

NÚMERO DE CONTRATO: 2012-000036

LOAN AGREEMENT

DATED: March 19, 2012

PUERTO RICO FILM CORPORATION

and

DEMENTED THE MOVIE , LLC
related to the project provisionally entitled

“DEMENTED”

CORPORACION DE CINE
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Contract Number Número de Contrato	2012-000036	
Execution Date Fecha de Otorgamiento	March 19 , 2012	
Effectiveness Period Periodo de Efectividad	March 19, 2012 to March 9, 2022.	
Name of Parties and Representatives Nombres de la partes y representantes	NOMBRE	NÚM. PATRONAL
	CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO, represented by Mariella Pérez Serrano	660-66-0132 <i>MPS</i>
	DEMENTED THE MOVIE, LLC , represented by Non-Studios Corp., represented by its President, Annabelle L. Mullen Pacheco	66-0776962
Account Number Número de Cuenta	E1290-248-234-081-2002	
Amount Cantidad	\$635,000.00	

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LOAN AGREEMENT

CORPORACION DE CINE

AS PARTY OF THE FIRST PART: THE CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO (hereinafter referred to as the "PUERTO RICO FILM CORPORATION" or the "Financier"), a public corporation of the Commonwealth of Puerto Rico, organized pursuant to the provisions of its enabling act, Law Number 121 of August 17, 2001, as amended, represented herein by its Executive Director, Mariella Pérez Serrano, of legal age, married, executive and a resident of San Juan, Puerto Rico, who is duly authorized to appear herein, which authority she shall provide whenever and wherever required; and

AS PARTY OF THE SECOND PART: DEMENTED THE MOVIE, LLC (hereinafter referred to as the "Borrower"), a limited liability company organized and existing under the laws of Puerto Rico, represented herein by its Manager Non-Studios Corp., a Puerto Rico corporation, represented by its President, Annabelle L. Mullen Pacheco, of legal age, single, attorney and a resident of San Juan, Puerto Rico, who is duly authorized to appear herein, which authority he shall provide whenever and wherever required.

The Borrower has applied to the Financier for a credit facility, the proceeds of which are to be used by the Borrower to pay certain outstanding debts and costs incurred or to be incurred in the production of the Motion Picture; as such term is hereinafter defined.

The Financier is willing to provide the credit facility to the Borrower upon the terms and subject to the conditions hereinafter set forth, and upon the execution and delivery of the Loan Documents, as such term is hereinafter defined. Accordingly, the Borrower and the Financier hereby agree as follows:

1. DEFINITIONS: For the purpose hereof, unless the context otherwise requires, the following terms shall have the meanings indicated:

- (a) "Business Day" shall mean any day not a Saturday, Sunday or legal holiday in the Commonwealth of Puerto Rico. Should any payment or prepayment of the principal under the Loan Agreement, or on a Note, become due and payable on other than a business day, the maturity thereof shall be extended to the next succeeding business day.
- (b) "Closing Date(s)" shall mean the date of the execution of this Agreement.
- (c) "Collateral" shall mean the Collateral referred to and defined herein or in any other Loan Document.
- (d) "Collection Account" shall mean the account set up by Financier and Borrower to collect all the proceeds from the sale and exploitation of the Motion Picture throughout the universe and the entity selected to act as collector must be determined pursuant to a written agreement signed by the parties hereto; provided, however, that the parties hereto pre-approve Fintage Collection

Account Management B.V. and Freeway Entertainment Group as collection agents.

