

Application for Credit, Security Agreement and Guaranty

Remit to:
P.O. box 790
Beaumont, TX 77704

Dragon Products, Ltd. | Dragon Products PES, Inc. | Dragon ESP, Ltd. | Dragon Rig Sales & Service, Ltd.
Companies of The Modern Group, Ltd.

Salesman: _____

Contact Email Address: _____

1. COMPANY INFORMATION

Full Legal Name/Business Entity		Phone Number	Fax Number		
Billing Address	City	State	Zip		
Physical Address	City	State	Zip		
Owner(s) Name(s)	Social Security/Tax Id#	Address	City	State	Zip
Company Type: _____ Proprietorship _____ Partnership _____ Franchisee _____ Corporation Other _____					

2. BUSINESS CREDIT INFORMATION

Name of Principal/Owner	Federal Tax I.D.	Year established	At present location since
DUNS Number	Principal business of the company	Credit line requested (USD)	
Tax Exempt? (If yes, provide an exemption certificate)		PO Required?	

3. BANK REFERENCES

Bank Name	Account No.	Contact
Address	City	State Zip Phone

4. CREDIT REFERENCES

Company Name	Contact	Account No.
Address	City	State Zip Phone
Company Name	Contact	Account No.
Address	City	State Zip Phone

Use Additional Sheets as Necessary

CREDIT APPLICATION, SECURITY AGREEMENT AND GUARANTY

_____ (Buyer) hereby enters into this Credit Application and Security Agreement for purposes of requesting and utilizing an extension of credit from either Dragon Products, Ltd., Dragon ESP, Ltd. and Dragon Rig Sales & Service, Ltd. (collectively and singularly referred to herein as "Dragon"). Buyer hereby agrees that all sales or other transactions between Buyer and Dragon on credit, including but not limited to any currently pending or outstanding orders to which Dragon has not been paid in full, shall be governed under the following terms and conditions:

1. **Authorization to acquire credit information.** Buyer and the undersigned Owner hereby authorize Dragon and its parent, subsidiary or related companies and their employees, representatives and agents to conduct such research and request and acquire such information, including but not limited credit reports, as Dragon may deem necessary to determine the credit worthiness of Buyer.

2. **Credit Sales and Payment.** Nothing in this Agreement will be construed as to obligate Dragon to provide credit to Buyer, Dragon may in its sole discretion require Buyer to prepay at any time or pay cash on delivery. All sales to Buyer shall be deemed made on an extension of credit unless paid in advance with cash. Dragon may establish and increase or decrease Buyer's credit limit at its sole discretion at any time. Buyer agrees to be responsible for all credit extended by Dragon and pay such sums when due, regardless of any credit limit on Buyer's account with Dragon. Buyer will pay all credit obligations and sums due at the place indicated on Dragon's invoices, including any finance charges assessed under this Agreement. Payments must be made within the time specified on Dragon's invoices.

3. **Interest.** Buyer agrees to pay interest on all sums owed to Dragon and not paid within thirty (30) days of the due date for the sum owed. Such interest shall be calculated at 1.5% per month or the highest amount allowed by law, whichever is less. Said interest shall continue to accrue until all overdue and unpaid balances have been paid in full. Interest shall further continue to accrue as pre-judgment and post-judgment interest on any unpaid amounts that are reduced to a judgment in favor of Dragon. Buyer further agrees to pay the maximum fee allowed by law for any checks returned for insufficient funds (NSF).

4. **Governing Law, Jurisdiction and Venue.** This agreement and all sales or other transactions between Buyer and Dragon shall be governed and construed under the laws of the State of Texas. **Buyer hereby irrevocably consents to the personal jurisdiction of the federal and state courts for the State of Texas.** Buyer agrees that this agreement was negotiated, made and entered into in Jefferson County, Texas and that all obligations created under this Agreement are performable in Jefferson County, Texas. **Buyer hereby agrees and irrevocably consents to venue in state or federal courts in Jefferson County, Texas for any dispute arising out of or related to this Agreement or any sale or transaction between Buyer and Dragon.** Buyer expressly waives any right to challenge the venue whether based on residence, forum nonconvenes or any other basis. Buyer further agrees to pay all reasonable and necessary attorneys' fees, expert fees, court costs, and such other and further expenses and costs incurred by or on behalf of Dragon in connection with the enforcement of this Agreement or collection of any debt due Dragon, regardless of whether any lawsuit was actually filed.

5. **Security Interest.** For value received, Buyer hereby grants a security interest in and to all trailers, drilling rigs, work over rigs, frac tanks, oil field equipment, pumps, containers, storage tanks of any type, roll-off equipment and any other goods sold to Buyer under credit extended by Dragon as identified on Dragon's invoices to Buyer, which said invoices shall be incorporated herein this Agreement, (the "Collateral") and to all proceeds derived therefrom. This interest is granted to secure: (i) Buyer's debt to Dragon arising out of the purchase of the Collateral from Dragon and in the amounts reflected on Dragon's invoices to Buyer for said Collateral; (ii) interest payable as provided herein; (iii) all expenditures by Dragon for taxes, insurance, repairs, maintenance and other costs and expenses incurred by Dragon in the collection and enforcement of the indebtedness of Buyer; (iv) all liabilities of Buyer to Dragon now existing or later incurred, matured or unmatured, fixed or contingent, and any renewals extensions of and substitutions for such liabilities. Dragon may take such measures as it deems appropriate to perfect its security interest, including but not limited to retaining certificates of title or filing UCC-1 financing statements at such time that Dragon in its sole discretion may determine is necessary to protect its interests. Buyer grants to Dragon a specific power of attorney for Dragon to use and hereby authorizes Dragon to sign and file on Buyer's behalf or on Dragon's behalf any document Dragon deems necessary to perfect or protect Dragon's interest in the Collateral, including a UCC-1 Financing Statement or any other document pursuant to the Uniform Commercial Code.

