

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM357101

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Colorbok, LLC		09/29/2015	LIMITED LIABILITY COMPANY: OH IO
RECEIVING PARTY DATA			
Name:	Talmer Bank and Trust		
Street Address:	2301 W. Big Beaver Road		
City:	Troy		
State/Country:	MICHIGAN		
Postal Code:	48084		
Entity Type:	Michigan Bank: MICHIGAN		
PROPERTY NUMBERS Total: 9			
Property Type	Number	Word Mark	
Registration Number:	2086435	AUTUMN LEAVES	
Registration Number:	1731029	COLORBOK	
Registration Number:	2752068	CROP IN STYLE	
Registration Number:	3034179	MAKINGMEMORIES	
Registration Number:	2910583	MAKINGMEMORIES	
Registration Number:	2718763	M MAKINGMEMORIES	
Registration Number:	3175962	M	
Registration Number:	0870205	MAKIT & BAKIT	
Registration Number:	4446197	SEW CUTE! STUFFED STUFF FOR YOUR STUFF!	
CORRESPONDENCE DATA			
Fax Number:	2485677423		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	2485677400		
Email:	tkkroninger@varnumlaw.com		
Correspondent Name:	Timothy K. Kroninger		
Address Line 1:	39500 High Pointe Boulevard, Suite 350		
Address Line 4:	Novi, MICHIGAN 48375-5516		
ATTORNEY DOCKET NUMBER:	PALMER-COLORBOK SEC.INTS.		

CH \$240.00 2086435

NAME OF SUBMITTER:	Timothy K. Kroninger
SIGNATURE:	/Timothy K. Kroninger/
DATE SIGNED:	10/01/2015
Total Attachments: 14 source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page1.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page2.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page3.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page4.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page5.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page6.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page7.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page8.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page9.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page10.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page11.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page12.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page13.tif source=Loan and Security Agreement-Talmer Bank and Trust-Colorbok LLC-Redacted_executed 9-29-15#page14.tif	

LOAN AND SECURITY AGREEMENT

Talmer Bank and Trust, a Michigan Bank ("Lender"), with a principal place of business at 2301 W. Big Beaver, Troy, Michigan 48084, and Colorbök, LLC, an Ohio limited liability company ("Borrower"), with a principal place of business at 8007 Main Street, Dexter, Michigan 48130, enter into this Loan and Security Agreement (this "Agreement") on September 29, 2015 (the "Closing Date").

1. SUMMARY OF LENDING TERMS

The following are the general terms of the loans to be made under this Agreement:

1.1 Lender agrees to make revolving advances (each advance individually a "Revolving Loan", and collectively, the "Revolving Loans") in a maximum aggregate amount outstanding at any time up to the lesser of the Revolving Advance Limit or the Borrowing Base. The "Revolving Advance Limit" is [REDACTED]. The "Borrowing Base" is an amount equal to:

- (a) up to [REDACTED] of the aggregate outstanding amount of Eligible Accounts; plus
- (b) the lesser of –
 - (i) the sum of [REDACTED] of the aggregate Net Orderly Liquidation Value of (1) Eligible Slow Moving Inventory not exceeding [REDACTED] (2) Eligible In Transit Inventory not exceeding [REDACTED] and (3) all other Eligible Inventory; or
 - (ii) [REDACTED] minus
- (c) the Availability Reserves.

The advance rate against Eligible Accounts will reduce by one percentage point for each percentage point (or fraction thereof) that Dilution exceeds [REDACTED].

1.2 As part of the Line of Credit, Lender is extending a [REDACTED] Letter of Credit Subfacility to Borrower. The LOC Obligations will be reserved against availability under the Borrower's Line of Credit. In addition to other reasonable, standard and customary charges, commissions, fees, and costs charged by Lender with respect to the Letters of Credit, Borrower will pay Lender a fee on the first day of each month in arrears equal to [REDACTED] per annum times the average aggregate undrawn face amount of Borrower's Letters of Credit outstanding during the prior month.

1.3 Subject to Section 3.2 below, the interest rate on the Revolving Loans shall be equal to the Base Rate.

1.4 Borrower will pay Lender a closing fee of [REDACTED] at the time of the initial advances under this Agreement. The closing fee will be non-refundable and fully earned on the date paid.

