY SUCH LETTER OF CREDIT. APPLICANT HEREBY ACKNOWLEDGES THAT IN THE EVENT THE BANK NOTIFIES THE BENEFICIARY OF THE LETTER OF CREDIT THAT IT HAS ELECTED NOT TO EXTEND OR RENEW THE LETTER OF CREDIT AND THE BENEFICIARY DRAWS ON THE LETTER OF CREDIT AFTER RECEIVING THE NOTICE OF NON-EXTENSION OR NON-RENEWAL, THE APPLICANT ACKNOWLEDGES AND AGREES THAT APPLICANT SHALL HAVE NO CLAIM OR CAUSE OF ACTION AGAINST THE BANK OR DEFENSE AGAINST PAYMENT UNDER THIS AGREEMENT OR OTHERWISE FOR THE BANK'S DECISION TO EXTEND OR NOT EXTEND THE LETTER OF CREDIT.

Section 4 Representations and Warranties.

The Applicant represents and warrants to the Bank that:

(a) **Organization.** The Applicant is duly organized or formed, validly existing and (to the extent applicable under the laws of the relevant jurisdiction) in good standing under the laws of the jurisdiction of its organization or formation, and the Applicant is duly qualified and in good standing as a foreign entity authorized to do business in each other jurisdiction where, because of the nature of its activities or properties, such qualification is required.

(b) **Authorization; No Conflict.** The execution and delivery by the Applicant of this Agreement and each Application, the issuance of Letters of Credit for the account of the Applicant hereunder and the performance by the Applicant of its obligations under this Agreement and the Applications are within the organizational powers of the Applicant, have been duly authorized by all necessary organizational action of Applicant, have received all necessary governmental approvals (if any shall be required), and do not and will not contravene or conflict with, or result in or require the imposition of any lien or security interest under, any provision of domestic or foreign law or regulation (including, without limitation, any law or regulation regarding exports or imports foreign assets, or foreign exchange) or of the charter or by-laws or partnership agreement or other constituent document of the Applicant or of any indenture, loan agreement or other contract, or any judgment, order or decree, which is binding upon the Applicant, other than liens and security interests in favor of the Bank.

(c) **Validity and Binding Nature.** This Agreement is, and upon delivery to the Bank each Application will be, the legal, valid and binding obligation of the Applicant, enforceable against the Applicant in accordance with its terms, subject to bankruptcy, insolvency and similar laws of general application affecting the rights of creditors and to general principles of equity.

(d) **Approvals.** No authorization, approval or consent of, or notice to or filing with, any governmental or regulatory authority is required to be made in connection with the execution and delivery by the Applicant of this Agreement or the issuance of any Letter of Credit for the account of the Applicant pursuant hereto.

(e) **Proceedings.** There is no litigation or administrative proceeding pending or threatened against the Applicant, which, if adversely determined, may materially affect Applicant's ability to perform its obligations under this Agreement.

(f) **Financial Statements.** The Applicant's financial statements most recently delivered to the Bank fairly present Applicant's financial condition in accordance with generally accepted accounting principles and since the date of such statements, there has been no material adverse change in the business, financial condition or results of operations of Applicant.

(g) **Individuals:** To the extent that the Applicant is applying for a Letter of Credit in his or her individual capacity, the Applicant represents that he/she has all necessary legal capacity to enter into this Agreement.

Section 5 Fees.

The Applicant agrees to pay the Bank all commissions and fees of the Bank (at the rates agreed between the Bank and the Applicant or, in the absence of such agreement, in accordance with the Bank's standard commissions and fees then in effect) with respect to each Letter of Credit (including, without limitation, all commissions and fees associated with any amendment to, drawing under, banker's acceptance pursuant to, or transfer of a Letter of Credit), all such commissions and fees including foreign exchange fees, to be payable on demand by the Bank therefor.

Section 6 Computation of Interest and Fees.

All interest and fees hereunder shall be computed for the actual number of days elapsed based on a year of 360 days. The interest rate applicable to Letter of Credit reimbursement obligations shall change simultaneously with each change in the Prime Rate

Section 7 Making of Payments.