- (e) "Copyright Mortgage Agreement" means the security interest in the registered copyright of the Motion Picture that Borrower will record in the United States copyright office to protect the interests of Financier as set forth in Section 6 of this Agreement.
- (f) "Distributor" shall mean the Borrower in its role distributing the Motion Picture. The meaning shall change according to the terms established in any contract or binding agreement signed by Borrower granting the distribution rights to third parties.
- (g) "Motion Picture" shall mean that certain motion picture photoplay entitled "Demented" to be directed by Andrés Ramírez.
- (h) "Draw Request" shall mean a written request by the Borrower to transfer funds from the Financier, on a specific time, from the approved Loan Amount.
- (i) "Film Fund Regulations" shall mean the "Regulation for the Administration and Function of the Puerto Rico Film Fund" of September 1, 2006, as amended from time to time.
- (j) "Final Budget" shall mean the estimated cost of producing the Motion Picture, as approved by the Financier and the Borrower, a copy of which, duly initialed by all parties, has been delivered to the Financier prior to the date hereof.
- (k) "Final Shooting Script" shall mean the script from which the Motion Picture is to be made, as approved by the Financier and the Borrower, a copy of which, duly initialed by all parties, has been delivered to and approved by the Financier prior to the date hereof. 
- (l) "Guarantee" shall mean the Guarantees of even date herewith by Annabelle Mullen and Andrés Ramírez in favor of the Financier, as amended or supplemented from time to time. 
- (m) Intentionally Omitted.
- (n) "Laboratory" shall mean such film and/or sound laboratory or laboratories to which the Borrower shall deliver or cause the Distributor to deliver all negative film and sound track recordings exposed and recorded in connection with the shooting of the Motion Picture.
- (o) "Literary Property" shall mean all common law and/or statutory, literary and other properties which form the basis of the Motion Picture or from which it is adapted.

- (p) "Loan Documents" shall mean this Loan Agreement, the Note, Guarantee, Copyright Mortgage Agreement, Security Agreement and all other documents executed or to be executed or produced in connection with this Agreement or the financing transactions contemplated herein.
- (q) "Note" shall mean the negotiable promissory note or notes duly executed and delivered by the Borrower to the Financier evidencing the borrowings made by the Borrower from time to time and pursuant to this Loan Agreement, payable to the Financier, dated the date of the Loan and in the principal amount of the pertinent disbursement.
- (r) "Person" shall mean natural or statutory persons, including, without limitation, corporations, associations, companies and partnerships.
- (s) "Production Bank Account" means a bank account at a Puerto Rico bank into which all funds to be used by Borrower in the production of the Motion Picture are to be deposited.
- (t) "Security Agreement" shall mean the Security Agreement of even date herewith by and between the Borrower and the Financier for the Loan, as amended or supplemented from time to time.
- (u) "Shooting Schedule" shall mean the schedule showing the scenes to be filmed each day during the principal photography of the Motion Picture as approved by the Financier, the Borrower, and the Distributor, a copy of which, duly initialed by all parties, has been delivered to the Financier prior to the date hereof.

2. LOAN TERMS: Subject to all the terms and conditions contained in this Loan Agreement, the Financier agrees, to make available to the Borrower a credit facility in the total aggregate amount of \$635,000.00 (the "Loan"). The Loan will be disbursed from time to time in advances that shall never exceed the total aggregate amount of \$635,000.00. These funds are allocated from the special funds created pursuant to Chapter VII of Puerto Rico Law Number 121 of August 17, 2001 in the books of the Department of Treasury of Puerto Rico under the name "Funds of the Corporation for the Development of the Sciences, Arts and Cinematographic Industry of Puerto Rico".

- (a) AMOUNT: Subject to the terms and conditions hereof, and relying on the representation, covenants, and warranties of the Borrower contained herein, the Financier agrees to loan or advance to the Borrower monies under the Loan from time to time in advances that shall never exceed the total aggregate amount of \$635,000.00. Borrower shall use the funds provided under the Loan to pay certain outstanding debts and costs incurred or to be incurred in the production of the Motion Picture.
- (b) NOTE; MATURITY DATE: The borrowings made by the Borrower under the Loan shall be evidenced by the Note, payable to the Financier, duly executed by the Borrower, and the disbursement checks. Borrower will pay interest on the

outstanding principal balance of the Loan from the date of release of the Motion Picture ("Release Date"), until payment in full, at a floating annual rate equal to the base or prime rate that Citibank, N.A., or its successor in interest, announces from time to time as its base or prime rate at its principal offices in New York, New York (the "Prime Rate"). Each change in such floating interest rate shall take effect simultaneously with the corresponding change in the Prime Rate. The maturity date of the entire Loan shall be 60 months from the date of the first disbursement under this Loan Agreement.

