

## STOCK REDEMPTION AGREEMENT

THIS AGREEMENT made this 22nd day of September, 2021, by and between Robert B. Hilton, Trustee of the Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008, 431 Seaport Circle, Liberty, Missouri 64068 (the "Seller"), and KNZA, Inc., a Kansas corporation, having its principal office at 1828 Highway 73, Hiawatha, KS 66434 (the "Corporation"). Robert B. Hilton also executes this Agreement to bind himself to certain personal obligations set forth below.

### WITNESSETH:

WHEREAS, Seller owns a total of forty-one thousand (41,000) shares of the common stock of the Corporation (the "Shares"); and

WHEREAS, Seller desires to have all of the Shares redeemed by the Corporation; and

WHEREAS, the Corporation is willing to make such redemption upon the terms set forth herein.

NOW, THEREFORE, in consideration of the promises and of the respective covenants and agreements hereinafter contained, it is hereby agreed between and among the parties hereto as follows:

1. **Purchase Price.** The Seller hereby agrees to sell and deliver to the Corporation, and the Corporation hereby agrees to purchase from the Seller all of the Shares for the sum of \$691,878.00.

2. **Manner of Payment.** The Corporation shall pay the Seller for the Shares by delivering to the Seller on or before December 1, 2021 (the "Closing Date") \$62,898.00 in cash or certified check and a Promissory Note substantially in the form of Exhibit "A" attached hereto (the "Note"), for the remaining portion of the purchase price, equal to \$628,980.00, for a term

of ten (10) years and bearing interest at 1.73% per annum. Purchaser's obligations under the Note shall be secured by an interest in the Corporation's assets pursuant to a Security Agreement and Mortgage substantially in the form of the documents set forth in the attached Exhibit "B" As part of the consideration for the total purchase price set forth above, with the parties agreeing and acknowledging that Robert B. Hilton is the Trustee of the Seller, Robert B. Hilton also individually agrees to execute a Non-Competition Agreement substantially in the form of the attached Exhibit "C."

3. **Surrender of Shares.** On the Closing Date, the Seller shall deliver to the Corporation the certificate(s) representing all of the Shares, duly endorsed to transfer the Shares to the Corporation in return for payment in full of the purchase price hereunder.

4. **Resignation.** At the closing, Robert B. Hilton shall resign as a director and officer of the Corporation and the parties shall take by and through the execution of a Resignation substantially in the form of the attached Exhibit "D," or cause to be taken, such action as Purchaser may request with respect to the change in the Corporation's directors and officers.

5. **Allocation of Income and Loss.** The Corporation shall elect under Internal Revenue Code Section 1377(a)(2) to have the Corporation's income, loss, deduction, and credit for the 2021 taxable year allocated as if the Corporation had two (2) taxable years, the first of which ends on the Closing Date and the other of which ends on December 31, 2021. The Seller agrees to sign a statement to be attached to the Corporation's 2021 federal income tax return consenting to the making of this election.

6. **Representations of Seller.** The Seller represents and warrants that Seller is the

owner, free and clear of any and all encumbrances, of all the Shares to sold and delivered by Seller hereunder.

7. **Covenants of Seller.** Seller shall maintain ownership, free and clear of any and all encumbrances, of all the Shares until the Closing Date.

8. **Representations of Corporation.** The Corporation represents and warrants that the execution and delivery of this Agreement by it has been duly authorized by proper corporate action, and that this Agreement constitutes a valid, binding and enforceable obligation of the Corporation in accordance with its respective terms, and that the Corporation presently has sufficient surplus with which to acquire the Shares sold and delivered hereunder by the Seller.

9. **Reduction of Capital.** The Corporation further represents and warrants that, as required by K.S.A. 17-6604, although the Corporation is reducing its capital by the redemption of the Shares, the assets of the Corporation remaining after such redemption are sufficient to pay any debts of the Corporation for which payment has not otherwise been provided.

10. **Survival of Representations and Warranties.** All representations and warranties made hereunder shall survive the delivery of the Shares sold hereunder.

11. **Stockholder Agreement.** The parties acknowledge that the Shares are subject to an Agreement executed between Seller and the Corporation dated June 1, 1992 (the "Stockholder Agreement"). Seller further acknowledges that all terms of the Stockholder Agreement have been fully complied with and that Seller has no claims whatsoever under or by virtue of the Stockholder's Agreement.

12. **Entire Agreement.** This Agreement constitutes the entire agreement between

the parties with respect to its subject matter and may not be modified or amended orally.

13. **Notices.** All notices or other documents under this Agreement shall be in writing and delivered personally or mailed by certified mail, return receipt requested, postage prepaid, addressed to the parties at their last known address.

14. **Non-Waiver.** No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

15. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Kansas. Brown County, Kansas, is designated as the place of trial for any action or proceeding arising from or in connection with this Agreement.

16. **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the respective parties hereto, their legal representatives, successors and assigns.

18. **Representation.** Seller acknowledges that in preparing this Agreement, Arthur-Green, LLP has represented the Corporation, and not the Seller. Seller further acknowledges that Seller has been advised and are hereby advised that Seller should seek the advice of independent counsel to advise Seller of Seller's rights and obligations in connection with this Agreement; and that Seller has had had the opportunity to seek such advice from independent counsel.

19. **Attorney's Fees.** The parties agree that should any party prevail against any other party in taking legal action to enforce the party's rights or another party's obligations under

this agreement, then the losing party or parties shall reimburse the prevailing party or parties for all associated legal costs, including court costs and reasonable attorneys' fees.

20. **Electronic Signatures.** This Agreement may be executed by facsimile or electronic signature by any party and such signature will be deemed binding for all purposes hereof without delivery of an original signature being thereafter required.

**[The remainder of this page is intentionally left blank]**

**Stock Redemption Agreement  
Hilton Trust and KNZA, Inc.**

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year above set forth.

THE ROBERT B. HILTON AND KAY L.  
HILTON TRUST dated June 3, 2008

By: Robert B. Hilton Trustee  
Robert B. Hilton, Trustee

Robert B. Hilton  
Robert B. Hilton

**SELLER**

KNZA, INC.,  
a Kansas corporation

By: Gregory F. Baser  
Gregory F. Baser, President

**CORPORATION**

**Exhibit "A"**  
**Promissory Note**

ARTHUR-GREEN LLP  
ATTORNEYS AT LAW  
801 POYNTZ AVENUE  
MANHATTAN, KANSAS  
66502-6054

785-537-1345  
FAX 785-537-7874

## PROMISSORY NOTE

\$628,980.00

\_\_\_\_\_, 2021

For value received, the undersigned, KNZA, Inc., a Kansas corporation having its principal office at 1828 Highway 73, Hiawatha, KS 66434 (“Borrower”), promises to pay to the order of Robert B. Hilton, Trustee of the Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008, 431 Seaport Circle, Liberty, Missouri 64068 (“Lender”), the principal sum of Six Hundred Twenty-eight Thousand Nine Hundred Eighty and No/100 Dollars (\$628,980.00) together with interest on said principal sum as described below until paid in full.

