

# UCC-1 Form

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## FILER INFORMATION

*Full name:* **KATHERINE BLIGHT**

*Email Contact at Filer:* **KATHERINE.BLIGHT@BANKNEWPORT.COM**

## SEND ACKNOWLEDGEMENT TO

*Contact name:* **BANKNEWPORT**

*Mailing Address:* **184 JOHN CLARKE ROAD**

*City, State Zip Country:* **MIDDLETOWN, RI 02842 USA**

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## DEBTOR INFORMATION

*Org. Name:* **CLEAR CARBON & COMPONENTS, INC**

*Mailing Address:* **108 TUPELO STREET**

*City, State Zip Country:* **BRISTOL, RI 02809 USA**

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## SECURED PARTY INFORMATION

*Org. Name:* **BANKNEWPORT**

*Mailing Address:* **184 JOHN CLARKE ROAD**

*City, State Zip Country:* **MIDDLETOWN, RI 02842 USA**

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## TRANSACTION TYPE: STANDARD

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## COLLATERAL

2015 THERMWOOD, 5 AXIS, HIGH SPEED ROUTER/MILL, MODEL M90-55 MACHINE (S/N 0900760915) AND RELATED ACCESSORIES (CONTROL PANEL, 4 TOOL CHANGER, VACUUM GENERATOR, TABLE, TOOL CHEST, VACUUM PUMP)



## SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of the 28th day of May, 2020 by and between Clear Carbon & Components, Inc., a RI corporation with an address at 108 Tupelo Street, Bristol, RI 02809, (the "Debtor") and BankNewport, a Rhode Island banking corporation, with offices at 184 John Clarke Road, Middletown, RI 02840 (the "Secured Party").

In consideration of any and all loans, advances, extensions of credit and financial accommodations made to or to be made by the Secured Party to or for the benefit of the Debtor, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** When used in this Security Agreement ("this Agreement"), the following terms shall have the meanings set forth below:

a. "Equipment" shall mean the following property, together with all accessions and accessories thereto, all substitutions, replacements and parts therefore, and all proceeds thereof:

(if checked) All machinery, equipment, furniture, fixtures and other personal property described in Schedule A attached and made a part hereof.

(if checked) All machinery, equipment, furniture and fixtures of the Debtor, whether now existing or hereafter arising, or in which the Debtor may now have or hereafter acquire an interest (including, without limitation, any such property described in any Schedule A attached hereto and made a part hereof).

b. "Inventory" shall mean all inventory, goods, merchandise and other personal property of the Debtor, whether now existing or hereafter arising, or in which the Debtor may now have or hereafter held by the Debtor for sale or lease or furnished or to be furnished under any contract of service, including, without limitation, all raw materials, finished goods inventory, work-in-process and supplies and materials used or consumed in the Debtor's business (including, without limitation, any inventory described in any Schedule A attached hereto and made a part hereof); all products and proceeds of all of the foregoing.

c. "Receivables" shall mean all accounts (including health-care-insurance receivables), accounts receivable, contact rights, other receivables, instruments, documents, chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights, and general intangibles (including, without limitation, all payment intangibles, tax refunds, liquor licenses, licenses, choses in action, patents, copyrights and trademarks) of the Debtor, whether now existing or hereafter arising or in which the Debtor may now have or hereafter acquire an interest; all indebtedness and obligations now or hereafter owing to or owned by the Debtor; all rights of the Debtor (whether earned or not yet earned) to the payment of money or payment in kind; all supporting obligations, security and collateral for any and all of the foregoing and all guarantees thereof; all of the Debtor's right, title and interest in, under and to all contracts and agreements relating to the foregoing and in and to all goods and services (including without limitation, any returned, replevied, or repossessed goods) which were provided by the Debtor in connection with the foregoing, and all of the rights of the Debtor as an unpaid seller or provider of goods and services, in all cases whether now existing or hereafter arising; all proceeds of all of the foregoing.