- (c) REPAYMENT AND COLLATERAL: Borrower shall repay the Loan to Financier from time to time from the proceeds from the exploitation of the sale, in all formats, of the Motion Picture and its soundtrack album, if any, throughout the world. There shall be no monthly minimum payment amount, but Borrower recognizes that the entire gross revenue or income of the Motion Picture from the aforesaid sources (net of required payments to sales agents, distributors, unions, and the collection agent that have been consented to and approved in writing by the Financier prior to any such payment) shall be destined to the payment of the Loan, plus any interest earned thereon, until it is paid in full and will cause all exhibitors, licensees, sub-licensees or programmers to deposit directly into the Collection Account. In the event, Borrower, prior to the last day of Principal Photography, evidences, in form and substance satisfactory to the Financier, that it was able to raise private financing for the Picture from a third party in an amount exceeding 5% of the Final Budget of the Motion Picture, it shall be able to apply for tax credits, and the loan amounts disbursed hereunder will qualify for the generation of such tax credits. Moreover, the private financiers will be able to recoup up to \$240,000 from the sale of the aforesaid tax credits prior to any repayment to Financier of the Loan; thereafter the private financier's recoupment will be completely subordinated to the full recovery by Financier of the loan amounts disbursed under this agreement. In addition to any and all other collateral created herein or in the Loan Documents, Borrower shall secure the repayment of Loan with the Security Agreement, the Copyright Mortgage Agreement, and the Guarantee executed by the parties identified therein. AP
- (d) OPTIONAL PREPAYMENT OF LOAN: Upon at least five (5) days' prior written notice to the Financier, the Borrower may at its option repay the Loan hereunder, in whole or in part, from time to time. DS
- (e) MANDATORY PREPAYMENT OF LOAN; DIRECTIONS TO PAY: Borrower hereby irrevocably binds itself to authorize and direct the Distributor and/or pertinent Person to direct the exhibitors, programmers, licensees, sub-licensees or any other Person acquiring any right or title over the Motion Picture and/or its distribution and/or exhibition in any format or mode, to make payments directly to the Collection Account. All sums received by the Financier from such Collection Account shall be applied by the Financier to reduce the outstanding principal balance of the Loan, plus any interest earned thereon. Any proceeds in excess of the Loan principal amount, plus any interest earned thereon, shall be

payable to the Borrower according to the terms of this Agreement and the terms of the Collection Account. Until the Loan, plus any interest earned thereon, is fully paid and discharged hereunder, the Financier shall render to the Borrower, upon its request, a statement of the Borrower's accounts, prepared from the Financier's records, showing in reasonable detail for the subject month and cumulatively to date, the amount of the Loan, charges and amounts collected from all sources.

- (f) DISPOSITION OF COLLATERAL: There shall be no sale or other disposition of Collateral except with the prior written consent of the Financier.

3. AUDITS:

- (a) Borrower shall engage an accountant, acceptable and consented to in writing by Financier, to maintain accurate books of accounts and records of all its business transactions under this Agreement including, but not limited to, a record of all payments received, or credits granted. Furthermore, Borrower shall engage a payroll company, to keep all payroll accounts, process, prepare and deliver payroll payments, in compliance with Puerto Rico law. These books and records shall be kept in Borrower's place of business and, at all times during normal business hours and upon reasonable advance notice, the Financier or its duly authorized agents or auditors shall have access to such books and records and may copy or may cause to be copied such extracts as may be deemed necessary by Financier.
- (b) The Motion Picture's production and all its business transactions under this Agreement may be audited, in an external audit, by a firm of accountants provided by Financier at its own expense. Borrower consents that all books and all records, whether financial or other, related to this Agreement and the production of the Motion Picture will be readily available for evaluation during any such audit(s). 
- (c) Borrower hereby binds itself to preserve, in readily accessible form, all work papers, reports, attendance sheets and all other documents related to the Motion Picture so they can be evaluated by Financier, its officers, employees, agents and representatives, or through the aforesaid external auditor, or the Office of the Comptroller of Puerto Rico. Said documents shall be preserved for a period no less than six (6) years from the payment of the last Draw Request. 