Borrower agrees that:

1. **Interest Rate.** The principal sum shall accrue interest at 1.73% per annum (the applicable federal rate for long-term obligations) from the date of this Note until the principal is paid in full, subject to paragraph 6 below.

2. **Term; Payments of Principal and Interest During Term of the Loan.** This Note shall be for a term of ten (10) years. The principal sum of the Note and interest thereon shall be paid as follows: amortized annual payments of principal and interest in the amount of \_\_\_\_\_ (\$69,036.65) each shall be due on \_\_\_\_\_ of each year, commencing on \_\_\_\_\_, 2022, with the final amortized annual payment of principal and interest being due \_\_\_\_\_, 2031, all in accordance with the Loan Amortization attached hereto as Exhibit “A” and incorporated herein by reference.

3. **Payments and Computations.** All payments on account of the indebtedness evidenced by this Note shall be made within ten (10) days of the day when due, in lawful money of the United States, and shall be applied first to interest on the unpaid principal balance of the Note and the remainder to principal. All computations of interest shall be made by Lender on the actual days outstanding on the basis of a three hundred sixty-five (365) day calendar year. Lender shall keep records sufficient to determine the principal and interest owing pursuant to this Note. The balance due Lender, as set forth in such records, shall be conclusive evidence of the amounts due and owing by the undersigned, absent manifest error.

4. **Prepayment.** Borrower shall be allowed to make prepayment of this Note without penalty.

5. **Collateral Security.** This Note is secured by the assets in KNZA, Inc., a Kansas corporation, as provided in a Security Agreement and Mortgage of an even date to this Note, and the holder hereof is entitled to the benefit of the security described therein.



6. **Event of Default.** The Borrower will be in default if any of the following occur: (a) the Borrower fails to pay any amount due under this Note at the time required; (b) the Borrower fails to fulfill any other obligation under this Note or under the Security Agreement securing this Note; (c) the property securing this obligation is disposed of; or (d) the prospect of repayment under this Note is, in the sole opinion of the Lender, which opinion is held in good faith, substantially impaired. In the event of default, as described above, the Lender may declare the entire balance then owing on this Note immediately due and payable, and the principal sum due hereunder shall thereafter accrue interest at the maximum rate permitted by law.

7. **Nonwaiver and Time.** Failure of the Lender to require strict performance in accordance with its terms on any one occasion shall not serve as a waiver of such failure on any other occasion nor prohibit demand by the Lender for strict performance thereafter. Time is of the essence in the performance of the obligations herein.

8. **Applicable Law.** This Note shall be construed and enforced in accordance with the laws of the State of Kansas. Brown County, Kansas, is designated as the place of trial for any action or proceeding arising from or in connection with this Agreement.

9. **Notice.** Any notice, demand, request or other communication which the Lender or Borrower may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (i) upon receipt if hand delivered or (ii) if mailed effective three days after deposit in the United States mail by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Borrower:       KNZA, Inc.  
                                  c/o Justin Fluke  
                                  1828 Highway 73  
                                  Hiawatha, KS 66434

With a copy to:       Arthur-Green, LLP  
                                  c/o Shon C. Robben  
                                  801 Poyntz Avenue  
                                  Manhattan, Kansas 66502

If to Lender:         Robert B. Hilton, Trustee of the Robert B. Hilton and  
                                  Kay L. Hilton Trust, dated June 3, 2008  
                                  431 Seaport Circle  
                                  Liberty, Missouri 64068

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice. Notices may also be given by overnight delivery effective one day after so sent.

10. **Benefit.** This Note shall be binding upon and shall inure to the benefit of the parties, their legal representatives, and their assigns. If this Note is assigned by the Lender, the assignee shall have the same rights and obligations as the Lender under this Note.

11. **Attorneys' Fees.** The Borrower agrees that if this Note is not paid promptly in accordance with its terms and is placed in the hands of an attorney for collection, or if suit be instituted to foreclose the Security Agreement given as security heretofore, the Borrower shall pay the Lender in addition to the unpaid principal balance hereof and all accrued and unpaid interest due hereon but then unpaid, all costs of collection including attorneys' fees.

12. **Waiver.** The Borrower waives demand, notice and protest and any defense arising by reason of extension of time, release of collateral or other indulgence granted by the holder of this Note.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note as of the day and year first set forth above.

KNZA, INC.,  
a Kansas corporation

By: \_\_\_\_\_  
Gregory F. Buser, President

**BORROWER**

#### ACKNOWLEDGEMENT

STATE OF KANSAS, COUNTY OF \_\_\_\_\_, SS:

NOW, on this \_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public, appeared Gregory F. Buser, as President of KNZA, Inc., a Kansas corporation, to me personally known, who, being by me duly sworn to be the same person who executed the foregoing instrument on behalf of said corporation and who acknowledged the execution of the foregoing instrument in such capacity as his voluntary act and deed on behalf of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the county and state aforesaid the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

**EXHIBIT “A”**  
**Loan Amortization Schedule**

**Exhibit "B"**  
**Security Agreement and Mortgage**

ARTHUR-GREEN LLP  
ATTORNEYS AT LAW  
801 POYNTZ AVENUE  
MANHATTAN, KANSAS  
66502-6054

785-537-1345  
FAX 785-537-7874

## SECURITY AGREEMENT

Dated: \_\_\_\_\_, 2021.

### A. PARTIES

1. KNZA, Inc.  
Attn: Justin Fluke  
1828 Highway 73  
Hiawatha, KS 66434  
("Debtor")
2. Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008  
c/o Robert B. Hilton, Trustee  
431 Seaport Circle  
Liberty, Missouri 64068  
("Creditor")

### B. AGREEMENT

Subject to the terms of this Security Agreement (the "Agreement"), Debtor grants to Creditor a security interest in the Collateral to secure the payment of the Obligation.

### C. OBLIGATION

The following is the "Obligation" secured by this Agreement:

1. Promissory Note from Debtor to Creditor, dated \_\_\_\_\_, 2021, in the amount of \$628,980.00 (the "Note").
2. Interest on the above amounts, as agreed between Creditor and Debtor.

