UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1

Registre, Inc.
514 PIERCE ST
ANOKA, MN 55303
(612) 421-1713

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INSTRUCTIONS:

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor copies and send other 3 copies with interleaved carbon paper to the filing officer. Enclose filing fee.
3. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party. Indicate the number of additional sheets attached.
4. If collateral is crops or goods which are or are to become fixtures, describe generally the real estate and give name of record owner.
5. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms, without extra fee.
6. At the time of original filing, filing officer should return third copy as an acknowledgement. At a later time, secured party may date and sign Termination Legend and use third copy as a Termination Statement.

173415

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code: | 3. Maturity date (if any):

1. Debtor(s) (Last Name First) and address(es)

Kitchen Distributors Inc.
184 Chandalar Place Drive
Pelham, AL 35124

Tax ID/Social Security No.

2. Secured Party(ies) and address(es)

Aristokraft, Inc.
One Aristokraft Square
P. O. Box 420
Jasper, IN 47547-0420

Tax ID/Social Security No.

For Filing Officer (Date, Time, Number, and Filing Office)

Inst # 1997-25903
08/14/1997-25903
11:16 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
004 MCD 18.00

4. This financing statement covers the following types (or items) of property:

SEE RIDER ATTACHED HERETO AND FORMING A PART HEREOF
FOR DESCRIPTION OF COLLATERAL.

5. Assignee(s) of Secured Party and Address(es)

This statement is filed without the debtor's signature to perfect a security interest in collateral. (check ☒ if so)

☐ already subject to a security interest in another jurisdiction when it was brought into this state.

☐ which is proceeds of the original collateral described above in which a security interest was perfected:

Filed with: Shelby County Recorder and Secretary of State

Check ☒ if covered: ☒ Proceeds of Collateral are also covered. ☐ Products of Collateral are also covered. No. of additional Sheets presented: 3

Kitchen Distributors Inc.
By [signature]
W. L. Bellows - President
Signature(s) of Debtor(s)

ARISTOKRAFT, INC.
By [signature]
Thomas M. Leinenbach - VP Credit
Signature(s) of Secured Party(ies)

(1) Filing Officer Copy - Alphabetical

STANDARD FORM - FORM UCC-1.

RIDER ATTACHED TO AND FORMING A PART OF A FINANCING STATEMENT BY AND BETWEEN Kitchen Distributors Inc. ("DEBTOR") AND ARISTOKRAFT, INC. ("SECURED PARTY").

COLLATERAL

A. A purchase money lien and security interest in and to all inventory, goods, merchandise, and other personal property, now or hereafter acquired by Debtor from Secured Party, including but not limited to cabinets, vanities, and parts, now or hereafter in the possession, custody, or control of Debtor wherever located, which are manufactured, sold or distributed by Secured Party together with all accessories, additions, replacements and substitutions thereto and therefor; and

~~B. A general lien and security interest in and to all of the Debtor's now owned or existing and hereafter arising or acquired accounts, accounts receivable, contract rights, chattel paper, general intangibles, inventory (being other inventory not previously described hereinabove), goods (other than inventory), machinery, fixtures, and equipment, all additional accessions, attachments, and accessories now or hereafter attached to appertaining to any of the foregoing; all products, replacements of the foregoing; all insurance policies and the proceeds thereof relating to any of the foregoing; and all books and records, in whole or in part relating to any of the foregoing; and~~

C. A general lien and security interest in and to all proceeds from the sale of other disposition of the foregoing. IN PARAGRAPH A.

Kitchen Distributors Inc.	Aristokraft, Inc.
"DEBTOR"	"SECURED PARTY"
By:	By: Thomas M. Leinenbach
W. L. Bellows	Thomas M. Leinenbach
Title: President	Title: Vice President - Credit
Date: 2-18-97	

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") made this 18th day of July 1997, by and between ARISTOKRAFT, INC., a Delaware corporation, (hereinafter referred to as "Secured Party"), and Kitchen Distributors Inc. (hereinafter referred to as "Debtor"), with its principal place of business at 184 Chandalar Place Drive, Pelham, AL 35124

WITNESSETH:

WHEREAS, Debtor is or may become obligated and indebted to Secured Party for the purchase of certain "Inventory" from Secured Party (as hereinafter defined); and

