

**COMMERCIAL LINE OF CREDIT PROMISSORY NOTE  
AND SECURITY AGREEMENT**

**Customer Account #:** \_\_\_\_\_

**Date:** \_\_\_\_\_

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged,

\_\_\_\_\_ [legal name of entity (list all entities, including fictitious names)], a  
\_\_\_\_\_ [state(s) of formation] \_\_\_\_\_ [type of entity] (together "Borrower") (which for billing/invoice purposes may be referred to as the Borrower's dba or other shortened or modified version thereof) hereby promises to pay to the order of WINCO FIREWORKS INTERNATOINAL, LLC, a Kansas limited liability company ("Winco"), or its assigns ("Lender"), (for purposes of this Note, Lender shall include the following entities: Winco Fireworks of Utah, LLC, Winco of Tennessee, LLC, Winco Fireworks of Mississippi, LLC and any future affiliates created after the date hereof) the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), or so much thereof as has been advanced and remains outstanding and unpaid, plus interest and expenses as provided hereunder. Interest shall accrue on the unpaid principal balance at the rate of 18% [interest rate] per annum. The proceeds from this Note may only be used to purchase fireworks from Lender or any of its affiliates from Lender's and/or its affiliates' warehouses on credit.

1. **Draw Amounts to be Approved by Lender.** Amounts may be drawn pursuant to this Line of Credit Promissory Note, Security Agreement and related Personal Guarantee (hereinafter referred to as the "Note") by request from the Borrower as approved by the Lender in its sole and absolute discretion. Borrower agrees to provide Lender with documentation as may be reasonably requested by Lender in evaluating a draw request under this Note. Evidence of amounts drawn pursuant to this Note, may include a bill of lading, an invoice or other documents in which Borrower requested a draw on this Note.
2. **Payment Due Dates.** Interest shall be payable monthly on the 1<sup>st</sup> day of the month throughout the term of this Note. The principal shall be due and payable in full upon the earlier of (i) 01/10 and 07/10 of each year. These stated amounts may be collected by Lender from Buyer pursuant to the "Authorization for Direct Payment Via ACH" attached hereto as Exhibit A and incorporated herein by reference ("ACH Authorization:"). In addition to the above-referenced amounts and due dates, Borrower hereby specifically authorizes Lender to obtain payment from Borrower pursuant to the ACH Authorization in the amounts and pursuant to the dates set forth in such ACH Authorization.
3. **Expiration of Line of Credit; Prepayment; and Waiver.** Borrower's ability to obtain advances under this Note shall expire no later than five years from the date hereof, but shall be subject to cancellation upon delivery of written notice to Borrower from Lender at any time, or upon default of the Borrower to faithfully perform the covenants and agreements hereunder, under any separate security documents or any other contract or agreement with Lender. Borrower may prepay all or any portion of this Note at any time without penalty; provided, however, that amounts prepaid shall apply first to charges and expenses incurred hereunder, next to accrued and unpaid interest and then to principal. Any prepayment shall not affect the next scheduled payment due hereunder. Borrower waives protest, presentment and notice of dishonor.
4. **Borrower Liable for Collection Costs and Attorney's Fees.** If this Note is not paid as provided herein, the Borrower shall pay to Lender, all reasonable costs, charges, disbursements and reasonable attorneys' fees incurred by Lender in collecting or enforcing payment thereof or in protecting the same, whether incurred in or out of court, including probate proceedings, appeals and bankruptcy proceedings.
5. **Late Charges.** Without in any way limiting its right to accelerate the maturity of this Note upon the nonpayment of any installment, if any such installment is not paid within ten (10) days of its due date, Lender may, at its option, collect a "late charge" in an amount equal to the greater of: (i) five percent (5%) of such delinquent payment; and (ii) \$250.00, provided that in no event shall the amount to be collected at any time as a "late charge" when added to all interest otherwise paid or accrued on this Note to such date produce a total amount in excess of the maximum amount (if any) of interest that could be lawfully charged on the loan evidenced by this Note under applicable law.

6. **Grant of Security Interest.** For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower hereby pledges, assigns and transfers to Lender and grants to Lender a continuing security interest in the following property of Borrower, hereinafter referred to as "Collateral": (i) All items of inventory owned by Borrower, including those purchased from Lender, whether on its own account or for intended retail sale to third-parties; (ii) All proceeds, including cash and amounts in Borrower's bank accounts, from the sale of such inventory; (iii) all equipment and

vehicles used in the operation of Borrower's business; and (iv) \_\_\_\_\_. In such context, Borrower shall be the Debtor and Lender shall be the Secured Party.

7. **Indebtedness.** The security interest granted by Borrower to Lender in and to the Collateral is to secure the payment of the all amounts due from Borrower to Lender hereunder, as well as any other credit sales made by Lender to Borrower, whether for Borrower's own account, or for intended resale to third-parties. All amounts due from Borrower to Lender hereunder may be referred to as the "Indebtedness."