### D. COLLATERAL

1. Debtor grants Creditor a security interest in the following (the "Collateral"):
  - (a) All machinery, equipment, fixtures, appliances and furniture now owned or hereafter acquired by Debtor, related to Debtor's business located at 1828 Highway 73, Hiawatha, KS 66434;
  - (b) All inventory now owned or hereafter acquired and products and proceeds thereof;

(c) All accounts, contract rights, and accounts receivable, now or hereafter in existence and all proceeds thereof, and all returned or repossessed goods arising from or relating to any of said accounts or rights;

(d) All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with any of the above;

(e) All property similar to the above hereafter acquired by Debtor;

(f) All general intangibles, now owned or hereafter acquired or arising;

(g) All cash or non-cash proceeds of any of the foregoing, including insurance proceeds;

(h) All ledger sheets, files, records, documents, and instruments (including, but not limited to, computer programs, tapes, and related electronic data processing software) evidencing an interest in or relating to the above; and

(i) All cross-collateralized and cross-defaulted obligations, property, and instruments, including but not limited to:

i. That certain Promissory Note from Debtor to Creditor, dated \_\_\_\_\_, 2021, in the amount of \$628,980.00.

ii. That certain Kansas Real Estate Mortgage executed by Borrower and granted to Creditor, and dated on or about \_\_\_\_\_, 2021 and recorded in Book \_\_\_\_\_, Page \_\_\_\_\_, in the office of the Register of Deeds of Brown County, Kansas.

2. The location of the office where the records concerning Creditor's rights are kept is Debtor's address above stated or the address at 1828 Highway 73, Hiawatha, KS 66434.

#### **E. AGREEMENTS OF DEBTOR**

1. Debtor shall: take adequate care of the Collateral; insure the Collateral for such hazards and in such amounts as Creditor directs, under policies satisfactory to Creditor; pay all costs necessary to obtain, preserve, and enforce this security interest, collect the Obligation, and preserve the Collateral, including (but not limited to) taxes, assessments, insurance premiums, repairs, reasonable attorney's fees and legal expenses, rent, storage costs, and expenses of sale; furnish Creditor with any information about the Collateral requested by Creditor; allow Creditor to inspect the Collateral, and inspect and copy all records relating to the Collateral and the Obligation; sign any papers furnished by Creditor which are necessary to obtain and maintain this security interest; take necessary steps to preserve the liability of account debtors, obligors, and secondary parties whose

obligations are part of the Collateral; transfer possession of all instruments, documents, and chattel paper which are part of the Collateral to Creditor immediately, or as to those hereafter acquired, immediately following acquisition; perfect a security interest (using a method satisfactory to Creditor) in goods covered by chattel paper which is part of the Collateral; notify Creditor of any change occurring in or to the Collateral, or in any fact or circumstance warranted or represented by Debtor in this agreement or furnished to Creditor, or if any event of default occurs.

2. Debtor shall not (without Creditor's consent): remove the Collateral from the locations specified herein; allow the Collateral to become an accession to other goods; sell, lease, otherwise transfer, manufacture, process, assemble, or furnish under contracts of service, the Collateral, except goods identified herein as inventory; allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.

3. Except as otherwise provided herein, Debtor warrants: no financing statement or security interest has been asserted with respect to the Collateral, other than relating to this security interest or as may have been filed with the Kansas Secretary of State as of the date of this Agreement; Debtor is the absolute owner of the Collateral, and it is not encumbered other than by this security interest and the security interest(s) as may be indicated by financing statements filed with the Kansas Secretary of State as of the date of this Agreement; none of the Collateral is affixed to real estate or an accession to other goods, nor will Collateral acquired hereafter be affixed to real estate or an accession to other goods when acquired, unless Debtor has furnished Creditor the consents or disclaimers necessary to make this security interest valid against persons holding interests in the real estate or other goods; all account debtors and obligors, whose obligations are part of the Collateral, are to the extent permitted by law prevented from asserting against Creditor any claims or defenses they have against sellers.

#### **F. RIGHTS OF CREDITOR**

Creditor may, in its discretion, after default: terminate, on notice to Debtor, Debtor's authority to sell, lease, otherwise transfer, manufacture, process or assemble, or furnish under contracts of service, inventory Collateral, or any other Collateral as to which such permission has been given; require Debtor to give possession or control of the Collateral to Creditor; indorse as Debtor's agent any instruments or chattel paper in the Collateral; notify account debtors and obligors on instruments to make payment directly to Creditor; contact account debtors directly to verify information furnished by Debtor; take control of proceeds and use cash proceeds to reduce any part of the Obligation; take any action Debtor is required to take or otherwise necessary to obtain, preserve, and enforce this security interest, and maintain and preserve the Collateral, without notice to Debtor, and add costs of same to the Obligation (but Creditor is under no duty to take any such action); release Collateral in its possession to Debtor, temporarily or otherwise; take control of funds generated by the Collateral, such as dividends, interest, proceeds or refunds from insurance, and use same to reduce any part of the Obligation; waive any of its rights hereunder without such waiver prohibiting the later exercise of the same or similar rights; revoke any permission or waiver previously granted to Debtor.

## **G. MISCELLANEOUS**

The rights and privileges of Creditor shall inure to its successors and assigns. All representations, warranties, and agreements of Debtor shall bind Debtor's successors and assigns. Definitions in the Uniform Commercial Code apply to words and phrases in this agreement. Debtor waives presentment, demand, notice of dishonor, protest, and extension of time without notice as to any instruments and chattel paper in the Collateral. Notice mailed to Debtor's address in Section A, or to Debtor's most recent changed address on file with Creditor, at least five (5) days prior to the related action (or, if the Uniform Commercial Code specifies a longer period, such longer period prior to the related action), shall be deemed reasonable. A photographic or other reproduction of this Agreement, or any financing statement signed by Debtor, is sufficient as a financing statement.

Debtor agrees to execute and deliver to Creditor such additional documents, and to perform such other acts or to otherwise cooperate with Creditor, as may reasonably be necessary and proper to effectuate the purposes of this Agreement.

## **H. DEFAULT**

1. Any of the following is an "Event of Default": failure of Debtor to pay the Note in the Obligation in accordance with its terms, or any other liability in the Obligation on demand, or to perform any act or duty required by this Agreement; falsity of any warranty or representation in this Agreement when made; substantial change in any fact warranted or represented in this Agreement; involvement of Debtor in bankruptcy or insolvency proceedings; death, dissolution, or other termination of Debtor's existence; merger or consolidation of Debtor with another; substantial loss, theft, destruction, sale, reduction in value, encumbrance of, damage to, or change in the Collateral; modification of any contract, the rights to which are part of the Collateral; levy on, seizure, or attachment of the Collateral; judgment against Debtor; filing any financing statement with regard to the Collateral, other than relating to this security interest and the security interest(s) as may be indicated by financing statements filed with the Kansas Secretary of State as of the date of this Agreement; Creditor's good faith belief that the prospect of payment of any part of the Obligation or the performance of any part of this agreement, is impaired.

2. If an Event of Default occurs, then the entire Obligation shall become immediately due and payable at Creditor's option without notice to Debtor, and Creditor may proceed to enforce payment of same and exercise any and all of the right and remedies available to a secured party under the Uniform Commercial Code as well as all other rights and remedies. If Debtor is in default, then Debtor, upon demand by Creditor, shall assemble the Collateral and make it available to Creditor at a place reasonably convenient to both parties.