d. "Collateral" shall mean:

(i)  (if checked) 2015 Thermwood 5 Axis High Speed router/Mill Model M90-55 machine

(ii)  (if checked) All Inventory;

(iii)  (if checked) All Receivables;

(iv) All books and records relating to the foregoing, including all files, ledger sheets, computer and data processing tapes, and software;

(v) All instruments, documents, securities, cash, general intangibles and personal property of the Debtor or in which the Debtor may at any time now or hereafter have or acquire an interest, and which at any time now or hereafter in the possession, control or custody of the Secured Party or any agent or other third party acting on behalf of or for the Secured Party, or in transit to the Secured Party or any such agent or person, and

(vi) All products and proceeds of all of the foregoing, all accessions thereto and replacements and substitutions therefore, and all goodwill and going concern value associated with or arising from the ownership, use, possession, sale or disposition of and all of the foregoing.

e. "Obligations" shall mean:

(i)  (if checked) Security Agreement dated 5/28/20

- (ii)  (if checked) All indebtedness, obligations and liabilities of the Debtor to the Secured Party of every kind and description, whether direct, indirect, absolute or contingent, whether otherwise secured or unsecured, whether due or to become due, whether for payment or performance, whether now existing or hereafter arising, and howsoever evidenced, created or arising, including, without limitation, all future advances made by the Secured Party to or for the account of the Debtor, and any and all indebtedness of the Debtor to the Secured Party arising or pursuant to any promissory note, instrument, draft, guaranty, lease or other agreement; and all indebtedness and obligations of the Debtor acquired by the Secured Party by assignment, purchase, operation of law, or otherwise;
- (iii) All interest, fees, charges, taxes, expenses and attorneys' fees chargeable by the Secured Party to the Debtor or incurred by the Secured Party in the enforcement of the Obligations or this Agreement or in the enforcement of any remedies in respect of any Collateral hereunder.

f. "Event of Default" shall mean each and every Event of Default specified in Section 5 hereof.

g. "Permitted Encumbrances" shall mean the liens, security interests and encumbrances if any, specified in Schedule A attached hereto and made a part hereof.

h. "Permitted Collateral Locations" shall mean all locations specified in Schedule A attached hereto and made a part hereof Collateral is or may be located.

Unless otherwise defined herein, or unless the context otherwise required, all terms used herein which are defined in the Rhode Island Uniform Commercial Code shall have the meanings stated therein; provided, however, if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article of the Uniform Commercial Code, the term shall have the meaning specified in Article 9.

**2. Grant of Security Interest.** In order to secure the due, prompt and punctual payment and performance of the Obligations, the Debtor hereby grants to the Secured Party a continuing security interest in the Collateral, and hereby assigns, transfers and pledges to the Secured Party all of the Debtor's right, title and interest in, under and to the Collateral.

**3. Representations and Warranties.** The Debtor hereby represents and warrants to the Secured Party (which representations and warranties shall survive the execution of this Agreement and the incurring of Obligations, and shall be deemed to be restated and certified by the Debtor at the time of any request for or incurrent of any Obligation after the date hereof) as follows:

a. The Debtor is duly organized, validly existing and in good standing under the laws of its state of incorporation, formation or organization, has the power and authority to own its properties and to carry on business as now being conducted and is qualified to do business in every jurisdiction where such qualification is necessary, and has the power to execute, deliver and perform this Agreement and any other document or documents relating to the Collateral or this Agreement.

b. The execution, delivery and performance by the Debtor of the terms and provisions of this Agreement any such document(s) have been duly authorized by all requisite corporate, limited liability company or partnership action, as applicable, and will not violate any provision of law, any order of any court or other agency or government, the corporate charter of by-laws, or partnership articles or agreements of the Customer, as applicable, or any indenture, agreement or other instrument to which it is a party, or by which it is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or, except as may be provided by this Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Debtor pursuant to any such indenture, agreement or other instrument.

