

UCC-1 Form

FILER INFORMATION

Full name: **MACKENZIE STEWART**

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SEND ACKNOWLEDGEMENT TO

Contact name: **STINSON**

Mailing Address: **1201 WALNUT STREET, 29TH FLOOR**

City, State Zip Country: **KANSAS CITY, MO 64104 USA**

DEBTOR INFORMATION

Org. Name: **L AND B ASSOCIATES, LLC**

Mailing Address: **151 SWINBURNE ROW**

City, State Zip Country: **NEWPORT, RI 02840 USA**

SECURED PARTY INFORMATION

Org. Name: **ENHANCED CAPITAL RHODE ISLAND FUND, LLC**

Mailing Address: **201 ST. CHARLES AVENUE, SUITE 3400**

City, State Zip Country: **NEW ORLEANS, LA 70170 USA**

TRANSACTION TYPE: STANDARD

CUSTOMER REFERENCE: 2062703.0126

COLLATERAL

COLLATERAL AS DESCRIBED IN ARTICLE III OF THE LOAN AND SECURITY AGREEMENT BETWEEN KALE STEMS, LLC, L AND B ASSOCIATES, LLC, AND RAINBOW CHARD, LLC AS DEBTORS AND ENHANCED CAPITAL RHODE ISLAND FUND, LLC AS LENDER, DATED JUNE 23, 2022. SEE ATTACHED.

ARTICLE III SECURITY INTEREST

Section 3.1 Grant of Security Interest. As collateral security for all of the Obligations, Debtors do hereby grant to Lender a continuing security interest in, general lien upon, collateral assignment of, and a right of set-off against, all of Debtors' right, title and interest in and to all of its assets, including, without limitation, the following (collectively, the "Collateral");

(a) Receivables. All of the following, whether now or hereafter existing, that are owned by any Debtor or in which any Debtor otherwise has any rights: (i) all accounts of any kind, (ii) all chattel paper, documents and instruments of any kind, whether now or hereafter existing, relating to such accounts or arising out of or in connection with the sale or lease of goods or the rendering of services and (iii) all rights now or hereafter existing in, to or under all security agreements, leases and other contracts securing or otherwise relating to any such accounts, chattel paper, documents or instruments (any and all such accounts, chattel paper, documents, instruments, security agreements, leases and other contracts being referred to herein collectively as the "Receivables");

(b) Contract Rights, General Intangibles, Etc. All of the following, whether now or hereafter existing, that are owned by any Debtor or in which any Debtor otherwise has any rights: all contract rights and general intangibles of any kind (including, but not limited to, Intellectual Property, as well as all causes of action, tax refunds and insurance proceeds) and all chattel paper, documents, instruments, security agreements, payment intangibles, other contracts and money, and all other rights of any Debtor (except those constituting Receivables) to receive payments of money or the ownership of property;

(c) Equipment. All equipment in all of its forms, wherever located and whether now or hereafter existing, that is owned by any Debtor or in which any Debtor otherwise has any rights (including, without limiting the foregoing in any respect, all fixtures, motor vehicles, trailers, tools, machinery and furniture of any type, kind or nature owned by any Debtor), all parts thereof and all accessions and additions thereto (collectively, the "Equipment");

(d) Inventory. All inventory in all of its forms, wherever located and whether now or hereafter existing, that is owned by any Debtor or in which any Debtor otherwise has any rights (including, but not limited to, all (i) inventory and raw materials and work in progress therefor, finished goods thereof and materials used or consumed in the manufacture or production thereof, (ii) goods in which any Debtor has an interest in mass or a joint or other interest or right of any kind and (iii) goods that are returned to or repossessed by any Debtor), and all accessions thereto and products thereof and documents therefor (any and all such inventory, accessions, products and documents being referred to herein collectively as the "Inventory"); provided, however, that sales of Inventory in the ordinary course of business shall be permitted and a buyer thereof shall take free from the security interest created herein;

(e) Instruments. All of the following, whether now or hereafter existing, that are owned by any Debtor or in which any Debtor otherwise has any rights: all instruments, chattel paper, certificates of deposit and other instruments evidencing any deposit issued by any financial institution to any Debtor, in all forms and all interest, cash and other writings and property from time to time received, receivable or otherwise distributed in respect of or in exchange for or in renewal or extension of any or all of such instruments, chattel paper, and certificates of deposit;

(f) Investment Property. All present and future investment property of any Debtor, including, without limitation, all certificated and uncertificated securities, all security entitlements and securities accounts, all commodity contracts and commodity accounts, and all interests of any Debtor in each thereof;

(g) Letter of Credit Proceeds. Any and all right, title and interest of any Debtor, whether now or hereafter existing, in and to the proceeds of any and all written letters of credit under which any Debtor is a beneficiary;

(h) Pledged Accounts. All present and future deposit accounts of any Debtor and any demand, time savings, passbook, certificates of deposit, or like account maintained by any Debtor with any bank, savings and loan association, credit union or other organization, all money, cash and checks, drafts, notes, bills, bills of exchange and bonds or other instruments, writings or property of any Debtor from time to time received, receivable or otherwise distributed in respect thereof, in renewal or extension thereof, or in exchange therefore, whether or not deposited in any such deposit account (collectively, the "Pledged Accounts");

(i) Related Collateral and Proceeds. All parts of, all accessions to, all replacements for, all products of, all payments of any type in lieu of or in respect of and all documents and general intangibles covering or relating to any or all of the foregoing Collateral; all books and records related to any and all of the foregoing Collateral, including any and all books of account, customer lists and other records relating in any way to the foregoing Collateral; all proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Lender is the loss payee thereof) or under any indemnity, warranty or guaranty by reason of loss to or otherwise with respect to any of the foregoing Collateral.

In each case, the foregoing shall be covered by this Agreement whether Debtors' ownership or other rights therein are presently held or hereafter acquired and howsoever Debtors' interests therein may arise or appear (whether by ownership, security interest, claim or otherwise). Notwithstanding any contrary provision herein, Lender's security interest in and lien on the Collateral shall be subordinate to any security interest or lien granted by Debtors to SBA, pursuant to the terms of the Subordination Agreement. The L&B Term Loan and the Rainbow Term Loan shall also be secured by a first priority mortgage on the Real Property. For the avoidance of doubt, the Collateral shall expressly exclude that certain alcoholic beverage license issued by the City of Newport to Kale Stems, and that certain alcoholic beverage license issued by the City of Newport and that certain Class P license issued by the Rhode Island Department of Business Regulation to

L&B (collectively, the “Licenses”), given that such Licenses, and any rights and interests therein, are nontransferable or assignable.

Section 3.2 Obligations Secured. The security interest created hereby in the Collateral constitutes continuing collateral security for all of the Obligations, including, without limitation, the following obligations, Indebtedness and liabilities, whether now existing or hereafter incurred: (a) Debtors’ obligations under the Notes; (b) the payment by Debtors, as and when due and payable, of all other amounts from time to time owing by Debtors under or with respect to this Agreement; and (c) all renewals, extensions, amendments, modifications, supplements, or restatements of or substitutions for any of the foregoing.

Section 3.3 Disposition of Collateral. Debtors will reasonably safeguard and protect all Collateral for Lender’s general account and make no Transfers thereof whether by sale, lease or otherwise except (a) the sale of Inventory in the ordinary course of business, (b) the Transfer of obsolete and worn-out Equipment to the extent that (i) the proceeds of any such disposition are used to acquire replacement Equipment which is subject to Lender’s security interest, or (ii) the proceeds are remitted to Lender to be applied pursuant to Section 2.5(b).