1.5 Borrower will pay Lender a monthly unused line fee in arrears on the first day of each month (in arrears) equal to [REDACTED] per annum times the Average Unused Portion of the Revolving Facility during the immediately preceding month.

1.6 Borrower will pay Lender a collateral monitoring fee in the amount of [REDACTED] per month, payable on the first day of each month in arrears.

1.7 Unless sooner terminated upon the occurrence of an Event of Default, this Agreement expires on the Expiration Date (the "Term").

2. DEFINITIONS

In addition to the terms defined in this Agreement, the following terms have the given definitions:

"Account Debtor" means any obligor under, with respect to, or on account of an Account.

"Accounts" has the meaning given in the UCC and includes rights to payment for goods sold or leased or for services rendered.

"Affiliate" means with respect to any entity, another person or entity that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the applicable entity.

"Availability Reserves" means the reserves Lender from time-to-time determines in its Discretion as being appropriate to reflect the impediments to Lender's ability to realize upon the Collateral and liabilities that impact on the anticipated amount realizable from the Collateral. Availability Reserves may include, among others, reserves based on the following:

(a) rent for any leased location where Borrower's Inventory is located for which an acceptable Landlord Estoppel Certificate, Waiver and Consent has not been received by Lender;

(b) taxes and other governmental charges, including ad valorem, personal property, sales, and other taxes which may have priority over Lender's security interests to the extent they are not timely paid;

(c) claims that Lender believes in Lender's Discretion could have priority over the Obligations by virtue of any applicable law or regulation; and

(d) Inventory Reserves.

"Average Unused Portion of the Revolving Facility" means, for any calendar month or portion thereof, the Revolving Advance Limit, less the average Daily Balance outstanding during the month.

"Bailee Agreement(s)" means that certain Bailee Agreement of even date herewith between Lender, Borrower and West Coast Trucking, and any other agreement between Lender and any company where any Inventory or any other Collateral is located, acknowledging Lender's security interest in the Collateral and providing access, removal and other rights with respect to the Collateral to Lender, in form and content acceptable to Lender.

"Base Rate" means the Prime Rate plus [REDACTED] provided however that the Base Rate may be adjusted within thirty (30) days of the end of each Measurement Period, commencing with the Measurement Period ending on December 31, 2015, as follows:

(a) If the Pricing Fixed Charge Coverage Ratio is in excess of [REDACTED] for such Measurement Period, the Base Rate shall be the Prime Rate;

(b) If the Pricing Fixed Charge Coverage Ratio is in excess of [REDACTED] but less than or equal to [REDACTED] for such Measurement Period, the Base Rate shall be the Prime Rate plus [REDACTED]

(c) If the Pricing Fixed Charge Coverage Ratio is in excess of [REDACTED] but less than or equal to [REDACTED] for such Measurement Period, the Base Rate shall be the Prime Rate plus [REDACTED] and [REDACTED]

(d) If the Pricing Fixed Charge Coverage Ratio is less than or equal to [REDACTED] for such Measurement Period, the Base Rate shall be the Prime Rate plus [REDACTED] %.

"Borrowing Base Certificate" has the meaning given in Section 7.4(a).

"Business Day" means a day on which Lender is open for business in Michigan other than Saturdays and Sundays.

"Business Records" means all of Borrower's books and records including all of the following: ledgers, records indicating, summarizing or evidencing Borrower's assets (including the Collateral) or liabilities; all information relating to Borrower's business operations or financial condition; and all computer programs, disk or tape files, printouts, runs or other computer prepared information, and the equipment containing the information.

"Capital Expenditures" means, with respect to Borrower for any period, the sum of all the expenditures (whether paid in cash, capitalized as an asset or accrued as a liability) made or incurred by Borrower during such period which, in accordance with GAAP, are or should be included in "capital expenditures" or similar items reflected on the statements of cash flows of Borrower, including under any Capital Leases.

"Capital Lease" means a capital lease or a lease which should be treated as a capital lease under GAAP.

"Chattel Paper" has the meaning given in the UCC and includes electronic chattel paper.