(a) All Liabilities payable by the Applicant under this Agreement shall be made in immediately available funds, without deduction, defense, set-off or claim of any kind, to the Bank at its office in San Juan, Puerto Rico, not later than 2:00 P.M., local time (or at such other address notified to the Applicant in writing), on the date due, and funds received after that time shall be deemed to have been received by the Bank on the next Business Day. If any such payment falls due on a Saturday, Sunday or other day which is not a Business Day, then such due date shall be extended to the next Business Day.

(b) The Applicant irrevocably agrees that the Bank or any affiliate thereof may (but neither the Bank nor any such affiliate shall be obligated to) set-off and apply any and all deposits of the Applicant and any other indebtedness owing by the Bank or any of its affiliates against any reimbursement obligation or any other Liability, irrespective of whether or not the Bank shall have made any demand under this Agreement and although such deposits or obligations may be unmatured or contingent. The Bank's rights under this section are in addition to other rights and remedies (including other rights of set-off) which the Bank may have under this Agreement, or any other agreement between the Bank and the Applicant or applicable law. The Bank or the applicable affiliate shall promptly notify the Applicant of any such application (but failure of the Bank or any such affiliate to do so shall not impair the effectiveness thereof or impose any liability on the Bank or such affiliate).

(c) All payments by the Applicant hereunder shall be made in United States dollars. Applicant shall reimburse the Bank in United States dollars for any payment under a Letter of Credit made in a foreign currency at the United States dollar equivalent of the Bank's actual cost of settlement. The Applicant agrees to pay the Bank on demand in United States dollars such amounts as the Bank may be required to expend to comply with any and all governmental exchange

regulations now or hereafter applicable to the purchase of foreign currency.

(d) All payments by the Applicant hereunder shall be made free and clear of and without deduction for any present or future income, excise or stamp taxes and any other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by the Bank's net income or receipts (such non-excluded items being called "Taxes"). If any withholding or deduction from any payment to be made by the Bank hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Applicant will

(i) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(ii) promptly forward to the Bank an official receipt or other documentation satisfactory to the Bank evidencing such payment to such authority; and

(iii) pay to the Bank such additional amount as is necessary to ensure that the net amount actually received by the Bank will equal the full amount the Bank would have received had no such withholding or deduction been required. Moreover, if any Taxes are directly asserted against the Bank or on any payment received by the Bank hereunder, the Bank may pay such Taxes and the Applicant will promptly pay such additional amount (including any penalty, interest or expense) as is necessary in order that the net amount received by the Bank after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount the Bank would have received had no such Taxes been asserted.

If the Applicant fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Bank the required receipts or other required documentary evidence, the Applicant shall indemnify the Bank for any incremental Tax, interest, penalty or expense that may become payable by the Bank as a result of such failure.

Section 8 Increased Costs.

If, after the date hereof, the adoption of, or any change in, any applicable law, rule or regulation, or any change in the interpretation or administration of any applicable law, rule or regulation by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request, guideline or directive (whether or not having the force of law) of any such authority, central bank or comparable agency,

(a) affects or would affect the amount of capital required or expected to be maintained by the Bank or any entity controlling the Bank and (taking into consideration the Bank's or such controlling entity's policies with respect to capital adequacy) the Bank determines that the amount of such capital is increased as a consequence of this Agreement or any Letter of Credit; or

(b) imposes, modifies or deems applicable any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank with respect to letters of credit, or imposes on the Bank any other condition affecting this Agreement or any Letter of Credit, and the Bank determines that the result of any of the foregoing is to increase the cost to, or to impose a cost on, the Bank of issuing or maintaining any Letter of Credit or of making any payment or disbursement under any Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank under this Agreement;

then within five (5) Business Days after demand by the Bank (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand and a calculation thereof), the Applicant shall pay directly to the Bank such additional amounts as will compensate the Bank for such increased capital requirement or such increased cost or such reduction, as the case may be. Determinations and statements of the Bank pursuant to this Section 8 shall be conclusive absent manifest error, and the provisions of this Section 8 shall survive termination of this Agreement.

Section 9 Events of Default and Their Effect.