4. RELIEF FROM PAYMENT:

- (a) After the lapse of a period of 60 consecutive, calendar months, as of the date of the disbursement of the first draw request, if Borrower has not paid in full the amount of the Loan, plus any interest earned thereon, plus other expenses, Financier may (independently of the balance amount owed and after considering whether to extend the maturity of the Loan if the circumstances justify such extension), upon its sole discretion, relieve Borrower of its debt by seizing, in

proportion to the then existing debt, the rights, title and interest of Borrower over the Motion Picture, acknowledging any third party rights over the Motion Picture, if and when applicable, in lieu of the foreclosure of the collateral constituted pursuant to the Security Agreement and the Copyright Mortgage Agreement. In the event of the seizing of such rights, title and interest, the seizing shall be proportional to the then outstanding and unpaid balance of the debt, and in the order established in Schedule 12 hereto.

- (b) If Financier proceeds to take possession of assets and property of the Motion Picture as stated in the above clause 4(a) above, Borrower shall be bound to execute any and all documents or instruments, Financier deems pertinent to assign and transfer all right title and interest to the entire copyright, trademark and all other rights, title and interest of whatsoever nature of Borrower, in the entire universe, whether vested or contingent (including without limitation all exploitation rights in any and all media and by any and all means now known or hereafter invented including, theatrical and non-theatrical rights, all kinds of television, broadcast and cable program rights, (whether by means of digital or analogue transmission) all kinds of videogram and/or multimedia messaging rights, video on demand rights, digital versatile disc rights and all allied and ancillary rights, including without limitation, remake rights, prequel, sequel and format and changed format rights, music publishing and soundtrack record rights, all kinds of internet, on-line, website and interactive rights, screenplay publication rights, merchandising rights and commercial tie-up rights, (including the right of communication to the public by satellite and cable retransmission rights) in and to the screenplay and all and any other material on which the screenplay is based, and in and to the Motion Picture and all allied and ancillary rights therein, the title, characters, names, themes, plots, sequences and situations thereof and therein, all 17 USC §106 (as amended from time to time) rights, absolutely, in any and all languages, for the full period of copyright and all renewals, revivals and extensions thereof (whether the right to such renewals, revivals, or extensions now exists or is hereafter created by laws) and thereafter in perpetuity to the extent permitted by law. Financier will pay no money to Borrower as compensation for the transfer of all or any of the aforementioned rights, title and interest; and all other rights expressed in the Security Agreement and/or the Copyright Mortgage Agreement not mentioned herein.

5. DRAW PROCEDURES: The funds constituting the Loan contemplated hereunder shall be advanced by the Financier upon the Draw Request by the Borrower and pursuant to the following conditions:

- (a) The advances related to this Loan will be made by Financier in favor of Borrower according to Schedule 5(a).
- (b) Advances related to this Loan by Financier shall be made in a period no greater than seven (7) working days, as of the day the Financier determines, in its sole discretion, that all conditions precedent for the disbursement of such Draw Request have been met.

6. REPRESENTATIONS AND WARRANTIES: The Borrower represents and warrants to the Financier that:

(a) ORGANIZATION; CORPORATE POWERS, ETC.:

- (i) the Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Puerto Rico;
- (ii) the Borrower has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted and is qualified to do business in every jurisdiction wherein such qualification is necessary; and
- (iii) the Borrower has the corporate power to execute, deliver and perform this Loan Agreement, to borrow hereunder, and execute and deliver the Note, and to execute, deliver and perform the Security Agreement, to grant the security interest affecting the Borrower's property contemplated by the Security Agreement, to execute, deliver and perform the Copyright Mortgage Document and to assume the obligations and give the warranties, representations and undertakings herein contained.

(b) AUTHORIZATION OF BORROWING, ETC.: The execution, delivery and performance of this Loan Agreement by the Borrower, the borrowing hereunder by the Borrower, the execution and delivery of the Note by the Borrower, the execution, delivery and performance of the Copyright Mortgage Agreement, the execution, delivery and performance of the Security Agreement by the Borrower and the grant of the security interests contemplated by the Security Agreement have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the Certificate of Incorporation or By-Laws of the Borrower, or the provision of any indenture, agreement or other instrument to which the Borrower is a party, or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute (with or without due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Borrower, other than as a result of this Loan Agreement, the Copyright Mortgage Agreement, or the Security Agreement.

