



**SO ORDERED.**

**SIGNED this 5th day of October, 2012.**

*Dale L. Somers*

Dale L. Somers  
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF KANSAS**

In re:	)	
	)	
	)	Case No. 12-22602
DICKINSON THEATRES, INC.,	)	
a Kansas corporation.	)	Chapter 11
	)	
Debtor.	)	

**INTERIM ORDER: (A) AUTHORIZING DEBTOR TO OBTAIN POST-PETITION FINANCING FROM PEOPLES BANK; (B) GRANTING LIENS AND SUPERPRIORITY CLAIMS IN FAVOR OF PEOPLES BANK; (C) AUTHORIZING USE OF PEOPLES BANK'S CASH COLLATERAL; (D) GRANTING ADEQUATE PROTECTION TO PEOPLES BANK; AND (E) SCHEDULING A FINAL HEARING**

Upon consideration of the motion (the "Motion") (Docket No. 12)<sup>1</sup> of Dickinson Theatres, Inc. (the "Debtor"), for entry of interim and final orders authorizing the Debtor to, among other things: (i) obtain post-petition financing pursuant to sections 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d), and 507 of Title 11 of the United States Code 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") on an interim basis and on a final basis, for the

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

sole purpose of obtaining post-petition financing in the amount of up to \$900,000.00 from Peoples Bank ("Peoples") (in its capacity as the Post-petition lender, the "DIP Lender") (the "Peoples DIP Facility") (a copy of the Peoples DIP Facility is attached to this interim order as Exhibit A); (ii) use cash collateral pursuant to Section 363 of the Bankruptcy Code; (iii) grant adequate protection pursuant to Sections 361, 362, 363, 364, and 507 of the Bankruptcy Code to Peoples (in its capacity as the Debtor's pre-petition secured lender, the "Pre-petition Lender"); and (iv) requesting the Court set, pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) a final hearing date (the "Final Hearing") on the Motion within thirty (30) days after the Petition Date (as defined hereinafter); the Court having reviewed the Motion; having determined that the relief requested in the Motion is in the best interests of the Debtor, its estate, creditors and other parties-in-interest and to avoid immediate and irreparable harm to the Debtor, its business, employees, estate, creditors and other parties-in-interest; and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court; and the Court having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, and (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that notice of the Motion was good and sufficient under the particular circumstances and that no other or further notice need be given; and upon the record herein; and after due deliberation thereon; and all objections to the Motion having been overruled, withdrawn, or otherwise resolved; and good and sufficient cause appearing, the Court hereby finds and concludes:

1. On September 21, 2012 (the "Petition Date"), the Debtor filed its voluntary petition in this Court for reorganization relief under Chapter 11 of the Bankruptcy Code, commencing the Debtor's Chapter 11 case (the "Chapter 11 Case"). The Debtor continues to

operate its business and manage its properties as debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this Chapter 11 Case and, as of the date of the filing of this Motion, no official committees have been appointed or designated.

2. The Debtor has provided notice of the Motion and the Interim Hearing by overnight mail to: (i) the Office of the United States Trustee (the "U.S. Trustee"); (ii) the twenty (20) largest unsecured creditors of each Debtor; (iii) counsel to Peoples as the DIP Lender and Pre-petition; (iv) all known parties with liens of record on assets of the Debtor as of the Petition Date; (v) all financial institutions at which the Debtor maintain deposit accounts; (vi) the landlords for all non-residential real properties occupied by the Debtor as of the Petition Date; (vii) the Internal Revenue Service; and (viii) all other parties requesting notice pursuant to Bankruptcy Rule 2002. The Court concludes that the foregoing notice was sufficient and adequate under the circumstances and complies with Bankruptcy Rule 4001 in all respects.

3. Prior to the commencement of the Chapter 11 Case, Peoples, as the Debtor's Pre-petition Lender, made certain loans and other financial accommodations (the "Peoples Pre-petition Loan") to the Debtor pursuant to (i) that certain Loan Agreement dated as of February 19, 2012 (as amended, supplemented or otherwise modified prior to the date hereof, the "Peoples Pre-petition LOC Loan"), by and between Debtor as the borrower and Peoples as the Pre-petition Lender. In connection with the Peoples Pre-petition LOC Loan, Debtor entered into certain collateral and ancillary documentation with Peoples (such collateral and ancillary documentation, along with the Peoples Pre-petition Credit Agreement are, collectively, the "Peoples Pre-petition Credit Documents"). The Peoples Pre-Petition Credit Documents also include a loan in the renewed principal amount, as of May 2012, of \$1,755,630.31 to Chenal

Cinemas, LLC, a subsidiary of Debtor, secured by the assets of Debtor and Midwest Cinema Group, Inc. (the "Chenal Loan").

4. As of the Petition Date, the Debtor was indebted under the Peoples Pre-petition LOC Loan in the approximate principal amount of \$44,935.00 plus interest accrued and accruing, costs, expenses, fees (including attorneys' fees and legal expenses) other charges and other obligations, including, without limitation, on account of cash management, credit card, depository, investment, hedging and other banking or financial services.

5. The Debtor's obligations under the Peoples Pre-petition Credit Documents are secured by all of Debtor's inventory, chattel paper, accounts, equipment and general intangibles. All collateral granted or pledged by Debtor to Peoples, pursuant to the Peoples Pre-petition Credit Documents, shall collectively be referred to herein as the "Peoples Pre-petition Collateral."

6. All of Debtor's cash, including, without limitation, all cash and other amounts on deposit or maintained in any deposit account by Debtor and any amounts generated by collection of Debtor's accounts receivable, sale of Debtor's inventory, or any other disposition of the Peoples Pre-petition Collateral constitute proceeds of the Peoples Pre-petition Collateral and therefore constitute cash collateral of the Prepetition Lender within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral").

7. All of Peoples Prepetition Credit Documents executed and delivered by the Debtor Peoples as the Prepetition Lender are valid and enforceable by Peoples as the Pre-petition Lender against the Debtor. The liens and security interests of Peoples as Pre-petition Secured Lender in the Pre-petition Collateral, as security for the Peoples Pre-petition Loan, constitute valid, binding, enforceable and perfected first priority liens and security interests and are not

subject to avoidance, disallowance, subordination or recharacterization pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

8. Debtor also has an immediate and critical need to use Cash Collateral pursuant to the terms of this Order to, among other things, finance the ordinary costs of its operations, maintain business relationships with vendors, suppliers and customers, make payroll, and satisfy other working capital and operational needs. Debtor's access to sufficient working capital and liquidity through the use of Cash Collateral pursuant this Order is vital to the preservation and maintenance of the going concern value of the Debtor's estate. Consequently, without the continued use of Cash Collateral by Debtor, to the extent authorized pursuant to this Order, the Debtor and its estate would suffer immediate and irreparable harm.

9. Peoples as DIP Lender has indicated a willingness to provide the Debtor with a certain financing commitment, but solely on the terms and conditions set forth in this Order and in the DIP Facility. After considering all of their alternatives, the Debtor has concluded, in an exercise of its sound business judgment, that the financing to be provided by Peoples pursuant to the terms of this Order and the Peoples DIP Credit Agreement represents the best post-petition financing presently available to the Debtor.

10. The security interests and liens granted pursuant to this Order to Peoples are appropriate under section 364(d) of the Bankruptcy Code because, among other things: (i) such security interests and liens do not impair the interests of any holder of a valid, perfected, and non-avoidable prepetition security interest in or lien upon the property of the Debtor's estate, or (ii) the holders of such valid, perfected, prepetition security interests and liens have consented to the security interests and priming liens granted pursuant to this Order to Peoples (the "Non-Primed Liens").

11. Good cause has been shown for immediate entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2). In particular, the authorization granted herein for Debtor to continue using Cash Collateral and for the Debtor to execute the Peoples DIP Credit Agreement and obtain interim financing in the form of the Peoples DIP Facility, is necessary to avoid immediate and irreparable harm to the Debtor and its estate. Entry of this Order is in the best interest of the Debtor, its estate and creditors. The terms of the Peoples DIP Credit Agreement and the terms of Debtor's continued use of Cash Collateral pursuant to this Order are fair and reasonable under the circumstances, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

12. The Debtor and Peoples have negotiated the terms and conditions of the Peoples DIP Credit Agreement and this Order (including Debtor's use of Cash Collateral pursuant hereto) in good faith and at arm's-length, and any credit extended and loans made to the Debtor pursuant to this Order and the Peoples DIP Facility shall be, and hereby is, deemed to have been extended, issued or made, as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code.

13. Based on the foregoing, and upon the record made before this Court at the Interim Hearing, and good and sufficient cause appearing therefore,

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

A. The Motion is approved on the terms and conditions set forth in this Order. Any objections to the Motion that have not previously been withdrawn or resolved are hereby overruled on the merits. This Order shall become effective and binding upon all parties in



interest immediately upon its entry. To the extent the terms of the Peoples DIP Facility differ in any material respect from the terms of this Order, this Order shall control.

B. The salient terms of the Peoples DIP Facility are generally described as follows<sup>2</sup>:

Borrower:	Dickinson Theatres, Inc.
Co-Borrowers:	Midwest Cinema Group, Inc.; Pallazo 16 Theatres, LLC; Arizona Cinemas, LLC; Chenal Cinemas, LLC; Mesa Cinemas, LLC.
Lender:	Peoples Bank.
Commitment:	\$900,000.00 – consisting of the \$500,000.00 pre-petition facility and the \$400,000.00 post-petition facility.
Restrictions on Use of Credit Facility:	General business operations.
Maturity Date:	December 31, 2012
Priority and Liens:	Junior liens on Debtor's assets encumbered by liens and mortgages of lenders other than Peoples, senior liens on any assets of the Debtor that are presently unencumbered, and priming liens on all assets of the Debtor that are presently encumbered by the liens and mortgages of Peoples as the Pre-petition Lender, all without regard to any lease provision requiring a landlord's consent to any such lien.  A first mortgage in the amount of \$550,000, on certain improved real property owned by the Debtor's subsidiary, Midwest Cinemas, LLC, and commonly known as 6801 West 107th Street, Overland Park, Kansas (the " <u>Building</u> ").
Fees:	A \$4,000.00 fee will be charged for the new line of credit. The Debtor will be responsible for all closing costs including the appraisal, mortgage filing fees, environmental and any other third party costs required by Peoples for closing.
Interest Rate:	Wall Street Journal Prime Rate plus 2.5% floating daily with a floor of 7.5%. Interest due monthly with principal & accrued interest due at maturity.
Events of Default:	See Other Items below.
Remedies Upon Default:	See Other Items below.
Other Items:	All liens and right to repayment under the Peoples DIP Facility shall be senior to

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<sup>2</sup> To the extent that any of the terms of the Peoples DIP Facility described in this Order are inconsistent with the terms of the Peoples DIP Facility as set forth in the attached Exhibit A, the terms as written in the attached Exhibit A shall control.

the rights and remedies of any other post-petition lender, including 6801 West 107th LLC as an additional post-petition lender of the Debtor.

Peoples, under the Peoples DIP Facility and the Peoples DIP Loan Agreement shall be paid in full prior to the Debtor making any payments to any other post-petition lender, including 6801 West 107th LLC in its capacity as a post-petition lender of the Debtor.

Peoples Pre-petition LOC Loan and the Chenal Loan will be cross-collateralized with a first position mortgage upon the Building. The mortgage shall become automatically enforceable and perfected upon the entry of this Order.

The liens securing the Peoples DIP Facility, in addition to the Replacement Liens (as defined hereinafter), shall also secure Peoples up to an additional \$350,000 of Automatic Clearing House exposure ("ACH"), above and beyond the \$900,000 Peoples DIP Credit Agreement.

The liens securing the Peoples DIP Facility shall only attach to the sale, disposition, or other liquidation, of any lease of non-residential real property the Debtor is currently a party to, of which the Debtor has filed a Motion to Reject Lease or Executory Contract ("Rejected Leasehold Interests"). The Peoples DIP Facility shall not be secured by any leasehold interest of Rejected Leasehold Interests of the Debtor in non-residential real property to which Peoples is not a party.

Upon the Debtor's default under the Peoples DIP Facility, Peoples rights to enforce the Peoples DIP Facility, with respect to use or occupancy of any Rejected Leasehold Interests to which the Debtor is a party, is expressly limited to: (i) all rights and remedies granted to Peoples under applicable non-bankruptcy law; (ii) all rights and remedies expressly consented to, in writing, from any landlord or lessor of the Debtor of such non-residential real property; and (iii) all other rights and remedies further ordered by this Bankruptcy Court, after appropriate notice and motion as required by the Bankruptcy Code and Bankruptcy Rules.

As to any lease(s) of non-residential real property, which the Debtor is currently a party to, and such lease(s) the Debtor is proposing to be retained/accepted, Peoples retains its rights, remedies and claims (if any) that existed prior to the Petition Date.