"Claims" means any demand, claim, action or cause of action, damage, liability, loss, cost, debt, expense, obligation, tax, assessment, charge, lawsuit, contract, agreement, undertaking or deficiency, of any kind or nature, whether known or unknown, fixed, actual, accrued or contingent, liquidated or unliquidated (including interest, penalties, attorneys' fees and other costs and expenses incident to proceedings or investigations relating to, or the defense of, any of the foregoing), whether or not litigation has commenced.

"Collateral" means all existing and after acquired assets and personal property of the Borrower and proceeds thereof, including without limitation: Accounts; Business Records; Chattel Paper; Commercial Tort Claims; Deposit Accounts; Documents; General Intangibles, including Intellectual Property; Goods, including Inventory and Equipment; Instruments; Investment Property; Letters of Credit; Letter-of-Credit Rights; any collateral security granted to Lender under any other agreement or document executed or delivered by Borrower; and all accessions to, substitutions for, and all replacements, products and cash and non-cash proceeds of any of the foregoing, including proceeds of insurance and unearned insurance premiums and claims against any person for loss, damage or destruction of any property.

"Collections" has the mean given in Section 7.11.

"Commercial Tort Claims" has the meaning given in the UCC.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

"Daily Balance" means, with respect to each day during the term of this Agreement, the amount of Revolving Loans outstanding at the end of such day plus the LOC Obligations outstanding at the end of the day.

"Fixed Charge Coverage Ratio" means, for any Measurement Period, the ratio of (a) EBITDA minus unfunded Capital Expenditures minus cash distributions to members minus loans or advances to members, officers or affiliates minus cash taxes paid, to (b) Fixed Charges (excluding Fixed Charges related to payments on Subordinated Debt not actually made by Borrower).

"Fixed Charges" means the sum of the following for any Measurement Period (without duplication): prepaid principal payments for any Funded Debt, scheduled principal payments for any Funded Debt (regardless of whether the payments were made during the Measurement Period, including payments owing under Capital Leases), and Interest Expense (excluding Interest Expense payable in kind).

"Funded Debt" means with respect to Borrower all Capital Leases, all Debt that bears interest (whether current pay, accrued or otherwise), including without limitation the deferred purchase price of property or services, all obligations to repurchase all or any portion of any property transferred or sold and all other obligations arising under arrangements or agreements that, in substance, provide financing.

"GAAP" means generally accepted accounting principles as adopted in the United States of America applied on a consistent basis.

"General Intangibles" has the meaning given in the UCC and includes payment intangibles and Intellectual Property.

"Gross Availability" as defined in Section 3.1(a).

"Hazardous Material" means any substance, material, emission or waste which is or hereafter becomes regulated or classified as a hazardous substance, hazardous material, toxic substance or solid waste under any Environmental Law, asbestos, petroleum products, urea formaldehyde, polychlorinated biphenyls (PCBs), radon and any other hazardous or toxic substance, material, emission or waste.

"Hedge Arrangement" means for any period, any arrangement or transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, interest rate option, forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of such transactions or arrangements) designed to protect or mitigate against risks in interest, currency exchange or commodity price fluctuations.

"Income Tax Expense" means with respect to Borrower, for any Measurement Period, the aggregate of all federal, state and local taxes on Borrower's income for such period, whether current or deferred, determined in accordance with GAAP, excluding taxes the payment of which is deferred during the period but including taxes deferred from a prior period and paid during such period.

"Insolvency Proceeding" means any proceeding commenced by or against Borrower under any provision of the Bankruptcy Code, 11 U.S.C. §101 et. seq., or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with its creditors or proceedings seeking reorganization, liquidation, arrangement or other similar relief.

"Instruments" has the meaning given in the UCC.

"Intellectual Property" means all intellectual and similar property including without limitation, the property described on Schedule 2 – Intellectual Property, all patents, inventions, technology, know-how, and designs; copyrights; trademarks (including, without limitation, service marks, wordmarks, design marks, logos, and emblems, slogans and taglines, and all related and associated marks and indicia), trade names and assumed names, domains/domain names/URLs; software and databases; trade secrets and confidential information and materials (including, without limitation, customer lists); whether or not

registered, applied-for, unregistered, reserved, or recorded (as applicable); all related documentation, information, materials, all books and records, and franchises; all licenses or other rights to use any of such intellectual property; all other intellectual property rights included in, related thereto, and associated therewith.