WHEREAS, it is the purpose of this Agreement to grant the Secured Party a security interest in certain of the Debtor's assets as collateral for the payment and performance of all of Debtor's obligations and liabilities to the Secured Party

NOW, THEREFORE, in consideration of the premises and the mutual promises and understandings of the parties hereinafter set forth, and for other good and valuable consideration, the parties agree as follows:

1. DEFINITIONS.

1.1 When used herein, the following terms shall have the following meanings.

a. "Inventory" shall mean goods, merchandise, and other personal property, now or hereafter acquired by Debtor from Secured Party, including, but not limited to cabinets, vanities and parts, which are held for sale or lease or are furnished to be furnished under any contract of service or used or consumed in the Debtor's business.

b. "Default" shall mean the occurence of any of the following events: (i) Debtor fails or neglects to perform, keep and observe any term, provision, warranty or condition contained in this Agreement, or in any other agreement, instrument or document heretofore, now or hereafter executed by Debtor and delivered to the Secured Party, which term, provision, warranty or condition is required to be performed, kept or observed by Debtor; (ii) Debtor fails to pay when due or declared due, all or any portion of the Liabilities (as hereinafter defined); (iii) all or a substantial part of the property of Debtor is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes within the possession of any receiver, trustee, custodian, or assignee or the benefit of creditors; (iv) a proceeding under the Bankruptcy Code shall be filed by or against Debtor; or Debtor makes an assignment for the benefit of creditors; (v) any proceeding is filed or commenced by or against Debtor for its dissolution or liquidation; or Debtor otherwise voluntarily or involuntarily dissolves or is dissolved, terminates or is terminated; (vi) Debtor is enjoined, restrained, or in any way prevented by court order from conducting all or any substantial part of its business affairs; (vii) a receiver, trustee or custodian of all or any part of the assets of Debtor is appointed; or if notices of lien, levy, or assessment are filed or recorded with respect to all or a substantial part of the assets of Debtor by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipality or other governmental agency; or if any taxes or debts owing at any time or times hereafter to any one or more of them become a lien, whether choate or otherwise, upon all or a substantial part of the assets of Debtor; (viii) judgments or other claims become a lien upon all or a substantial part of the assets of Debtor; or (ix) Debtor becomes insolvent or admits in writing its inability to pay its debts as they mature.

c. "Liabilities" shall mean all indebtedness, obligations and liabilities of Debtor to Secured Party, whether primary, secondary, direct, fixed, or otherwise, heretofore, now and/or from time to time hereafter owing, due or payable, howsoever arising, whether for the purchase of Inventory or otherwise.

1.2 All other terms of this Security Agreement shall have the meanings specifically set forth herein or as provided by the Uniform Commercial Code as adopted by the State of Indiana to the extent the same are used or defined therein.

2. DEBTOR'S PLACE OF BUSINESS.

a. The place where Debtor keeps and will continue to keep the Inventory and all records covering the Inventory is 184 Chandalar Place Drive, Pelham, AL

b. Debtor will promptly advise the Secured Party in writing of the opening or closing of any place of business

3. COLLATERAL.

3.1 To secure the prompt payment to Secured Party of, and the prompt, full and faithful performance of Debtor's Liabilities, Debtor hereby grants to the Secured Party:

(a) A purchase money lien and security interest in and to the inventory, now or hereafter acquired by Debtor from Secured Party, including but not limited to and as previously described, cabinets, vanities, and parts, now or hereafter in the possession, custody, or control of Debtor wherever located, which are manufactured, sold or distributed by Secured Party together with all accessories, additions, replacements and substitutions thereto and therefor; and

(b) a general lien and security interest in and to all of the Debtor's now owned or existing and hereafter arising or acquired accounts, accounts receivable, contract rights, chattel paper, general intangibles, inventory (being other inventory not previously described hereinabove), goods (other than inventory), machinery, fixtures, and equipment; all additional accessions, attachments, and accessories now or hereafter attached or appertaining to any of the foregoing; all products, replacements of the foregoing; all insurance policies and the proceeds thereof relating to any of the foregoing; and all books and records, in whole or in part relating to any of the foregoing; and

(c) A General Lien and Security Interest in and to all proceeds from the sale of other disposition of the foregoing.

All of the foregoing being hereinafter collectively referred to as "Collateral".