Peoples agrees to negotiate in good faith, as that term is defined in the Uniform Commercial Code as amended from time to time.

C. The Debtor is hereby authorized to enter into the Peoples DIP Facility and execute the Peoples DIP Credit Agreement and such additional documents, instruments, and agreements



as may be reasonably required by Peoples to implement the terms or effectuate the purposes of this Order.

D. The Debtor is hereby authorized and directed to pay on demand all fees, expenses and other amounts payable under the terms of the Peoples DIP Credit Agreement in accordance with the terms of the Peoples DIP Credit Agreement.

E. Upon execution and delivery of the Peoples DIP Credit Agreement, the Peoples DIP Credit Agreement shall constitute valid and binding obligations of the Debtor and shall be enforceable against the Debtor in accordance with the terms thereof. No obligation, payment, transfer or grant of security under the Peoples DIP Credit Agreement or this Order shall be stayed, restrained, voided, voidable, or recoverable under the Bankruptcy Code or under any applicable nonbankruptcy law, or subject to any defense, reduction, setoff, recoupment or counterclaim. However, the Debtor agrees to timely execute any documents necessary to effectuate the terms of this Order.

F. Peoples, as the Pre-petition Lender is entitled to, pursuant to Sections 361 and 363(e) of the Bankruptcy Code, adequate protection of its interests in collateral under the Peoples Pre-petition Credit Agreement to the extent that there is a diminution in the value of its interests in such collateral from and after the Petition Date. As adequate protection for any such diminution in value, the Debtor proposes that Peoples as the Pre-petition Lender shall be granted, pursuant to Sections 361, 363(e), and 364(c) of the Bankruptcy Code, additional and replacement security interests and liens (the "Replacement Liens") in and upon all existing and after acquired real and personal, tangible and intangible, assets of the Debtor (the "Collateral").

G. The Replacement Liens shall have the same relative priority as the liens securing their respective pre-petition claims, and be junior only to the liens granted to Peoples as the DIP

Lender, and Non-Primed Liens. The Replacement Liens are and shall be valid, perfected, enforceable and effective as of the date of the entry of the Interim DIP Order, without any further action by the parties and without the necessity of the execution by the Debtor of mortgages, security agreements, pledge agreements, financing statements or other agreements. However, the Debtor agrees to timely execute any documents necessary to effectuate the terms of this Order.

H. The Replacement Liens and all adequate protection shall not be subject to challenge and shall attach and become valid, perfected, enforceable, non-avoidable and effective by operation of law as of the Petition Date without any further action by the Debtor, or Peoples, and without the necessity of execution by the Debtor, or the filing or recordation, of any financing statements, security agreements, vehicle lien applications, mortgages, fixture filings, filings with the U.S. Patent and Trademark Office, or other documents. However, the Debtor agrees to timely execute any documents necessary to effectuate the terms of this Order.

I. The provisions of this Order shall be binding upon and inure to the benefit of Peoples and the Debtor, and their respective successors and assigns (including, without limitation, any trustee or other fiduciary hereafter appointed for or on behalf of any Debtor's estate or property). The provisions of this Order and any actions taken pursuant thereto (a) shall survive the entry of any order: (i) confirming any plan of reorganization in this Chapter 11 Case; (ii) converting the Chapter 11 Case to cases under chapter 7 of the Bankruptcy Code; or (iii) dismissing the Chapter 11 Case; and (b) shall continue in full force and effect notwithstanding the entry of any such order, and the claims, liens, and security interests granted pursuant to this Order shall maintain their priority as provided by this Order until all of the obligations under the

Peoples DIP Facility are indefeasibly paid in full and discharged in accordance with the terms of the Peoples DIP Credit Agreement and this Order.

J. If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacatur or stay shall not affect (a) the validity of any of the obligations of the Peoples DIP Facility incurred prior to the actual receipt by Peoples, as applicable, of written notice of the effective date of such reversal, modification, vacatur or stay, or (b) the validity or enforceability of any claim, lien, security interest or priority authorized or created hereby or pursuant to the Peoples DIP Credit Agreement with respect to any obligations of the Peoples DIP Facility. Notwithstanding any such reversal, modification, vacatur or stay, any use of Cash Collateral or the incurrence obligations of the Peoples DIP Facility by the Debtor prior to the actual receipt by Peoples, of written notice of the effective date of such reversal, modification, vacatur or stay, shall be governed in all respects by the provisions of this Order, and Peoples shall be entitled to all of the rights, remedies, protections and benefits granted under section 364(e) of the Bankruptcy Code, this Order, and the Peoples DIP Credit Agreement with respect to all uses of Cash Collateral and the incurrence of obligations of the Peoples DIP Facility by the Debtor.

K. The Debtor is hereby authorized, without further order of this Court: (a) to enter into agreements with Peoples necessary to effectuate the terms of this Order; (b) to enter into agreements with Peoples providing for any non-material modifications to any of the Peoples DIP Credit Document, or for any other modifications to any Peoples DIP Credit Document necessary to conform such Peoples DIP Credit Agreement to this Order; and (c) to enter into any material modifications or amendments to any of the Peoples DIP Credit Agreement; provided, however, that the Debtor shall promptly provide notice of any material modification or amendment to such

Peoples DIP Credit Agreement to counsel to the official committee of unsecured creditors (if one is appointed in the Chapter 11 Case) and counsel to the U.S. Trustee, each of which shall have three (3) business days from the date of such notice within which to object in writing to such modification or amendment. If the official committee of unsecured creditors or the U.S. Trustee timely objects to any material modification or amendment to the applicable Peoples DIP Credit Document, such modification or amendment shall only be permitted pursuant to an order of this Court.

L. The Final Hearing is scheduled for October 25, 2012 at 1:30 p.m. (prevailing Central Time) before this Court. The Debtor shall promptly serve a notice of entry of this Order and the Final Hearing, together with a copy of this Order, by first class mail, postage prepaid, upon: (i) counsel to the U.S. Trustee; (ii) the twenty (20) largest unsecured creditors; (iii) counsel to Peoples; (iv) all known parties with liens of record on assets of the Debtor as of the Petition Date; (v) all financial institutions at which the Debtor maintains deposit accounts; (vi) the landlords for all non-residential real properties occupied by the Debtor as of the Petition Date; (vii) the Internal Revenue Service; and (viii) all other parties requesting notice pursuant to Bankruptcy Rule 2002. The notice of the entry of this Order and the Final Hearing shall state that objections to the entry of the Final Order shall be filed with the United States Bankruptcy Court for the District of Kansas, by no later than 4:00 p.m. (prevailing Central Time) on October \_\_, 2012 (the "Objection Deadline"), which objections shall be served so that the same are actually received before the Objection Deadline by (a) counsel to the Debtor, (b) counsel to Peoples, and (c) counsel to the U.S. Trustee. Any objections by creditors or other parties-in-interest to any provisions of this Order shall be deemed waived unless timely filed and served in accordance with the foregoing terms.

M. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

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**Order prepared by:**

ROBERT J. RAYBURN, III,  
ATTORNEY AT LAW

**By:** s/ Robert J. Rayburn, III  
Robert J. Rayburn, III, KS #17102  
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Overland Park, KS 66210  
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robert@rayburngrp.com

*Proposed General Corporate and  
Conflicts Counsel for the Debtor and  
Debtor-in-Possession*

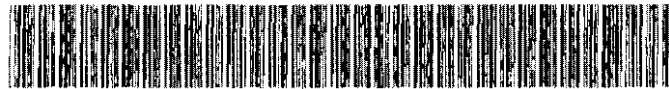
**Approved**  
**STEVENS & BRAND, LLP**

**By:** s/ Wesley F. Smith  
WESLEY F. SMITH, #18517  
900 Massachusetts, Suite 500  
P.O. Box 189  
Lawrence, Kansas 66044  
Telephone ~ (785) 843-0811  
Facsimile ~ (785) 843-0341  
E-Mail ~ WSmith@StevensBrand.com  
**Counsel for Peoples Bank**

**Exhibit A**

*The Peoples DIP Facility*





\*000000000010500597061010042012\*



Banking Unusual

## LOAN REQUEST SUMMARY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chene! Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

### REVOLVING LINE OF CREDIT

(Variable Rate)

	Financed	In Cash
<b>AMOUNT REQUESTED:</b>	\$891,260.00	
<b>PREPAID FINANCE CHARGES:</b>		
Loan Origination Fee	4,000.00	
<b>SECURITY INTEREST CHARGES:</b>		
UCC Filing Fee to Kansas Secretary of State	10.00	
Flood Certification and Life of Loan Payable to CBCInnovis	6.00	
Appraisal Fee to Bliss Associates, LLC	2,500.00	
Mortgage Registration Tax to RTA	1,430.00	
Title Policy to Continental Title Company	743.00	
Future Release Fee to RTA	7.00	
Mortgage Recording Fee to RTA	36.00	
eRecording to Continental Title Company	8.00	
<b>NOTE AMOUNT:</b>	\$900,000.00	\$0.00

### PAYMENT CALCULATION:

Interest Method: 365/360  
Disbursement Date: 10-04-2012  
First Int Payment Date: 10-09-2012  
Due Date: 12-31-2012  
Int Payment Period: Monthly  
Variable Interest Rate: 7.500%  
Credit Insurance: None

**Payment Schedule.** Borrower's payment schedule consists of the following: 3 monthly consecutive payments, beginning October 9, 2012, with interest calculated on the unpaid principal balances at an interest rate based on the base rate on corporate loans posted by at least 70% of the top 10 banks by assets known as the Wall Street Journal Prime Rate (currently 3.250%), plus a margin of 2.500%, adjusted if necessary for the minimum and maximum rate limitations for this loan, resulting in an initial interest rate of 7.500% per annum based on a year of 360 days; and one payment of \$902,062.50 on December 31, 2012, with interest calculated on the unpaid principal balances at an interest rate based on the base rate on corporate loans posted by at least 70% of the top 10 banks by assets known as the Wall Street Journal Prime Rate (currently 3.250%), plus a margin of 2.500%, adjusted if necessary for the minimum and maximum rate limitations for this loan, resulting in an initial interest rate of 7.500% per annum based on a year of 360 days. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled and that the Index does not change; the actual final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the Note.

Loan No: 10500597

e	APR 11.392%	FINANCE CHARGE \$12,250.00	AMOUNT FINANCED \$896,000.00	TOTAL OF PAYMENTS \$908,250.00
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**COLLATERAL:** Possessory Collateral.  
UCC - Financing Statement Collateral.  
Real Estate Collateral.

**NOTICE:** This Loan Request Summary is for informational purposes only and does not obligate Lender in any way to make this loan or any other loan to Borrower. The fees and charges listed above are estimates only; and, if a loan is made, different or additional fees and charges may be imposed.

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## BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll.	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

THIS BUSINESS LOAN AGREEMENT dated October 4, 2012, is made and executed between Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") and PEOPLES BANK ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) In granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

**TERM.** This Agreement shall be effective as of October 4, 2012, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until December 31, 2012.

**ADVANCE AUTHORITY.** The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: Ronald J. Horton, President/CEO of Dickinson Theatres, Inc.; Ronald J. Horton, Managing Member of Chenal Cinemas LLC; Ronald J. Horton, Managing Member of Palazzo 16 Theatres, LLC; Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc.; Ronald J. Horton, Managing Member of Mesa Cinemas LLC; and Ronald J. Horton, Managing Member of Arizona Cinemas, LLC.

**CONDITIONS PRECEDENT TO EACH ADVANCE.** Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

**Loan Documents.** Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security interests; (4) evidence of insurance as required below; (5) guarantees; (6) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

**Borrower's Authorization.** Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

**Payment of Fees and Expenses.** Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

**Representations and Warranties.** The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

**No Event of Default.** There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

**MULTIPLE BORROWERS.** This Agreement has been executed by multiple obligors who are referred to in this Agreement individually, collectively and interchangeably as "Borrower." Unless specifically stated to the contrary, the word "Borrower" as used in this Agreement, including without limitation all representations, warranties and covenants, shall include all Borrowers. Borrower understands and agrees that, with or without notice to any one Borrower, Lender may: (A) make one or more additional secured or unsecured loans or otherwise extend additional credit with respect to any other Borrower; (B) with respect to any other Borrower alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (C) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's or any other Borrower's surpluses, endowments, or other guarantors on any terms or in any manner Lender may choose; (E) determine how, when and what application of payments and credits shall be made on any indebtedness; (F) apply such security and direct the order or manner of sale of any Collateral, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) sell, transfer, assign or grant participations in all or any part of the Loan; (H) exercise or refrain from exercising any rights against Borrower or others, or otherwise act or refrain from acting; (I) settle or compromise any indebtedness; and (J) subordinate the payment of all or any part of any of Borrower's indebtedness to Lender to the payment of any liabilities which may be due Lender or others.

**REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

**Organization.** Dickinson Theatres, Inc. is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Kansas. Dickinson Theatres, Inc. is duly authorized to transact business in all other states in which Dickinson Theatres, Inc. is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Dickinson Theatres, Inc. is doing business. Specifically, Dickinson Theatres, Inc. is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Dickinson Theatres, Inc. has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Dickinson Theatres, Inc. maintains its principal office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Dickinson Theatres, Inc. has designated otherwise in writing, this is the principal office at which Dickinson Theatres, Inc. keeps its books and records including its records concerning the Collateral. Dickinson Theatres, Inc. will notify Lender prior to any change in the location of Dickinson Theatres, Inc.'s state of organization or any change in Dickinson Theatres, Inc.'s name. Dickinson Theatres, Inc. shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Dickinson Theatres, Inc. and Dickinson Theatres, Inc.'s business activities.

Chenal Cinemas LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Arkansas. Chenal Cinemas LLC is duly authorized to transact business in all other states in which Chenal Cinemas LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Chenal Cinemas LLC is doing business. Specifically, Chenal Cinemas LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Chenal Cinemas LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Chenal Cinemas LLC maintains an office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Chenal Cinemas LLC has designated otherwise in writing, the principal office is the office at which Chenal Cinemas LLC keeps its books and records including its records concerning the Collateral. Chenal Cinemas LLC will notify Lender prior to any change in the location of Chenal Cinemas LLC's state of organization or any change in Chenal Cinemas LLC's name. Chenal Cinemas LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Chenal Cinemas LLC and Chenal Cinemas LLC's business activities.

**BUSINESS LOAN AGREEMENT  
(Continued)**

Palazzo 16 Theatres, LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Kansas. Palazzo 16 Theatres, LLC is duly authorized to transact business in all other states in which Palazzo 16 Theatres, LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Palazzo 16 Theatres, LLC is doing business. Specifically, Palazzo 16 Theatres, LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Palazzo 16 Theatres, LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Palazzo 16 Theatres, LLC maintains an office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Palazzo 16 Theatres, LLC has designated otherwise in writing, the principal office is the office at which Palazzo 16 Theatres, LLC keeps its books and records including its records concerning the Collateral. Palazzo 16 Theatres, LLC will notify Lender prior to any change in the location of Palazzo 16 Theatres, LLC's state of organization or any change in Palazzo 16 Theatres, LLC's name. Palazzo 16 Theatres, LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Palazzo 16 Theatres, LLC and Palazzo 16 Theatres, LLC's business activities.

Midwest Cinema Group, Inc. is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Kansas. Midwest Cinema Group, Inc. is duly authorized to transact business in all other states in which Midwest Cinema Group, Inc. is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Midwest Cinema Group, Inc. is doing business. Specifically, Midwest Cinema Group, Inc. is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Midwest Cinema Group, Inc. has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Midwest Cinema Group, Inc. maintains its principal office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Midwest Cinema Group, Inc. has designated otherwise in writing, this is the principal office at which Midwest Cinema Group, Inc. keeps its books and records including its records concerning the Collateral. Midwest Cinema Group, Inc. will notify Lender prior to any change in the location of Midwest Cinema Group, Inc.'s state of organization or any change in Midwest Cinema Group, Inc.'s name. Midwest Cinema Group, Inc. shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Midwest Cinema Group, Inc. and Midwest Cinema Group, Inc.'s business activities.

Mesa Cinemas LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Arizona. Mesa Cinemas LLC is duly authorized to transact business in all other states in which Mesa Cinemas LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Mesa Cinemas LLC is doing business. Specifically, Mesa Cinemas LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Mesa Cinemas LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Mesa Cinemas LLC maintains an office at 6801 W. 107th St., Overland Park, KS 66213. Unless Mesa Cinemas LLC has designated otherwise in writing, the principal office is the office at which Mesa Cinemas LLC keeps its books and records including its records concerning the Collateral. Mesa Cinemas LLC will notify Lender prior to any change in the location of Mesa Cinemas LLC's state of organization or any change in Mesa Cinemas LLC's name. Mesa Cinemas LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Mesa Cinemas LLC and Mesa Cinemas LLC's business activities.

Arizona Cinemas, LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Arizona. Arizona Cinemas, LLC is duly authorized to transact business in all other states in which Arizona Cinemas, LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Arizona Cinemas, LLC is doing business. Specifically, Arizona Cinemas, LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Arizona Cinemas, LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Arizona Cinemas, LLC maintains an office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Arizona Cinemas, LLC has designated otherwise in writing, the principal office is the office at which Arizona Cinemas, LLC keeps its books and records including its records concerning the Collateral. Arizona Cinemas, LLC will notify Lender prior to any change in the location of Arizona Cinemas, LLC's state of organization or any change in Arizona Cinemas, LLC's name. Arizona Cinemas, LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Arizona Cinemas, LLC and Arizona Cinemas, LLC's business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business. None.

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under: (1) any provision of: (a) Borrower's articles of incorporation or organization, or bylaws, or (b) Borrower's articles of organization or membership agreements, or (c) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

**Properties.** Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral; (2) Borrower has no knowledge of, or reason to believe that there has been: (a) any breach or violation of any Environmental Law; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes)



**BUSINESS LOAN AGREEMENT  
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against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Lien Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

**Binding Effect.** This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

**AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

**Notices of Claims and Litigation.** Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

**Financial Records.** Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

**Financial Statements.** Furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than ninety (90) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower.

**Tax Returns.** As soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period ended, Borrower's Federal and other governmental tax returns, prepared by Borrower.

**Additional Requirements.** Borrower to provide the Lender with annual combined limited audited financial statements, with bank selecting the accounts to be audited, for the Borrowers as soon as available, but in no event later than ninety (90) days after the end of each fiscal year.

Borrower to provide the Lender with annual financial statements for the Guarantor as soon as available, but in no event later than ninety (90) days after the end of each fiscal year.

Borrower to provide the Lender with annual tax returns for the Guarantor as soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

**Additional Information.** Furnish such additional information and statements, as Lender may request from time to time.

**Additional Requirements.** Combined Debt Service Coverage Ratio (DSCR): Minimum DSCR of 1.20:1 measured annually based on year-end tax returns or company financials, whichever the Bank chooses. DSCR is computed as follows: net income before interest, depreciation and amortization divided by all debt payments (interest expense and principal payments) required.

**Combined Minimum Tangible Net Worth:** Tangible Net Worth will not be allowed to fall below \$4,000,000.00. Tangible Net Worth is defined as all assets minus all intangible assets (i.e. goodwill, patents, trademarks, copyrights, etc.) minus all liabilities. To be measured quarterly.

Borrowers to provide the Bank with a quarterly covenant compliance certificate within thirty days of quarter end.

The Borrower agrees that the line of credit availability will be reduced to \$500,000.00 (from \$900,000.00) and any outstanding balance above \$500,000.00 will be reduced thru the normal receipt and sweep of funds from the Borrower's operating account. This will occur once the Borrower has received all of the funds necessary from 6801 W. 107th Street, LLC., which is expected to be an additional \$500,000.00. In summary, the Bank line will be drawn up to \$900,000.00 then the Borrower will receive funds from 6801 W. 107th Street, LLC of approximately \$500,000.00, then the Borrower will inform the Bank that they have borrowed all of the funds necessary. The Bank will then apply all deposits to the \$900,000.00 line of credit and reduce the Bank borrowing to \$500,000.00. The Bank line of credit will remain permanently capped at \$500,000.00 going forward. The Borrower may then decide to apply the excess depository funds to the loan from 6801 W. 107th Street, LLC.

Borrower agrees to execute Peoples Bank term note documents (loan # 40012345) required to complete the cross collateralization of the \$550,000 mortgage on 6801 W. 107th Street property once documents are prepared.

**Insurance.** Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be canceled or diminished without at least fifteen (15) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

**Insurance Reports.** Furnish to Lender upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually) Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

**Guaranties.** Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantor named below, on Lender's forms, and in the amount and under the conditions set forth in those guaranties.

<u>Name of Guarantor</u>	<u>Amount</u>
Ronald J. Horton	Unlimited

**Other Agreements.** Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

**Loan Proceeds.** Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

**Taxes, Charges and Liens.** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

**Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

**Operations.** Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

**BUSINESS LOAN AGREEMENT  
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**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, all of affecting any property or any facility owned, leased or used by Borrower.

**Compliance with Governmental Requirements.** Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Inspection.** Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

**Environmental Compliance and Reports.** Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities, shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand, (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note, or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

**NEGATIVE COVENANTS.** Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

**Continuity of Operations.** (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only as long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender, (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt, (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Loan.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate. If such an Event of Default shall occur, Lender may, at its option, (a) declare all monies owing to Lender immediately due and payable, (b) take any action permitted by law to enforce its rights, and (c) exercise its rights of setoff.



**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 10500597

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become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**RE-APPRAISAL AND RE-MARGIN. Re-Appraisal.** Borrower(s) agrees that at anytime the Lender in good faith determines that it is reasonable according to standard banking practice to update information regarding the fair market value of the collateral (by ordering a new appraisal or otherwise) which secures present debt, including without limitation that the loan becomes criticized and/or classified by bank regulators, external auditors and/or internal auditors, Borrower(s) agree to allow the Lender and its appraisers and other agents to conduct an appraisal of any and all collateral and Borrower(s) agree(s) to pay the cost of such re-appraisal. Failure of Borrower(s) to comply with the terms and conditions of this subparagraph shall be considered a material default in the terms and conditions of this Agreement.

**Re-Margin Requirement.** In the event that the Lender determines in good faith using safe and sound banking practice that the appraised fair market value of the collateral declines as evidenced by an updated appraisal or otherwise, Borrower(s) agrees to improve the debt to collateral value ratio to the ratio required by Lender policy using safe and sound banking practice by any combination of (1) payment by Borrower(s) of funds to Lender in order to reduce the principal amount of the present debt and/or (2) the addition of collateral in an amount determined sufficient by the Lender to establish the proper loan-to-value ratio according to Lender policy using safe and sound banking practice. Failure of the Borrower(s) to comply with the terms of this subparagraph shall be considered a material default in terms and conditions of this Agreement.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include all reasonable costs incurred in the collection of the Loan, including but not limited to, court costs, attorneys' fees and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Consent to Loan Participation.** Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Kansas.

**Choice of Venue.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

**Joint and Several Liability.** All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each Borrower signing below is responsible for all obligations in this Agreement. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Agreement.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Subsidiaries and Affiliates of Borrower.** To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Survival of Representations and Warranties.** Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**Waive Jury.** All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**Arbitration.** This provision replaces and supersedes any and all prior Arbitration provisions in any and all loan documents signed by and between the parties (including but not limited to promissory notes, promissory agreements, guarantor trust deeds

**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 10500597

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or mortgages, etc.). Borrower and lender mutually agree that all disputes, claims, and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Arbitrators must be active members of the Kansas State Bar or retired Judges of the state or federal Judiciary of Kansas, with expertise in the substantive law applicable to the subject matter of the Dispute. The parties shall meet and agree on selection of the arbitrator or arbitrators. In the event the parties cannot agree on the arbitrator or arbitrators, each party shall appoint a member of the Kansas State Bar to participate in the selection of the arbitrator or arbitrators and the two members so selected shall select a third member of the Kansas State Bar and a majority of the three (3) members of the Selection Committee shall select the arbitrator or arbitrators. After the members of the Selection Committee have selected the arbitrator or arbitrators, their authority is concluded. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the State of Kansas, (ii) may grant any remedy or relief that a court of the state of Kansas could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Kansas Rules of Civil Procedure or other applicable law. In the event of a dispute regarding the rules of the arbitration, the procedural rules of the American Arbitration Association ("AAA") shall govern the procedure of the arbitration as applied and interpreted by the Arbitrator. The arbitration shall be conducted in Kansas at a location selected by the arbitrator. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**Advance.** The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

**Agreement.** The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

**Borrower.** The word "Borrower" means Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**GAAP.** The word "GAAP" means generally accepted accounting principles.

**Grantor.** The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means PEOPLES BANK, its successors and assigns.

**Loan.** The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

**Note.** The word "Note" means the Note dated October 4, 2012 and executed by Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC in the principal amount of \$900,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantees, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

**Security Agreement.** The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

**Security Interest.** The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.







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## BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Call	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

THIS BUSINESS LOAN AGREEMENT dated October 4, 2012, is made and executed between Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") and PEOPLES BANK ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

**TERM.** This Agreement shall be effective as of October 4, 2012, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until December 31, 2012.

**ADVANCE AUTHORITY.** The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: Ronald J. Horton, President/CEO of Dickinson Theatres, Inc.; Ronald J. Horton, Managing Member of Chenal Cinemas LLC; Ronald J. Horton, Managing Member of Palazzo 16 Theatres, LLC; Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc.; Ronald J. Horton, Managing Member of Mesa Cinemas LLC; and Ronald J. Horton, Managing Member of Arizona Cinemas, LLC.