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(c) LITIGATION: There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency or any investigation of the affairs of the Borrower now pending, or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any properties or rights of the Borrower which, if adversely determined, would materially affect (i) the ability of

the Borrower to perform its respective obligations hereunder or concerning the completion of the Motion Picture as contemplated, (ii) the security interests granted to the Financier under the Security Agreement and/or the Copyright Mortgage Agreement, or (iii) the Collateral under the Security Agreement and/or the Copyright Mortgage Agreement.

- (d) SECURITY INTERESTS: The Security Agreement and the Copyright Mortgage Agreement will create and grant to the Financier a valid and perfected first priority security interest in the Collateral (other than statutory lab liens to be discharged in the normal course of business), and no Person has, and thereafter no Person will have, any right, title or interest in or to the Collateral which is or which shall be, prior, paramount, superior or equal to the right, title and interest of the Financier therein or thereto. Furthermore, Borrower shall refrain from creating any third party rights over the Collateral and/or any material or intellectual property related to the Motion Picture without the written consent of Financier.

7. OTHER REPRESENTATIONS:

- (a) That no employee or official of Financier, including members of its Board of Directors, has any pecuniary interests, directly or indirectly, by himself or through a member of his family or third person, in the execution and performance of this contract pursuant to Law 12 of July 24, 1985, as amended from time to time, also known as "Government Ethics Law";
- (b) [Intentionally Omitted];
- (c) That no officer of the Borrower has been convicted of a crime: (a) against the public trust, and/or treasury function, or (b) that involved state or federal public funds or property. The Borrower expressly recognizes that this is an essential condition of this Agreement and in the event this warranty ceases to be correct, in whole or in part, the Financier can terminate this Agreement and the Borrower shall reimburse to the Financier all monies disbursed under this Agreement; 
- (d) The Borrower has filed, for the 5 years immediately preceding the date of this Agreement, income tax returns and it owes no monies in connection therewith to the Commonwealth of Puerto Rico or it is complying with a payment plan for any outstanding income tax owed. In the event Borrower came into existence within the 5-year period prior to the date of this Agreement, then the stockholders and directors of Borrower shall provide the aforesaid certification, in their personal or corporate capacity, for such time period of actual existence, as a supplement to Borrower's certificate. The Borrower expressly recognizes that this is an essential condition of this Agreement and in the event this warranty ceases to be correct, in whole or in part, the Financier can terminate this Agreement and the Borrower shall reimburse to the Financier all monies disbursed under this Agreement;

- (e) The Borrower warrants to and shall, as an essential and necessary condition of this Agreement, show and deliver, when requested by the Financier or any authorized representative thereof, the certifications and documents that evidence Borrower's financial and tax situation; the Borrower warrants and shall, as an essential and necessary condition of this contract, show and deliver, when requested by the Financier or any authorized representative thereof, the certifications and documents that evidence Borrower's financial and tax situation; that each person contracted or recruited to work within Puerto Rico in any task or job related to the Film object of this contract shall be eligible to work in Puerto Rico, pursuant to the laws and regulations of the Department of Immigration and Citizenship of the United States of America;
- (f) The Borrower is not a party to and will not be a party to any contract, agreement, verbal or otherwise, with any agency or public corporation, of the Commonwealth of Puerto Rico, that would constitute a conflict of interest with this Agreement and/or the actions, duties and/or responsibilities to be undertaken by Borrower under the Agreement. Moreover, the Borrower does not and shall not represent any private interest in any case or matter that would imply: (i) conflict of interest with the Financier or (ii) a conflict of interest with the public policy of the Financier;
- (g) The Borrower, if a natural person, does not have nor has reason to believe there should be any debt outstanding regarding child support payments under the government program known as Administración para el Sustento de Menores (ASUME) and shall, as an essential and necessary condition of this contract, show and deliver, when requested by the Financier or any authorized representative thereof evidence thereof;
- (h) The Borrower does not have any action, suit, litigation, arbitration, investigation or other proceeding of or before any court, arbitrator or governmental or regulatory official, body or authority of the Commonwealth of Puerto Rico, and to the best knowledge of the Borrower, threatened against Borrower, nor does Borrower know or have reason to know of any basis for any such action, suit, litigation, arbitration, investigation or proceeding; Borrower is not aware of any claim, event, occurrence or conflicting contracts with any agency of the Commonwealth of Puerto Rico that would require Borrower to give notice to Financier. 
- (i) Unless the Financier otherwise expressly agrees in writing, all materials incorporated in the Motion Picture will be original in the person(s) notified to the Financier by the Borrower except insofar as they may be in the public domain;
- (j) That the Borrower shall comply with all the terms of this Agreement.