c. There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or to the knowledge of the Debtor threatened, against or affecting the Debtor which, if adversely determined, would have a material adverse effect on the Collateral or the business, operations, properties, assets or condition, financial or otherwise, of the Debtor.

d. The Debtor is not a party to any agreement or instrument or subject to any charter or other corporate restriction adversely affecting the Collateral or its business properties, assets, operations or conditions.

e. The Debtor is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

f. Except for the Permitted Encumbrances, the Debtor is or to the extent that certain of the Collateral may be acquired after the date hereof, will be, the sole owner of the Collateral free from any adverse lien, security interest or encumbrance.

g. Except for such financing statements as per the Permitted Encumbrances and financing statements filed or to be in connection with Agreement, no financing statement covering the Collateral or any portion thereof is on file in any public office.

h. All Collateral is now, or to the extent that certain of the Collateral may be acquired after the date hereof, will be, located exclusively at the Permitted Collateral Locations.

i. The Debtors principal place of business, chief executive office, and the location where the Debtor maintains its books and records concerning the Receivables, is the Debtor's address first set forth above.

j. The Debtor's exact legal name is indicated in the first paragraph of this Agreement and is an organization of the type, and is organized in the jurisdiction, set forth in such paragraph.

**4. Affirmative and Negative Covenants.** Until payment and performance in full of the Obligations, the Debtor hereby covenants and agrees with the Secured Party as follows:

a. The Debtor will defend, preserve and protect the Collateral from and against all claims and demands of all persons at any time claiming an interest therein.

b. The Debtor will provide the Secured Party with not less than thirty (30) days' prior written notice of (i) any movement of any Collateral to a location other than a Permitted Collateral Location, (ii) any change in the Debtor's principal place of business or chief executive office, or in the address where the Debtor maintains its books and records concerning the Receivables or any change in the Debtor's name, type of organization or jurisdiction of organization.

c. The Debtor shall maintain casualty and property damage insurance coverage on the Collateral in such amounts and of such types as may be requested by the Secured Party, and in any event, as are ordinarily carried by similar businesses; and, in the case of all policies insuring property in which the Secured Party shall have a security interest of any kind whatsoever, all such insurance policies shall provide that the proceeds thereof shall be payable to the Debtor and the Secured Party, as their respective interests may appear. All said policies or certificates thereof, including all endorsements thereof and those required hereunder, shall be deposited with the Secured Party; and such policies shall contain provisions that no such insurance may be cancelled or decreased without twenty (20) days prior written notice to the Secured Party. If the Debtor shall at any time or times hereafter fail to obtain and/or maintain any of the policies of insurance required herein, or fail to pay any premium in whole or in part relating to any such policies, the Secured Party may, but shall not be obligated to, obtain and/or cause to be maintained insurance coverage with respect to the Collateral, including, at the Secured Party's option, the coverage provided by all or any of the policies of the Debtor and pay all or any part of the premium therefore, without waiving any Event of Default by the Debtor, and any sums so disbursed by the Secured Party shall be additional Obligations of the Debtor to the Secured Party payable on demand. The Secured Party shall have the right to settle and compromise any and all claims under any of the policies required to be maintained by the Debtor hereunder and the Debtor hereby appoints the Secured Party as its attorney-in-fact, with power to demand, receive and receipt for all monies payable thereunder, to execute in the name of the Debtor or the Secured Party or both any proof of loss, notice, draft or other instrument in connection with such policies or any loss thereunder and generally to do and perform any and all acts as the Debtor, but for this appointment, might or could perform.

d. The Debtor will promptly pay and discharge any and all taxes, assessments and governmental charges or levies imposed the Debtor or upon the Collateral before the same shall be in default or penalties are attached thereto.

e. Except for the Permitted Encumbrances, the Debtor will not pledge, mortgage, assign, transfer or grant a security interest in the Collateral, or any portion thereof or interest therein, to any other person without the prior written consent of the Secured Party; **provide however**, that the Debtor may dispose of inventory in the ordinary course of its business; and the Debtor shall keep the Collateral free from any adverse lien, security interest, encumbrance, claim, attachment or execution.