**CONDITIONS PRECEDENT TO EACH ADVANCE.** Lender's obligation to make the Initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

**Loan Documents.** Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) guarantees; (6) together with all such Related Documents as Lender may require for the Loan, all in form and substance satisfactory to Lender and Lender's counsel.

**Borrower's Authorization.** Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel may require.

**Payment of Fees and Expenses.** Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

**Representations and Warranties.** The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

**No Event of Default.** There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

**MULTIPLE BORROWERS.** This Agreement has been executed by multiple obligors who are referred to in this Agreement individually, collectively and interchangeably as "Borrower." Unless specifically stated to the contrary, the word "Borrower" as used in this Agreement, including without limitation all representations, warranties and covenants, shall include all Borrowers. Borrower understands and agrees that, with or without notice to any one Borrower, Lender may (A) make one or more additional secured or unsecured loans or otherwise extend additional credit with respect to any other Borrower; (B) with respect to any other Borrower alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (C) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's or any other Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) determine how, when and what application of payments and credits shall be made on any indebtedness; (F) apply such security and direct the order or manner of sale of any Collateral, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) sell, transfer, assign or grant participations in all or any part of the Loan; (H) exercise or refrain from exercising any rights against Borrower or others, or otherwise act or refrain from acting; (I) settle or compromise any indebtedness; and (J) subordinate the payment of all or any part of any of Borrower's indebtedness to Lender to the payment of any liabilities which may be due Lender or others.

**REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

**Organization.** Dickinson Theatres, Inc. is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Kansas. Dickinson Theatres, Inc. is duly authorized to transact business in all other states in which Dickinson Theatres, Inc. is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Dickinson Theatres, Inc. is doing business. Specifically, Dickinson Theatres, Inc. is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Dickinson Theatres, Inc. has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Dickinson Theatres, Inc. maintains its principal office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Dickinson Theatres, Inc. has designated otherwise in writing, this is the principal office at which Dickinson Theatres, Inc. keeps its books and records including its records concerning the Collateral. Dickinson Theatres, Inc. will notify Lender prior to any change in the location of Dickinson Theatres, Inc.'s state of organization or any change in Dickinson Theatres, Inc.'s name. Dickinson Theatres, Inc. shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Dickinson Theatres, Inc. and Dickinson Theatres, Inc.'s business activities.

Chenal Cinemas LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Arkansas. Chenal Cinemas LLC is duly authorized to transact business in all other states in which Chenal Cinemas LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Chenal Cinemas LLC is doing business. Specifically, Chenal Cinemas LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Chenal Cinemas LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Chenal Cinemas LLC maintains an office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Chenal Cinemas LLC has designated otherwise in writing, the principal office is the office at which Chenal Cinemas LLC keeps its books and records including its records concerning the Collateral. Chenal Cinemas LLC will notify Lender prior to any change in the location of Chenal Cinemas LLC's state of organization or any change in Chenal Cinemas LLC's name. Chenal Cinemas LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Chenal Cinemas LLC and Chenal Cinemas LLC's business activities.

**BUSINESS LOAN AGREEMENT  
(Continued)**

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Palazzo 16 Theatres, LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Kansas. Palazzo 16 Theatres, LLC is duly authorized to transact business in all other states in which Palazzo 16 Theatres, LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Palazzo 16 Theatres, LLC is doing business. Specifically, Palazzo 16 Theatres, LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Palazzo 16 Theatres, LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Palazzo 16 Theatres, LLC maintains an office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Palazzo 16 Theatres, LLC has designated otherwise in writing, the principal office is the office at which Palazzo 16 Theatres, LLC keeps its books and records including its records concerning the Collateral. Palazzo 16 Theatres, LLC will notify Lender prior to any change in the location of Palazzo 16 Theatres, LLC's state of organization or any change in Palazzo 16 Theatres, LLC's name. Palazzo 16 Theatres, LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Palazzo 16 Theatres, LLC and Palazzo 16 Theatres, LLC's business activities.

Midwest Cinema Group, Inc. is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Kansas. Midwest Cinema Group, Inc. is duly authorized to transact business in all other states in which Midwest Cinema Group, Inc. is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Midwest Cinema Group, Inc. is doing business. Specifically, Midwest Cinema Group, Inc. is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Midwest Cinema Group, Inc. has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Midwest Cinema Group, Inc. maintains its principal office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Midwest Cinema Group, Inc. has designated otherwise in writing, this is the principal office at which Midwest Cinema Group, Inc. keeps its books and records including its records concerning the Collateral. Midwest Cinema Group, Inc. will notify Lender prior to any change in the location of Midwest Cinema Group, Inc.'s state of organization or any change in Midwest Cinema Group, Inc.'s name. Midwest Cinema Group, Inc. shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Midwest Cinema Group, Inc. and Midwest Cinema Group, Inc.'s business activities.

Mesa Cinemas LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Arizona. Mesa Cinemas LLC is duly authorized to transact business in all other states in which Mesa Cinemas LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Mesa Cinemas LLC is doing business. Specifically, Mesa Cinemas LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Mesa Cinemas LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Mesa Cinemas LLC maintains an office at 6801 W. 107th St., Overland Park, KS 66213. Unless Mesa Cinemas LLC has designated otherwise in writing, the principal office is the office at which Mesa Cinemas LLC keeps its books and records including its records concerning the Collateral. Mesa Cinemas LLC will notify Lender prior to any change in the location of Mesa Cinemas LLC's state of organization or any change in Mesa Cinemas LLC's name. Mesa Cinemas LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Mesa Cinemas LLC and Mesa Cinemas LLC's business activities.

Arizona Cinemas, LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Arizona. Arizona Cinemas, LLC is duly authorized to transact business in all other states in which Arizona Cinemas, LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Arizona Cinemas, LLC is doing business. Specifically, Arizona Cinemas, LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Arizona Cinemas, LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Arizona Cinemas, LLC maintains an office at 6801 W. 107th Street, Overland Park, KS 66213. Unless Arizona Cinemas, LLC has designated otherwise in writing, the principal office is the office at which Arizona Cinemas, LLC keeps its books and records including its records concerning the Collateral. Arizona Cinemas, LLC will notify Lender prior to any change in the location of Arizona Cinemas, LLC's state of organization or any change in Arizona Cinemas, LLC's name. Arizona Cinemas, LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Arizona Cinemas, LLC and Arizona Cinemas, LLC's business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business. None.

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) Borrower's articles of organization or membership agreements, or (c) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

**Properties.** Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral; (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral, and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes)



against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Uen Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security interests and rights in and to such Collateral.

**Binding Effect.** This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

**AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

**Notice of Claims and Litigation.** Promptly inform Lender in writing of: (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially effect the financial condition of Borrower or the financial condition of any Guarantor.

**Financial Records.** Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

**Financial Statements.** Furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than ninety (90) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower.

**Tax Returns.** As soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period ended, Borrower's Federal and other governmental tax returns, prepared by Borrower.

**Additional Requirements.** Borrower to provide the Lender with annual combined limited audited financial statements, with bank selecting the accounts to be audited, for the Borrowers as soon as available, but in no event later than ninety (90) days after the end of each fiscal year.

Borrower to provide the Lender with annual financial statements for the Guarantor as soon as available, but in no event later than ninety (90) days after the end of each fiscal year.

Borrower to provide the Lender with annual tax returns for the Guarantor as soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

**Additional Information.** Furnish such additional information and statements, as Lender may request from time to time.

**Additional Requirements.** Combined Debt Service Coverage Ratio (DSCR): Minimum DSCR of 1.20:1 measured annually based on year-end tax returns or company financials, whichever the Bank chooses. DSCR is computed as follows: net income before interest, depreciation and amortization divided by all debt payments (interest expense and principal payments) required.

**Combined Minimum Tangible Net Worth.** Tangible Net Worth will not be allowed to fall below \$4,000,000.00. Tangible Net Worth is defined as all assets minus all intangible assets (i.e. goodwill, patents, trademarks, copyrights, etc.) minus all liabilities. To be measured quarterly.

Borrowers to provide the Bank with a quarterly covenant compliance certificate within thirty days of quarter end.

The Borrower agrees that the line of credit availability will be reduced to \$500,000.00 (from \$900,000.00) and any outstanding balance above \$500,000.00 will be reduced thru the normal receipt and sweep of funds from the Borrower's operating account. This will occur once the Borrower has received all of the funds necessary from 6801 W. 107th Street, LLC., which is expected to be an additional \$500,000.00. In summary, the Bank line will be drawn up to \$900,000.00 then the Borrower will receive funds from 6801 W. 107th Street, LLC of approximately \$500,000.00, then the Borrower will inform the Bank that they have borrowed all of the funds necessary. The Bank will then apply all deposits to the \$900,000.00 line of credit and reduce the Bank borrowing to \$500,000.00. The Bank line of credit will remain permanently capped at \$500,000.00 going forward. The Borrower may then decide to apply the excess depository funds to the loan from 6801 W. 107th Street, LLC.

Borrower agrees to execute Peoples Bank term note documents (loan # 40012345) required to complete the cross collateralization of the \$550,000 mortgage on 6801 W. 107th Street property once documents are prepared.

**Insurance.** Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least fifteen (15) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

**Insurance Reports.** Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained; and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

**Guarantees.** Prior to disbursement of any Loan proceeds, furnish executed guarantees of the Loans in favor of Lender, executed by the guarantor named below, on Lender's forms, and in the amount and under the conditions set forth in those guarantees.

<u>Name of Guarantor</u>	<u>Amount</u>
Ronald J. Morton	Unlimited

**Other Agreements.** Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

**Loan Proceeds.** Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

**Taxes, Charges and Liens.** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

**Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

**Operations.** Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.



**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

**Compliance with Governmental Requirements.** Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Inspection.** Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

**Environmental Compliance and Reports.** Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note, or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

**NEGATIVE COVENANTS.** Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

**Continuity of Operations.** (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender, (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt, (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan, or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Loan.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Creditor or Foreclosure Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or foreclosure proceeding and if Borrower gives Lender written notice of the creditor or foreclosure proceeding and deposits with Lender monies or a surety bond for the creditor or foreclosure proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all indebtedness immediately will

become due and payable, all without notice of any kind to Borrower, except that: in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**RE-APPRAISAL AND RE-MARGIN.** Re-Appraisal. Borrower(s) agrees that at anytime the Lender in good faith determines that it is reasonable according to standard banking practice to update information regarding the fair market value of the collateral (by ordering a new appraisal or otherwise) which secures present debt, including without limitation that the loan becomes criticized and/or classified by bank regulators, external auditors and/or internal auditors, Borrower(s) agree to allow the Lender and its appraisers and other agents to conduct an appraisal of any and all collateral and Borrower(s) agree(s) to pay the cost of such re-appraisal. Failure of Borrower(s) to comply with the terms and conditions of this subparagraph shall be considered a material default in the terms and conditions of this Agreement.

Re-Margin Requirement. In the event that the Lender determines in good faith using safe and sound banking practice that the appraised fair market value of the collateral declines as evidenced by an updated appraisal or otherwise, Borrower(s) agrees to improve the debt to collateral value ratio to the ratio required by Lender policy using safe and sound banking practices by a combination of (1) payment by Borrower(s) of funds to Lender in order to reduce the principal amount of the present debt and/or (2) the addition of collateral in an amount determined sufficient by the Lender to establish the proper loan-to-value ratio according to Lender policy using safe and sound banking practice. Failure of the Borrower(s) to comply with the terms of this subparagraph shall be considered a material default in terms and conditions of this Agreement.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include all reasonable costs incurred in the collection of the Loan, including but not limited to, court costs, attorneys' fees, and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Consent to Loan Participation.** Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy. Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Kansas.

**Choice of Venue.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

**Joint and Several Liability.** All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each Borrower signing below is responsible for all obligations in this Agreement. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Agreement.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Subsidiaries and Affiliates of Borrower.** To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Survival of Representations and Warranties.** Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**Waive Jury.** All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**Arbitration.** This provision replaces and supersedes any and all prior Arbitration provisions in any and all loan documents signed by you whenever they occur (promissory notes, security agreements, guarantees, trust deeds





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Banking Unusual

## PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	(1)	-	CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chanel Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

**Principal Amount: \$900,000.00**

**Date of Note: October 4, 2012**

**PROMISE TO PAY.** Dickinson Theatres, Inc.; Chanel Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas, LLC ("Borrower") jointly and severally promise to pay to PEOPLES BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Nine Hundred Thousand & 00/100 Dollars (\$900,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on December 31, 2012. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning October 9, 2012, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any late charges; then to any accrued unpaid interest; then to principal; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the base rate on corporate loans posted by at least 70% of the top 10 banks by assets known as the Wall Street Journal Prime Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 2.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 7.500% per annum based on a year of 360 days. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 7.500% per annum or more than the maximum rate allowed by applicable law.