## **I. PRIORITY OF LIEN**

This security interest and lien granted to Creditor herein shall be subordinate only to the security interest in the Collateral granted by Debtor to Denison State Bank. The lien granted herein is to secure the payment of the Obligation listed herein, and extensions and renewals thereof. If Creditor disposes of the Collateral following default, the proceeds of such disposition available to satisfy the Obligation shall be applied first to the notes included therein, and thereafter to all remaining indebtedness secured hereby, in the order in which such remaining indebtedness was executed or contracted, subject to the priority set forth above. For purposes of this paragraph, an extended or renewed note will be considered executed on the date of the original note.

## **J. AUTHORIZATION**

The undersigned person executing this Agreement on behalf of Debtor represents and warrants that he is duly authorized to execute and deliver this Agreement on behalf of Debtor and that this Agreement is binding upon Debtor.

**[The rest of this page is intentionally left blank.]**

**Security Agreement  
Hilton Trust  
KNZA, Inc.  
Signature Page**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE ROBERT B. HILTON AND KAY L. HILTON  
TRUST dated June 3, 2008

Date: \_\_\_\_\_, 2021

By: \_\_\_\_\_  
Robert B. Hilton, Trustee

**CREDITOR**

KNZA, INC.,  
a Kansas corporation

Date: \_\_\_\_\_, 2021

By: \_\_\_\_\_  
Gregory F. Buser, President

**DEBTOR**

ACKNOWLEDGEMENTS

STATE OF KANSAS, COUNTY OF \_\_\_\_\_, SS:

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public, appeared Robert B. Hilton, Trustee of the Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008, to me personally known, who, being by me duly sworn to be the same person who executed the foregoing Security Agreement to KNZA, Inc., and who acknowledged the execution of such instrument in such capacity as his voluntary act and deed on behalf of said trust.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the county and state aforesaid the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

STATE OF KANSAS, COUNTY OF \_\_\_\_\_, SS:

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public, appeared Gregory F. Buser, as President of KNZA, Inc., a Kansas corporation, to me personally known, who, being by me duly sworn to be the same person who executed the foregoing Security Agreement to Robert B. Hilton, Trustee of the Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008, and who acknowledged the execution of such instrument in such capacity as his authorized and voluntary act and deed on behalf of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the county and state aforesaid the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

## KANSAS REAL ESTATE MORTGAGE

THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage"), dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 2021, from KNZA, Inc., a Kansas corporation (hereinafter referred to as "Mortgagor"), to Robert B. Hilton, Trustee of the Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008 (hereinafter referred to as "Mortgagee").

### GRANTING CLAUSE

Mortgagor currently owes Mortgagee the principal sum of \$628,980.00, which is evidenced by a Promissory Note by and between Mortgagor and Mortgagee, dated \_\_\_\_\_, 2021. In order to secure such debt, Mortgagor does by these presents, grant, bargain, sell and convey unto the Mortgagee, its successors and assigns, all of the following described real estate, located in the County of Brown and the State of Kansas, to wit:

### [ADD KNZA, INC. REAL ESTATE LEGAL DESCRIPTION]

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee, its successors and assigns, in accordance with the provisions contained herein.

NOW THEREFORE, the condition of this Mortgage is such that if Mortgagor shall well and truly pay and perform the Secured Obligations, and shall perform, comply with, and abide by each and every of the agreements, conditions, and covenants contained and set forth in this Mortgage and in the Promissory Note and the Loan Documents, then this Mortgage shall be released, without warranty, at the request and cost of Mortgagor.

AND, Mortgagor does hereby covenant and agree as follows:

### ARTICLE ONE SECURED OBLIGATIONS

1.1 *Obligations Secured.* This Mortgage is given to secure the payment and performance of the following indebtedness and obligations (the "Secured Obligations"), in such order of priority as Mortgagee may elect:

- (a) Payment of an indebtedness in the amount of Six Hundred Twenty-eight Thousand Nine Hundred Eighty and 00/100 Dollars (\$628,980.00), with interest thereon, or such lesser amount as may be then due and owing under, and in accordance with, the terms of that certain Promissory Note dated \_\_\_\_\_, 2021, executed by Mortgagor in favor of

Mortgagee, and any and all amendments, extensions, modifications, substitutions, replacements, or renewals thereof (hereinafter collectively referred to as the "Promissory Note");

- (b) Due, prompt, and complete observance and performance of each and every obligation, covenant, and agreement of Mortgagors contained herein or in any of the other Loan Documents.

1.2 *Priority.* The priority of this Mortgage shall be deemed subordinate to any mortgage previously filed on the Mortgaged Property by Denison State Bank.

## ARTICLE TWO DEFINITIONS

2.1 *Definitions of Words and Terms.* In addition to words and terms defined elsewhere herein, the following words and terms as used in this Mortgage shall have the following meanings unless some other meaning is plainly indicated:

- (a) "Event of Default" means any Event of Default as defined in Section 9.1 of this Mortgage.
- (b) "Hazardous Substances" means and includes all hazardous and toxic substances, wastes, or materials, any pollutants or contaminants (including, without limitation, asbestos and raw materials which include hazardous constituents), or any other similar substances, or materials which are included under or regulated by any now existing or hereafter enacted or promulgated local, state, or federal law, statute, ordinance, rule, or regulation pertaining to environmental regulation, contamination, or clean-up, toxic waste, underground storage tanks and hazardous substance or material handling, treatment, storage, use, or disposal, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA"), or state lien or state superlien or environmental clean-up statutes, all as exist from time to time (all such laws, statutes, ordinances, rules, and regulations being referred to collectively as "Environmental Laws").
- (c) "Loan Documents" means collectively this Mortgage, the Promissory Note, the Security Agreement, and any and all other instruments, agreements, and documents evidencing, securing, or otherwise relating to any of the Secured Obligations.
- (d) "Mortgage" means this Kansas Real Estate Mortgage from Mortgagor to Mortgagee, as from time to time amended and supplemented in accordance with the terms hereof.

- (e) “Mortgaged Property” means the real estate described above and any increases or additions to such real estate.
- (f) “Mortgagee” means the Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008 and said Trust’s successors and assigns.
- (g) “Mortgagor” means KNZA, Inc., a Kansas corporation, and its successors and assigns, and all other persons succeeding to the interest of the named Mortgagor in the Mortgaged Property and any person becoming liable on any of the Loan Documents.
- (h) “Secured Obligations” means the indebtedness and obligations described and referred to in Section 1.1.
- (i) “State” means the State of Kansas.

Capitalized terms not expressly defined herein shall, unless the context requires otherwise, have the meanings given to such terms under the Promissory Note and/or the other Loan Documents.

### ARTICLE THREE GENERAL COVENANTS, REPRESENTATIONS AND WARRANTIES

3.1 *Payment and Performance.* Mortgagor covenants and agrees to pay and perform each of the Secured Obligations and to perform, comply with, and abide by each and every of the agreements, conditions, and covenants contained and set forth in this Mortgage, the Promissory Note, and each of the other Loan Documents.