f. The Debtor will not use, or permit the use of, the Collateral in violation of any law, statute, ordinance or regulation.

g. The Debtor will permit the Secured Party and its authorized officers, agents, attorneys, accountants and representatives, to inspect and examine the Collateral and the Debtor's books, accounts, records and ledgers of every kind and description with respect hereto at all reasonable times.

h. The debtor hereby authorizes the secured Party at any time and from time to time to file financing statements and amendments against the Debtor that indicate the Collateral in effect from time to time and will promptly notify the Secured Party of any substantial loss, theft, destruction or diminution in value of any material portion of the Collateral, and of any condition or event which constitutes or would constitute with the passage of time or giving of notice, or both, an Event of Default, and promptly inform the Secured Party of any event or change in the financial condition of the Debtor occurring since the date of the last financial statement of the Debtor delivered to the Secured Party which, individually or cumulatively when viewed in light of prior financial statements, may result in a material adverse change in the financial condition of the debtor.

i. The Debtor shall at any time and from time to time upon request of the Secured Party, execute and deliver to the Secured Party, in form and substance satisfactory to the Secured Party, such financing statements, assignments,

instruments and documents as the Secured Party shall deem necessary or desirable to perfect or maintain perfected the security interest of the Secured Party in the Collateral or which may be necessary to comply with the provisions of the laws of the State of Rhode Island or the laws of any other jurisdiction in which the Debtor may then be conducting business or in which any of the collateral may be located. If the Debtor shall fail or refuse to execute any such instrument or document, the Secured Party may execute and sign same in the name and on behalf of the Debtor. The Secured Party may file or record any carbon, photographic or other reproduction of a financing statement of this Agreement, which at the Secured Party's option shall be sufficient to constitute a financing statement thereunder. The debtor also ratifies its authorization for the Secured Party to have filed initial financing statements against the Debtor prior to the date hereof.

j. If the Collateral includes Equipment,

- (i) the Debtor shall obtain and provide to the Secured Party such disclaimers and waivers as the Secured Party shall request from all personal holding title to, or a lien or encumbrance upon, any real property where the Equipment may at any time be located;
- (ii) the Debtor shall keep and maintain all Equipment in good operating condition and repair and in accordance with the manufacturers' maintenance guidelines, make all necessary repairs thereto and replacement of parts thereof so that the value, integrity, safety, and operating efficiency thereof shall at all times be maintained and preserved; and the Debtor shall keep complete and accurate books and records with respect to the Equipment, including maintenance records;
- (iii) the Debtor shall deliver to the Secured Party, upon request, any and all evidence of ownership of, and certificates of title as required or permitted by law to evidence the Debtor's ownership of such Equipment and to perfect the Secured Party's security interest therein;
- (iv) the Debtor shall not, without the prior written consent of the Secured Party, sell, offer to sell, lease or in any other manner dispose of any Equipment.

k. If the Collateral includes inventory,

- (i) the Debtor shall comply with all federal, state and local laws applicable to the manufacture and sale of inventory;
- (ii) the Debtor shall not deliver or store any inventory with a bailee or warehouseman without the prior written consent of the Secured Party;
- (iii) the Debtor shall keep, preserve and maintain complete and accurate records of current stock, cost and sales of the inventory, and shall permit the Secured Party to review and make copies thereof, and shall furnish to the Secured Party such information and reports regarding the inventory and the Debtor's sales and transfers thereof as the Secured Party may from time to time request; and
- (iv) if any Collateral becomes the subject of any negotiable document of title, the Debtor shall deliver such document to the Secured Party.