**INTEREST CALCULATION METHOD.** Interest on this Note is computed on a 365/360 basis; that is, by applying the rate of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: PEOPLES BANK, Southcreek, 13180 Metcalf Avenue, Overland Park, KS 66213.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Foreclosure Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or foreclosure proceeding and if Borrower gives Lender written notice of the creditor or foreclosure proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else who is not Lender's salaried employee to help collect this Note if

**PROMISSORY NOTE  
(Continued)**

Loan No. 10500597

Page 2

Borrower does not pay. Borrower will be liable for all reasonable costs incurred in the collection of this Note, including but not limited to, court costs, attorneys' fees and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

**JURY WAIVER.** Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

**GOVERNING LAW.** This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Kansas.

**CHOICE OF VENUE.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

**COLLATERAL.** Borrower acknowledges this Note is secured by:

A. Mortgage dated October 4, 2012 granting a security interest in Real Property located at 6801 W. 107th Street, Overland Park, Kansas.  
B. Commercial Security Agreement dated February 9, 2012 granting a security interest in all business assets of Palazzo 16 Theatres, LLC.  
C. Commercial Security Agreement dated February 9, 2012 granting a security interest in all business assets of Arizona Cinemas, LLC.  
D. Commercial Security Agreement dated May 20, 2008 granting a security interest in all business assets of Chenal Cinemas LLC.  
E. Commercial Pledge Agreement dated February 9, 2012 granting a security interest in Assignment of Network Affiliate Agreement dated September 26, 2011 by and between National CinemaMedia, LLC, a Delaware limited liability company and Dickinson Theatres, Inc., a Kansas corporation. The assignment is only for the rights specific to the Palm Valley 14 Theatre, 1325 N. Litchfield Road, Goodyear, AZ 85338 and Palazzo 16 Theatre, 8601 W. 135th Street, Overland Park, KS 66223.  
F. Commercial Pledge Agreement dated May 20, 2008 granting a security interest in Assignment of IMAX License Agreement dated July 2007, between IMAX Corporation and Dickinson Theatres Inc. assignment is only for the rights specific to the Chenal Theatres location referenced as Theatre 2, Little Rock, Arkansas.

**LINE OF CREDIT.** This Note evidences a revolving line of credit. Advances under this Note may be requested orally by Borrower or as provided in this paragraph. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: Ronald J. Horton, President/CEO of Dickinson Theatres, Inc.; Ronald J. Horton, Managing Member of Chenal Cinemas LLC; Ronald J. Horton, Managing Member of Palazzo 16 Theatres, LLC; Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc.; Ronald J. Horton, Managing Member of Mesa Cinemas LLC; and Ronald J. Horton, Managing Member of Arizona Cinemas, LLC. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

**ADDITIONAL TERMS.** Assumption. Someone buying the Property securing the obligation cannot assume the remainder of the obligation on the original terms. In addition, Lender has also reserved a contractual right of setoff on my deposit accounts.

**RE-APPRAISAL AND RE-MARGIN.** Re-Appraisal. Borrower(s) agrees that at anytime the Lender in good faith determines that it is reasonable according to standard banking practice to update information regarding the fair market value of the collateral (by ordering a new appraisal or otherwise) which secures present debt, including without limitation that the loan becomes criticized and/or classified by bank regulators, external auditors and/or internal auditors, Borrower(s) agree to allow the Lender and its appraisers and other agents to conduct an appraisal of any and all collateral and Borrower(s) agree(s) to pay the cost of such re-appraisal. Failure of Borrower(s) to comply with the terms and conditions of this subparagraph shall be considered a material default in the terms and conditions of this Agreement.

Re-Margin Requirement. In the event that the Lender determines in good faith using safe and sound banking practice that the appraised fair market value of the collateral declines as evidenced by an updated appraisal or otherwise, Borrower(s) agrees to improve the debt to collateral value ratio to the ratio required by Lender policy using safe and sound banking practice by any combination of (1) payment by Borrower(s) of funds to Lender in order to reduce the principal amount of the present debt and/or (2) the addition of collateral in an amount determined sufficient by the Lender to establish the proper loan-to-value ratio according to Lender policy using safe and sound banking practice. Failure of the Borrower(s) to comply with the terms of this subparagraph shall be considered a material default in terms and conditions of this Agreement.

**PRIOR NOTE.** Promissory Note number 10500597 originated February 9, 2012 in the amount of \$500,000.00.

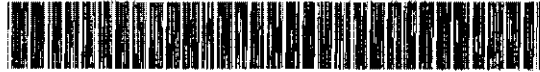
**SUCCESSOR INTERESTS.** The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

**ARBITRATION.** This provision replaces and supersedes any and all prior Arbitration provisions in any and all loan documents signed by you wherever they occur (promissory notes, security agreements, guarantees, trust deeds or mortgages, etc.). Borrower and lender mutually agree that all disputes, claims, and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Arbitrators must be active members of the Kansas State Bar or retired Judges of the state or federal Judiciary of Kansas, with expertise in the substantive law applicable to the subject matter of the dispute. The parties shall meet and agree on selection of the arbitrator or arbitrators. In the event the parties cannot agree on the arbitrator or arbitrators, each party shall appoint a member of the Kansas State Bar to participate in the selection of the arbitrator or arbitrators and the two members so selected shall select a third member of the Kansas State Bar and a majority of the three (3) members of the Selection Committee shall select the arbitrator or arbitrators. After the members of the Selection Committee have selected the arbitrator or arbitrators, their authority is concluded. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the State of Kansas, (ii) may grant any remedy or relief that a court of the state of Kansas could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Kansas Rules of Civil Procedure or other applicable law. In the event of a dispute regarding the rules of the arbitration, the procedural rules of the American Arbitration Association ("AAA") shall govern the procedure of the arbitration as applied and interpreted by the Arbitrator. The arbitration shall be conducted in Kansas at a location selected by the arbitrator. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction.

**GENERAL PROVISIONS.** If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower: (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waives presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker,

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## PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call / Coll.	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	1:1		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

**Principal Amount: \$900,000.00**

**Date of Note: October 4, 2012**

**PROMISE TO PAY.** Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") jointly and severally promise to pay to PEOPLES BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Nine Hundred Thousand & 00/100 Dollars (\$900,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on December 31, 2012. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning October 9, 2012, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any late charges; then to any accrued unpaid interest; then to principal; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the base rate on corporate loans posted by at least 70% of the top 10 banks by assets known as the Wall Street Journal Prime Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 2.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 7.500% per annum based on a year of 360 days.

**NOTICE.** Under no circumstances will the interest rate on this Note be less than 7.500% per annum or more than the maximum rate allowed by applicable law.

**INTEREST CALCULATION METHOD.** Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: PEOPLES BANK, Southcreek, 13180 Metcalf Avenue, Overland Park, KS 66213.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Foreclosure Proceedings.** Commencement of foreclosure or foreclosure proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or foreclosure proceeding and if Borrower gives Lender written notice of the creditor or foreclosure proceeding and deposits with Lender monies or a surety bond for the creditor or foreclosure proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else who is not Lender's salaried employee to help collect this Note if



**PROMISSORY NOTE  
(Continued)**

Loan No: 10500597

Page 2

Borrower does not pay. Borrower will be liable for all reasonable costs incurred in the collection of this Note, including but not limited to, court costs, attorneys' fees and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

**JURY WAIVER.** Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

**GOVERNING LAW.** This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Kansas.

**CHOICE OF VENUE.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

**COLLATERAL.** Borrower acknowledges this Note is secured by:

- A. Mortgage dated October 4, 2012 granting a security interest in Real Property located at 6801 W. 107th Street, Overland Park, Kansas.
- B. Commercial Security Agreement dated February 9, 2012 granting a security interest in all business assets of Palazzo 16 Theatres, LLC.
- C. Commercial Security Agreement dated February 9, 2012 granting a security interest in all business assets of Arizona Cinemas, LLC.
- D. Commercial Security Agreement dated May 20, 2008 granting a security interest in all business assets of Chenal Cinemas LLC.
- E. Commercial Pledge Agreement dated February 9, 2012 granting a security interest in Assignment of Network Affiliate Agreement dated September 26, 2011 by and between National Cinemas, LLC, a Delaware limited liability company and Dickinson Theatres, Inc., a Kansas corporation. The assignment is only for the rights specific to the Palm Valley 14 Theatre, 1325 N. Litchfield Road, Goodyear, AZ 85338 and Palazzo 16 Theatre, 6801 W. 135th Street, Overland Park, KS 66223.
- F. Commercial Pledge Agreement dated May 20, 2008 granting a security interest in Assignment of IMAX License Agreement dated July 2007, between IMAX Corporation and Dickinson Theatres Inc. assignment is only for the rights specific to the Chenal Theatres location referenced as Theatre 2, Little Rock, Arkansas.

**LINE OF CREDIT.** This Note evidences a revolving line of credit. Advances under this Note may be requested orally by Borrower or as provided in this paragraph. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: Ronald J. Horton, President/CEO of Dickinson Theatres, Inc.; Ronald J. Horton, Managing Member of Chenal Cinemas LLC; Ronald J. Horton, Managing Member of Palazzo 16 Theatres, LLC; Ronald J. Horton, President/CEO of Midwest Cinemas Group, Inc.; Ronald J. Horton, Managing Member of Mesa Cinemas LLC; and Ronald J. Horton, Managing Member of Arizona Cinemas, LLC. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

**ADDITIONAL TERMS:** Assumption. Someone buying the Property securing the obligation cannot assume the remainder of the obligation on the original terms. In addition, Lender has also reserved a contractual right of setoff on my deposit accounts.

**RE-APPRAISAL AND RE-MARGIN.** Re-Appraisal Borrower(s) agrees that at anytime the Lender in good faith determines that it is reasonable according to standard banking practice to update information regarding the fair market value of the collateral (by ordering a new appraisal or otherwise) which secures present debt, including without limitation that the loan becomes criticized and/or classified by bank regulators, external auditors and/or internal auditors, Borrower(s) agree to allow the Lender and its appraisers and other agents to conduct an appraisal of any and all collateral and Borrower(s) agree(s) to pay the cost of such re-appraisal. Failure of Borrower(s) to comply with the terms and conditions of this subparagraph shall be considered a material default in the terms and conditions of this Agreement.

Re-Margin Requirement In the event that the Lender determines in good faith using safe and sound banking practice that the appraised fair market value of the collateral declines as evidenced by an updated appraisal or otherwise, Borrower(s) agrees to improve the debt to collateral value ratio to the ratio required by Lender policy using safe and sound banking practice by any combination of (1) payment by Borrower(s) of funds to Lender in order to reduce the principal amount of the present debt and/or (2) the addition of collateral in an amount determined sufficient by the Lender to establish the proper loan-to-value ratio according to Lender policy using safe and sound banking practice. Failure of the Borrower(s) to comply with the terms of this subparagraph shall be considered a material default in terms and conditions of this Agreement.

**PRIOR NOTE.** Promissory Note number 10500597 originated February 9, 2012 in the amount of \$500,000.00.

**SUCCESSOR INTERESTS.** The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

**ARBITRATION.** This provision replaces and supersedes any and all prior Arbitration provisions in any and all loan documents signed by you wherever they occur (promissory notes, security agreements, guarantees, trust deeds or mortgages, etc.). Borrower and lender mutually agree that all disputes, claims, and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; involving a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Arbitrators must be active members of the Kansas State Bar or retired Judges of the state or federal Judiciary of Kansas, with expertise in the substantive law applicable to the subject matter of the dispute. The parties shall meet and agree on selection of the arbitrator or arbitrators. In the event the parties cannot agree on the arbitrator or arbitrators, each party shall appoint a member of the Kansas State Bar to participate in the selection of the arbitrator or arbitrators and the two members so selected shall select a third member of the Kansas State Bar and a majority of the three (3) members of the Selection Committee shall select the arbitrator or arbitrators. After the members of the Selection Committee have selected the arbitrator or arbitrators, their authority is concluded. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all disputes in accordance with the substantive law of the State of Kansas, (ii) may grant any remedy or relief that a court of the state of Kansas could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Kansas Rules of Civil Procedure or other applicable law. In the event of a dispute regarding the rules of the arbitration, the procedural rules of the American Arbitration Association ("AAA") shall govern the procedure of the arbitration as applied and interpreted by the Arbitrator. The arbitration shall be conducted in Kansas at a location selected by the arbitrator. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction.

