

**PERFORMANCE BOND**  
**Medical Marijuana Cultivation Facility**

BY THIS BOND, \_\_\_\_\_, having an address at \_\_\_\_\_, \_\_\_\_\_, as PRINCIPAL ("PRINCIPAL"), and \_\_\_\_\_, having an address at \_\_\_\_\_, as SURETY ("SURETY"), are firmly bound unto the ARKANSAS MEDICAL MARIJUANA COMMISSION ("MMC"), as OBLIGEE, to pay the MMC for covered damages defined herein to the Maximum Penal Sum of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00), for the payment of which we jointly and severally bind ourselves and our heirs, personal representatives, successors and assigns, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**WHEREAS**, PRINCIPAL has been approved by the MMC as a Cultivation Facility under the Arkansas Constitution of 1874, Amendment 98, § 8;

**WHEREAS**, PRINCIPAL is required under MMC Rules Section IV.10.c., to post a \$500,000.00 performance bond upon approval as a Cultivation Facility;

**WHEREAS**, PRINCIPAL's license as a Cultivation Facility from the MMC for the cultivation of medical marijuana, which is valid for a period of 1 year (the "effective period"), is incorporated by this reference as if fully set forth herein;

**WHEREAS**, PRINCIPAL is required to comply with the requirements of Arkansas Constitution of 1874, Amendment 98, MMC Rules, and Alcoholic Beverage Control Division ("ABC") Rules, and other applicable law, for the duration of the effective period;

**WHEREAS**, PRINCIPAL's license as a Cultivation Facility is subject to revocation during the effective period for any of the reasons identified Arkansas Constitution of 1874, Amendment 98, MMC Rules, and ABC Rules, which are incorporated by reference as if fully set forth herein;

**WHEREAS**, if PRINCIPAL fails to renew its approval to act as a Cultivation Facility after the effective period, PRINCIPAL shall abide by the requirements of MMC Rules Section IV.14, which requirements are incorporated by reference as if fully set forth herein;

**NOW, THEREFORE, THE CONDITION OF THIS BOND** is that if the PRINCIPAL maintains its license as a Cultivation Facility for the effective period without revocation, and, if its license is not renewed, then this BOND shall be NULL AND VOID; otherwise PRINCIPAL and SURETY will remain liable to the OBLIGEE for the coverage period for the following covered damages:

1. All damages resulting from the revocation of PRINCIPAL's license as Cultivation Facility during the effective period, including:

- a. All costs and expenses incurred by the MMC attributable to retaining the replacement Cultivation Facility necessitated by the revocation of PRINCIPAL's license;
  - b. All costs and expenses incurred by the MMC, ABC, or any agent thereof to cease the operations of the Cultivation Facility site, including, but not limited to, removal and destruction of any remaining marijuana product and cleaning the facility;
  - c. All unpaid penalties assessed by the ABC against the Cultivation Facility; and
  - d. All outstanding taxes, penalties, and interest associated with any Arkansas Department of Finance and Administration tax account held by the Cultivation Facility.
2. All damages resulting from PRINCIPAL's failure to comply with the requirements of Arkansas law applicable to its status as Cultivation Facility for the duration of the effective period, including, without limitation, damages from PRINCIPAL's failure to comply with requirements of applicable Arkansas law if PRINCIPAL fails to renew its approval.

**LIABILITY UNDER THE BOND IS GOVERNED BY THE FOLLOWING TERMS AND CONDITIONS:**

1. The obligation of PRINCIPAL and SURETY under this BOND shall be limited to claims made during the coverage period, which is defined as beginning on \_\_\_\_\_, and ending thirty (30) days after the expiration of the effective period, unless the PRINCIPAL's license is revoked, in which case the coverage period ends one (1) year after the revocation date of the PRINCIPAL's license.
2. At any time prior initiation of action by the ABC to revoke PRINCIPAL's license to operate as a Cultivation Facility, this BOND may be cancelled by SURETY on ninety (90) days written notice to PRINCIPAL and MMC, and SURETY shall not be liable to PRINCIPAL nor MMC for any alleged costs or damages resulting from the cancellation of the BOND by SURETY, the SURETY's non-renewal of the BOND, and/or the failure or inability of PRINCIPAL to file a replacement bond in the event of cancellation or non-renewal of this BOND, and those are all expressly excluded from covered damages.
3. This BOND may be extended for additional one-year terms at the option of the SURETY, and with payment of additional premium by PRINCIPAL, SURETY shall issue continuation certificates evidencing the same to MMC.
4. No claim, action, suit, or proceeding shall be had or maintained against the SURETY on this BOND unless it is brought or instituted in a court of competent jurisdiction within one (1) year from the expiration of the coverage period.
5. The MMC is the only claimant with legal standing to make a claim on this BOND. The

SURETY and PRINCIPAL acknowledge that the MMC may assert claims from patients and other Cultivation Facilities, as described above, so long as the MMC has obtained an assignment of claim. This BOND shall not create or be construed to create a contractual relationship of any kind between SURETY and any other persons or entities other than MMC.

6. In the event of a claim by MMC, it shall deliver to SURETY at the address identified above, by certified mail, Attn. \_\_\_\_\_, a written statement of the facts supporting its claim along with a detailed itemization of all covered damages claimed with all supporting back-up documentation, within thirty (30) days of the event giving rise to the claim. Failure to strictly comply with this time requirement is a knowing, intentional, and voluntary waiver of MMC's right to recover those covered damages sought untimely.
  
7. The SURETY hereby waives notice of and agrees that any changes in applicable Arkansas law and compliance or noncompliance with any formalities required thereby or the changes made thereto do not affect SURETY's obligation under this BOND.

IN WITNESS WHEREOF, the said PRINCIPAL \_\_\_\_\_ has hereunto set his hand and the said SURETY has caused this instrument to be signed by its \_\_\_\_\_ and its corporate seal to be hereunto affixed, the day and year first written.

**PRINCIPAL**

Company: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(Corporate Seal of PRINCIPAL below)

**SURETY**

Company: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(Corporate Seal of SURETY below)