9.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement (each an “Event of Default”):

9.1.1 Non-Payment of Liabilities. The Applicant shall default in the payment when due of any Liability.

9.1.2 Bankruptcy, etc. The Applicant or any guarantor of the Liabilities shall become insolvent or admit in writing its inability to pay debts as they mature, or the Applicant or any such guarantor shall apply for, consent to or acquiesce in the appointment of a trustee or receiver, or in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for the Applicant or any such guarantor, or any proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding is instituted by or against the Applicant or any such guarantor and, if instituted against the Applicant or such guarantor, remains for thirty (30) days undismissed, or any writ of attachment is issued against any substantial portion of the Applicant’s or any such guarantor’s property and is not released within thirty (30) days of service, or the Applicant or any such guarantor takes any action to authorize, or in furtherance of, any of the foregoing.

9.1.3 Representations and Warranties. Any representation or warranty made by the Applicant herein, in any Application or in any writing furnished in connection with or pursuant to this Agreement or any Application (including any agreement related to any collateral provided as security for any Liabilities) shall be false or misleading in any material respect on the date made or on the date deemed made.

9.1.4 Dissolution. The Applicant shall be dissolved or terminated or shall cease to exist or, if the Applicant is an individual, the Applicant shall die or become incapacitated.

9.1.5 Attachments. Any funds or other property which may be in the possession or control of the Bank, any of its affiliates or any other Person for the account or the benefit of Applicant shall be attached, restrained or any court or other governmental order shall be issued against the same.

9.1.6 Other Defaults. The Applicant shall fail to perform or observe any term, covenant or agreement contained in any other agreement with the Bank, any affiliate thereof or any other Person with respect to any indebtedness, including, without limitation, any agreement with respect to any collateral given as security for the Liabilities or any other indebtedness of the Applicant.

9.1.7 Material Adverse Change. There shall have occurred a condition or change of circumstances which could reasonably be expected to have a material adverse change on the assets, business, operations, performance, condition or prospects of the Applicant.

9.1.8 Guarantors. (a) Any Person which has issued any guaranty or provided any collateral security for the Liabilities shall fail to perform or observe any term, covenant or agreement contained in such guaranty or document providing such collateral, or (b)

there shall have occurred any of the events described in this Section 9 with respect to any such Person.

9.2 Effect of Event of Default. If any Event of Default described in Section 9.1. shall occur, all Liabilities shall immediately become due and payable and the Bank may draw upon any outstanding line of credit or loan facility (“Facility”) that the Applicant may have with the Bank and/or exercise any rights that may be available to the Bank under this Agreement or applicable law. Such drawing shall be subject to and payable by the Applicant in accordance with the terms and conditions of such Facility. If the Bank does not draw on such Facility or the Applicant does not have a Facility with the Bank, such amounts shall become immediately due and payable and interest on such amount shall accrue at a rate per annum equal to the Prime Rate in effect from time to time on the amount paid or disbursed by the Bank from and including the date of payment or disbursement to but not including the date the Applicant makes such payment. In addition to any other remedies available to the Bank, the Bank may demand that the Applicant immediately deliver to the Bank cash collateral in an amount equal to the face amount of all outstanding Letters of Credit, whereupon all Liabilities shall become immediately due and payable and the Applicant shall immediately become obligated to deliver to the Bank cash collateral in an amount equal to the face amount of all outstanding Letters of Credit. Without limiting the generality of the foregoing, the Bank may, at its option, require Applicant to deliver to the Bank, to be treated as collateral hereunder, such other property in amount or value equal to [105% of the Liabilities], whereupon Applicant shall deliver the same to Bank. The Bank shall promptly advise the Applicant of any such declaration, but failure to do so shall not impair the effect of such declaration. In addition to the remedies described in in this Section, the Bank shall have all rights and remedies under applicable law. The Applicant hereby grants the Bank a security interest in all cash collateral delivered hereunder. All cash collateral shall be held by the Bank and applied to Liabilities arising in connection with any drawing under a Letter of Credit. After all Letters of Credit have been fully drawn, expired or been terminated, such cash collateral shall be applied by the Bank, first, to any remaining Liabilities and, then, to any other liabilities of the Applicant to the Bank, and any excess shall be delivered to the Applicant or as a court of competent jurisdiction may direct.

Section 10 Covenants.