3.2 *Title to Mortgaged Property.* Mortgagor covenants, agrees, and warrants that it has good and marketable fee simple title to the Mortgaged Property, free and clear of liens and encumbrances, except for the first mortgage previously executed by Mortgagor in favor of Denison State Bank, and all easements and rights of way of record, and that Mortgagor has good, right, and lawful authority to mortgage and convey the Mortgaged Property in the manner and form herein set forth, including as authorized by Mortgagor’s board of directors.

### ARTICLE FOUR MAINTENANCE, ALTERATIONS AND ADDITIONS

4.1 *Maintenance of Mortgaged Property; Compliance with Laws.* Mortgagor covenants and agrees to neither permit, commit, or cause the Mortgaged Property to suffer, any waste, and to maintain the improvements on the Mortgaged Property at all times in a state of good repair and condition; to comply with, or cause to be complied with, all statutes, ordinances, and requirements of any governmental or other authority relating to the Mortgaged Property; to be in compliance with all Environmental Laws; and to neither do nor permit anything that will alter or change the use and character of said property or in any way impair or weaken the

security of this Mortgage. In case of the refusal, neglect, or inability of Mortgagor to repair and maintain said property, Mortgagee may, at its option, make such repairs or cause the same to be made, and advance monies in that behalf.

4.2 *Alterations and Additions.* No building or other property now or hereafter covered by the lien of this Mortgage shall be removed, demolished, or materially altered without the prior written consent of Mortgagee, and no addition to or structural changes will be made on the improvements on the Mortgaged Property without the prior written approval of Mortgagee.

## ARTICLE FIVE TRANSFERS, ENCUMBRANCES AND LIENS

5.1 *Sale or Transfer of Mortgaged Property.* No assignment (by operation of law or otherwise), sale, or contract to sell, transfer, mortgage, conveyance, or lease shall be made by Mortgagor of the Mortgaged Property or any part thereof or any right, title, or interest therein except with the prior written consent of Mortgagee. Any merger, dissolution, or consolidation pursuant to which the Mortgaged Property or any part thereof or interest therein vests in any successor in interest to Mortgagor (or any entity other than Mortgagor herein named) shall be deemed an assignment for purposes hereof. The term "Transfer" shall also include the direct or indirect pledge, hypothecation, levy, encumbrance, transfer, or assignment of voting control of the stock of Mortgagor. The term "Voting Control" means the possession of the power to direct or cause the direction of management or policies of Mortgagor.

5.2 *Claims Against Mortgaged Property.* Mortgagor will pay, from time to time when the same shall become due, all claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in or permit the creation of a lien on the Mortgaged Property, whether paramount or subordinate to this Mortgage or any part thereof, or on the revenues, rents, issues, income, and profits arising therefrom and in general will do or cause to be done everything necessary so that the lien of this Mortgage shall be fully preserved, at the cost of Mortgagor, without expense to Mortgagee; provided, however, Mortgagor shall have the right to contest such claims if Mortgagor furnishes to Mortgagee a bond or reserve in amount and form satisfactory to Mortgagee.

## ARTICLE SIX TAXES AND PUBLIC CHARGES

6.1 *Taxes and Public Charges.* Mortgagor, from time to time when the same shall become due and payable, will pay and discharge all taxes of every kind and nature (including real and personal property taxes and income, franchise, withholding, profits, and gross receipts taxes), all general and special assessments, levies, permits, inspection, and license fees, all water and sewer rents and charges, and all other public charges, whether of a like or different nature, imposed upon or assessed against it or the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income, and profit of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof. Mortgagor will, upon the request of Mortgagee, deliver to Mortgagee receipts evidencing all such taxes, assessments, levies, fees, rents, and other public charges imposed or assessed against it or the Mortgaged Property or the revenues, rents, issues,

income, or profits thereof.

## ARTICLE SEVEN INSURANCE

7.1 *Insurance.* Mortgagor will keep the Mortgaged Property insured against loss by fire and any other hazards for which Mortgagee requires insurance. Said insurance shall be maintained in such amounts and for such periods as Mortgagee requires. The insurance carrier providing said insurance shall be chosen by Mortgagor subject to Mortgagee's approval, which shall not be unreasonably withheld.

7.2 *Evidence of Insurance.* Mortgagor shall deliver and keep in Mortgagee's possession at all times originals of all insurance policies required hereunder and shall deliver renewals of such policies to Mortgagee at least ten (10) days prior to any expiration or termination thereof. In the event that renewals of policies are not delivered to Mortgagee ten (10) days or more before the termination or expiration of the existing policy or policies, Mortgagor authorizes Mortgagee to act for it and procure at Mortgagor's expense the necessary insurance coverage and agrees to keep insurance so written in force until its expiration date.

7.3 *Insurers and Cancellation.* All insurance maintained pursuant to the terms of this Mortgage shall be issued by insurers of recognized responsibility which are qualified to do business in the State. Each such policy of insurance shall provide that it shall not be cancelled or terminated for any reason or modified or amended in any manner so as to reduce the scope or amount of coverage or increase the deductible amount except upon ten (10) days' prior written notice to Mortgagee.

7.4 *Casualty.* In the event of any casualty, Mortgagor will give immediate notice by mail to Mortgagee, and will commence proof of loss with the casualty insurer. Mortgagee reserves the right to direct and approve all proof of loss and claims procedures. If proof of loss is not made promptly by Mortgagor, Mortgagee is authorized by Mortgagor to do so. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Mortgagee and not to Mortgagor and Mortgagee jointly. The insurance proceeds shall be applied to restoration and repair of the damaged Mortgaged Property provided that (i) Mortgagor and Mortgagee agree that such restoration and repair is economically feasible and reasonable, (ii) Mortgagee determines, in its sole discretion, that its security will not be lessened or impaired thereby, (iii) no Event of Default has occurred and is continuing, and (iv) Mortgagee determines, in its sole discretion, that the proceeds shall be adequate to pay all estimated costs of restoration and repair or Mortgagor shall deposit with Mortgagee sums sufficient, in Mortgagee's opinion, when added to such proceeds, to pay all such estimated costs; otherwise such proceeds shall be applied to the reduction of the Secured Obligations, and in such order, as Mortgagee may elect, whether matured or unmatured. If such proceeds are to be applied to restoration and repair, Mortgagor covenants and agrees to promptly commence the restoration and repair of such damaged Mortgaged Property to as nearly as possible the same condition as existed prior to such casualty, except as otherwise approved in writing by Mortgagee, and to diligently prosecute such restoration and repair to completion, paying all costs thereof that the insurance proceeds and other sums deposited by Mortgagor with Mortgagee may be insufficient to pay. If at any time or



times Mortgagee determines, in its sole discretion, that the proceeds and such sums deposited by Mortgagor may be insufficient to pay in full all estimated costs and repair, Mortgagor shall on demand deposit with Mortgagee such additional sums as Mortgagee deems necessary to pay all such estimated costs. Mortgagor will submit plans and design and construction contracts for such restoration and repair to Mortgagee for Mortgagee's prior written approval. The proceeds of insurance and any sums deposited by Mortgagor with Mortgagee as aforesaid shall be held by Mortgagee and disbursed in payment of the costs of such restoration and repair in accordance with such procedures and subject to such conditions as Mortgagee shall require. Any proceeds of insurance in excess of the costs of restoration and repair shall, at the option of Mortgagee, be applied to the reduction of the Secured Obligations or paid to the person legally entitled thereto.