8. CONDITIONS OF LENDING: The obligation of the Financier to lend or advance any and all sums hereunder is subject to the following conditions precedent:

- (a) REPRESENTATIONS AND WARRANTIES: At the time of each and every borrowing hereunder, the representations and warranties set forth in Section 5 above, shall be true and correct on and as of such date with the same effect as though such representations and warranties had been made on and as of such date.
- (b) NO DEFAULT: At the time of any borrowing hereunder, the Borrower shall be in compliance with all the terms and provisions set forth herein on its part to be observed or performed, and no Event of Default specified in this Agreement, nor any event which upon notice or lapse of time or both, would constitute such an Event of Default, shall have occurred.
- (c) SECURITY AGREEMENT: On or prior to the execution of this Loan Agreement, the Borrower shall have executed and delivered (i) the Security Agreement (and related financing statements); (ii) the Copyright Mortgage Agreement; and (iii) such other agreements and documents as the Financier may reasonably request in order to carry out the intent of this Agreement and the Loan Documents.
- (d) ACQUISITION OF RIGHTS TO THE MOTION PICTURE: The Borrower shall have entered into agreements (and shall have provided original, fully executed counterparts thereof to the Financier) for the acquisition of exclusive motion picture and related exclusive production, distribution and exploitation rights in and to the Literary Property, and the director and producer of the Motion Picture, all of which agreements shall be valid, binding and continuing in full force and effect. In connection with deal memos and/or agreements for the principal performers in the Motion Picture, the Borrower shall provide to Financier the name of such principal performers, the substantially completed draft of the memo and/or agreement and the amount each such performer is requesting to execute the memo and/or agreement. Such amounts shall form part of the first disbursement under the Loan and will be destined for such purposes by Borrower. Upon their execution Borrower shall provide original, fully executed counterparts thereof to the Financier.
- (e) INSURANCE: The Borrower has caused to be furnished to the Financier insurance certificates which shall remain at all times in full force and effect showing the Financier and the Government of the Commonwealth of Puerto Rico as additional insured and loss payee and showing full and complete coverage including, but not limited to, film producers' indemnity (cast and preproduction cast insurance); all risks negative including faulty camera, stock and processing; use and occupancy (extra expense insurance); props, sets, wardrobe and miscellaneous equipment insurance; third-party property damage (care custody control) liability; Workmen's Compensation and Employer's Liability; comprehensive general auto liability; errors and omissions and all such other normal types of motion picture production insurance as the Financier may

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reasonably require. All such policies shall provide that they cannot be terminated or materially altered without giving the Financier at least thirty (30) days' written notice thereof.

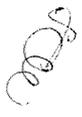
- (f) INDEMNITY: The Borrower agrees to indemnify and save harmless, the Financier, its licensees, assignees, and affiliated companies or agencies, and the officers, directors, employees and agents of all the foregoing and the government of Puerto Rico, against and from all costs, claims, awards, damages (including the Financier's legal costs) and/or liabilities whatsoever arising directly or indirectly, in the production of the Motion Picture or from any breach or non-performance of the Borrower's representations, warranties, undertakings, obligations or other provision hereof contained in this Agreement.
- (g) CAPITAL INVESTMENT: As an essential condition of this Agreement Borrower has to show evidence of capital investment of at least 20% of the total approved production budget, to wit, \$835,000, as required by the Film Fund Regulation. Borrower represents warrants and shall evidence to Financier, a contribution, in the amount of \$165,000 to the production costs and expenses of the Motion Picture. The Borrower further represents and warrants that these contributions will be given by the pertinent entities or persons in exchange for units of membership in Borrower, as preferred members.
- (h) PERIOD TO START PHOTOGRAPHY: Borrower will have a period of two (2) months, from the signing of this Agreement to start principal photography of the Motion Picture.
- (i) COPYRIGHT MORTGAGE DOCUMENT: On or prior to the execution of this Loan Agreement, the Borrower shall have executed and delivered the Copyright Mortgage Agreement. This document has to be filed with the Copyright Office of the United States within ten (10) days of filing for copyright registration for the final product of the Motion Picture. If final product of the Motion Picture is registered with the Intellectual Property Register of Puerto Rico or any counterpart to the Copyright Office of the United States in any other country, the same covenant set forth hereinbefore shall apply.