Applicant agrees that so long as any drawing is available under any Letter of Credit, and until the Bank has been reimbursed for all Items honored by it under any Letter of Credit, Applicant shall: (a) comply in a timely manner with its obligations hereunder and under all security agreements, mortgages, deeds of trust or assignments securing the Liabilities; (b) furnish to the Bank such financial information regarding Applicant as the Bank may from time to time reasonably request and shall permit representatives of the Bank to visit and inspect the properties and books and records of Applicant at any reasonable time and as often as may reasonably be desired; (c) pay all lawful taxes, assessments and governmental charges upon it or against its properties prior to the date on which penalties attach, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings; (d) not sell, lease, transfer or otherwise dispose of all or substantially all of its assets (other than sales made in the ordinary course of business); and (e) if Applicant is not an individual, maintain its legal existence and not merge or consolidate with or into any other Person.

Section 11 Security.

11.1 Grant of Security Interest. As security for the prompt payment and performance of all Liabilities and any other obligation of the Applicant to the Bank or any affiliate thereof, whether now existing

or hereafter incurred, (in addition to any other security given to the Bank by separate agreement), the Applicant hereby grants to the Bank a continuing security interest in, and an unqualified right of possession and disposal of, all of the following, whether now existing or hereafter arising: (i) all goods and other property shipped, stored or dealt with in connection with any Letter of Credit; (ii) any and all accounts that the Applicant has with the Bank or any of its affiliates; and (iii) all drafts, documents, instruments, investment property, contracts (including, without limitation, shipping and transport documents, bills of lading, warehouse receipts and policies or certificates of insurance), goods, inventory, accounts, chattel paper and general intangibles, and all proceeds of the foregoing, arising from or in connection with any Letter of Credit, including, without limitation, any of the foregoing which is in the Bank's actual or constructive possession or is in transit to the Bank or any of its officers, directors, employees, parent, subsidiaries, affiliates, attorneys and agents and each of their respective successors and assigns (and regardless of whether such property has been released to the Applicant). The Applicant agrees to deliver to the Bank, on demand, additional security of a value and character satisfactory to the Bank, or make such cash deposits with the Bank as the Bank may require to secure the Liabilities. The Applicant further agrees that the Bank or any of its affiliates may set off and apply to any of the Liabilities which are then due and payable (by acceleration or otherwise) any deposit of the Applicant at any time held by the Bank or any of its affiliates. The Applicant agrees that this Agreement (or a carbon, photographic or electronic copy hereof) may be filed as a financing statement to the extent permitted by law. The Applicant hereby authorizes the Bank to file financing statements to perfect or maintain the security interest of the Bank hereunder. In addition, the Applicant agrees that, at the request of the Bank, the Applicant shall execute and deliver all other documents or instruments as may be required by the Bank to perfect or maintain the security interest of the Bank hereunder.

The Bank shall have all rights and remedies of a secured party under the UCC. If prior notice to the Applicant is required for any action with respect to collateral, the Bank shall give the Applicant at least five (5) days' notice in writing of the time and place of the sale, disposition or other event giving rise to such required notice, and the Applicant agrees that such notice will be deemed commercially reasonable. Any property or document representing collateral may be held by the Bank in its name or in the name of the Bank's nominee, all without prior notice. Proceeds of any sale or other disposition of collateral shall be applied, in order, to the expenses of retaking, holding and preparing the collateral for sale (including attorneys' fees and legal expenses), and then to the Liabilities until paid in full. The Applicant shall be liable for any deficiency.

Section 12 General.

12.1. No delay on the part of the Bank in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement shall be effective unless the same shall be in writing and signed and delivered by the Bank, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

12.2 **Notices.** (a) Except as otherwise expressly provided herein, all notices hereunder shall be in writing (including facsimile and electronic transmission, which shall be considered original writings). Notices given by mail shall be deemed to have been delivered three (3) Business Days after the date sent if sent by registered or certified mail, postage prepaid, to the applicable party at its address shown

below its signature hereto, or at such other address as such party may, by written notice received by the other party to this Agreement, have designated as its address for notices. Notices given by facsimile or electronic transmission shall be deemed to have been delivered when sent. Notices sent by any other means shall be deemed to have been delivered when received (or when delivery is refused).