## ARTICLE EIGHT CONDEMNATION

8.1 *Condemnation.* If all or any part of the Mortgaged Property hereunder be taken or damaged by the exercise of the power of eminent domain, Mortgagor may contest the same in good faith so long as there is not an Event of Default, the award for any property so taken is hereby assigned to Mortgagee, and Mortgagee, upon such award becoming final, is hereby authorized, in the name of Mortgagor, to execute and deliver acquittances for, and release of, any such award and to collect the proceeds. If any part of the Mortgaged Property shall be so taken or damaged, and (i) if Mortgagee determines, in its sole discretion, that its security will not be lessened or impaired, (ii) no Event of Default has occurred and is continuing, and (iii) Mortgagee determines, in its sole discretion, that the award shall be adequate to pay all estimated costs of restoration, replacement, and repair or Mortgagor shall deposit with Mortgagee sums sufficient, in Mortgagee's opinion, when added to such award, to pay all such estimated costs, then such award shall be used to restore, replace, and repair the taken or damaged Mortgaged Property; otherwise such award shall be applied to the payment of the Secured Obligations (such application to be in such order as Mortgagee may elect), principal or interest, whether matured or unmatured, and the remainder, if any, shall be paid to Mortgagor or such other party or parties as may be legally entitled thereto. If such award is to be applied to restoration, replacement, and repair, Mortgagor covenants and agrees to promptly commence the restoration, replacement, and repair of the taken or damaged Mortgaged Property and to diligently prosecute such restoration, replacement, and repair to completion, paying all costs thereof that the award and other sums deposited by Mortgagor with Mortgagee may be insufficient to pay. If at any time or times Mortgagee determines, in its sole discretion, that the award and such sums deposited by Mortgagor may be insufficient to pay in full all estimated costs of restoration, replacement, and repair, Mortgagor shall on demand deposit with Mortgagee such additional sums as Mortgagee deems necessary to pay all such estimated costs. Mortgagor will submit plans and design and construction and other contracts for such restoration, replacement, and repair to Mortgagee for Mortgagee's prior written approval. The award and any sums deposited by Mortgagor with Mortgagee as aforesaid shall be held by Mortgagee and disbursed in payment of the costs of such restoration, replacement, and repair in accordance with such procedures and subject to such conditions as Mortgagee shall require. Any portion of the award in excess of the costs of restoration, replacement, and repair shall, at the option of Mortgagee, be applied to the reduction of the Secured Obligations or paid to the person legally entitled thereto.

ARTICLE NINE  
DEFAULT AND REMEDIES

9.1 *Events of Default.* Any of the following shall constitute an “Event of Default” hereunder:

- (a) Failure to pay or perform any obligations in this Mortgage or taking any action prohibited by this Mortgage.
- (b) The occurrence of any Event of Default as defined in the Promissory Note, or any other Loan Document.

9.2 *Remedies Upon Default.* At any time after an Event of Default has occurred, the Secured Obligations shall become due, at Mortgagee’s option, forthwith or thereafter at the continuing option of Mortgagee, and this Mortgage shall remain in force, and Mortgagee may exercise any right, power, or remedy hereunder or under the Promissory Note or otherwise permitted to it by law or by contract, and in particular, without limiting the generality of the foregoing, Mortgagee shall have the absolute right, at its option and election, to pursue one or more of the following rights:

- (a) Mortgagee shall be entitled thereupon or thereafter without notice or demand, to the extent permitted by the laws of the State (i) to institute suit at law or in equity to enforce the rights of Mortgagee and (ii) to enforce, at Mortgagee’s continuing option, payment of all sums secured hereby by action at law or by suit in equity to foreclose this Mortgage, either or both, concurrently or otherwise; and one action or suit shall not abate or be a bar to or waiver of Mortgagee’s right to institute or maintain the other, provided said Mortgagee shall have only one payment and satisfaction of said indebtedness; and
- (b) Mortgagee shall have the right from time to time to take action to recover any sums, whether interest, principal, or any installment of either, or any other sums required to be paid under the terms of this Mortgage, the Promissory Note or any of the other Loan Documents, as the same become due, without regard to whether or not the principal sum secured, or any other sums secured, by this Mortgage shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for any Event or Events of Default existing at the time such earlier action was commenced.

9.3 *Appointment of Receiver.* Upon the occurrence of any Event of Default, Mortgagee shall be entitled without notice to Mortgagor to apply at any time to a court having jurisdiction thereof for the appointment of a receiver of the Mortgaged Property or any part thereof and all of the rents, incomes, profits, issues, and revenues thereof, from whatever source

derived; and thereupon it is hereby expressly covenanted and agreed that the court shall forthwith appoint such receiver with the usual powers and duties of receivers in like cases; and said appointments shall be made by the court *ex parte* as a matter of strict right to Mortgagee, and without reference to the adequacy or inadequacy of the value of the Mortgaged Property, or to the solvency or insolvency of Mortgagor or any party defendant to such suit. Mortgagor hereby waives the right to object to the appointment of a receiver as aforesaid and hereby expressly consents that such appointment shall be made *ex parte* and without notice to Mortgagor as an admitted equity and as a matter of absolute right to Mortgagee. In order to maintain and preserve the Mortgaged Property and to prevent waste and impairment of its security, Mortgagee may, at its option, advance monies to the appointed receiver and all such sums advanced shall become secured obligations and shall bear interest from the date of such advance at the maximum rate allowed by law.

9.4 *Remedies Cumulative.* No remedy conferred upon or reserved to Mortgagee herein or in the Promissory Note as amended or in any of the other Loan Documents is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every remedy given to Mortgagee or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee to exercise any right or power accruing upon any Event of Default herein or in the Promissory Note or any default under the other Loan Documents shall impair any such right or power, or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by this Mortgage or in the Promissory Note or in any of the other Loan Documents shall affect the obligation of Mortgagor to pay its obligations under the Promissory Note and the Loan Documents in the manner and at the time and place therein respectively expressed. In the event of foreclosure Mortgagor shall be fully liable for any deficiency.