**GENERAL PROVISIONS.** If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower: (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, sell or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker,

Borrower's Initials  _____	<p><b>NO ORAL AGREEMENTS.</b> This written agreement is the final expression of the agreement between Lender and Borrower and may not be contradicted by evidence of any prior oral agreement or of a contemporaneous oral agreement between Lender and Borrower.</p> <p><b>NONSTANDARD TERMS.</b> The following space contains all nonstandard terms, including all previous oral agreements, if any, between Lender and Borrower:</p>
Lender's Initials  _____	<p>By initialing the boxes to the left, Lender and Borrower affirm that no unwritten oral agreement exists between them.</p>

**RECORDATION REQUESTED BY:**

PEOPLES BANK, Southcreek, 13180 Metcalf Avenue, Overland Park, KS 66213

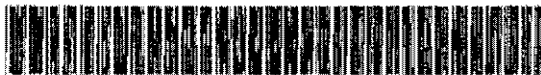
**WHEN RECORDED MAIL TO:**

PEOPLES BANK, Southcreek, 13180 Metcalf Avenue, Overland Park, KS 66213

FOR RECORDER'S USE ONLY

**Peoples**

Banking Unusual



\*000000000010500597074510042012\*

**MORTGAGE**

**MAXIMUM LIEN.** The lien of this Mortgage shall not exceed at any one time \$550,000.00.

**THIS MORTGAGE** dated October 4, 2012, is made and executed between Midwest Cinema Group, Inc., a Kansas corporation (referred to below as "Grantor") and PEOPLES BANK, whose address is 13180 Metcalf Avenue, Overland Park, KS 66213 (referred to below as "Lender").

**GRANT OF MORTGAGE.** For valuable consideration, Grantor mortgages and warrants to Lender the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances, all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights), and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Johnson County, State of Kansas:

Tract K, except the West 18 feet thereof, METCALF 107, THIRD PLAT, a subdivision in the City of Overland Park, Johnson County, Kansas.

The Real Property or its address is commonly known as 6801 W. 107th Street, Overland Park, KS 66212.

**CROSS-COLLATERALIZATION.** In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

**REVOLVING LINE OF CREDIT.** This Mortgage secures the indebtedness including, without limitation, a revolving line of credit, which obligates Lender to make advances to Borrower so long as Borrower complies with all the terms of the Note.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

**THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:**

**GRANTOR'S WAIVERS.** Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Mortgage and to hypothecate the Property; (c) the provisions of this Mortgage do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from

Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Mortgage, Borrower and Grantor shall pay to Lender all indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all Borrower's and Grantor's obligations under this Mortgage.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

**Duty to Maintain.** Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Compliance With Environmental Laws.** Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stopping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scone, soil, gravel or rock products without Lender's prior written consent.

**Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

**Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property, whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Kansas law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

**Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed,



within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Mortgage:

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insured in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of fifteen (15) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value, and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**TAX AND INSURANCE RESERVES.** Subject to any limitations and consistent with any requirements set by applicable law, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by an initial deposit and subsequent monthly payments, or payments at such other interval as payments under the Note may be due, of a sum estimated by Lender to be sufficient to pay the total annual taxes, assessments, and insurance premiums Lender reasonably anticipates to be paid from these reserves. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Mortgage shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not Grantor's agent for payment of the taxes and assessments required to be paid by Grantor.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Lender's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will: (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.



**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Mortgage.

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage; and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full.

**CONDEMNATION.** The following provisions relating to condemnation proceedings are a part of this Mortgage.

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

**Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

**IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.** The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

**Current Taxes, Fees and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

**Taxes.** The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Borrower.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either: (1) pays the tax before it becomes delinquent; or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

**Security Agreement.** This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

**FURTHER ASSURANCES.** The following provisions relating to further assurances are a part of this Mortgage.

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refilled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurances, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve: (1) Borrower's and Grantor's obligations under the Note, this Mortgage, and the Related Documents; and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**FULL PERFORMANCE.** If Borrower and Grantor pay all the indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing

Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

**EVENTS OF DEFAULT.** Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

**Payment Default.** Borrower fails to make any payment when due under the Indebtedness.

**Default on Other Payments.** Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Other Defaults.** Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

**Default in Favor of Third Parties.** Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's ability to repay the indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Mortgage or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

**Creditor or Foreclosure Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Breach of Other Agreement.** Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**RIGHTS AND REMEDIES ON DEFAULT.** Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law.

**Accelerate Indebtedness.** Lender shall have the right at its option without notice to Borrower or Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty that Borrower would be required to pay.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

**Collect Rents.** Lender shall have the right to collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Judicial Foreclosure.** Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

**Deficiency Judgment.** If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

**Other Remedies.** Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

**Sale of the Property.** To the extent permitted by applicable law, Borrower and Grantor hereby waive any and all right to have the Property marshalled, in exercising its rights and remedies, Lender shall be free to sell all or any

part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**Notice of Sale.** Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

**Election of Remedies.** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not effect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or Borrower and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover Lender's reasonable expenses that Lender incurs in realizing on the Property. Whether or not any court action is involved, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, and any court costs and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

**NOTICES.** Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of this notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**ARBITRATION.** This provision replaces and supersedes any and all prior Arbitration provisions in any and all loan documents signed by you wherever they occur (promissory notes, security agreements, guarantees, trust deeds or mortgages, etc.). Borrower and lender mutually agree that all disputes, claims, and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Arbitrators must be active members of the Kansas State Bar or retired Judges of the state or federal Judiciary of Kansas, with expertise in the substantive law applicable to the subject matter of the Dispute. The parties shall meet and agree on selection of the arbitrator or arbitrators. In the event the parties cannot agree on the arbitrator or arbitrators, each party shall appoint a member of the Kansas State Bar to participate in the selection of the arbitrator or arbitrators and the two members so selected shall select a third member of the Kansas State Bar and a majority of the three (3) members of the Selection Committee shall select the arbitrator or arbitrators. After the members of the Selection Committee have selected the arbitrator or arbitrators, their authority is concluded. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the State of Kansas, (ii) may grant any remedy or relief that a court of the state of Kansas could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Kansas Rules of Civil Procedure or other applicable law. In the event of a dispute regarding the rules of the arbitration, the procedural rules of the American Arbitration Association ("AAA") shall govern the procedure of the arbitration as applied and interpreted by the Arbitrator. The arbitration shall be conducted in Kansas at a location selected by the arbitrator. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Mortgage:

**Amendments.** This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**Caption Headings.** Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

**Governing Law.** This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Kansas.



**Choice of Venue.** If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Mortgage. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Mortgage.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Severability.** If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

**Merger.** There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Sale or Assignment of Mortgage.** Grantor hereby waives any rights Grantor may have under Kansas law to be notified if Lender sells or assigns this Mortgage.

**Successors and Assigns.** Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

**Time is of the Essence.** Time is of the essence in the performance of this Mortgage.

**Waive Jury.** All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**Waiver of Right of Redemption.** Grantor hereby waives, to the extent permitted by Kansas law, any and all rights of redemption on Grantor's behalf and on behalf of any other persons permitted to redeem the Property.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Borrower.** The word "Borrower" means Dickinson Theatres, Inc., Choral Cinemas LLC, Palazzo 16 Theatres, LLC, Midwest Cinema Group, Inc., Mass Cinemas LLC, and Arizona Cinemas, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Default.** The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

**Grantor.** The word "Grantor" means Midwest Cinema Group, Inc..

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the indebtedness.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof, asbestos, mining waste, drilling fluids and other wastes associated with the exploration, development and production of crude oil, fly ash, bottom ash, slag and flue emissions, and cement kiln dust.

**Improvements.** The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of,

consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically, without limitation, indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

**Lender.** The word "Lender" means PEOPLES BANK, its successors and assigns.

**Mortgage.** The word "Mortgage" means this Mortgage between Grantor and Lender.

**Note.** The word "Note" means the promissory note dated October 4, 2012, in the original principal amount of \$900,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. **NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.**

**GRANTOR:**

**MIDWEST CINEMA GROUP, INC.**

By: Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc.

### **CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned officer, personally appeared Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc., who acknowledged himself or herself to be an authorized agent of Midwest Cinema Group, Inc., a corporation, and that he or she, as such agent, being authorized so to do, executed the foregoing Mortgage for the purposes therein contained, by signing the name of the corporation by himself or herself as such agent.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

By: \_\_\_\_\_

Residing at \_\_\_\_\_

Notary Public in and for the State of \_\_\_\_\_

My appointment expires \_\_\_\_\_



**RECORDATION REQUESTED BY:**

PEOPLES BANK, Southcreek, 13180 Metcalf Avenue, Overland Park, KS 66213

**WHEN RECORDED MAIL TO:**

PEOPLES BANK, Southcreek, 13180 Metcalf Avenue, Overland Park, KS 66213

FOR RECORDER'S USE ONLY



\*000000000010500597074510042012\*

**MORTGAGE**

**MAXIMUM LIEN.** The lien of this Mortgage shall not exceed at any one time \$550,000.00.

**THIS MORTGAGE** dated October 4, 2012, is made and executed between Midwest Cinema Group, Inc., a Kansas corporation (referred to below as "Grantor") and PEOPLES BANK, whose address is 13180 Metcalf Avenue, Overland Park, KS 66213 (referred to below as "Lender").

**GRANT OF MORTGAGE.** For valuable consideration, Grantor mortgages and warrants to Lender the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights), and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Johnson County, State of Kansas:

Tract K, except the West 18 feet thereof, METCALF 107, THIRD PLAT, a subdivision in the City of Overland Park, Johnson County, Kansas.

The Real Property or its address is commonly known as 6801 W. 107th Street, Overland Park, KS 66212.

**CROSS-COLLATERALIZATION.** In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

**REVOLVING LINE OF CREDIT.** This Mortgage secures the indebtedness including, without limitation, a revolving line of credit, which obligates Lender to make advances to Borrower so long as Borrower complies with all the terms of the Note.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

**THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:**

**GRANTOR'S WAIVERS.** Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Mortgage and to hypothecate the Property; (c) the provisions of this Mortgage do not conflict with, or result in a default under, any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from

Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Mortgage, Borrower and Grantor shall pay to Lender all indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all Borrower's and Grantor's obligations under this Mortgage.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

**Duty to Maintain.** Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Compliance With Environmental Laws.** Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property, and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

**Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

**Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property, whether legal, beneficial or equitable, whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Kansas law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Mortgage.

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

**Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed,

within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Mortgage:

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of fifteen (15) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**TAX AND INSURANCE RESERVES.** Subject to any limitations and consistent with any requirements set by applicable law, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by an initial deposit and subsequent monthly payments, or payments at such other interval as payments under the Note may be due, of a sum estimated by Lender to be sufficient to pay the total annual taxes, assessments, and insurance premiums Lender reasonably anticipates to be paid from these reserves. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Mortgage shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not Grantor's agent for payment of the taxes and assessments required to be paid by Grantor.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will: (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Mortgage:

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage; and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full.

**CONDEMNATION.** The following provisions relating to condemnation proceedings are a part of this Mortgage:

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

**Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

**IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.** The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

**Current Taxes, Fees and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

**Taxes.** The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Borrower.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either: (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

**Security Agreement.** This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Real and Personal Property. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

**FURTHER ASSURANCES.** The following provisions relating to further assurances are a part of this Mortgage:

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve: (1) Borrower's and Grantor's obligations under the Note, this Mortgage, and the Related Documents; and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**FULL PERFORMANCE.** If Borrower and Grantor pay all the indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing



Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

**EVENTS OF DEFAULT.** Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

**Payment Default.** Borrower fails to make any payment when due under the Indebtedness.

**Default on Other Payments.** Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Other Defaults.** Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

**Default in Favor of Third Parties.** Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's ability to repay the Indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Mortgage or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

**Creditor or Foreclosure Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Breach of Other Agreement.** Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**RIGHTS AND REMEDIES ON DEFAULT.** Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

**Accelerate Indebtedness.** Lender shall have the right at its option without notice to Borrower or Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty that Borrower would be required to pay.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

**Collect Rents.** Lender shall have the right to collect the Rents, including amounts paid due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Judicial Foreclosure.** Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

**Deficiency Judgment.** If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

**Other Remedies.** Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

**Sale of the Property.** To the extent permitted by applicable law, Borrower and Grantor hereby waive any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any



part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**Notice of Sale.** Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

**Election of Remedies.** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or Borrower and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover Lender's reasonable expenses that Lender incurs in realizing on the Property. Whether or not any court action is involved, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, and any court costs and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

**NOTICES.** Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**ARBITRATION.** This provision replaces and supersedes any and all prior Arbitration provisions in any and all loan documents signed by you wherever they occur (promissory notes, security agreements, guarantees, trust deeds or mortgages, etc.). Borrower and lender mutually agree that all disputes, claims, and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Arbitrators must be active members of the Kansas State Bar or retired Judges of the state or federal Judiciary of Kansas, with expertise in the substantive law applicable to the subject matter of the Dispute. The parties shall meet and agree on selection of the arbitrator or arbitrators. In the event the parties cannot agree on the arbitrator or arbitrators, each party shall appoint a member of the Kansas State Bar to participate in the selection of the arbitrator or arbitrators and the two members so selected shall select a third member of the Kansas State Bar and a majority of the three (3) members of the Selection Committee shall select the arbitrator or arbitrators. After the members of the Selection Committee have selected the arbitrator or arbitrators, their authority is concluded. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the State of Kansas, (ii) may grant any remedy or relief that a court of the state of Kansas could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Kansas Rules of Civil Procedure or other applicable law. In the event of a dispute regarding the rules of the arbitration, the procedural rules of the American Arbitration Association ("AAA") shall govern the procedure of the arbitration as applied and interpreted by the Arbitrator. The arbitration shall be conducted in Kansas at a location selected by the arbitrator. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Mortgage:

**Amendments.** This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**Caption Headings.** Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

**Governing Law.** This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Kansas.

**Choice of Venue.** If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Mortgage. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Mortgage.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Severability.** If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

**Merger.** There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Sale or Assignment of Mortgage.** Grantor hereby waives any rights Grantor may have under Kansas law to be notified if Lender sells or assigns this Mortgage.