The Bank may rely on any writing (including any facsimile, any electronic transmission or any information on a computer disk or similar medium which may be reduced to writing), or any telephonic or other oral message or instruction (including, without limitation, any oral waiver of any discrepancy with respect to any Item) that the Bank believes in good faith to have been received from an authorized officer, employee or representative of the Applicant or any beneficiary of a Letter of Credit, and the Bank shall not be liable for any action taken in good faith with respect to any writing, message or instruction from an unauthorized person. The Bank shall not be under any duty to verify the identity of any person submitting any Application or other writing or making any other communication hereunder or under any Letter of Credit or the form, sufficiency, correctness, genuineness or legal effect of any documents if such documents appear in order on their face. Notwithstanding the foregoing, the Bank is not obligated to recognize the authenticity of any request to issue, amend, honor or otherwise act on any Letter of Credit that is not evidenced to the Bank's satisfaction by a writing originally signed by a person the Applicant has certified is authorized to act for the Applicant hereunder or by a message or instruction authenticated to the Bank's satisfaction.

12.3 **Costs; Expenses and Taxes; Indemnification.** (a) The Applicant agrees to pay on demand all costs and expenses of the Bank (including the fees and charges of counsel for the Bank) in connection with the enforcement of this Agreement. In addition, the Applicant agrees to pay, and to save the Bank harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of this Agreement, the issuance of Letters of Credit hereunder, or the issuance of any other instrument or document provided for herein or delivered or to be delivered hereunder or in connection herewith.

(b) The Applicant agrees to indemnify the Bank and its officers, directors, employees, parent, subsidiaries, affiliates, attorneys and agents and each of their respective successors and assigns (each an "Indemnified Party") against, and to hold each Indemnified Party harmless from, any and all actions, causes of action, suits, losses, costs, damages, expenses (including attorneys' fees and charges, expert witness fees and other dispute resolution expenses) and other liabilities (collectively the "Indemnified Liabilities") incurred by any Indemnified Party as a result of, or arising out of or relating to, this Agreement or any Letter of Credit (and without regard to whether the applicable Indemnified Party is a party to any proceeding out of which such Indemnified Liabilities arise), including without limitation, (i) the issuance of the Letter of Credit, (ii) any payment or action taken or omitted to be taken in connection with the Letter of Credit, including any action or proceeding seeking to restrain any drawing under the Letter of Credit, to compel or restrain the payment of any amount or the taking of any other action under the Letter of Credit, to compel or restrain the taking of any action under this Agreement, or to obtain similar relief, regardless of who the prevailing party is in any such action or proceeding, (iii) the enforcement of this Agreement, or (iv) any act or omission, whether rightful or wrongful, of any government, governmental authority or any other Person or any other cause beyond Bank's control. Notwithstanding the foregoing, the Applicant shall not be liable to an Indemnified Party to the extent that a court of competent jurisdiction determines in a final, non-appealable judgment that any Indemnified Liability resulted directly and solely from the gross negligence or willful misconduct

of such Indemnified Party. Without limiting the generality of this paragraph (b), the term "Indemnified Liabilities" includes any claim or liability in which an advising, confirming or other nominated bank, or a beneficiary requested to issue its own undertaking, seeks to be reimbursed, indemnified or compensated. If and to the extent the foregoing undertaking may be unenforceable for any reason, the Applicant agrees to make the maximum contribution to the payment of each of the Indemnified Liabilities which is permitted under applicable law.

(c) Without limiting clause (b), the Applicant agrees to indemnify the Indemnified Parties, and to hold the Indemnified Parties harmless from, any loss or expense incurred by the Indemnified Parties as a result of any judgment or order being given or made for the payment of any amount due hereunder in a particular currency (the "Currency of Account") and such judgment or order being expressed in a currency (the "Judgment Currency") other than the Currency of Account and as a result of any variation having occurred in the rate of exchange between the date which such amount is converted into the Judgment Currency and the date of actual payment pursuant thereto. The foregoing indemnity shall constitute a separate and independent obligation of the Applicant.

(d) All obligations provided for in this Section 12.3 shall survive any termination of this Agreement.

12.4 Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

12.5 Governing Law. (a) This Agreement shall be a contract made under and governed by the laws of Commonwealth of Puerto Rico applicable to contracts made and to be performed entirely within such jurisdiction.

(b) Applicant agrees that the Bank may issue any Letter of Credit subject to the UCP or the ISP, as provided in the Application. The UCP or the ISP, as applicable, shall serve, in the absence of proof to the contrary, as evidence of general banking usage with respect to the subject matter thereof. Applicant agrees that for matters not addressed by the UCP or the ISP, each Letter of Credit shall be subject to and governed by the laws of Commonwealth of Puerto Rico applicable to contracts made and to be performed entirely within such jurisdiction.