9.5 *No waiver.* Any failure by Mortgagee to insist upon the strict performance by Mortgagor of any of the terms and provisions of this Mortgage, the Promissory Note, or the other Loan Documents shall not be deemed to be a waiver of any of the terms and provisions hereof, or of the Promissory Note or the other Loan Documents, and Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Mortgagor of any and all the terms and provisions of this Mortgage or of the Promissory Note or the other Loan Documents to be performed by Mortgagor; and Mortgagee may resort for the payment of the Secured Obligations by this Mortgage to the Mortgaged Property or to any other security therefor held by Mortgagee in such order and manner as Mortgagee may elect.

9.6 *Waiver of Redemption and Other Rights.* To the extent permitted by the laws of the State, Mortgagor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take, or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment, or order of any court of competent jurisdiction; nor, after any such sale or sales, claim or exercise any right under the statute heretofore or hereafter enacted, by

any governmental authority or otherwise, to redeem the property so sold or any part thereof; and Mortgagor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay, or impede the execution of any power herein granted or delegated to Mortgagee, but to suffer and permit execution as though no such law or laws had been made or enacted. Without limiting the generality of the foregoing, Mortgagor expressly waives all rights of redemption under K.S.A. § 60-2414. Mortgagor, for itself and all who claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property, or any other assets which secure the indebtedness hereby secured or marshaled upon any foreclosure hereof.

## ARTICLE TEN MISCELLANEOUS

10.1 *Protection of Mortgagee's Security.* Mortgagee may, at its option, and without waiving its right to accelerate the indebtedness hereby secured and to foreclose the same, pay either before or after delinquency any or all of those certain obligations required thereof to be paid by Mortgagor for the protection of the Mortgage security for the collection of any of the Secured Obligations. All sums so advanced or paid by Mortgagee shall become Secured Obligations and shall bear interest from the date thereof at the rate specified in the Promissory Note and become an integral part thereof, subject in all respects to the terms, conditions, and covenants of the Promissory Note, and this Mortgage, as fully and to the same extent as though a part of the original indebtedness evidenced by the Promissory Note and secured by this Mortgage, excepting, however, that said sums shall be repaid to Mortgagee upon demand by Mortgagee to Mortgagor for said payment.

10.2 *Costs and Expenses.* Mortgagee agrees to pay all fees and charges incurred in the procuring and making of this Mortgage or in the perfection of the lien and security interest hereof, including without limitation fees and expenses relating to the examination of title to the Mortgaged Property; title insurance premiums, costs and expenses; surveys; mortgage recording, documentary, transfer, mortgage registration or similar fees or taxes; and attorney's fees. Mortgagor agrees to pay all and singular and to the extent allowed by law the costs, charges and expenses, including attorney's fees and abstract costs, reasonably incurred or paid at any time by Mortgagee because of the failure of Mortgagor to perform, comply with, and abide by each and every of the agreements, conditions and covenants of the Promissory Note and this Mortgage.

10.3 *Successors and Assigns.* All of the grants, covenants, terms, provisions, and conditions herein shall run with the land and, subject to the provisions of Section 5.1, shall apply to, bind, and inure to the benefit of, the successors and assigns of Mortgagor and the successors and assigns of Mortgagee.

10.4 *Notices.* Except as otherwise provided by applicable law, all notices, certificates, or other communications hereunder shall be in writing and shall be given as provided for notices given under the Promissory Note.

10.5 *Corrections and Future Acts.* Mortgagor will, upon request of Mortgagee, promptly correct any defect, error, or omission which may be discovered in the contents of this Mortgage or in the execution or acknowledgement hereof, and will execute, acknowledge, and

deliver such further instruments and do such further acts as may be necessary or as may be reasonably requested by Mortgagee to carry out more effectively the purpose of this Mortgage, to subject to the lien and security interest hereby created any of Mortgagor's properties, rights, or interest covered or intended to be covered hereby, and to perfect and maintain such lien and security interest.

10.6 *Indemnification.* Mortgagor shall indemnify, defend, hold harmless, and reimburse Mortgagee for any liability, damage, or expense, including attorneys' fees, court costs, and amounts paid in settlement, which Mortgagee may incur or sustain in the execution or enforcement of this Mortgage or in the doing of any act which it is required or permitted to do by the terms hereof or by law, and shall be reimbursed therefor in accordance with the provisions of Section 10.1.

10.7 *Governing Law.* This Mortgage shall be construed according to the laws of the State of Kansas, without reference to the conflicts of law principles thereof.

10.8 *Severability.* If any provision or clause of this Mortgage shall be held or deemed to be or shall, in fact, be inoperative, invalid, or unenforceable as applied in any particular case or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such determination shall not affect in any way any other provision or clause herein which can be given effect without the inoperative, invalid, or unenforceable provision or clause.

10.9 *Amendments.* No alteration or amendment of this Mortgage shall be effective unless in writing signed by the parties sought to be charged or bound thereby.

10.10 *After-Acquired Property.* All rights, title, and interest of Mortgagor in and to all improvements, betterments, renewals, substitutes, and replacements of and all additions and appurtenances to, the Mortgage Property hereafter acquired, constructed, assembled, or placed by Mortgagor on the Mortgaged Property, immediately upon such acquisition, construction, assembly, placement, or conversion, as the case may be, and in each such case without any further mortgage, grant, conveyance, assignment, or other act of Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described in the Granting Clause hereof.

10.11 *Effective Date.* The dating of this Mortgage is intended as and for the convenient identification of this Mortgage and is not intended to indicate that this Mortgage was executed and delivered on said date, this Mortgage being executed on the date set forth in the acknowledgement hereto. This Mortgage shall become effective simultaneously with the effectiveness of the Promissory Note as provided for therein.

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage.

**[Remainder of page intentionally left blank; signature page follows]**

**Kansas Real Estate Mortgage  
KNZA, Inc.  
Hilton Trust  
Signature Page**

**MORTGAGOR:**

KNZA, INC.,  
a Kansas corporation

Date: \_\_\_\_\_, 2021

By: \_\_\_\_\_  
Gregory F. Buser, President

**ACKNOWLEDGMENT**

STATE OF KANSAS, COUNTY OF \_\_\_\_\_, SS:

NOW, on this \_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public, appeared Gregory F. Buser, as President of KNZA, Inc., a Kansas corporation, to me personally known, who, being by me duly sworn to be the same person who executed the foregoing instrument and who acknowledged the execution of the foregoing instrument in such capacity as the voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the county and state aforesaid the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

**Exhibit "C"**  
**Non-competition Agreement**

ARTHUR-GREEN LLP  
ATTORNEYS AT LAW  
801 POINTZ AVENUE  
MANHATTAN, KANSAS  
66502-0054

785-537-1345  
FAX 785-537-7874



## NON-COMPETITION AGREEMENT

This Non-Competition Agreement made effective as of \_\_\_\_\_, 2021, by and between KNZA, Inc., a Kansas corporation (the “Corporation”), Robert B. Hilton, as Trustee of the Robert B. Hilton and Kay L. Hilton Trust dated June 3, 2008, 431 Seaport Circle, Liberty, Missouri 64068 (the “Seller”) and Robert B. Hilton, individually (“Hilton”).