**Successors and Assigns.** Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness.

**Time is of the Essence.** Time is of the essence in the performance of this Mortgage.

**Waive Jury.** All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**Waiver of Right of Redemption.** Grantor hereby waives, to the extent permitted by Kansas law, any and all rights of redemption on Grantor's behalf and on behalf of any other persons permitted to redeem the Property.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code.

**Borrower.** The word "Borrower" means Dickinson Theatres, Inc.; Choral Cinemas LLC; Palazzo 18 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Default.** The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1980, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

**Grantor.** The word "Grantor" means Midwest Cinema Group, Inc.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof, asbestos, mining waste, drilling fluids and other wastes associated with the exploration, development and production of crude oil, fly ash, bottom ash, slag and flue emissions, and cement kiln dust.

**Improvements.** The word "improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of,

consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically, without limitation, indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

**Lender.** The word "Lender" means PEOPLES BANK, its successors and assigns.

**Mortgage.** The word "Mortgage" means this Mortgage between Grantor and Lender.

**Note.** The word "Note" means the promissory note dated October 4, 2012, in the original principal amount of \$900,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. **NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantees, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.**

**GRANTOR:**

**MIDWEST CINEMA GROUP, INC.**

By COPY

Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc.

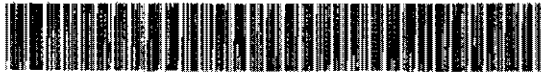
**CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned officer, personally appeared Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc., who acknowledged himself or herself to be an authorized agent of Midwest Cinema Group, Inc., a corporation, and that he or she, as such agent, being authorized so to do, executed the foregoing Mortgage for the purposes therein contained, by signing the name of the corporation by himself or herself as such agent.

**IN WITNESS WHEREOF, I hereunto set my hand and official seal.**

By \_\_\_\_\_ Residing at \_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_ My appointment expires \_\_\_\_\_



\*00000000010500597003510042012\*

## AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

<b>Borrower:</b> Dickinson Theatres, Inc.; Chanel Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC 6801 W. 107th Street Overland Park, KS 66213	<b>Lender:</b> PEOPLES BANK Southpark 13180 Metcalf Avenue Overland Park, KS 66213
<b>Grantor:</b> Arizona Cinemas, LLC 6801 W. 107th Street Overland Park, KS 66213	

**INSURANCE REQUIREMENTS.** Grantor, Arizona Cinemas, LLC ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Dickinson Theatres, Inc.; Chanel Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

**Collateral:** All Inventory, Equipment and Fixtures.  
**Type:** All risks, including fire, theft and liability  
**Amount:** Full Insurable Value  
**Basis:** Replacement value.  
**Endorsements:** Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 15 days prior written notice to Lender.  
**Deductibles:** \$1,000.00  
**Latest Delivery Date:** By the loan closing date.

**INSURANCE COMPANY.** Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender. Grantor has the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by Grantor, subject to Lender's right, for reasonable cause before credit is extended, to decline any insurance provided by Grantor.

**FAILURE TO PROVIDE INSURANCE.** Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of October 4, 2012, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL, HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

**AUTHORIZATION.** For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED OCTOBER 4, 2012.**

**GRANTOR:**

**ARIZONA CINEMAS, LLC**

By: Ronald J. Horton, Managing Member of Arizona Cinemas, LLC

FOR LENDER USE ONLY	
<b>DATE:</b> _____ <b>AGENT'S NAME:</b> _____ <b>AGENCY:</b> Schiffman, Remley & Assoc., Inc. <b>ADDRESS:</b> 5201 Johnson Drive, Suite 500, Meehan, KS 66205 <b>INSURANCE COMPANY:</b> Phoenix Insurance Company <b>POLICY NUMBER:</b> _____ <b>EFFECTIVE DATES:</b> _____ <b>COMMENTS:</b> _____ _____ _____	<b>INSURANCE VERIFICATION</b> <b>PHONE (913) 831-1777</b>





\*00000000010500597003510042012\*

## AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

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Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
5801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Melcalf Avenue  
Overland Park, KS 66213

**Grantor:** Arizona Cinemas, LLC  
5801 W. 107th Street  
Overland Park, KS 66213

**INSURANCE REQUIREMENTS.** Grantor, Arizona Cinemas, LLC ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral")

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**Basis:** Replacement value  
**Endorsements:** Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 15 days prior written notice to Lender.  
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**Latest Delivery Date:** By the loan closing date

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GRANTOR:

ARIZONA CINEMAS, LLC

By: COPY  
Ronald J. Morton, Managing Member of Arizona  
Cinemas, LLC

FOR LENDER USE ONLY	
DATE: _____	PHONE (913) 831-1777
INSURANCE VERIFICATION	
AGENT'S NAME: _____	
AGENCY: Schifman, Remley & Assoc., Inc.	
ADDRESS: 5201 Johnson Drive, Suite 500, Mission, KS 66205	
INSURANCE COMPANY: Phoenix Insurance Company	
POLICY NUMBER: _____	
EFFECTIVE DATES: _____	
COMMENTS: _____	

LASEP ARIZONA Lending 10/11/12 10/11/12 Copy: LASEP Financial Solutions, Inc. 10/11/12 All Rights Reserved. - KS: Phoenix/ARIZONA/10/11/12 Page 1



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Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
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Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southbrook  
13180 Metcalf Avenue  
Overland Park, KS 66213

**Grantor:** Chenal Cinemas LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**INSURANCE REQUIREMENTS.** Grantor, Chenal Cinemas LLC ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

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**GRANTOR:**

**CHENAL CINEMAS LLC**

By: Ronald J. Horton, Managing Member of Chenal Cinemas LLC

FOR LENDER USE ONLY		
DATE _____	INSURANCE VERIFICATION	PHONE (913) 831-1777
AGENT'S NAME: _____		
AGENCY: Schiffman, Remley & Assoc., Inc.		
ADDRESS: 5201 Johnson Drive, Suite 500, Mission, KS 66205		
INSURANCE COMPANY: Phoenix Insurance Company		
POLICY NUMBER: _____		
EFFECTIVE DATES: _____		
COMMENTS: _____		

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## AGREEMENT TO PROVIDE INSURANCE

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**Latest Delivery Date:** By the loan closing date

**INSURANCE COMPANY.** Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender. Grantor has the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by Grantor, subject to Lender's right, for reasonable cause before credit is extended, to decline any insurance provided by Grantor.

**FAILURE TO PROVIDE INSURANCE.** Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of October 4, 2012, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. **GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.**

**AUTHORIZATION.** For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED OCTOBER 4, 2012.**

**GRANTOR:**

CHENAL CINEMAS LLC

By: COPY

Ronald J. Horton, Managing Member of Chenal Cinemas LLC

FOR LENDER USE ONLY INSURANCE VERIFICATION		
DATE: _____		PHONE (913) 831-1777
AGENT'S NAME: _____		
AGENCY: Schiffman, Remley & Assoc., Inc.		
ADDRESS: 5201 Johnson Drive, Suite 500, Mission, KS 66205		
INSURANCE COMPANY: Phoenix Insurance Company		
POLICY NUMBER: _____		
EFFECTIVE DATES: _____		
COMMENTS: _____		
_____		

Lender and Grantor use this form for insurance verification. All Rights Reserved. KS 11/04/09/01/05/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/00/01/02/03/04/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68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\*00000000010500597003510042012\*

## AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Coll. Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

**Grantor:** Midwest Cinema Group, Inc.  
6801 W. 107th Street  
Overland Park, KS 66213

**INSURANCE REQUIREMENTS.** Grantor, Midwest Cinema Group, Inc. ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC, and Arizona Cinemas, LLC ("Borrower") by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

**Collateral:** 6801 W. 107th Street, Overland Park, KS 66212.

**Type:** Fire and extended coverage.

**Amount:** Full insurable value.

**Base:** Replacement value.

**Endorsements:** Standard mortgagee's clause with stipulation that coverage will not be cancelled or diminished without a minimum of 15 days prior written notice to Lender, and without disclaimer of the insurer's liability for failure to give such notice.

**Latest Delivery Date:** By the loan closing date.

**INSURANCE COMPANY.** Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender. Grantor has the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by Grantor, subject to Lender's right, for reasonable cause before credit is extended, to decline any insurance provided by Grantor.

**FLOOD INSURANCE.** Flood insurance for the Collateral securing this loan is described as follows:

**Real Estate at 6801 W. 107th Street, Overland Park, KS 66212.**

The Collateral securing this loan is not currently located in an area identified as having special flood hazards. Therefore, no special flood hazard insurance is necessary at this time. Should the Collateral at any time be deemed to be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Collateral is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan. Flood insurance may be purchased under the National Flood Insurance Program or from private insurers.

**FAILURE TO PROVIDE INSURANCE.** Grantor agrees to deliver to Lender, on the latest delivery date stated above, evidence of the required insurance as provided above, with an effective date of October 4, 2012, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL, HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

**AUTHORIZATION.** For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED OCTOBER 4, 2012.**

**GRANTOR:**

**MIDWEST CINEMA GROUP, INC.**

**By: COPY**

Ronald J. Horton, President/CEO of Midwest Cinema Group, Inc.

FOR LENDER USE ONLY INSURANCE VERIFICATION		
DATE _____		PHONE (913) 831-1777
AGENTS NAME: _____		
AGENCY: Schifman, Remley & Assoc., Inc.		
ADDRESS: 5201 Johnson Drive, Suite 500, Mission, KS 66205		
INSURANCE COMPANY: Phoenix Insurance Company		
POLICY NUMBER: _____		
EFFECTIVE DATES: _____		
COMMENTS: _____		



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### AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	CU# / Cpl	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	111		CRW	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

**Grantor:** Palazzo 16 Theatres, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**INSURANCE REQUIREMENTS.** Grantor, Palazzo 16 Theatres, LLC ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral")

**Collateral:** All Inventory, Equipment and Fixtures.  
**Type:** All risks, including fire, theft and liability  
**Amount:** Full Insurable Value.  
**Basis:** Replacement value.  
**Endorsements:** Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 15 days prior written notice to Lender.  
**Deductible:** \$1,000.00.  
**Latest Delivery Date:** By the loan closing date.

**INSURANCE COMPANY.** Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender. Grantor has the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by Grantor, subject to Lender's right, for reasonable cause before credit is extended, to decline any insurance provided by Grantor.

**FAILURE TO PROVIDE INSURANCE.** Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of October 4, 2012, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. **GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.**

**AUTHORIZATION.** For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED OCTOBER 4, 2012.**

**GRANTOR:**

**PALAZZO 16 THEATRES, LLC**

By: Ronald J. Horton, Managing Member of Palazzo 16 Theatres, LLC

FOR LENDER USE ONLY		
INSURANCE VERIFICATION		
DATE: _____	PHONE (913) 831-4777	
AGENT'S NAME: _____		
AGENCY: Schifman, Remley & Assoc., Inc.		
ADDRESS: 5201 Johnson Drive, Suite 500, Mission, KS 66205		
INSURANCE COMPANY: Phoenix Insurance Company		
POLICY NUMBER: _____		
EFFECTIVE DATES: _____		
COMMENTS: _____		

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## AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Cell / Opt	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500587	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southbrook  
13180 Metcalf Avenue  
Overland Park, KS 66213

**Grantor:** Palazzo 16 Theatres, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**INSURANCE REQUIREMENTS.** Grantor, Palazzo 16 Theatres, LLC ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC ("Borrower") by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

**Collateral:** All Inventory, Equipment and Fixtures.  
**Type:** All risks, including fire, theft and liability  
**Amount:** Full Insurable Value  
**Basis:** Replacement value.  
**Endorsements:** Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 15 days prior written notice to Lender.  
**Deductibles:** \$1,000.00.  
**Latest Delivery Date:** By the loan closing date

**INSURANCE COMPANY.** Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender. Grantor has the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by Grantor, subject to Lender's right, for reasonable cause before credit is extended, to decline any insurance provided by Grantor.