(c) All obligations of the Applicant and rights of the Bank expressed herein shall be in addition to and not in limitation of those provided by applicable law.

12.6 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

12.7 Successors and Assigns. This Agreement shall be binding upon the Applicant and its successors and assigns, provided that the Applicant may not assign any of its rights or obligations hereunder without the prior written consent of the Bank.

12.8 Right of Bank to Act through Branches and Affiliates. The Bank may cause any Letter of Credit requested by the Applicant to be issued by a branch or affiliate of the Bank, and all references to the "Bank" herein or in any related document shall also include each applicable branch or affiliate.

12.9 Foreign Assets Control Regulations. The Applicant hereby certifies it is in compliance with the Office of Foreign Assets Control sanctions and regulations promulgated under the authority granted by the Trading with the Enemy Act, 12 U.S.C. § 95 (a) et seq., the International Emergency Economic Powers Act, 50 U.S.C. § 1701,

et seq.; and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as each may be amended from time to time and all rules and regulations promulgated thereunder applicable to the Applicant of to the transactions in merchandise covered by any Application, and the Applicant nor any beneficiary is not (a) listed in the Annex to, or otherwise subject to the provisions of, that certain Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism; (b) named as a "specifically designated national (SDN)" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website (<http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>) or at any replacement website or other replacement official publication of such list or that is named on any other Governmental Authority list issued post 9/11/01; and/or (c) acting, directly or indirectly, in contravention of any anti-money laundering law.

12.10 Import and Export Licenses; Insurance. Applicant hereby agrees to procure or to cause the beneficiaries of the Letters of Credit to procure promptly any necessary import and export or other licenses for import or export or shipping of any goods referred to in or pursuant to any Letter of Credit and to comply and to cause the beneficiaries under the Letters of Credit to comply with all foreign and domestic governmental regulations in regard to the shipment and warehousing of such goods or otherwise relating to or affecting the Letters of Credit, including governmental regulations pertaining to transactions involving designated foreign countries or their nationals, and to furnish such certificates in that respect as the Bank may at any time require, and to keep such goods adequately covered by insurance in amounts, with carriers and for such risks as shall be satisfactory to the Bank, and to cause the Bank's interest to be endorsed thereon, and to furnish the Bank on demand with evidence thereof. Should the insurance upon said goods for any reason be unsatisfactory to the Bank, the Bank may, at Applicant's expense, obtain insurance satisfactory to the Bank, and the Applicant shall reimburse to the Bank, on demand, any and all costs related thereto.

12.11 Mitigation: Limitation of Liability. The Applicant agrees to take action to avoid or reduce the amount of and damages which may be claimed against the Bank. For example, (a) in the case of wrongful honor, the Applicant agrees to enforce its rights arising out of the underlying transaction (except to the extent that enforcement is impractical due to the insolvency of the beneficiary or other Person from whom the Applicant might otherwise recover), and (b) in the case of wrongful dishonor, the Applicant agrees to specifically and timely authorize the Bank to effect a cure and give written assurances to the beneficiary that a cure is being arranged. The Applicant's aggregate remedies against the Bank for honoring a presentation or retaining honored documents in breach of the Bank's obligations to the Applicant (whether arising under this Agreement, applicable letter of credit practice or law, or any other agreement or law) are limited to the aggregate amount paid by the Applicant to the Bank with respect to the honored presentation.

12.12 Subrogation. The Bank shall be subrogated (for purposes of defending against the Applicant's claims and proceeding against others to the extent of any liability of the Bank to the Applicant) to the Applicant's rights against any Person who may be liable to the Applicant or any underlying transaction, to the rights of any holder in due course or Person with similar status against the Applicant and to the rights of the beneficiary of any Letter of Credit or its assignee or any Person with similar status against the Applicant.

