

## OPTIONS OF EFA PURCHASE OPTION

Lease # 19458594825279 between US Business Funding, Lessor and Southern Ammunition Company Inc.

Provided the EFA has not terminated early and no event of default under the EFA has occurred and is continued, Lessee shall have the following option:

### PURCHASE EQUIPMENT FOR \$0.00

**Lessor:** US Business Funding

Signature

Title

Date

**Lessee:** Southern Ammunition Company Inc.

Title

Date



COMPLY WITH THE TAX LAWS OF THE STATE IN WHICH THE EQUIPMENT IS LOCATED. Equipment located in various states is subject to sales tax laws which require that tax to be paid up front. You authorize us to advance tax and increase monthly payment by an amount equal to the current tax percentage applied to the monthly loan shown above.

*Azhar Prystak*

2. **LOAN:** Loan will be payable in installments, each in the amount of the basic lease payment shown plus any applicable sales tax, use tax, plus 1/12th of the amount estimated by us to be personal property tax on the Equipment for each year of this Agreement. Rental payments do not include shipping/handling/warranty or any installation costs as said costs/fees cannot be financed by or through US Business Funding. You will pay the security deposit on the date you sign this Agreement. Subsequent installments will be payable on the first day of each loan payment period shown beginning after the first loan payment period. We will have the right to apply all sums, received from you, to any amounts due and owed to us under the terms of this Agreement. In the event this Agreement is not fully completed, the security deposit will be retained by us to compensate us for our documentation, processing and other expenses. If for any reason your check is returned for nonpayment, a \$20.00 bad check charge will be assessed
3. **WARRANTY DISCLAIMER: WE MAKE NO WARRANTY, EXPRESS OR IMPLIED THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THAT THE EQUIPMENT IS MERCHANTABLE. YOU AGREE THAT YOU HAVE SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT BASED UPON YOUR OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY US OR ANY SUPPLIER. WE DO NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF OURS AND NOTHING THE SUPPLIER STATES CAN AFFECT YOUR OBLIGATION UNDER THE LOAN. YOU WILL CONTINUE TO MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST SUPPLIER.**
4. **LOCATION OF EQUIPMENT/RETURN:** You will keep records showing the location of the Equipment. You will report this location to us upon request. At the end of the Agreement's term, you will either renew per paragraph 1 or return the Equipment to a location we specify at your expense, in retail resalable condition, full working order and in complete repair. All license plates, registration certificate, documents of title and odometer certificates shall also be returned.
5. **LOSS OR DAMAGE:** You are responsible for the risk of loss or for any destruction of or damage to the Equipment. No such loss or damage relieves you from the payment obligations under this Agreement. You agree to promptly notify us in writing of any loss or damage and you will then pay to us the present value of the total of all unpaid lease payments for the full lease term plus the estimated fair market value of the Equipment at the end of the originally scheduled term, all discounted at six percent (6%) per year. Any proceeds of insurance will be paid to us and credited, at our option, against any loss or damage.
6. **COLLATERAL PROTECTION AND INSURANCE:** You agree to keep the equipment fully insured against loss with us as loss payee in an amount not less than the replacement cost until this Agreement is terminated. You also agree to obtain a general public liability insurance policy from anyone who is acceptable to us and to include us as an insured on the policy. You agree to provide us with certificates or other evidence of insurance acceptable to us, before this Agreement begins or, we will enroll you in our property damage coverage program and bill you a property damage surcharge as a result of our increased administrative costs and credit risk. As long as you are current at the time of the loss (excluding losses resulting from acts of God), the replacement value of the Equipment will be applied against any loss or damage as per paragraph
7. **You must be current to benefit from this program. NOTHING IN THIS PARAGRAPH WILL RELIEVE YOU OF YOUR RESPONSIBILITY FOR LIABILITY COVERAGE ON THE EQUIPMENT.**
8. **TAXES AND FEES:** You agree to pay when due all taxes (including personal property tax, fines and penalties) relating to this Agreement or the Equipment. If we pay any of these fees or taxes for you, you agree to reimburse us and to pay us a processing fee for each payment we make on your behalf. You also agree to pay us any filing fees prescribed by the Uniform Commercial Code or other law and reimburse us for all costs and expenses involved in documenting and servicing this transaction.
9. **ASSIGNMENT: YOU HAVE NO RIGHT TO SELL, TRANSFER, and ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT.** You understand that we, without prior notice, have the right to assign this Agreement to a financing source for financing purposes without your consent to such assignment. You understand that our assignee will have the same rights and benefits but they do not have to perform any of our obligations, including, if applicable, but not limited to, any service and maintenance. You agree that the rights of assignee will not be subject to any claims, defenses, or setoffs that you may have against us.