l. If the Collateral includes Receivables,

- (i) all books, records, and documents relating to any of the Receivables are and will be genuine and in all respects what they purport to be; and the amount of each Receivable shown on the books and records of the Debtor is and will be the correct amount actually owing or to be owing at maturity of such Receivable;
- (ii) until the Secured Party directs otherwise, the Debtor shall promptly and diligently collect the Receivables, subject to the reasonable directions of the Secured Party at all times. Any proceeds of receivables collected by the Debtor shall not be commingled with other funds of the Debtor and shall, upon the request of the Secured Party, be immediately delivered to the Secured Party in the form received, except for necessary endorsements to permit collection; the Secured Party may in its sole discretion allow the Debtor to use such funds to such extent and for such periods. If any, as the Secured Party may determine;
- (iii) the Debtor shall notify the Secured Party if any Receivables arise out of contracts with the United States or any department, agency or instrumentality thereof, and the Debtor shall execute any instruments and take such steps to perfect the assignment of the rights of the Debtor to the Secured Party as are required under the Federal Assignment of Claims Act or any similar act or regulation;
- (iv) the Debtor shall deliver to the Secured Party upon request any Receivables evidenced by an instrument or chattel paper; and
- (v) the Debtor shall provide the Secured Party, at its request, from time to time with confirmatory assignment schedules, copies of all invoices relating to the Receivables, evidence of shipment or delivery of Inventory, and such further information and/or schedules as of the Secured Party may reasonably require, all in a form satisfactory to the Secured Party.

m. At the request of the Secured Party, the Debtor shall furnish the Secured Party,

- (i) within ninety (90) days after the last day of each fiscal year of the Debtor, a financial statement including a balance sheet, and statements of income, retained earnings and changes in financial position, each

- prepared in accordance with generally accepted accounting principles consistently applied, with a review signed by an independent certified public accountant satisfactory to the Secured Party;
- (ii) within forty-five (45) days after the close of each quarter of each fiscal year of the Debtor, a financial statement similar to that required under Subsection 4(m)(i) hereof, prepared by the Debtor and certified by its chief financial officer;
  - (iii) within ten (10) days after the end of each calendar month, if Receivables are part of the Collateral, an aged analysis of the outstanding Receivables in form and substance satisfactory to the Secured Party, and if Inventory and/or Equipment are part of the Collateral, information concerning quantities, costs and fair market value with respect to Inventory and/or Equipment, as applicable, in form and scope satisfactory to the Secured Party; and
  - (iv) promptly and in form satisfactory to the Secured Party, such other information as the Secured Party may reasonably request from time to time.

**5. Events of Default.** The occurrence of any one or more of the following events shall constitute an Event of Default under this Agreement: (a) default in the payment or performance when due of any of the Obligations, or the occurrence of an Event of default as defined in any agreement or instrument evidencing any of the Obligations; or (b) breach by the Debtor of any warranty, covenant or provision hereof or of any accompanying note, instrument or agreement or of any agreement or instrument evidencing any of the Obligations; or (c) the Debtor become insolvent or ceases to do business as a going concern; or (d) any of the Collateral is lost, stolen or destroyed; or (e) a surety takes over performance of any job contracted by the Debtor or extends financial assistance to the Debtor; or (f) a petition in bankruptcy or for arrangement or reorganization be filed by or against the Debtor, or if the Debtor suffers the entry of an order for relief under Title 11 of the United States code; or (g) property of the Debtor is attached or a receiver, custodian, liquidator or trustee is appointed by or for the Debtor or any of its property; or (h) the Debtor makes a general assignment or deed of trust for the benefit of creditors; or (i) the Debtor defaults in meeting any trade, tax or other current obligation as it becomes due; or (j) the Debtor defaults with respect to any evidence or indebtedness and the effect of such default is to permit the holder thereof to accelerate the maturity thereof, or indebtedness of the Debtor is not paid at maturity; or (k) there shall occur a termination of Debtor's existence or independent operations, whether by discontinuance, merger, sale of all or substantially all of its assets, or otherwise, or (if an individual) Debtor shall die or be judicially declared incompetent; or (l) there shall occur an event or condition described in clause (b), (c), (f), (g), (h), (i), (j), or (k) of this Section 5 with respect to any guarantor or other person liable, in whole or in part, for payment or performance of all or any part of the Debtor's Obligations; or (m) the Secured Party shall reasonably deem the collateral insecure or that Debtor's ability to pay or perform its Obligations has become impaired.