9. CREDITS: The Puerto Rico Film Corporation or its nominee will have the right to be accorded the last credit in the end credits of the Motion Picture, a company presentation credit in the form of "This Motion Picture was financed in part by the Puerto Rico Film Corporation" together with its logo. This credit and logo will also appear in all paid advertising (subject to all customary exclusions). The Film Corporation, or its nominee, will also be accorded an "Executive Producer Services provided by Puerto Rico Film Corporation" together with its logo credit in the end credits, position to be at the Producer's discretion. The Puerto Rico Film Corporation logo will appear in the opening credits, alone, full size, full color, for a minimum of 5 seconds.

10. USE OF LOAN FOR PRODUCTION: The Borrower agrees to photograph and otherwise produce the Motion Picture with due diligence and in accordance with the Final Budget, to complete production thereof and deliver the Motion Picture not later than 365

calendar days as of the date of the first disbursements of funds under this Loan Agreement. The Borrower agrees that the Loan proceeds hereunder shall be used by the Borrower only to finance production of the Motion Picture as permitted by this Loan Agreement or approved in writing by the Financier.

II. AFFIRMATIVE COVENANTS: The Borrower covenants and agrees that from the date hereof and until payment in full of the principal of the Note, unless the Financier shall otherwise consent in writing, that the Borrower will:

- (a) CORPORATE EXISTENCE; PROPERTIES, ETC: Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises and comply with all laws applicable thereto or its business and operations.
- (b) NOTICE OF MATERIAL EVENTS: Promptly give notice in writing to the Financier of any action or event which, in the reasonable judgment of the Borrower, exercised in good faith, might materially and adversely affect the repayment of the Loan or the security interests granted to the Financier under the Security Agreement and/or the Copyright Mortgage Agreement.
- (c) NOTICE OF LITIGATION: Promptly give notice in writing to the Financier of all litigation or other proceedings commenced on and after the date of this Loan Agreement (including, without limitation, any proceedings relating to the assessment or collection of taxes, imposts or duties), affecting the Borrower or the Collateral, and furnish to the Financier, from time to time, as and when requested by the Financier in writing, all information concerning the status of any such litigation or other proceeding, and furnish to the Financier, from time to time, all information concerning the status of any such controversy, claim, suit or other proceedings. 
- (d) INSURANCE: Maintain or cause to be maintained, without expense to the Financier, the insurance referred to in Section 6 above, and such other customary insurance, all as the Financier may reasonably require, to be underwritten by insurance companies acceptable to the Financier. The Financier shall be named as a loss payee on all physical damage insurance and an additional insured on all other insurance to the extent provided for in Section 6 above. The Borrower shall furnish the Financier evidence satisfactory to the Financier of such insurance. 
- (e) COMPLETION OBLIGATION: Perform each and all the material covenants, representations and warranties on its part to be performed hereunder and all other agreements material to the Motion Picture. The Borrower shall make available to Financier an "answer print", whether digital master or in 35mm, within the term of 180 calendar days after the end of principal photography. The Motion Picture shall be commercially released by no later than December 31, 2013. The Borrower shall be bound to make available or cause to be made available immediately to Financier, upon its request, screeners of the Motion Picture, in the shape or form such screener might be available at the time of such request.

The Borrower agrees that the Motion Picture's production and all its business transactions in furtherance of the production of the Motion Picture may be reviewed and examined by Financier. The Borrower consents that all books and all records, whether financial or otherwise, related to this Agreement and the production of the Motion Picture will be readily available for such evaluation, within a reasonable period of time, upon Financier's request. In the event the Borrower fails to comply with this covenant, the Borrower binds itself to pay to Financier the amount of \$500.00 per day of each non-compliance.