3.2 Debtor shall execute and deliver to the Secured Party concurrently with the execution of this Agreement, and at any time or times hereafter at the request of the Secured Party, all financing statements and other agreements, instruments and documents as the Secured Party may reasonably request, in a form satisfactory to the Secured Party, to perfect and maintain the security interests granted by Debtor to the Secured Party in the Collateral and in order to fully consummate all of the transactions contemplated hereunder and under any other agreements, instruments or documents now or at any time or times hereafter executed by Debtor and delivered to the Secured Party. Debtor hereby appoints Secured Party as Debtor's attorney-in-fact to execute and file financing statements in Debtor's behalf to perfect or maintain its security interest in the Collateral.

3.3 Debtor shall, at its sole expense, at all times during the term of this Agreement, maintain the Collateral in good and safe operating order and condition, reasonable wear and tear excepted, and in accordance with the requirements of any federal, state, county, municipal and other authority. In the event Debtor shall fail to maintain the Collateral, then the Secured Party, without waiving or releasing any obligation or Default of Debtor hereunder, may at any time or times hereafter, but shall be under no obligation to do so, perform such maintenance with respect thereto which the Secured Party deems advisable. All sums paid by the Secured Party on account of Debtor's failure to properly maintain the Collateral shall be additional Liabilities of Debtor owing to Secured Party, payable on demand, and secured by the Collateral.

4. PRIORITY OF SECURITY INTERESTS.

4.1 Debtor warrants and represents that except as otherwise expressly consented to in writing by Secured Party, the security interests which are granted to the Secured Party hereunder and by virtue of any supplementary security agreements, assignments and other agreements, instruments or documents heretofore, now or at any time or times hereafter executed by Debtor and delivered to the Secured Party, shall constitute at all times perfected first and valid security interests upon all Collateral, and that the security interests of the Secured Party so granted heretofore, now or at any time or times hereafter by Debtor shall not become subordinate or junior to the security interests, liens or claims of any person, firm or corporation, including the United States, or any department, agency or instrumentality thereof, or any state, county, or local governmental agency.

4.2 All reasonable costs and expenses incurred by the Secured Party with respect to the enforcement, collection or protection of its interests in the Collateral or enforcement of any claims against Debtor, including reasonable attorneys' and paralegal fees, shall be additional Liabilities of Debtor to the Secured Party, secured by the Collateral and payable on demand.

5. TAXES.

5.1 Debtor shall pay promptly when due, all sales, use, excise, personal property, income, withholding, and other taxes, assessments and governmental charges upon and relating to the ownership or use of any of the Collateral or its income, gross receipts or otherwise, for which Debtor is or may be liable, except to the extent any such liabilities are being contested in good faith and with due diligence by Debtor and such contest does not adversely affect its financial condition, its ability to pay Debtor's Liabilities owing to the Secured Party, or the existence or priority of the liens and security interests of the Secured Party upon any Collateral then existing or arising or acquired thereafter.

5.2 Except as provided in Paragraphy 5.1 above, Debtor shall not permit, or suffer to remain, and will promptly discharge, any lien on any of the Collateral arising from any unpaid tax, assessment or levy or governmental charge.

5.3 In the event Debtor shall fail to pay any such tax, assessment, levy or charge or to discharge any such lien, then the Secured Party, without waiving or releasing any obligation or Default of Debtor hereunder, may at any time or times hereafter, but shall be under no obligation to do so, make such payment, settlement, compromise or release or cause to be released any such lien and take any other action with respect thereto which the Secured Party deems advisable. All sums paid by the Secured Party in satisfaction of, or on account of any such taxes, levies or assessments or governmental charges, or to discharge or release any such liens, and any expenses, including reasonable attorneys' fees, court costs and other charges relating thereto, shall be additional Liabilities of Debtor owing to Secured Party payable on demand, and secured by the Collateral.

Terms and provisions on the reverse side hereof are incorporated herein by this reference.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

ARISTOKRAFT, INC.,
a Delaware corporation
Secured Party

By: Thomas M. Leipenbach
Thomas M. Leipenbach
Vice President - Credit
Title

Kitchen Distributors Inc.
Debtor

By: W. L. Bellows
W. L. Bellows - President

ATTEST OR WITNESS:

By: ______________________ (Secretary, if Attest)

WHITE (Original), YELLOW (Customer)

6. INSURANCE.

6.1 Debtor shall keep all of the Collateral insured, at its expense, against loss or damage by fire, theft, explosion and such other risk ordinarily insured against by other owners or users of property in similar businesses for the full insurance value thereof, by policies of insurance in such form and with such companies and in such amounts as may be satisfactory to the Secured Party.