**6. Remedies.** Upon the occurrence of an Event of Default, then or at any time thereafter during the continuance of such Event of Default, the Secured Party may declare all Obligations to be immediately due and payable, without notice, protest, presentment or demand of any kind, all of which are hereby expressly waived by the Debtor, and the Secured Party shall, in addition thereto, have all of the rights and remedies of a secured party under Article 9 of the Uniform Commercial code and any other applicable law, and in addition the Secured Party may (a) sell all or any part of the Collateral at public or private sale at such price(s) as the Secured Party may deem satisfactory; (b) require the Debtor to assemble all or any part of the Collateral and the records pertaining to the Receivables and any other Collateral and make them available to the Secured Party at a place to be designated by the Secured Party; (c) enter the premises of the Debtor and take possession of the Collateral and any records pertaining thereto; (d) if Receivables are part of the Collateral, notify or require the Debtor to notify any and all account debtors in respect of such Receivables to make all payments thereunder to the Secured Party, and the Secured Party may grant extensions, compromise claims and settle Receivables for less than face value without prior notice to the Debtor, and Secured Party may endorse the name of the Debtor upon any instrument of payment; and (e) exercise all other remedies otherwise available to the Secured Party under applicable law. The Debtor will upon demand pay to the Secured Party the expenses of retaking, holding, preparing for sale and selling collateral and the like, including, without limitation, reasonable attorneys' fees and other legal expenses. All rights and remedies of the Secured Party shall be deemed to be cumulative to the extent permitted by law. No failure or delay in exercising any remedy, right or power hereunder shall operate as a waiver or preclude the further exercise thereof. Any notice required to be given by the Secured Party of a sale or other disposition or other intended action by the Secured Party with respect to any of the Collateral, or otherwise, made in accordance with the terms of this Agreement at least ten (10) days prior to such proposed action, shall constitute fair and reasonable notice to the Debtor of any such action. In the event that any of the Collateral is used in conjunction with any real estate, the sale of the Collateral in conjunction with and as one parcel with any such real estate of the Debtor, shall be deemed to be a commercially reasonable manner of sale. The net proceeds realized by the Secured Party upon any such sale or other disposition, after deduction of the expenses of retaking, holding, preparing for sale, selling or the like and reasonable attorneys' fees and any other expenses incurred by the Secured Party, shall be applied toward satisfaction of the Obligations hereunder. The Secured Party shall account to the Debtor for any surplus realized upon such sale or other disposition and the Debtor shall remain liable for any deficiency. The commencement of any action, legal or equitable, shall not affect the security interest of the Secured Party in the Collateral until the Obligations hereunder or any judgment therefore are fully paid.

## **7. General Provisions.**

(a) Any failure of the Secured Party at any time or times hereafter to require strict performance by the Debtor of any of the provisions, warranties, terms and conditions contained in this Agreement or in any other agreement, guaranty, note, instrument or document now or at any time or times hereafter executed by the Debtor and delivered to the Secured Party shall not waive, affect or diminish any right of the Secured Party at any time or times thereafter to demand performance thereof; and no rights of the Secured Party hereunder shall be deemed to have been waived by any act or knowledge of the Secured Party, its agents, officers or employees, unless such waiver is contained in an instrument in writing signed by an authorized officer of the Secured Party and directed to the

Debtor specifying such waiver. No waiver by the Secured Party of any of its rights shall operate as a waiver of any other of its rights on a future occasion.

(b) Any demand or notice required or permitted to be given hereunder shall be deemed effective when personally delivered or deposited in the United States mail, sent by certified mail, return receipt requested, postage prepaid, addressed to the addressee at its address first set forth above, or to such other address as may be provided by the party to be notified, on ten (10) days prior written notice to the other party.