12.13 Co-Applicants. (a) If this Agreement is signed by two or more Persons (each a "Co-Applicant"), then the term "Applicant" shall mean each such Person and all such Persons shall be jointly

and severally liable for all obligations of the "Applicant" hereunder and in respect of the Letters of Credit issued pursuant hereto. Any Co-Applicant shall have the right to issue all instructions relating to Letters of Credit (including, without limitation, instructions as to the disposition of documents and waiver of discrepancies) and to agree with the Bank upon any amendment, extension, renewal or modification of, or change in the amount of, any Letter of Credit, and such instructions and agreements shall be binding upon all Co-Applicants. Each Co-Applicant shall be bound by (i) any notice from the Bank to any other Co-Applicant, (ii) any other Co-Applicant's settlement or release of any claim against the Bank arising under this Agreement and (iii) any default under this Agreement attributable to any other Co-Applicant.

(b) Each Co-Applicant agrees that if at any time all or any part of any payment theretofore applied by the Bank to any of the Liabilities is or must be rescinded or returned by the Bank for any reason whatsoever (including the insolvency, bankruptcy or reorganization of any Co-Applicant), such Liabilities shall, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Bank, and the obligations of such Co-Applicant with respect thereto shall continue to be effective or be reinstated, as the case may be, as to such Liabilities, all as though such application by the Bank had not been made.

(c) The Bank may, from time to time, in its sole discretion and without affecting the obligation of any Co-Applicant, take any or all of the following actions: (i) retain or obtain the primary or secondary obligation of any other obligor, in addition to such Co-Applicant, with respect to any of the Liabilities, and take any security for the obligations of any such other obligor, (ii) extend or renew any of the Liabilities for one or more periods (whether or not longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of any other Co-Applicant or any obligation of any nature of any other obligor with respect to any of the Liabilities, (iii) release its security interest in, or surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property, and (iv) resort to such Co-Applicant for payment of any of the Liabilities when due, whether or not the Bank shall have resorted to any property securing any of the Liabilities or shall have proceeded against any other Co-Applicant or any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

12.14 Continuation of Liability. Regardless of the expiry date of any Letter of Credit, the Applicant shall remain liable hereunder until the Bank is released from liability by every Person that is entitled to draw or demand payment under each Letter of Credit issued pursuant hereto.

12.15 JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY APPLICATION OR ANY LETTER OF CREDIT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF PUERTO RICO OR ANY FEDERAL COURT SITTING IN PUERTO RICO; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EXCEPT AS OTHERWISE PROVIDED HEREIN, THE APPLICANT HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF PUERTO RICO FOR THE PURPOSE OF ANY SUCH LITIGATION. THE APPLICANT FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, RETURN

RECEIPT REQUESTED OR REPUTABLE THIRD-PARTY COURIER, TO THE ADDRESS SET FORTH BENEATH ITS SIGNATURE HERETO (OR SUCH OTHER ADDRESS AS IT SHALL HAVE SPECIFIED IN WRITING TO THE BANK AS ITS ADDRESS FOR NOTICES HEREUNDER) OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE APPLICANT EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

12.16 WAIVER OF JURY. EACH OF THE APPLICANT AND, BY ISSUING ANY LETTER OF CREDIT, THE BANK HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR ANY APPLICATION, INSTRUMENT, DOCUMENT, AMENDMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

12.17 Communications.

(a) **Electronic Processing.** Applicant may request the Bank's authorization to electronically initiate the issuance and amendment of any Letter of Credit and retrieve or send information about any outstanding Letter of Credit by accessing the Bank's online system ("POPULAR Online"), a communications server maintained by the Bank, using the Applicant's computer equipment and software. Applicant shall be responsible to provide its own computer equipment and software and shall be responsible for all acquisition, installation, repair and maintenance costs associated therewith. Applicant shall comply promptly with all instructions governing the use and the security measures to be maintained in connection with its use. Applicant authorizes the Bank to receive data and act upon Applicant's requests which Bank receives through POPULAR Online. Applicant agrees that Bank may rely on the authenticity and accuracy of messages and information received by Bank on POPULAR Online purporting to be from the Applicant. Applicant agrees: (i) to protect all assigned operator identification passwords and accepts full responsibility for any compromise of security; (ii) to limit access to POPULAR Online to those persons authorized by Applicant through the use of security procedures implemented and enforced by the Applicant; (iii) accurately to input any data fields necessary to initiate, release or cancel any transaction; (iv) to access POPULAR Online as often as necessary consistent with Applicant's business activities it conducts, which may be daily, and retrieve and review outstanding Letter of Credit detail reports; and (v) to notify the Bank promptly of any error or defect in the report. Applicant acknowledges and understands that the instructions sent by it through POPULAR Online to the Bank and the information retrieved by the Applicant from the bank through POPULAR Online will be encrypted, but that such encryption is not completely secure and is not free from errors, poor transmissions, interception, forgery, viruses, tampering, destruction, deciphering or other delay or casualty. The Bank shall not be liable for any loss, claim or liability, cost or expense arising from: (i) any of the foregoing; (ii) failure of any service provider to provide its services; (iii) failure of communications media, legal restrictions; (iv) act of God, fire or other catastrophe, computer failure or any other cause or circumstance beyond the Bank's control; (v) any unauthorized person's use of or access to POPULAR Online; or (vi) failure of Applicant to report errors or defects promptly.