"Intercreditor Agreement" means an agreement dated effective as of the date hereof among Lender, Borrower and Wells Fargo Bank, National Association.

"Interest Expense" means with respect to Borrower, for any Measurement Period, without duplication, the aggregate amount of interest and other financing charges expensed or accrued on account of such period with respect to Funded Debt, including interest, discount and financing fees, commissions, discounts, the interest or time value of money component of costs related to factoring or securitizing receivables or monetizing inventory and other fees and charges payable with respect to letters of credit, letters of guarantee and bankers' acceptance financing, standby fees, the interest component of capital leases and net payments (if any) pursuant to Hedge Arrangements involving interest, all as determined in accordance with GAAP.

"Inventory" has the meaning given in the UCC and includes all goods intended for sale, lease, display or demonstration, raw materials, finished goods, goods which have been returned to, repossessed by or stopped in transit by Borrower, and packing and shipping materials and other supplies and materials used or consumed in Borrower's business.

"Inventory Reserves" means reserves established from time-to-time by Lender in its Discretion with respect to the determination of what constitutes Eligible Inventory. Without limiting the generality of the foregoing, Inventory Reserves may include (but are not limited to) reserves based on the following: negative variances in test counts or cost verifications performed by Lender from time-to-time (as part of Lender's periodic Examinations or otherwise), or changes in Inventory composition or mix.

"Investment Property" has the meaning given in the UCC.

"Landlord Estoppel Certificate, Waiver and Consent" means a written agreement between Lender and the owner of any premises where Collateral is located (including all leased locations) on terms acceptable to Lender in its Discretion, providing for among other things, a waiver of liens on the subject Collateral and access for Lender to, and if applicable, the right to occupy, the premises in connection with liquidating Collateral.

"Lazear" means Lazear Capital Partners, Ltd., an Ohio limited liability company.

"Lazear Subordination Agreement" means that certain Subordination Agreement dated of even date herewith between Borrower, Lender and Lazear providing for the subordination of the Lazear Subordinated Debt to the Obligations.

"Lazear Subordinated Debt" means any and all indebtedness, obligations and liabilities of Borrower to Lazear that is subject to the Lazear Subordination Agreement.

"LCP" means LCP Holdings, Inc., an Ohio corporation.

"LCP Subordination Agreement" means that certain Subordination Agreement dated of even date herewith between Borrower, Lender and LCP providing for the subordination of the LCP Subordinated Debt to the Obligations.

"LCP Subordinated Debt" means the obligations and indebtedness of Borrower owing under (i) that certain Second Amended and Restated Subordinated Cognovit Promissory Note and Security Agreement dated May 9, 2013 in the original principal amount of \$1,150,000.00 (as amended from time to time), and (ii) that certain Subordinated Cognovit Promissory Note and Security Agreement dated March

4.4 **Post-Closing Condition.** Within 120 days of the Closing Date, Borrower shall have (i) provided satisfactory evidence to Lender of its continued relationship with Artissimo Designs LLC, a Delaware limited liability company in accordance with the terms and conditions existing as of immediately prior to the Closing Date, or (ii) entered into an agreement with a new subtenant or subtenants, each of whom have sufficient creditworthiness as is acceptable to Lender in its reasonable discretion, pursuant to which not less than 50% of the space currently occupied by Artissimo Designs LLC in the facility located at 10700 Business Drive, #200, Fontana, California has been subleased at market rates (the "**Post-Closing Condition**").

5. **SECURITY FOR THE OBLIGATIONS**

5.1 **Grant of Security.** Borrower hereby grants Lender a continuing security interest and lien in all presently existing and hereafter acquired or arising Collateral to secure prompt repayment of all Obligations and to secure the prompt performance by Borrower of each of its covenants and duties in this Agreement and the other Loan Documents. Lender's security interest will attach to all Collateral without further act on the part of Lender or Borrower. Borrower has no authority, express or implied, to dispose of, sell, transfer, or other encumber any of the Collateral, except for Permitted Liens and for:

(a) sales of Inventory to buyers in the ordinary course of business;

(b) sales, assignments, transfers or leases in the ordinary course of business of Equipment which is no longer necessary or required in the conduct of Borrower's business up to an aggregate net book value of [REDACTED] each calendar year; and

(c) sales of Accounts to Wells Fargo Bank, National Association, provided such sales are subject to the terms of the Intercreditor Agreement. If Lender releases its security interest on an Account in favor of any party that purchases Accounts of Borrower, including without limitation, Wells Fargo Bank, National Association, and Borrower thereafter reacquires such Account, then such Account is deemed to be an after-acquired Account of Borrower and Lender's security interest shall reattach to such Account.