6.2 All such insurance policies covering risks set forth in paragraph 6.1 above, shall name the Secured Party as loss payee, and copies thereof shall be delivered to Secured Party upon demand. After the occurence of a Default, all proceeds payable under any of said policies shall be payable to the Secured Party, unless written consent to the contrary is obtained from the Secured Party, and applied by Secured Party to Debtor's Liabilities.

6.3 Each insured shall agree by endorsement upon the policy or policies issued by it to Debtor required above, or by independent instruments furnished to the Secured Party, that it will give the Secured Party fifteen (15) days written notice before any policy or policies shall be altered or cancelled, and that no act or default of Debtor or any other person shall affect the right to the Secured Party to recover under such policy or policies in case of loss or damage.

6.4 If Debtor shall at any time or times hereafter fail to obtain and maintain any of the policies of insurance required above, or fail to pay any premiums in whole or in part relating to any such policies, then the Secured Party may, but it shall have no obligation to do so, obtain and cause to be maintained any or all of such policies and pay any part or all of the premiums due thereunder, without thereby waiving any default by Debtor, and any sums so disbursed by the Secured Party shall be additional Liabilities owing from Debtor to the Secured Party payable on demand, and secured by the Collateral.

6.5 After the occurence of a Default, Debtor hereby irrevocably appoints Secured Party (and all agents, officers or employees designated by Secured Party) as Debtor's attorney-in-fact to make adjustments of all insurance losses, to sign all applications, receipts, releases and other papers necessary for the collection of any such loss and any return or unearned premium, to execute proofs of loss, to make settlements, to endorse and collect any check or other item payable to Debtor issued in connection therewith and to apply the same to any of Debtor's Liabilities.

7. WARRANTIES, REPRESENTATIONS AND COVENANTS.

7.1 Debtor covenants, warrants and represents that:

a. It is authorized to enter into this Agreement and to execute and deliver to the Secured Party, now and from time to time hereafter, additional agreements, assignments, pledges and other instruments and documents relating to the extension of credit by the Secured Party and the granting of security interests upon the assets of Debtor to secure the repayment of Debtor's Liabilities which may be owing from Debtor to the Secured Party.

b. The execution, delivery and performance by Debtor of this Agreement, and any assignments, pledges, instruments and documents which may from time to time hereafter be executed by Debtor and delivered to the Secured Party shall not constitute a breach of any provision of applicable law or contained in any agreement to which Debtor is a party.

c. Debtor shall promptly supply the Secured Party with such other information concerning its affairs and property as the Secured Party may request from time to time hereafter, and shall promptly notify the Secured Party of any condition or event which Debtor shall have knowledge which constitutes a breach or an event of default of any term, condition, warranty, representation, or provision in any agreement, document or instrument, now or hereafter executed by Debtor and delivered to the Secured Party, and of any material adverse change in the financial condition of Debtor.

7.2 Debtor warrants that as long as any Liabilities are owing from Debtor to the Secured Party, Debtor shall not, without the prior written consent of the Secured Party:

a. Grant a security interest in, pledge, assign, mortgage, create or permit a lien or encumbrance upon any of the Collateral to anyone except the Secured Party, or permit any levy, attachment, or restraint to be made affecting any of the Collateral or permit any financing statement (except the financing statements of the Secured Party) or any notice of lien to be on file with respect to any of the Collateral or permit any receiver, trustee, custodian or assignee for the benefit of creditors to be appointed to take possession of any or all of the Collateral or any other property of Debtor.

b. Merge or consolidate with any other person or enter into any transaction not in the usual course of its business.

c. Change its name or location or the location of the Collateral.