**FAILURE TO PROVIDE INSURANCE.** Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of October 4, 2012, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL. HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

**AUTHORIZATION.** For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED OCTOBER 4, 2012.

GRANTOR:

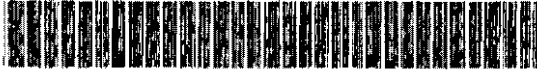
PALAZZO 16 THEATRES, LLC

By: COPY

Ronald J. Horton, Managing Member of Palazzo 16  
Theatres, LLC

FOR LENDER USE ONLY		
DATE: _____	INSURANCE VERIFICATION	PHONE (913) 831-1777
AGENT'S NAME _____		
AGENCY Schiffman, Remley & Assoc., Inc.		
ADDRESS 3201 Johnson Drive, Suite 500, Mission, KS 66205		
INSURANCE COMPANY Phoenix Insurance Company		
POLICY NUMBER _____		
EFFECTIVE DATES _____		
COMMENTS _____		

LAWSON PRO Lender, Inc. 12/14/02 Copy Required Financial Institutions, Inc. 10/07, 2012. All Rights Reserved. - KS (12/07/02) 15/15 PC 10/07/12 09/12



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Banking Solutions

## DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No.	Cell / Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 18 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mease Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

**LOAN TYPE.** This is a Variable Rate Nondisclosable Revolving Line of Credit Loan to two Corporations and four Limited Liability Companies for \$900,000.00 due on December 31, 2012.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

☐ Personal, Family, or Household Purposes or Personal Investment.

☒ Business (Including Real Estate Investment).

**SPECIFIC PURPOSE.** The specific purpose of this loan is increase working capital line of credit.

**FLOOD INSURANCE.** As reflected on Flood Map No. 20091C0068G dated 08-03-2009, for the community of CITY OF OVERLAND PARK, some of the property that will secure the loan is not located in an area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards. Therefore, although flood insurance may be available for the property, no special flood hazard insurance protecting property not located in an area having special flood hazards is required by law for this loan at this time.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$900,000.00 as follows:

Undisbursed Funds:	\$785,981.43
Other Disbursements:	\$105,278.57
\$105,278.57 Current Loan Balance	
Other Charges Financed:	\$4,740.00
\$10.00 UCC Filing Fee to Kansas Secretary of State	
\$8.00 Flood Certification and Life of Loan Payable to CBCInnovis	
\$2,500.00 Appraisal Fee to Bliss Associates, LLC	
\$1,430.00 Mortgage Registration Tax to RTA	
\$743.00 Title Policy to Continental Title Company	
\$7.00 Future Release Fee to RTA	
\$36.00 Mortgage Recording Fee to RTA	
\$8.00 eRecording to Continental Title Company	
Total Financed Prepaid Finance Charges:	\$4,000.00
\$4,000.00 Loan Origination Fee	

Note Principal: \$900,000.00

**AUTOMATIC PAYMENTS.** Borrower hereby authorizes Lender automatically to deduct from Borrower's Demand Deposit - Checking account, numbered 102013683, the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED OCTOBER 4, 2012.



By: Ronald J. Horton, Managing Member of Arizona  
Cinemas, LLC



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## DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Chk / Cert	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chapel Cinemas LLC;  
Palazzo 18 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southwest  
13186 Metcalf Avenue  
Overland Park, KS 66213

**LOAN TYPE.** This is a Variable Rate Nondisclosable Revolving Line of Credit Loan to two Corporations and four Limited Liability Companies for \$900,000.00 due on December 31, 2012.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

- ☐ Personal, Family, or Household Purposes or Personal Investment.
- ☒ Business (including Real Estate Investment).

**SPECIFIC PURPOSE.** The specific purpose of this loan is: Increase working capital line of credit.

**FLOOD INSURANCE.** As reflected on Flood Map No. 20091C0066G dated 08-03-2009, for the community of CITY OF OVERLAND PARK, some of the property that will secure the loan is not located in an area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards. Therefore, although flood insurance may be available for the property, no special flood hazard insurance protecting property not located in an area having special flood hazards is required by law for this loan at this time.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$900,000.00 as follows:

Undisbursed Funds:	\$786,981.43
Other Disbursements:	\$105,278.57
\$105,278.57 Current Loan Balance	
Other Charges Financed:	\$4,740.00
\$10.00 UCC Filing Fee to Kansas Secretary of State	
\$6.00 Flood Certification and Life of Loan Payable to CBCInnovis	
\$2,500.00 Appraisal Fee to Bliss Associates, LLC	
\$1,430.00 Mortgage Registration Tax to RTA	
\$743.00 Title Policy to Continental Title Company	
\$7.00 Future Release Fee to RTA	
\$36.00 Mortgage Recording Fee to RTA	
\$8.00 eRecording to Continental Title Company	
Total Financed Prepaid Finance Charges:	\$4,000.00
\$4,000.00 Loan Origination Fee	

Note Principal: \$900,000.00

**AUTOMATIC PAYMENTS.** Borrower hereby authorizes Lender automatically to deduct from Borrower's Demand Deposit - Checking account, numbered 102013663, the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED OCTOBER 4, 2012.





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Banking Without

## NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Car / Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas, LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

**Loan.** The term "Loan" means the following described loan: a Variable Rate Nondisclosable Revolving Line of Credit Loan to two Corporations and four Limited Liability Companies for \$900,000.00 due on December 31, 2012.

**Loan Agreement.** The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

### LOAN DOCUMENTS

#### Business Loan Agreement

KS Commercial Guaranty: Ronald J. Horton

KS Commercial Security Agreement: Purchase Money Security Interest in all Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Palazzo 16 Theatres, LLC

KS Commercial Pledge Agreement: Assignment of Network Affiliate Agreement dated September 26, 2011 by and between National CineMedia, LLC, a Delaware limited liability company and Dickinson Theatres, Inc., a Kansas corporation. The assignment is only for the rights specific to the Palm Valley 14 Theatre, 1325 N. Litchfield Road, Goodyear, AZ 85338 and Palazzo 16 Theatre, 6801 W. 107th Street, Overland Park, KS 66223; ASSIGNMENT OF IMAX License Agreement dated July 2007, between IMAX Corporation and Dickinson Theatres Inc. assignment is only for the rights specific to the Chenal Theatres location referenced as Theatre 2, Little Rock, Arkansas; owned by Dickinson Theatres, Inc. Agreement to Provide Insurance: Purchase Money Security Interest in all Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Palazzo 16 Theatres, LLC

#### Promissory Note

AR Commercial Security Agreement. All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Chenal Cinemas LLC

AZ Commercial Security Agreement. All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Arizona Cinemas, LLC

KS Mortgage for Real Property located at 6801 W. 107th Street, Overland Park, KS 66212

Agreement to Provide Insurance: All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Arizona Cinemas, LLC

Agreement to Provide Insurance: All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Chenal Cinemas LLC

Agreement to Provide Insurance: Real Property located at 6801 W. 107th Street, Overland Park, KS 66212; owned by Midwest Cinema Group, Inc.

Disbursement Request and Authorization  
Notice of Final Agreement

**Parties.** The term "Parties" means PEOPLES BANK and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas, LLC; and Arizona Cinemas, LLC  
**Grantor(s):** Midwest Cinema Group, Inc.  
**Grantor(s):** Palazzo 16 Theatres, LLC  
**Grantor(s):** Arizona Cinemas, LLC  
**Grantor(s):** Chenal Cinemas LLC  
**Grantor(s):** Dickinson Theatres, Inc.  
**Guarantor 1:** Ronald J. Horton



Each Party who signs below, other than PEOPLES BANK, acknowledges, represents, and warrants to PEOPLES BANK that it has received, read and understood this Notice of Final Agreement. This Notice is dated October 4, 2012.

BORROWER:

DICKINSON THEATRES, INC.

By: Ronald J. Horton, President/CEO of Dickinson  
Theatres, Inc.

CHENAL CINEMAS LLC

By: Ronald J. Horton, Managing Member of Chenal  
Cinemas LLC

PALAZZO 16 THEATRES, LLC

By: Ronald J. Horton, Managing Member of Palazzo 16  
Theatres, LLC

MIDWEST CINEMA GROUP, INC.

By: Ronald J. Horton, President/CEO of Midwest Cinema  
Group, Inc.

MESA CINEMAS LLC

By: Ronald J. Horton, Managing Member of Mesa  
Cinemas LLC

ARIZONA CINEMAS, LLC

By: Ronald J. Horton, Managing Member of Arizona  
Cinemas, LLC

GUARANTOR:

X Ronald J. Horton, Individually

LENDER:

PEOPLES BANK

X Charles R. Wooten, Jr., Community President



\*00000000010500597082010042012\*



## NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$900,000.00	10-04-2012	12-31-2012	10500597	117		CRW	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or term. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC;  
Palazzo 16 Theatres, LLC; Midwest Cinema Group,  
Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
6801 W. 107th Street  
Overland Park, KS 66213

**Lender:** PEOPLES BANK  
Southcreek  
13180 Metcalf Avenue  
Overland Park, KS 66213

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

**Loan.** The term "Loan" means the following described loan: a Variable Rate Nondisclosable Revolving Line of Credit Loan to two Corporations and four Limited Liability Companies for \$900,000.00 due on December 31, 2012.

**Loan Agreement.** The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

### LOAN DOCUMENTS

#### Business Loan Agreement

KS Commercial Guaranty: Ronald J. Horton

KS Commercial Security Agreement: Purchase Money Security Interest in all Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Palazzo 16 Theatres, LLC

KS Commercial Pledge Agreement: Assignment of Network Affiliate Agreement dated September 26, 2011 by and between National CinemaMedia, LLC, a Delaware limited liability company and Dickinson Theatres, Inc., a Kansas corporation. The assignment is only for the rights specific to the Palm Valley 14 Theatre, 1325 N. Litchfield Road, Goodyear, AZ 85338 and Palazzo 16 Theatre, 8601 W. 135th Street, Overland Park, KS 66223; ASSIGNMENT OF IMAX License Agreement dated July 2007, between IMAX Corporation and Dickinson Theatres, Inc. assignment is only for the rights specific to the Chenal Theatres location referenced as Theatre 2, Little Rock, Arkansas, owned by Dickinson Theatres, Inc. Agreement to Provide Insurance: Purchase Money Security Interest in all Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Palazzo 16 Theatres, LLC

#### Promissory Note

AR Commercial Security Agreement: All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Chenal Cinemas LLC

AZ Commercial Security Agreement: All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Arizona Cinemas, LLC

KS Mortgage for Real Property located at 6801 W. 107th Street, Overland Park, KS 66212

Agreement to Provide Insurance: All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Arizona Cinemas, LLC

Agreement to Provide Insurance: All Inventory, Chattel Paper, Accounts, Equipment, General Intangibles and Fixtures; owned by Chenal Cinemas LLC

Agreement to Provide Insurance: Real Property located at 6801 W. 107th Street, Overland Park, KS 66212; owned by Midwest Cinema Group, Inc.

Disbursement Request and Authorization

Notice of Final Agreement

**Parties.** The term "Parties" means PEOPLES BANK and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

**Borrower:** Dickinson Theatres, Inc.; Chenal Cinemas LLC; Palazzo 16 Theatres, LLC; Midwest Cinema Group, Inc.; Mesa Cinemas LLC; and Arizona Cinemas, LLC  
**Grantor(s):** Midwest Cinema Group, Inc.  
**Grantor(s):** Palazzo 16 Theatres, LLC  
**Grantor(s):** Arizona Cinemas, LLC  
**Grantor(s):** Chenal Cinemas LLC  
**Grantor(s):** Dickinson Theatres, Inc.  
**Guarantor 1:** Ronald J. Horton

NOTICE OF FINAL AGREEMENT  
(Continued)

Each Party who signs below, other than PEOPLES BANK, acknowledges, represents, and warrants to PEOPLES BANK that it has received, read and understood this Notice of Final Agreement. This Notice is dated October 4, 2012.

BORROWER.

DICKINSON THEATRES, INC.

By: Ronald J. Horton, President/CEO of Dickinson  
Theatres, Inc.

CHENAI CINEMAS LLC

By: Ronald J. Horton, Managing Member of Chenal  
Cinemas LLC

PALAZZO 16 THEATRES, LLC

By: Ronald J. Horton, Managing Member of Palazzo 16  
Theatres, LLC

MIDWEST CINEMA GROUP, INC.

By: Ronald J. Horton, President/CEO of Midwest Cinema  
Group, Inc.

MESA CINEMAS LLC

By: Ronald J. Horton, Managing Member of Mesa  
Cinemas LLC

ARIZONA CINEMAS, LLC

By: Ronald J. Horton, Managing Member of Arizona  
Cinemas, LLC

GUARANTOR:

X Ronald J. Horton, Individually

LENDER.

PEOPLES BANK

X Charles R. Wooten, Jr., Community President