8. **Duty to Maintain Collateral; Indemnity.** Borrower hereby pledges to properly insure, protect and not to lay waste or otherwise destroy the value of the Collateral held by Borrower. Should Lender, at any time or times, deem itself insecure with respect to the Indebtedness, Borrower shall, on demand, pledge to the Lender, or otherwise grant to the Lender a security interest in additional property acceptable to Lender. The parties agree to amend this document to include such additional property as Collateral. Borrower shall keep the Collateral at the location where it was delivered, unless Borrower provides ten (10) days advance notice to Lender of the new location of said Collateral. Borrower represents that any merchandise sold and shipped to Borrower by Lender (whether deemed Collateral or not) will be used strictly in accordance with the laws of the state of destination. Borrower hereby indemnifies Lender for any claim, cost, damage, injury or accident during transportation, handling, storage, sale or use of said merchandise.

9. **Duty to Pay Taxes and Other Charges.** Borrower agrees to pay prior to delinquency all taxes, charges, insurance premiums insuring the Collateral, liens and assessments against the Collateral, and upon the failure of Borrower to so, Lender at its option (without any obligation to do so) may pay any of them and such amounts so paid shall be immediately reimbursed by Borrower to Lender upon written demand therefore.

10. **Expenses Become a Part of the Debt.** All advances, charges, costs and expenses, including reasonable attorneys' fees, incurred or paid by Lender in exercising any right, power or remedy conferred by this Note, or in the enforcement thereof, shall become a part of the Indebtedness secured hereunder and shall be paid to Lender by Borrower immediately with interest thereon as provided herein.

11. **Release of Collateral Upon Payment.** Borrower pledges not to sell any of the Collateral other than in the ordinary course of business. Sales by Borrower outside the ordinary course of business may be affected only with the prior written consent of Lender, and only if the entirety of the proceeds therefrom are used to pay any and all amounts outstanding under this Note. In such sales, Lender hereby agrees to release its security interest in such items of Collateral sold outside of the ordinary course of business conditioned upon Borrower's compliance with the proceeding sentence. Lender reserves the right to collect payments directly from third parties under contract with Borrower, whether through use of a lock-box arrangement or otherwise, at Lender's discretion. Upon receipt of payment, Lender agrees to provide to Borrower or any third party, upon reasonable request, documentation evidencing the release of its security interest in the Collateral.

12. **Borrower's Representations and Financing Statements.** Borrower hereby represents that it is a validly organized entity or entities and in good standing under the laws of the state in which it was organized and that the information provided in its credit application is accurate as of the date hereof. Borrower hereby consents to the filing of any and all necessary documents, including, but not limited to, UCC Financing Statements, with the appropriate agency in any State in which Borrower or the Collateral is located to perfect the security interest described herein and specifically authorizes Lender, as its attorney-in-fact, to make such filings, from time-to-time, as Lender may require.

13. **Events of Default.** At the option of Lender and without necessity of demand or notice, all or any part of the Indebtedness of Borrower shall immediately become due and payable irrespective of any agreed maturity, upon the happening of any of the following events: (i) Borrower shall fail to meet its obligations to make the required principal or interest payments hereunder; (ii) Borrower shall be dissolved or liquidated; (iii) Borrower shall make an assignment for the benefit of creditors or shall be unable to, or shall admit in writing its inability to pay its debts as they become due; (iv) Borrower or any Guarantor shall commence any case, proceeding or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, or any such action shall be commenced against the Borrower or any Guarantor; (v) Borrower fails to respond to telephonic, electronic or written communication from Lender; (vi) Borrower shall suffer a receiver to be appointed for it or for any of its property or shall suffer a garnishment, attachment, levy or execution upon Borrower or any of the Collateral; (vii) failure to keep or perform any of the terms or provisions of this Note; (viii) any deterioration or impairment of the Collateral or any part thereof, or any decline or depreciation in the value or market price thereof (whether actual or reasonably anticipated), which causes the Collateral in the judgment of Lender to become unsatisfactory or diminished in value as to the character or value; or (ix) the death of the owner of five percent (5%) or more of Borrower. Upon default, the entire balance of this Note and all accrued interest, charges and expenses and other Indebtedness evidenced hereby shall become immediately due and payable. Upon the

happening of any of the foregoing specified events any agreement for further financial accommodation by Lender shall terminate at Lender's option.