WHEREAS, Hilton is a Grantor, Trustee, and beneficiary of the Seller. Together, Hilton and the Seller are referred to herein as the “Seller Non-Competition Parties;” and

WHEREAS, the Seller Non-Competition Parties have entered into a certain Stock Redemption Agreement dated September 22, 2021 (the “Stock Redemption Agreement”), pursuant to which Seller is on the above-referenced date selling, redeeming, and transferring to the Corporation all of Seller’s interest in the Corporation, which is in the business of operating radio stations located at 1828 Highway 73, Hiawatha, KS 66434 (the “Business”); and

WHEREAS, it is a condition to the transactions contemplated by the Stock Redemption Agreement that Hilton executes this Agreement; and

WHEREAS, the Seller Non-Competition Parties will derive substantial economic benefit from the sale of the Business pursuant to the Stock Redemption Agreement; and

WHEREAS, the Seller Non-Competition Parties acknowledge that the Corporation would not effect the closing of the transactions contemplated by the Stock Redemption Agreement unless the Seller Non-Competition Parties agree to the terms of this Agreement and execute and deliver this Agreement at the closing of the Stock Redemption Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable



consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** The following terms, as used in this agreement, shall have the following meanings:

(a) “Restricted Business” means any business activity relating to operating a radio station.

(b) “Person” means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

2. **Non-Competition.** The Seller Non-Competition Parties acknowledge and agree with the Corporation that during the course of the Seller Non-Competition Parties’ ownership of the Business, the Seller Non-Competition Parties have had the opportunity to develop relationships with existing employees, customers, and other business associates of the Business, which relationships constitute goodwill of the Business being acquired by the Corporation, and the Seller Non-Competition Parties acknowledge and agree that the Corporation would be damaged if the Seller Non-Competition Parties were to take actions that would damage such goodwill. The Seller Non-Competition Parties accordingly covenant and agree as follows:

(a) The Seller Non-Competition Parties acknowledge that the Business is currently conducted in Hiawatha, Kansas. Accordingly, in consideration of the Corporation closing the transactions contemplated by the Stock Redemption Agreement, from the date hereof until the fifth (5th) anniversary of the date hereof (the “Restricted Period”), the Seller Non-Competition Parties shall not, directly or indirectly, alone or with others, own, manage, consult

for, represent or be employed by any business which engages in any aspect of the Restricted Business within one hundred (100) miles of the city limits of Hiawatha, Kansas. In the event the Seller Non-Competition Parties enter into the Restricted Business during the Restricted Period, the Seller Non-Competition Parties shall divest all of the Seller Non-Competition Parties' interest in such Restricted Business within thirty (30) days' notice from Corporation that the Seller Non-Competition Parties have entered into the Restricted Business.

(b) The Seller Non-Competition Parties understand that the foregoing restrictions may limit the Seller Non-Competition Parties' ability to earn a livelihood in a business similar to the Restricted Business, but the Seller Non-Competition Parties nevertheless believe that the Seller Non-Competition Parties have received and will receive sufficient consideration as a result of the closing of the transactions contemplated by the Stock Redemption Agreement to justify such restrictions.

3. **Remedies.** In the event of the violation or threatened violation by the Seller Non-Competition Parties of any of the covenants contained in this Agreement, in addition to any other remedy available in law or in equity and the remedy set forth in paragraph 2(a) above, the Corporation shall have the right and remedy of specific enforcement, including injunctive relief, it being acknowledged and agreed that any such violation or threatened violation will cause injury to the Corporation and that monetary damages may not provide an adequate remedy.

4. **Severability.** Should any covenant, term or condition contained in this Agreement become or be declared invalid or unenforceable by a court of competent jurisdiction, the parties agree that the court shall be requested to judicially modify such unenforceable provision consistent with the intent of this Agreement, and to the maximum extent enforceable

under Kansas law, including time, geography or other similar restrictions.

5. **Applicable Law.** This Agreement shall be construed, interpreted and enforced according to the statutes, rules of law and court decisions of the state of Kansas without regard to conflict of law provisions.

6. **Amendments; Waivers.** This Agreement may be amended, modified, superseded or cancelled, and the terms or covenants waived, only by a written instrument executed by both of the parties hereto. The failure to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver of any term, whether by conduct or otherwise, shall be deemed to be a further or continuing waiver of any such breach, or a waiver of the breach of any other term contained in this Agreement.

7. **Notices.** Any notice, demand, request or other communication which the Seller Non-Competition Parties or Corporation may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given: (i) upon receipt, if hand delivered or (ii) if mailed, effective three (3) days after deposit in the United States mail by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to Corporation, to:

KNZA, Inc.  
c/o Justin Fluke  
1828 Highway 73  
Hiawatha, KS 66434

copy to:

Arthur-Green, LLP  
c/o Shon C. Robben  
801 Poyntz Avenue  
Manhattan, KS 66502

if to Seller Non-Competition Parties, to:

Robert B. Hilton  
431 Seaport Circle

Liberty, MO 64068

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice. Notices may also be given by overnight delivery effective one (1) day after so sent.

8. **Construction.** Paragraph headings are for convenience only and shall not be considered a part of the terms and provisions of the Agreement.

9. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or other electronic signatures on this Agreement shall be as sufficient as original signatures.

**[The remainder of this page is intentionally left blank]**

IN WITNESS WHEREOF, the parties have executed this Non-Competition Agreement effective as of the date first written above.

**“SELLER NON-COMPETITION PARTIES”**

THE ROBERT B. HILTON AND  
KAY L. HILTON TRUST dated June 3, 2008

By: \_\_\_\_\_  
Robert B. Hilton, Trustee

SELLER

\_\_\_\_\_  
Robert B. Hilton

HILTON

**“CORPORATION”**

KNZA, INC.,  
a Kansas corporation

By: \_\_\_\_\_  
Justin Fluke, Authorized Representative

**Exhibit "D"**  
**Resignation**

ARTHUR-GREEN LLP  
ATTORNEYS AT LAW  
801 POINTZ AVENUE  
MANHATTAN, KANSAS  
66502-6054

785-537-1345  
FAX 785-537-7874

## **RESIGNATION OF DIRECTOR AND OFFICER**

I, Robert B. Hilton, do hereby resign as a Director and as Secretary and Treasurer of KNZA, Inc., a Kansas corporation, to be effective as of the date hereof. I acknowledge that upon execution of this Resignation of Director and Officer, all authority vested in me by virtue of my positions as a Director, Secretary and/or Treasurer of KNZA, Inc. shall be terminated, effective upon such execution.

\_\_\_\_\_, 2021

\_\_\_\_\_  
Robert B. Hilton