(c) This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto. The Debtor acknowledges receipt of a true copy of this Agreement and waives notice of acceptance hereof.

(d) Wherever possible, each provision of the Agreement shall be interpreted in such manner as to be effective and valid under applicable law; should any portion of this Agreement be declared invalid for any reason in any jurisdiction, such declaration shall have no effect upon the remaining portions of this Agreement, and this Agreement in its entirety shall continue in full force and effect in all other jurisdictions, and said remaining portions of this Agreement shall continue in full force and effect in the subject jurisdiction as if this Agreement had been executed with only the invalid portions hereof deleted. The parties agree that this Agreement shall be liberally construed in favor of the Secured Party.

(e) In the event the Secured Party seeks to take possession of any or all of the Collateral by court process, the Debtor hereby irrevocably waives any bonds and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession, and waives any demand for possession prior to the commencement of any suit or court process.

(f) This Agreement shall be construed in accordance with and governed by the laws of the State of Rhode Island. Debtor hereby consents and submits to the jurisdiction of the courts of the State of Rhode Island and the Federal District Court for the District of Rhode Island for the purposes of any suite, action or other proceeding arising out of its obligations hereunder, and expressly waives any objections it may have as to venue in any of such courts. DEBTOR AND THE BANK HEREBY EXPRESSLY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT.

(g) The provisions of this Agreement shall be binding upon and shall inure to the benefit of the respective heir, administrators, successors and assigns of the parties hereto, provided, however, Debtor may not assign or delegate any of its rights or its obligations hereunder without the written consent of the Secured Party. Each reference herein to the Secured Party shall be deemed to include its successors and assigns, and each reference to Debtor and any pronouns referring thereto as used herein shall be construed in the masculine, feminine, neuter, singular or plural, as the context may require, and shall be deemed to include the legal representatives successors and assigns of Debtor, all of whom shall be bound by the provisions hereof. The term "Debtor" as used herein shall, if this Agreement is signed by more than one Debtor, mean, unless this Agreement otherwise provides or unless the context otherwise requires, the "Debtor and each of them", and each and every representation, covenant, promise, agreement and undertaking shall be joint and several, except that the granting of the security interest shall be by each Debtor in its respective properties. In the event that there is more than one Debtor, any loan which is secured by this Agreement shall be deemed to be made at the request of and for the benefit of each debtor.

(h) The section headings herein are included for convenience only and shall not be deemed to be a part of this Agreement.

(i) By signing this Agreement, the person signing the Agreement on behalf of and in the name of the Debtor hereby certifies that he or she has read this Agreement and is duly authorized to execute this Agreement in the name and on behalf of the Debtor.

*Signature Page Follows*

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Agreement or caused this Agreement to be executed by their respective duly authorized officers, partners, managers, representatives, or agents, as applicable, as of the date first above written.

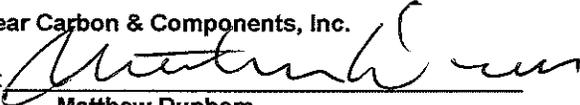
**SCHEDULE A  
TO SECURITY AGREEMENT**

**Section 1(a):**

2015 Thermwood 5 Axis High Speed router/Mill Model M90-55 machine.  
With QCore Controls, 4 Tool Changer, Busch R5 Vacuum Generator,  
Sliding Aluminum Table, Volumetric Laser Calibrator, Tool Chest with  
CAT30 Tooling (Serial Number 0900760915)

DEBTOR:

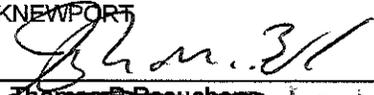
Clear Carbon & Components, Inc.

By: 

Matthew Dunham

Title: President

BANKNEWPORT

By: 

~~Thomas R. Beauchene~~ Joseph M. Bell

Title: Vice President