

> CREDIT AND SECURITY TERMS AND AGREEMENT

The business submitting the foregoing Credit Application ("Applicant") and SportsArt America, Inc. ("SportsArt") enter into this Agreement as follows: For and in consideration of the extension of credit by SportsArt to the Applicant for the purchase of merchandise from SportsArt, the Applicant promises and agrees as follows:

- 1. PAYMENT TERMS.** Applicant shall fully pay all charges, including invoice, delinquency and other charges, on its account within thirty (30) days of the date of each billing invoice issued by SportsArt or as specified in a separate written agreement. All payments made via credit card are subject to , and must include additional payment of, a processing fee equal to 3% of the amount paid via credit card. Subject to change without notice.
- 2. DELINQUENCY CHARGES.** If Applicant does not fully pay SportsArt when due, it shall pay a delinquency charge that shall accrue on all amounts past due and owing by Applicant. Such charge shall be computed as interest accruing from the date payment was due at the rate of the higher of (a) eighteen percent (18%) per annum, or (b) the prime rate charged by Bank of America for that month plus two percentage points, but in no case more than the maximum rate of interest permitted by law. Delinquency charges shall compound such that all delinquency charges remaining past due and owing by the Applicant at the end of each billing period shall be added to the total amount due and owing for the following billing period, and shall be subject to further delinquency charge for late payment.
- 3. SECURITY INTEREST.** To secure Applicant's payment of all monies due to SportsArt under this Agreement, Applicant grants a security interest in all merchandise it purchases from SportsArt, together with the proceeds of any such property, until all monies owing and due to SportsArt are paid in full. The security interest granted in this paragraph shall secure any indebtedness of Applicant to SportsArt now existing or hereafter arising, and shall not terminate as to any property from time to time constituting collateral until payment in full of all indebtedness to SportsArt at any time outstanding. SportsArt is authorized by Applicant to attach hereto a description of any merchandise and other property from time to time constituting collateral. SportsArt may file one or more Financing Statements, together with any amendments thereto, describing the collateral in any jurisdiction or office that SportsArt deems appropriate to perfect its security interest in any collateral. Upon request, Applicant shall inform SportsArt as to the disposition and location of any collateral and execute and furnish SportsArt with any other standard form security agreement or financing statement satisfactory to SportsArt reflecting its security interest in the collateral.
- 4. DEFAULT AND REMEDIES.** Applicant shall be in default if it fails to make any payment or perform any other obligation when due. Upon Applicant's default, SportsArt may pursue any remedy available under this Agreement, at law, in equity or otherwise to collect, enforce or satisfy any obligations owing to it. Such remedies may include, without limitation, repossession of any or all collateral without judicial proceedings, in which event Applicant agrees to cooperate with SportsArt to the fullest extent.
- 5. COLLECTION EXPENSES.** Applicant shall pay all expenses and costs, including attorney fees, paralegal fees, expert witness fees, collection agent fees and costs, costs of repossession, notice, advertising and sale, legal costs and all other expenses, incurred by SportsArt in the enforcement of its rights against Debtor and/or in collecting any amount owing under this Agreement.
- 6. REVIEW OF BILLING STATEMENTS.** Applicant shall closely review every billing notice and statement of account from SportsArt immediately upon receipt, and shall, within fifteen (15) days of such receipt, notify SportsArt in writing of any erroneous billings and/or amounts not owing by Applicant. Applicant's failure for any reason to so notify SportsArt shall deem all billings in the notice and statement as authorized, correct and owing, and any objection or defense to such billings shall be waived.
- 7. GOVERNING LAW AND VENUE.** This Agreement shall be governed by and construed according to the laws of the State of Washington and venue for any action brought between Applicant and SportsArt shall be in King County, Washington.
- 8. REFERENCE AUTHORIZATION.** Applicant authorizes SportsArt to contact any and all references listed in its Credit Application regarding its credit standing, and any and all credit reporting agencies. I authorize SportsArt, in its sole option, to release, modify or amend any and all collateral and/or security interest therein securing payment to SportsArt by Applicant, and such release, modification and amendment shall not in any way discharge, alter or otherwise affect my guarantee obligations to SportsArt. I hereby authorize SportsArt to obtain and use from time to time a non-business consumer credit report on me to further evaluate the creditworthiness of the Applicant in connection to extension of business credit, and of me in connection with the below Guarantee by Applicant's Principal, consistent with the Fair Credit Reporting Act, 15 U.S.C. §1681 et. seq.