8. REMEDIES.

8.1 Upon a Default by Debtor, without notice by Secured Party to or demand by Secured Party of Debtor, Debtor's Liabilities shall be immediately due and payable and Secured Party may proceed to enforce payment of same and to exercise any and all rights afforded to a secured party under the Uniform Commercial Code as adopted by the State of Indiana, including, without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral, and the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated, take possession and remove the Collateral therefrom. Debtor irrevocably waives any bonds, surety or other security relating thereto required by any statute, court rules or otherwise as an incident to such possession, and Debtor waives any demand for possession prior to the commencement of any suit or action to recover with respect thereto and in any other action in which the Secured Party is a party.

8.2 Upon request, Debtor shall assemble the Collateral and make it available to the Secured Party, at a place to be designated by the Secured Party which is reasonably convenient for both parties. Proceeds of any sale or other disposition of the Collateral may be applied to Debtor's Liabilities in any order of priority.

8.3 During the time that the Secured Party is in the possession of the Collateral, and to the extent permitted by law, the Secured Party shall have the right to hold, use, operate, manage and control all of or any part of the Collateral, to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem proper, and to demand, collect and retain all earnings, proceeds and other sums due or to become due with respect to the Collateral, accounting only for the net earnings arising from such use and charging against receipts from such use all other costs, expenses, charges, damage or loss by reason of such use; and to exercise or continue to exercise all of the rights granted to the Secured Party. Notwithstanding the foregoing, the Secured Party shall also be entitled, without notice or demand, and to the extent permitted by law, to have a receiver appointed to take charge of all or any part of the Collateral, exercising all of the rights specified in the immediately preceding sentence.

8.4 Debtor shall pay to the Secured Party all fees, costs and expenses of or incidental to retaking, holding, preparing for sale, selling and the like, and in otherwise enforcing any term or condition of this Agreement, including, but not limited to, the fees of investigators, auctioneers, attorneys, paralegals and such other service costs and fees as are incidental and necessary to the protection of the Secured Party's rights.

8.5 DEMAND, PRESENTMENT, PROTEST AND NOTICE OF NON-PAYMENT ARE HEREBY SEVERALLY WAIVED BY DEBTOR. DEBTOR ALSO WAIVES THE BENEFIT OF ALL VALUATION, APPRAISEMENT AND EXEMPTION LAWS AND FURTHER WAIVES ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE SECURED PARTY OF ITS RIGHTS TO REPOSSESS THE COLLATERAL WITHOUT JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON SAID COLLATERAL WITHOUT PRIOR NOTICE OR HEARING.

9. TERM.

9.1 This Agreement will continue in full force and effect as long as any Liabilities are owing by Debtor to Secured Party.

9.2 No termination of this Agreement shall in any way affect or impair the rights and liabilities of the parties hereto relating to any transactions or events prior to such termination date, or to any Collateral in which the Secured Party has a security interest.

10. GENERAL.

10.1 Debtor will at all times keep accurate and complete records of the Inventory, and the Secured Party or any of its agents shall have the right at all reasonable times to examine and inspect the Collateral and all related records (and the premises upon which it is located).

10.2 Any and all notices to the parties under this Agreement shall be given by Certified or Registered Mail, Return Receipt Requested, as follows:

To Secured Party:

ARISTOKRAFT, INC.
P.O. Box 420
One Aristokraft Square
Jasper, Indiana 47547-0420
Attention:

To Debtor:

Thomas M. Leinenbach
Kitchen Distributors Inc.
184 Chandalar Place Drive
Pelham, AL 35124
Attention: W. L. Bellows

or to such other address and Debtor or Secured Party from time to time, in writing, may designate.

10.3 This Agreement shall be construed in accordance with and governed by the laws of the State of Indiana. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.4 All of the rights of the Secured Party under this Agreement shall be cumulative and shall inure to the benefit of its successors and assigns. All obligations of Debtor hereunder shall be binding upon the heirs, executors, administrators, successors and assigns of Debtor.

10.5 The Secured Party shall be under no duty to exercise or to withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Secured Party in this Agreement, and shall not be responsible for any failure to do so or delay in so doing.

10.6 No delay on the part of the Secured Party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

10.7 All representations and warranties of Debtor and all terms, provisions, conditions and agreements to be performed by Debtor contained herein, and in any other agreement, document or instrument executed heretofore, and concurrently herewith by Debtor and delivered to the Secured Party, shall be true and satisfied at the time of the execution of this Agreement, and shall survive the closing hereof and the execution and delivery of this Agreement and any and all other agreements, documents and instruments executed by Debtor and delivered to the Secured Party.