10. **DEFAULT AND REMEDIES:** If you do not pay any lease payment or other sum due to us or other party when due or if you break any of your promises in the Agreement or any other Agreement with us, you will be in default. If any part of a payment is late, you agree to pay a late charge of 15% of the payment which is late or if less, the maximum charge allowed by law. If you are ever in default, we may retain your security deposit and at our option, we can terminate or cancel this Agreement and require that you pay (1) the unpaid balance of this Agreement (discounted at 6%); (2) the amount of any purchase option and if none is specified, 20% of the original equipment cost which represents our anticipated residual value in the equipment; (3) and/or return the Equipment to us to a location designated by us. We may recover interest on any unpaid balance at the rate of 8% per annum. We may also use any of the remedies available to us under Article 2A of the Uniform Commercial Code as enacted in the State of California or any other law. If we refer this Agreement to an attorney for collection, you agree to pay our reasonable attorney's fees and actual court costs. If we have to take possession of the equipment, you agree to pay the cost of repossession. **YOU AGREE THAT WE WILL NOT BE RESPONSIBLE TO PAY YOU ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES FOR ANY DEFAULT BY US UNDER THIS AGREEMENT.** You agree that any delay or failure to enforce our rights under this Agreement does not prevent us from enforcing any rights at a later time. It is further agreed that your rights and remedies are governed exclusively by this Agreement and you waive lessee's rights under Article 2A (508-522) of the UCC.
11. **SECURITIZATION FEE- INITIAL DEPOSIT:** The lease payments for the Equipment leased shall be in the amount designated in the payment schedule and shall commence on the indicated payment due date immediately following the Equipment acceptance date (the "Commencement Date"). Lessee shall pay Lessor said payments on or before the due date and at the office of Lessor or to such other person or place as Lessor may designate in writing. The Initial Deposit noted above is required upon acceptance of this agreement by the Lessee, which shall be applied to the Securitization Fee which is non-refundable and fully earned by Lessor upon Lessee's acceptance of this agreement, each as noted above. In consideration of Lessor's time, effort and expense in considering and processing the lease transaction, Lessee agrees that Lessor shall have twenty (20) business days from the date of Lessor's receipt of all documentation and information required by Lessor from Lessee (which documentation and information Lessee shall provide to Lessor within seven (7) business days of Lessor's request) to provide final approval as noted above. If Lessor provides final approval and Lessee does not fulfill its commitment with respect to completing the lease transaction for any reason, then the Initial Deposit will be considered a processing fee earned by Lessor. The Initial Deposit shall be retained as liquidated damages by Lessor in the event Lessee does not supply the required documents and information required by Lessor or otherwise comply with the terms of this agreement or back out of the original agreement as stated above, there is a material adverse change to the financial condition of the Lessee or any Guarantor, or if any material misrepresentation is made by Lessee in connection with the documents and information provided to Lessor. If Lessor does not provide final approval as noted above within the twenty (20) day limit referenced above, and Lessee revokes its acceptance in writing thereafter, Lessee's Initial Deposit, less processing and due diligence expenses incurred by Lessor in considering the transaction, will be returned to Lessee within thirty (30) days of Lessee's written request
12. **LAW:** This lease shall be deemed fully executed and performed in the State of California or in the home state of whoever holds the Lessor's interest as it may be assigned from time to time per paragraph 10. This lease shall be governed by and construed in accordance with the laws of the State of California or the laws of the home state of Lessor's assignee. You expressly and unconditionally consent to the jurisdiction and venue of any court in the State of California or any other state or federal court chosen by the Lessor or its assignee. You expressly and unconditionally consent to the jurisdiction and venue of any court in the State of California and waive the right to trial by jury for any claim or action arising out of or relating to this Agreement or the Equipment.
13. **LESSEE GUARANTY:** You agree to submit the original master lease documents with the security deposit to Lessor or its assignee via overnight courier the same day of the facsimile transmission of the lease documents. Should we fail to receive these originals, you agree to be bound by the faxed copy of this agreement with appropriate signatures on the document. Lessee waives the right to challenge in court the authenticity of a faxed copy of this agreement and the faxed copy shall be considered the original and shall be the binding agreement for the purposes of any enforcement action under paragraph 11.
14. **DISPUTE RESOLUTION:** Lessee agrees that any dispute or legal action related to, or arising out of, this proposal or the final lease documentation shall be filed in Orange County, California. The dispute or legal action shall be resolved through compulsory and binding arbitration before the Judicial Arbitration and Mediation Services, Inc. (J.A.M.S.). The laws of the state of California are controlling this proposal and the underlying lease transaction. Discovery may be conducted during the binding arbitration process pursuant to California Code of Civil Procedure section 1283.1, subdivision (b).