5.2 **Negotiable Collateral.** In the event that any Collateral, including proceeds, is evidenced by or consists of Negotiable Collateral, Borrower will, upon the request of Lender, immediately endorse and assign the Negotiable Collateral to Lender and deliver physical possession of the Negotiable Collateral to Lender.

5.3 **Additional Documentation.** Borrower authorizes Lender to file all financing statements, continuation financing statements and fixture filings as are necessary in the Lender's Discretion to perfect, maintain and give notice of a first priority perfected security interest in all of the Collateral (excepting such Collateral which is subject to Permitted Liens). At the request of Lender, Borrower will execute and deliver to Lender, all security agreements, pledges, assignments, endorsements of certificates of title, applications for title, affidavits, reports, notices, schedules of accounts, letters of authority, and other documents that Lender reasonably requests, in form satisfactory to Lender, to perfect and continue perfected Lender's security interest in the Collateral and in order to fully consummate all of the transactions contemplated hereby.

5.4 **Power of Attorney.** Borrower hereby irrevocably designates, makes, constitutes and appoints Lender (and any of Lender's officers, employees or agents designated by Lender) as Borrower's true and lawful attorney-in-fact, upon, and subject to, the terms of this Section 5.4. Pursuant to this power of attorney, Lender, or Lender's agent, may, without notice to Borrower and in either Borrower's or Lender's name, but at the cost and expense of Borrower, at any time or times as Lender in its sole discretion determines:

(a) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, demand payment of Accounts from the Account Debtors,

enforce payment of Accounts by legal proceedings or otherwise, and generally exercise all of Borrower's rights and remedies with respect to the collection of Accounts;

(b) upon the occurrence of and during the continuation of an Event of Default, take control, in any manner, of any item of payment or proceeds relating to any Collateral;

(c) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, prepare, file and sign Borrower's name to a proof of claim in bankruptcy or similar document against any Account Debtor or to any notice of lien, assignment or satisfaction of lien or similar document in connection with any of the Collateral;

(d) sign Borrower's name on any documents described in Section 5.2 or 5.3 or on any other similar documents to be executed, recorded or filed in order to perfect or continue perfected Lender's security interest in the Collateral;

(e) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, sign Borrower's name on any invoices, bills of lading, freight bills, chattel paper, documents, instruments or similar documents or agreements relating to Accounts, Inventory or other Collateral, drafts against Account Debtors, schedules and assignments of Accounts, and notices to Account Debtors;

(f) send requests for verification of Accounts;

(g) endorse Borrower's name on any checks, notes, acceptances, money orders, drafts or other items of payment or proceeds relating to any Accounts, Inventory or payment intangibles that may come into Lender's possession and deposit the payments and proceeds to the account of Lender for application to the Obligations;

(h) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, do all other acts and things necessary, in Lender's determination, to fulfill Borrower's obligations under this Agreement or any of the other Loan Documents;

(i) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, notify the post office authorities to change the address for delivery of Borrower's mail to an address designated by Lender, to receive and open all mail addressed to Borrower, and to retain all mail relating to the Collateral and forward all other mail to Borrower;

(j) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, use the information recorded on or contained in any equipment and computer hardware and software relating to the Accounts, Inventory, Equipment and any other Collateral;

(k) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, make, settle and adjust all claims under Borrower's policies of insurance relating to the Collateral, make all determinations and decisions with respect to such policies of insurance and endorse the name of Borrower on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance;

(l) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, but subject to any notices required under this Agreement, any other Loan Documents or applicable law, sell or assign any of the Accounts and other Collateral upon terms, for amounts and at the time or times as Lender deems advisable; and

(m) upon the occurrence of and during the continuation of an Event of Default and the expiration of any applicable cure period, settle, adjust or compromise disputes and claims respecting

Accounts directly with Account Debtors, for amounts and upon terms that Lender determines to be reasonable, and, in furtherance thereof, execute and deliver any documents and releases that Lender determines to be necessary.