14. **Remedies, Notice, Procedure.** In the event of the nonpayment of any Indebtedness when due, or upon the happening of any of the events specified in the last preceding paragraph, Lender may then, or at any time thereafter, at its election, apply, set-off, collect or sell in one or more sales, with or without any previous demand or demand of performance or any presentment, protest, notice of protest or of dishonor of any instrument evidencing any obligation secured hereby, the whole or any part of the Collateral in such order as Lender may elect, and any such sale may be at public or private sale, at the place of business of Lender or elsewhere, either for cash or upon credit for future delivery, and/or exercise any and all rights granted to Lender under the law, including, but not limited to, Lender's rights under the Uniform Commercial Code. Lender agrees that ten (10) days notice in writing to Borrower at the last address of Borrower on the books of Lender shall constitute reasonable notice of any public or private sale of the Collateral and that if any of the Collateral be perishable or threatens to decline in value speedily or be of a type customarily sold on any recognized market or listed on any exchange the same may be sold by Lender without notice upon any default. At any public sale Lender may become the purchaser of Collateral and any officer, employee or attorney of Lender may act as auctioneer.
15. **Waiver of Jury Trial; Amendment or Modification of Note.** Borrower hereby agrees to trial by court and irrevocably waives jury trial and consents that the filing of a copy of this Note with the court or clerk thereof will be a proper and complete waiver thereof in any action to enforce the terms hereof. No amendment or modification of this Note shall be valid or binding unless and until such amendment or modification has been reduced to writing and signed by the parties hereto.
16. **Application of Proceeds.** The proceeds of the sale of any of the Collateral and all sums received or collected by Lender from or on account of such Collateral shall be applied by Lender to the payment of expenses incurred or paid by Lender in connection with any sale, transfer or delivery of the Collateral, to the payment of any other costs, charges, attorneys' fees or expenses mentioned herein, and to the payment of the Indebtedness or any part thereof, all in such order and manner as Lender in its discretion may determine. Lender shall pay any balance to Borrower or to the person or persons entitled hereto upon proper demand being made therefore.
17. **Waiver of Demand and Other Waivers and Limitations.** Lender shall be under no duty or obligation whatsoever to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protest or notices of dishonor in connection with any obligations or evidence of Indebtedness or the Collateral, or in connection with any obligations or evidences of indebtedness which constitute in whole or in part the Indebtedness secured hereunder. Borrower waives any right to require Lender to (a) proceed against any person or entity, (b) proceed against or exhaust any Collateral, or (c) pursue any other remedy in Lender's power; and waives any defense arising by reason of any disability or other defense of Borrower or any other person, or by reason of the cessation from any cause whatsoever of the liability of Borrower or any other person.
18. **Rights of Lender.** Borrower authorizes Lender, without notice or demand and without affecting its liability hereunder or on the Indebtedness, from time to time to (a) renew, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any part thereof, including increase or decrease of the rate of interest thereon; (b) take and hold security, other than the Collateral herein described, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive and release the Collateral herein described or any part thereof or any such other security; (c) apply such Collateral or other security and direct the order or manner of sale thereof as Lender in its discretion may determine; and (d) release or substitute any other of the undersigned, or any of the endorsers or guarantors of the Indebtedness or any part hereof, or any other parties thereto.
19. **Kansas Law Governs; Entire Agreement; Venue.** This Note shall be governed by and interpreted according to the laws of the State of Kansas without regard to choice of law provisions. This Note, and any Guaranty, credit application and/or credit update, contains the entire agreement of the parties as it relates to the subject matter discussed herein and there are no other promises or conditions in any other agreement, whether oral or written. This Note supersedes any prior written or oral agreements between the parties as it relates to the subject matter discussed herein. In the event of a dispute regarding this Note, the parties agree that such dispute will be brought in the District Court of Johnson County, Kansas, where the parties agree to submit to jurisdiction and venue.
20. **Agreement Continues Until Debt is Paid.** Until all Indebtedness shall have been paid in full, the power of sale and all other rights, powers and remedies granted to Lender hereunder shall continue to exist and may be exercised by Lender at any time and from time to time irrespective of the fact that the Indebtedness or any part thereof may have become barred by any statute of limitations, or that the personal liability of the undersigned may have ceased.

21. **Parties with Rights of Enforcement.** It is contemplated that Borrower may purchase goods on credit from Lender through the use of funds loaned hereunder. It is also possible that such purchases may be made from Lender’s affiliates through warehouses owned by such affiliates and not Winco. Borrower agrees that each separate affiliate/warehouse providing goods to Borrower may enforce the terms of this Note against Borrower as to goods purchased from such affiliate and/or purchased or shipped from such warehouse. In all events, however, Borrower agrees that Winco may enforce the terms of this Note against Borrower even as to goods provided by Winco’s affiliates and through such affiliates’ warehouses.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

**“BORROWER”**  
Principle 1 Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Title \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

**“BORROWER”**  
Principle 2 Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Title \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

[Add additional signature blanks as needed.]

**“LENDER”**  
*Winco Fireworks International, LLC, and all affiliates.*

By: Nathan Brown  
Printed Name: Nathan Brown  
Title: Controller  
Address: 12521 15<sup>th</sup> Street  
Grandview, Missouri 64030