Signature:



President  
Title



**EFA AGREEMENT**

Agreement No. 19458594825381

This document was written in "Plain English". The words "YOU" and "YOUR" refer to the customer. The words "WE", "US" and "OUR" refer to the Lessor. Every attempt has been made to eliminate confusing language and create a simple, easy-to-read document.

**CUSTOMER INFORMATION**

LEGAL NAME OF CUSTOMER Southern Ammunition Company Inc

STREET ADDRESS  
4232 Meadow StreetCITY  
LorisSTATE  
SCZIP  
29569PHONE  
843-267-7405

EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)

**SUPPLIER INFORMATION**

NAME OF SUPPLIER

STREET ADDRESS

DeMil International LLC. See Attached Invoice

QUANTITY

ITEM DESCRIPTION

MODEL NO.

1

T-5 Detonation Chamber

**EFA TERMS**Term in months  
24 MOS**EFA PAYMENT AMOUNT**Payments of \$ 6,478.50  
(Plus applicable taxes)**Initial DEPOSIT**

\$ 6,973.50

**THIS IS A NONCANCELABLE/IRREVOCABLE EFA; THIS EFA CANNOT BE CANCELLED OR TERMINATED.****TERMS AND CONDITIONS**

(THIS EFA AGREEMENT CONTAINS PROVISIONS SET FORTH ALL OF WHICH ARE MADE PART OF THIS EFA AGREEMENT)

EFA: You agree to finance from us the personal property described under "ITEM DESCRIPTION" and as modified by supplements to this Master Agreement

Patrick Henry III

DATED:

SIGNATURE

TITLE:

**ACCEPTANCE OF DELIVERY**

You certify that all the equipment listed above has been furnished, that delivery and installation has been fully completed and satisfactory. Further, all conditions and terms of this agreement have been reviewed and acknowledged. Upon your signing below, your promises herein will be irrevocable and unconditional in all respects. You understand and agree that we have purchased the equipment from the supplier, and you may contact the above supplier for your warranty rights, if any, which we transfer to you for the term of this Loan. Your approval as indicated below of our purchase of the equipment from supplier is a condition precedent to effectiveness of this EFA.

Jan 2 2015

Date of Delivery

Patrick Henry III

Customer

President

Title

**GUARANTY**

As additional inducement for us to enter into the Agreement, the undersigned ("you"), jointly and severally, unconditionally personally guarantees that the customer will make all payments and meet all obligations required under this Agreement and any supplements fully and promptly. You agree that we may make other arrangements including compromise or settlement with the customer and you waive all defenses and notice of those changes and will remain responsible for the payment and obligations of this Agreement. We do not have to notify you if the customer is in default. If the customer defaults, you will immediately pay in accordance with the default provision of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for us to proceed legally to enforce this guaranty, you expressly consent to the jurisdiction of the court set out in paragraph 14 and agree to pay all costs, including attorneys fees incurred in enforcement of this guaranty. It is not necessary for us to proceed first against the customer or the Equipment before enforcing this guaranty. By signing this guaranty, you authorize us to obtain credit bureau reports for credit and collection purposes.

X

1. This Master Agreement from time to time signed by you and us (such property and any upgrades, replacements, repairs and additions referred to as ("Equipment") for business purposes only. You agree to all of the terms and conditions contained in this Agreement and any supplement, which together are a complete statement of our Agreement regarding the listed Equipment ("Agreement") and supersedes any purchase order or outstanding invoice. This Agreement may be modified only by written agreement and not by course of performance. This Agreement becomes valid upon execution by us and will begin on the rent commencement date shown and will continue from the first day of the following month for the number of consecutive months shown. You also agree to pay to Lessor interim rent. Interim rent shall be in an amount equal to 1/30th of the monthly loan, multiplied by the number of days between the finance commencement date and the first payment due date. The term will be extended automatically for successive 12 month terms unless you send us written notice you do not want it renewed at least thirty (30) days before the end of any term. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others. THE BASE FINANCE PAYMENT SHALL BE ADJUSTED PROPORTIONATELY UPWARD OR DOWNWARD TO

**AN ELECTRONIC COPY OF THIS DOCUMENT SHALL BE CONSIDERED AN ORIGINAL**