The appointment of Lender as Borrower's attorney-in-fact and each and every one of Lender's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and this Agreement has been terminated.

5.5 **Right To Inspect.** Lender, through any of its officers, employees or agents and at Borrower's sole cost and expense, will have the right at any time or times during Borrower's usual business hours, or during the usual business hours of any third party having control over any of Borrower's Business Records (to the extent that Borrower has such right), to inspect the Business Records in order to verify the amount or condition of, or any other matter relating to, the Collateral or Borrower's financial condition. Lender also will have the right at any time or times during Borrower's usual business hours to inspect and examine Inventory and Equipment and to check and test the same as to quality, quantity, value and condition. If an Event of Default has occurred or if Lender reasonably believes that an Event of Default has occurred, Lender may conduct any of the inspections referenced in this Section 5.5 at any time without regard to Borrower's or any third party's usual business hours, to the extent Borrower has such right. Borrower's responsibility for the costs of any inspections covered by this Section is governed by Section 7.7.

5.6 **Commercial Tort Claims.** If Borrower at any time after the date of this Agreement becomes aware of any Commercial Tort Claim, Borrower must promptly notify Lender in writing, which notice must (i) set forth in reasonable detail the basis for and nature of the Commercial Tort Claim, and (ii) include the express grant by Borrower to Lender of a security interest in the Commercial Tort Claim (and the proceeds thereof). In the event that the required notice does not include a grant of a security interest, the sending thereof by Borrower to Lender will be deemed to constitute a grant of a security interest to Lender. Upon the sending of the notice, any Commercial Tort Claim described in the notice will constitute part of the Collateral and will be deemed included therein. Without limiting the authorization of Lender under Section 5.4 or otherwise arising out of Borrower's execution of this Agreement or any of the other Loan Documents, Lender is irrevocably authorized at any time to file financing statements naming Lender as secured party and Borrower as debtor, or any amendments to financing statements covering any Commercial Tort Claims Collateral. In addition, Borrower will promptly, upon Lender's request, execute and deliver, or cause to be executed and delivered, to Lender such other agreements, documents and instruments as Lender may reasonably require to evidence Lender's security interest in any Commercial Tort Claim.

5.7 **Application of Proceeds.** Proceeds of Collateral may be applied to any of the Obligations in Lender's discretion, and specifically may be applied to outstanding fees and costs owing to Lender prior to application to principal and interest.

6. **REPRESENTATIONS AND WARRANTIES**

To induce Lender to make Loans and issue Letters of Credit, Borrower represents and warrants to Lender as follows (which representations and warranties will be deemed to have been made with each request for a Revolving Loan or Letter of Credit unless the applicable representation or warranty is made as of a specific date, in which case the representation was true and correct as of such date):

6.1 **Organization.** Borrower is a limited liability company duly formed and existing under the laws of the State of Ohio, and the execution, delivery and performance of the Loan Documents, including this Agreement and the issuance of any notes as provided in this Agreement, are within its organizational powers, have been duly authorized, are not in contravention of law or the terms of its articles of organization or operating agreement and do not require the consent or approval of any third party, including any governmental body, agency or authority. Borrower is duly licensed or qualified to do business in all jurisdictions in which Borrower has property or business operations, or the failure to be so qualified will not materially and adversely affect Borrower or its property.

6.2 **Financial Statements.** Borrower's balance sheets, the statements of profit and loss and surplus and the cash flow statements furnished to Lender from time-to-time will be in all material respects correct and complete and will fairly present Borrower's financial condition as of the relevant dates and the results of its operations for the applicable time periods.

6.3 **Liens.** Except for Permitted Liens and excluding assets disclosed in writing to Lender as being subject to Operating Leases, Borrower has good and marketable title to all of the assets used in its business operations, including all Collateral, free and clear of all liens and encumbrances.

6.4 **Absence of Conflicting Obligations.** The making and execution of the Loan Documents and compliance with their terms and the issuance of any notes will not (a) result in a breach of any of the terms and conditions of any material indenture, agreement or instrument to which Borrower is a party or its assets are subject, or (b) result in the imposition of any lien, charge, or encumbrance upon any property of Borrower pursuant to, or constituting a default under, any indenture or other agreement or instrument to which Borrower is a party or by which it is bound.

6.5 **Taxes.** Borrower has no outstanding unpaid tax liabilities (except for taxes which are currently accruing from its current operations and ownership of property, and which are not delinquent), and no tax deficiencies have been proposed or assessed against Borrower. There have been no audits of Borrower's federal income tax returns, which have resulted in or are likely to result in the assessment of any material tax liability against Borrower that has not been paid and all taxes shown by any returns have been paid.

6.6 **Absence of Material Litigation.** Except as disclosed on Schedule 6.6, Borrower is not a party to any litigation or administrative proceeding, nor so far as is known by Borrower is any litigation or administrative proceeding threatened against it, which in either case would, if adversely determined, would result in a Material Adverse Change.

6.7 **Absence of Environmental Problems.** Borrower is in material compliance with all Environmental Laws involving Borrower's past or present operations, facilities and property (and no failure to comply will have a negative impact on Borrower, its business or properties). Further, Borrower has not been cited for violating any applicable Environmental Laws and Borrower has all necessary environmental permits and licenses to operate its business.

6.8 **Legal Name; Employer Identification Number.** Borrower's full legal name is exactly as set forth on the signature page of this Agreement and Borrower has not changed its name since the date of its organization, nor has it used any assumed name, trade name, or trade style, other than as set forth on Schedule 6.8 attached hereto. Borrower's Federal employer identification number is 45-4492456.

6.9 **Financing Statements; Lien Priority.** Except for financing statements covering Permitted Liens, no financing statements covering any Collateral, proceeds of Collateral, or any other of Borrower's property are on file in any public office that evidence a valid security interest.

6.10 **ERISA.** No Reportable Event has occurred with respect to any Plan.

6.11 **Broker's Fees.** Borrower agrees to pay all broker's, finder's or similar fees payable to any persons or entities in connection with this Agreement and to defend and hold Lender harmless against any and all such fees. Lender represents and warrants that it has not engaged a broker or finder in respect of the transactions contemplated by this Agreement.

6.12 **Principal Place of Business; Collateral Locations.**

(a) Borrower's principal place of business, records concerning the Collateral and all other Business Records are located at or about the address set forth at the beginning of this Agreement and all physical Collateral is located at those locations listed on Schedule 6.12; and

(b) Borrower will provide Lender with 30 days' prior written notice of any change with respect to any of the foregoing.

6.13 **Full Disclosure.** This Agreement and all of the Exhibits, Schedules and other written material delivered by Borrower to Lender in connection with the transactions contemplated by this Agreement do not contain any statement that is false or misleading as to any material fact and do not omit to state any material fact necessary in order to make the statements therein not false or misleading as to any material fact. There are no additional facts that Borrower is aware of that have not been disclosed in writing to Lender that materially affect adversely or, so far as Borrower can reasonably foresee, will materially affect adversely Borrower's financial condition or business prospects.

6.14 **Flood Hazard.** No location at which Borrower does business falls within the boundaries of a special flood hazard area so designated by the United States Federal Emergency Management Administration.

6.15 **Intellectual Property.** Borrower owns or possesses adequate licenses or other rights to use all patents, processes, trademarks, trade names, copyrights, trade secrets, and other Intellectual Property and proprietary information necessary to conduct its business as now conducted or presently intended to be conducted and Borrower has no reason to believe that any such rights conflict or will conflict with the rights of others. All of the Intellectual Property actively used by Borrower in its business is set forth on Schedule 2 – Intellectual Property.

6.16 **Compliance With Law.**

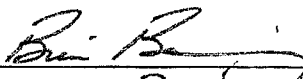
- a) Borrower is in compliance with all material laws and regulations applicable to it, its business and properties (and no failure to comply will have a Material Adverse Change on Borrower, its business or properties). Borrower has all licenses, permits, orders and approvals that are required under any governmental law or regulation in connection with Borrower's business and properties ("Permits"). No notice of any violation has been received with respect of any Permits and no proceeding is pending or, to the best of Borrower's knowledge, threatened to terminate, revoke or limit any Permits.
- b) Borrower and its Affiliates, members, directors, officers, employees or Guarantors are not (i) a Designated Person; (ii) a Person that is owned or controlled by a Designated Person; (iii) located, organized or resident in a Sanctioned Country; or (iv) has directly or indirectly engaged in, or is now directory or indirectly engaged in, any dealings or transactions (1) with any Designated Person, (2) in any Sanctioned Country, or (3) otherwise in violation of Sanctions.

6.17 **Accounts.** All of Borrower's Accounts constitute bona fide existing obligations created by the sale and delivery of Inventory or the rendition of services to Account Debtors in the ordinary course of Borrower's business, and, in the case of Accounts created by the sale and delivery of Inventory, the Inventory giving rise to the Accounts has been delivered to the Account Debtor. At the time of the creation of each Eligible Account or the inclusion of the Account on a Borrowing Base Certificate, each Eligible Account is unconditionally owed to Borrower without defense, dispute, undisclosed offset, counterclaim or right of return or cancellation, and Borrower has not received notice of actual or imminent bankruptcy, insolvency or material impairment of the financial condition of the Account Debtor regarding any Eligible Account.

6.18 **Labor Matters.** No strikes or other labor disputes against Borrower are pending or, to Borrower's knowledge, threatened. Hours worked by and payment made to employees of Borrower have not been in violation of the Fair Labor Standards Act or any other applicable federal, state, local or foreign law dealing with such matters. All payments due from Borrower on account of employee health and welfare insurance have been paid or accrued as a liability on the books of Borrower. Except as set forth in Schedule 6.18, Borrower has no obligation under any collective bargaining agreement, management agreement, consulting agreement or any employment agreement. There is no organizing activity

[Signature page to Loan and Security Agreement dated September 29, 2015]

TALMER BANK AND TRUST

By: 
Name: BRIAN BANNING
Title: MANAGING DIRECTOR

COLORBÖK, LLC

By: _____
Name: _____
Title: _____

SCHEDULES

EXHIBITS

Error! Reference source not found.: Intellectual Property/Permitted Liens
6.6: Litigation
Error! Reference source not found.: Assumed Names 7.4(a): Form of Borrowing Base
Certificate
Error! Reference source not found.: Collateral Locations Error! Reference source not
found.: Form of Covenant Compliance Certificate
Error! Reference source not found.: Labor Matters
Error! Reference source not found.: Subsidiaries and Affiliates
Error! Reference source not found.: Bank Accounts

[Signature page to Loan and Security Agreement dated September 29, 2015]

TALMER BANK AND TRUST

By: _____

Name: _____

Title: _____

COLORBÖK, LLC

By: Mary Jo Manly

Name: Mary Jo Manly

Title: CFO

SCHEDULES

EXHIBITS




2: Intellectual Property/Permitted Liens
6.6: Litigation
6.8: Assumed Names
6.12: Collateral Locations
6.18: Labor Matters
6.19: Subsidiaries and Affiliates
6.20: Bank Accounts

7.4(a): Form of Borrowing Base Certificate
7.4(d): Form of Covenant Compliance Certificate

SCHEDULE 2 – INTELLECTUAL PROPERTY

Trademarks:

The following trademarks (including, without limitation, all related and associated marks, names, logos, designs, identifiers, slogans and taglines, and other intellectual property):

Mark	Registration Number	Registration Date
Autumn Leaves	TMA690397 (Canada) 2086435 (US)	6/20/2007 8/5/1997
Colorbök Colorbök	1731029 (US) TMA850827 (Canada)	11/10/1992 5/14/2013
Crop in Style	2752068 (US)	8/19/2003
MakingMemories	3034179 (US) 2910583 (US) 662611 (Canada)	12/27/2005 12/14/2004 4/12/2006
M MakingMemories & Design 	2718763 (US)	5/27/2003
M & Design 	3175962 (US)	11/28/2006
Makit & Bakit	870205 (US) TMA846155 (Canada)	5/27/1969 3/14/2013
Sew Cute! & Design 	4446197 (US)	12/10/2013

All unregistered/common law marks including, without limitation:

N/A

All domains included in the Domain Names, i.e., the part of the domain name before the top level domain (e.g., before the ".com")

Domain Names/URLs:

The following domain names/URLs:

colorbok.com

Other Intellectual Property:

None