(b) **Electronic Systems.** Applicant may desire to transmit and received by means of facsimile, open internet communication or other unguarded electronic communications (hereinafter collectively

the “electronic systems”) Applications and other paper-writings to or from the Bank. To induce the Bank to accept communication via electronic systems, Applicant shall: (i) ensure that its officers, agents and employees, will at all times follow and maintain the integrity of any security established by the Applicant and the Bank; (ii) immediately notify the Bank in the event that Applicant should have reason to believe that the security established for electronic systems transmission has been breached or compromised in any manner; (iii) ensure that only authorized personnel selected and controlled by the Applicant request action(s) by transmittal of document(s) by electronic systems; (iv) ensure that any documents transmitted to the Bank by means of electronic systems shall be a complete and accurate copy and executed by personnel authorized by the Applicant; and (v) maintain its software and equipment and any privacy control device within such software or equipment without any reliance on or responsibility by the Bank. The Applicant acknowledges and agrees that the Bank shall: (i) not be responsible to the Applicant for any loss or damage arising from the use of unguarded electronic systems under control of Applicant, including access or misuse of Applicant’s confidential information, transmission of a virus, or failed, incomplete or inaccurate transmission; (ii) not be responsible to assure that, its software and equipment for receiving messages or documents from electronic systems will be compatible with that of Applicant or available at all times for Applicant’s use; (iii) have absolute discretion but without liability, for any reason whatsoever, not to act upon documentation received by electronic systems; provided, however, that the Bank shall notify the undersigned promptly should it elect to defer action until the original documentation is physically presented to the Bank; (iv) without any liability on its part to do so, have the right at its discretion to make further inquiries and demand further verification to determine the validity of any document prior to taking any action; and (v) have the right to assume that any reproduction of documentation received by electronic systems constitutes a full, complete and accurate reproduction of the original documentation and that all signatures are authorized and genuine.

(c) **Webtrade Setup.** The Applicant acknowledges and agrees that it shall comply with all instructions from the Bank regarding the establishment of the Bank’s WEBTRADE online platform and all protocols and processes pertaining thereto.

(d) **Indemnity.** Separate and independent from any other indemnity set forth in this document, the Applicant hereby indemnifies and holds the Bank harmless against any and all loss, liability, damage or expenses of whatever kind and nature arising from Bank’s acceptance and/or delivery of information and Applications through POPULAR Online or the electronic systems.

12.18 **USA Patriot Act Notice.** To help the government fight the funding of terrorism and money laundering activities, United States

federal laws require all financial institutions to obtain, verify, and record information that identifies each Person that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. In furtherance of the above, when the Applicant opens an account, if the Applicant is an individual, the Bank will ask for the Applicant’s name, residential address, date of birth, and other information that will allow the Bank to identify the Applicant, and, if the Applicant is not an individual, the Bank will ask for the Applicant’s name, employer identification number, business address, and other information that will allow the Bank to identify the Applicant. The Bank may also ask to see the Applicant’s driver’s license or other identifying documents if the Applicant is an individual, and, if the Applicant is not an individual, to see the Applicant’s legal organizational documents or other identifying documents. The Applicant agrees that it shall provide such information and take such actions as a requested by the Bank to assist the Bank to comply and maintain compliance with such federal laws.

Executed as of this _____ day of _____ of _____.

APPLICANT:

By: _____

Name:

Title:

**ACKNOWLEDGED AND ACCEPTED:
BANCO POPULAR DE PUERTO RICO**

By: _____

Name:

Title: