

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM355609

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Hatch Chile Co., LLC		09/16/2015	LIMITED LIABILITY COMPANY:
Hatch Chili Company		09/16/2015	CORPORATION:

RECEIVING PARTY DATA

Name:	Farragut Mezzanine Partners III, LP
Street Address:	5425 Wisconsin Avenue
Internal Address:	Suite 401
City:	Chevy Chase
State/Country:	MARYLAND
Postal Code:	20815
Entity Type:	LIMITED PARTNERSHIP: DELAWARE

PROPERTY NUMBERS Total: 13

Property Type	Number	Word Mark
Registration Number:	1735090	HATCH SELECT
Registration Number:	1735053	HATCH SELECT
Registration Number:	1722215	HATCH SELECT
Registration Number:	3391024	HATCH
Registration Number:	4547700	HARVEST ROAST
Registration Number:	4547716	HATCH
Serial Number:	85359610	HATCH
Serial Number:	85556157	HATCH
Serial Number:	85556144	HATCH
Serial Number:	86085742	HATCH CHILE CO.
Serial Number:	86143724	HATCH
Serial Number:	86184067	HATCH
Serial Number:	86187431	HATCH

CORRESPONDENCE DATA

Fax Number: 7037125050

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent

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using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

Phone: 703-712-5352
Email: jmiller@mcguirewoods.com
Correspondent Name: Joyce Miller
Address Line 1: 1750 Tysons Blvd.
Address Line 2: Suite 1800
Address Line 4: Tysons Corner, VIRGINIA 22102

ATTORNEY DOCKET NUMBER:	2057556-0018
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NAME OF SUBMITTER:	Joyce Miller
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SIGNATURE:	/Joyce Miller/
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DATE SIGNED:	09/18/2015
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Total Attachments: 10

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TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the “**Security Agreement**”) made as of this 16th day of September, 2015, by Hatch Chile Co., LLC, a Georgia limited liability company (“**Borrower**”) and Hatch Chili Company, a New Mexico corporation (“**HCC**”, and together with Borrower, each a “**Grantor**” and, collectively, jointly and severally, the “**Grantors**”) in favor of Farragut Mezzanine Partners III, LP, a Delaware limited partnership (together with its successors and assigns, “**Secured Party**”).

W I T N E S S E T H

WHEREAS, Borrower and Secured Party are parties to a certain Note and Warrant Purchase Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the “**Note Purchase Agreement**”) and other related Transaction Documents (as defined therein), including the Security Agreement (as defined therein), of even date herewith (collectively, with the Note Purchase Agreement, and as each may be amended or otherwise modified from time to time, the “**Financing Agreements**”), which Financing Agreements provide (i) for Secured Party to purchase a note from Borrower (ii) for the grant by Borrower to Secured Party of a security interest in certain of Borrower’s assets, including, without limitation, its trademarks and trademark applications;

WHEREAS, HCC owns a number of trademarks essential for the operation of Borrower’s business;

WHEREAS, because of pending litigation, HCC is unable to convey the Trademarks (defined below) to Borrower;

WHEREAS, Borrower owns 100% of the outstanding stock of HCC; and

WHEREAS, the Grantors agree that each of them will benefit directly and indirectly from the financial accommodations made by the Secured Party to Borrower pursuant to the Note Purchase Agreement;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Grantors agree as follows:

1. Incorporation of Financing Agreements. The Financing Agreements and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Note Purchase Agreement.

2. Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Obligations, Grantors hereby grant to Secured Party a security interest in Borrower’s entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have

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appeared or appear, all registrations and recordings thereof, and all applications (other than “intent to use” applications until a verified statement of use is filed with respect to such applications) in connection therewith, including, without limitation, the trademark registrations and applications listed on Schedule A attached hereto and made a part hereof and the trademarks, and renewals thereof, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the “**Trademarks**”); all rights corresponding to any of the foregoing throughout the world and the goodwill of each of the Grantors’ businesses connected with the use of and symbolized by the Trademarks.

3. Warranties and Representations. Grantors warrant and represent to Secured Party that:

(i) no Trademark has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Trademark been cancelled, in whole or in part and each such Trademark is presently subsisting;

(ii) Grantors are the sole and exclusive owners of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens (other than Permitted Encumbrances), charges and encumbrances, including without limitation, shop rights and covenants by the Grantors not to sue third persons;

(iii) Grantors have no notice of any suits or actions commenced or threatened with reference to any Trademark, except as set forth on Schedule 5.12 of the Note Purchase Agreement; and

(iv) Grantors have the unqualified right to execute and deliver this Security Agreement and perform its terms.

4. Restrictions on Future Agreements. Except as otherwise set forth herein, Grantors agree that until Borrower’s Obligations shall have been satisfied in full and the Financing Agreements shall have been terminated, Grantors shall not, without the prior written consent of Secured Party, sell or assign its interest in any Trademark or enter into any other agreement with respect to any Trademark which would affect the validity or enforcement of the rights transferred to Secured Party under this Security Agreement.

5. New Trademarks. Grantors represent and warrant that, based on a diligent investigation by Grantors, the Trademarks listed on Schedule A constitute all of the federally registered Trademarks, and federal applications for registration of Trademarks (other than “intent to use” applications until a verified statement of use is filed with respect to such applications) now owned by Grantors. If, before Borrower’s Obligations shall have been satisfied in full or before the Financing Agreements have been terminated, Grantors shall (i) become aware of any existing Trademarks of which Grantors have not previously

informed Secured Party, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Security Agreement above shall automatically apply thereto and Grantors shall give to Secured Party prompt written notice thereof. Grantors hereby authorize Secured Party to modify this Security Agreement by amending Schedule A to include any such Trademarks.

6. Term. The term of this Security Agreement shall extend until the payment in full of Borrower's Obligations and the termination of the Financing Agreements. Grantors agree that upon the occurrence and during the continuance of an Event of Default, the use by Secured Party of all Trademarks shall be without any liability for royalties or other related charges from Secured Party to the applicable Grantor.

7. Product Quality. Grantors agree to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable business practices. Upon the occurrence of an Event of Default, Grantors agree that Secured Party, or a conservator appointed by Secured Party, shall have the right to establish such additional product quality controls as Secured Party, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Borrower under the Trademarks.

8. Release of Security Agreement. This Security Agreement is made for collateral purposes only. Upon payment in full of Borrower's Obligations and termination of the Financing Agreements, Secured Party shall take such actions as may be necessary or proper to terminate the security interests created hereby and pursuant to the Financing Agreements

9. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Borrower. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Secured Party in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Trademarks or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks shall be borne by and paid by Grantors and until paid shall constitute Obligations.

10. Duties of Grantors. Grantors shall have the duty (i) to file and prosecute diligently, as commercially reasonable, any trademark applications pending as of the date hereof or hereafter until Borrower's Obligations shall have been paid in full and the Financing Agreements have been terminated, (ii) to preserve and maintain all rights in the Trademarks, as commercially reasonable and (iii) to ensure that the Trademarks are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with Borrower's Obligations under this Section 10 shall be borne by Grantors.

11. Secured Party's Right to Sue. After the occurrence and during the continuance of an Event of Default, Secured Party shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Secured Party shall commence any such suit, Grantors shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement and Grantors shall promptly, upon demand, reimburse and indemnify Secured Party for all costs and expenses incurred by Secured Party in the exercise of its rights under this Section 11.

12. Waivers. No course of dealing between Grantors and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13. Severability. The provisions of this Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

14. Modification. This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

15. Default. The occurrence of any of the following shall constitute an "Event of Default" under this Agreement: (a) an "Event of Default" under the Note Purchase Agreement; (b) any representation or warranty made by the Grantors herein shall prove to be incorrect in any material respect when made (or in any respect if any such representation or warranty is by its terms qualified by materiality or Material Adverse Effect); or (c) the Grantors shall fail to observe or perform any obligation or agreement contained herein. The Secured Party may enforce the security interest granted to it hereunder pursuant to, and may pursue any other right and remedy available to the Secured Party under this Agreement, the Note Purchase Agreement, any additional Transaction Documents, the Uniform Commercial Code as now or hereafter in effect in any relevant jurisdiction or any other applicable law, or in equity, separately, successively or simultaneously, as the Secured Party may deem appropriate, to collect, enforce or satisfy the Obligations then owing, whether by acceleration or otherwise, and to this end the Grantors hereby waive the benefits of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force as would prevent or delay the enforcement of or realization upon the Secured Party's security interest hereunder.

16. Cumulative Remedies; Power of Attorney; Effect on Financing Agreements. All of Secured Party's rights and remedies with respect to the Trademarks, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantors hereby authorize Secured Party upon the occurrence and during the continuance of an Event of Default, to make, constitute and appoint any officer or agent of Secured Party as Secured Party may select, in its sole discretion, as Grantors' true and lawful attorney-in-fact, with power to (i) endorse Grantors' names on all applications, documents, papers and instruments necessary or desirable for Secured Party in the use of the Trademarks or (ii) take any other actions with respect to the Trademarks as Secured Party deems to be in the best interest of Secured Party, or (iii) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone. Grantors hereby ratify all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until Borrower's Obligations shall have been paid in full and the Financing Agreements have been terminated. Grantors acknowledge and agree that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Secured Party under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies. Secured Party shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Financing Agreements, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Delaware.

17. Binding Effect; Benefits. This Security Agreement shall be binding upon Borrower and its respective successors and assigns, and shall inure to the benefit of Secured Party, its successors, nominees and assigns.

18. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and applicable federal law.

19. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

20. Further Assurances. Borrower agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Secured Party shall reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

21. Survival of Representations. All representations and warranties of Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

IN WITNESS WHEREOF, Borrower has duly executed this Security Agreement as of the date first written above.

HATCH CHILE CO., LLC

By: Stephen H. Dawson
Stephen H. Dawson
President

HATCH CHILI COMPANY

By: Stephen H. Dawson
Stephen H. Dawson
President

The foregoing Agreement is hereby accepted
as of the date and year first above written.

FARRAGUT MEZZANINE PARTNERS III, LP,
a Delaware limited partnership



By: Farragut Capital Partners, LLC,
its General Partner


By: Farragut Capital Partners, Inc.,
its Manager

By: 
Name: Philip A. McNeill
Title: President

SCHEDULE A

TRADEMARK REGISTRATIONS

Mark	Registration Number	Issue Date	Goods	Owner
	1,735,090	Nov. 24, 1992	Southwestern style foods, namely, enchilada sauce and picante sauce	Hatch Chile Co., LLC
	1,735,053	Nov. 24, 1992	Southwestern style foods; namely, processed jalapeno peppers	Hatch Chile Co., LLC
HATCH SELECT	1,722,215	Oct. 6, 1992	southwestern style foods; namely, processed green chili peppers and refried beans with processed green chili peppers	Hatch Chile Co., LLC
HATCH	3,391,024	March 4, 2008	Enchilada sauce and sauce for rice	Hatch Chile Co., LLC
HARVEST ROAST	4,547,700	June 10, 2014	Processed chile peppers	Hatch Chile Co., Inc.
HATCH	4,547,716	June 10, 2014	Condiments, namely mustard	Hatch Chile Co., Inc.
HATCH ENCHILADA SAUCE	New Mexico State Registration TK00092601	Sept. 26, 2000	Enchilada Sauce and other Mexico sauces	Hatch Chile Co., LLC

Mark	Application Number	Filing Date	Goods	Owner
HATCH	85/359,610	June 29, 2011	Processed tomatoes and chile; processed tomatoes and jalapenos; processed jalapenos; processed tomatillos; green chile stew (International Class 29) Taco sauce, salsa featuring green chile, and salsa featuring diced tomatoes (International Class 30)	Hatch Chile Co., Inc.
HATCH	85/556,157	Feb. 29, 2012	Processed jalapenos, processed green chile, green chile stew, processed tomatoes and green chile, processed tomatoes and jalapenos, snack mix consisting primarily of processed peanuts, processed almonds, sesame sticks and seasonings (International Class 029) Sauces, namely, salsa and taco sauce; enchilada sauce (International Class 030)	Hatch Chile Co., Inc.
	85/556,144	Feb. 29, 2012	Processed jalapenos, processed green chile, green chile stew, processed tomatoes and green chile, processed tomatoes and jalapenos,	Hatch Chile Co., Inc.

Mark	Application Number	Filing Date	Goods	Owner
			snack mix consisting primarily of processed peanuts, processed almonds, sesame sticks and seasonings (International Class 029) Sauces, namely, salsa and taco sauce; enchilada sauce (International Class 030)	
HATCH CHILE CO.	86/085742	Oct. 8, 2013	Enchilada sauce	Hatch Chile Co., Inc.
HATCH	86/143724	Dec. 13, 2013	Condiments, namely, pepper sauces, hot sauces and picante sauces	Hatch Chile Co., Inc.
HATCH	86/184067	Feb. 4, 2014	Condiment, namely hot sauce	Hatch Chile Co., Inc.
HATCH	86/187431	Feb. 7, 2014	Condiments, namely, seasonings	Hatch Chile Co., Inc.