6. **Default.** Buyer will be in default under this Agreement if any of the following events or conditions occur: (a) Buyer or any one of its parent, subsidiary or affiliated companies fails to pay any debt or obligation to Dragon or any one of its parent, subsidiary or affiliated companies. (b) Buyer fails to pay or perform any note, obligation, covenant, or liability contained or referred to in this Agreement. (c) A warranty, representation, or statement made or furnished to Dragon by or in behalf of the Buyer proves to have been false in any material respect when made or furnished. (d) An event results in the acceleration of the maturity of the Buyer's indebtedness to others under any indenture, agreement, or undertaking. (e) Loss, theft, substantial damage, destruction, sale, or encumbrance to or of any of the Collateral, or the making of any levy, seizure, or attachment of or on the Collateral occurs. (f) Dragon believes in good faith that the prospect of payment of any indebtedness secured by this Agreement or the performance of this Agreement is impaired. (g) There is a death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency law by or against the Buyer or any guarantor or surety for the Buyer.

7. **Remedies.** On or at any time after the occurrence of any event of default, Dragon may declare all obligations secured immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies provided by the Business and Commerce Code of Texas as well as other rights and remedies, either at law or in equity, possessed by Dragon. Dragon may immediately cancel and stop manufacture or shipment of all pending orders by Buyer, and Dragon may require Buyer to assemble the Collateral and make it available to Dragon at any place to be designated by Dragon that is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Dragon will give the Buyer reasonable notice of the time and place of any public sale, or of the time after which any private sale or any other intended disposition of the Collateral is to be made. The requirements of reasonable notice are met if the notice is mailed, postage prepaid, to the address of the Buyer shown in this Agreement, at least ten days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like will include Dragon's reasonable attorney's fees and legal expenses. No right or remedy herein conferred upon or reserved to Dragon is exclusive of any other right or remedy herein, or by law or by equity, but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law, contract or equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time. No single or partial exercise by Dragon of any right or remedy hereunder shall preclude any other or further exercise of any other right or remedy.

8. **No Modification.** This Agreement may not be modified, amended, superseded or otherwise changed except in a writing specifically referring to this Agreement and signed by an executive officer of Dragon. This agreement shall control over any conflicting provisions in any purchase order, delivery ticket, invoice, order confirmation or other documents whether similar or dissimilar to those listed herein. This agreement is binding on and will inure to the benefit of the parties to it and their respective successors, assigns, administrators, legal representatives, heirs, executors and estates.

9. **Returns.** All returns are subject to prior approval by Dragon at its discretion. If a return is permitted, Buyer agrees to pay a restocking fee of 25% of the total invoice price on all products approved for return and a refund.

10. **Cancellation for Convenience.** Dragon may at any time by providing notice to Buyer, cancel, with or without cause, this Agreement or any outstanding orders or jobs, unless Buyer has paid Dragon in full for all prior orders and jobs and all outstanding orders and jobs before notice of cancellation and is not in default. In the event of a cancellation without cause, Buyer's only and exclusive remedy shall be a refund of all monies paid, if any, as a partial payment for the canceled orders or jobs only. **Regardless of whether a cancellation is made with or without cause, Buyer hereby waives, relinquishes and releases Dragon from any claim, cause of action or damages for lost profit, lost revenue, lost business opportunity, replacement costs, or any incidental, indirect, economic, consequential or other direct or indirect damages arising out of or in any way related to the cancellation.**

11. **Personal Guaranty.** In consideration of Dragon's extension of extension of credit to Buyer, and for other good and valuable consideration, the receipt and sufficiency of which Buyer hereby acknowledges, the undersigned Owner of Buyer hereby executes and delivers this Guaranty to Dragon with the intention of being presently and legally bound by its terms. Owner represents and warrants that he/she/it is an owner of Buyer, that he/she/it has direct financial interests in Buyer and its current and prospective business, and Owner will directly and indirectly benefit from the extension of credit by Dragon to Buyer. Owner, as primary obligor and not as a surety, unconditionally guarantees to Dragon the full, prompt and punctual payment of all Buyer's debts to Dragon when due, whether at its stated maturity, by acceleration or otherwise (the "Guaranteed Debt"). This Guaranty is irrevocable, unconditional and absolute, and if for any reason all or any portion of the Guaranteed Debt shall not be paid when due by Buyer, Owner will immediately pay the Guaranteed Debt to Dragon or any other person entitled to it, in United States Dollars, regardless of (a) any defense, right of set-off or counterclaim which Buyer may have or assert, (b) whether Dragon or any other person shall have taken any steps to enforce any rights against Buyer or any other person to collect any of the Guaranteed Debt and (c) any other circumstance, condition or contingency. This is an absolute guaranty of payment, and not of collection, and Owner waives any right to require that any action be brought against Buyer or any other person, or that Dragon be required to enforce, attempt to enforce or exhaust any of Dragon's rights, benefits or privileges by law or otherwise before demanding payment from Owner.

SIGNED: _____
Owner/Officer

WITNESS: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Once completed, please scan and email to sue.gossai@modernusa.com OR fax to 281-470-1954

Please contact Sue Gossai at 1-800-231-8198 x2217 with questions regarding your pending application.