- (f) STATEMENTS, REPORTS, ETC: Borrower is obliged and compels to submit to Financier the following Statements and Reports until the Loan, plus any interest earned thereon, is paid in full:
- (i) Quarterly statement of income and expenses pertaining to distribution of the Motion Picture.
 - (ii) Bimonthly statements of income and expenses for the first four (4) months of the Motion Picture's theatrical release in any market and for every market.
 - (iii) Annual financial statement of the Motion Picture, audited by a certified public accountant duly authorized to practice such profession in Puerto Rico.
 - (iv) Annual financial statement of Borrower, audited by a certified public accountant duly authorized to practice such profession in Puerto Rico.
 - (v) Copies of all accounting statements and reports to be furnished to the Borrower under any Distribution Agreement and agrees to cause the Distributor to provide to the Financier the same rights of audit of the Distributor books and records relating to the Motion Picture as are granted the Borrower by the Distributor.
- (g) FURTHER ASSURANCES: Upon the request of the Financier, duly execute and deliver and record or file in any public registry, or cause to be duly executed and delivered and so recorded or filed at the cost and expense of the Borrower, as the case may be, such further instruments as may be necessary, proper or desirable, in the sole reasonable judgment of the Financier, to carry out the provisions and purposes of this Loan Agreement or the Loan Documents and do all things necessary to preserve the security interests of the Financier under the Loan Documents.
- (h) ACCESS: At all times permit the Financier access to the production site(s) to watch production of the Motion Picture and to review rushes, rough cuts, screeners and any other materials requested by the Financier relating to the

production of the Motion Picture. Upon any visit to the production site(s) the Financier shall be provided copy of the call sheet and production reports.

- (i) NOTIFICATION OF CHANGES: Borrower shall notify Financier within ten (10) days of any change in production related to changes in the director, producer, photography director, cast or executive producer.
- (j) PRINCIPAL PHOTOGRAPHY: Once principal photography commences, the Borrower shall submit to the Financier the daily call sheet and locations' map and directions before the production office closes for the day's work. The Borrower can submit to the Financier these documents via email. In the event the Borrower fails to comply with this covenant, Borrower shall pay to Financier a penalty of \$100.00 for each such non-compliance. Once principal photography commences, the Borrower shall submit to the Financier the previous day's production report. The production report will be submitted the next shooting day before the crew's break for lunch. In the event the Borrower fails to comply with this covenant, Borrower shall pay to Financier a penalty of \$100.00 for each such non-compliance.
- (k) QUALITY CONTROL: Quality Control ("QC") provisions:
 - (i) Once the Motion Picture is edited in post-production, a Quality Control session must be done both internally, at the professional post production facility where layback, color correction and/or laydown has taken place, and at a reputable lab that makes deliveries for both the domestic and international markets.
 - (ii) QC on materials is contingent on deliverables and all masters created for such purpose. It is understood that the process of QC for a film print or negative will be different to that of a digital master.
 - (iii) QC on digital materials is also contingent on recording equipment used during the production, and on the pre-determined final format of the project, in which post production processing of files must be considered.
 - (iv) Acceptable formats for finished product:
 - (1) If the Motion Picture is shot on celluloid and completed in film, the laydown to a digital master shall be no less than 1080p HD/D5 quality, and color corrected for the medium.
 - (2) If the Motion Picture is shot on celluloid but completed in digital format, the digital master shall be no less than 1080p HD/D5 quality.
 - (3) If the Motion Picture is shot in digital format at 4k, a 4k version must be used when outputting to film for theatrical release and kept as a master file in its own hard drive(s); if there is not going to be an

output to film, the digital master can be generated from the 2K version of the Motion Picture. Acceptable codecs are upgraded on a regular basis and the guidelines for the latest technology should be employed for the best possible quality.

(4) If the Motion Picture is shot at 1080p HD/D5 quality, it may be used to output to film for theatrical screening, and the digital master shall be no less than 1080p HD/D5 quality.

(5) If the Motion Picture is shot at 720p (1080i) the digital master shall be no less than 720p. This digital format should not be used as 1080i, or up converted as it will nullify its quality for delivery purposes. Unless 720p is used for specific purposes (documentary, deterioration of pixels when enlarged as a "look", etc.), it should not be considered prime candidate for film output. 720p is acceptable for broadcast and DVD.

(6) If the Motion Picture is shot at less the 720p it will be limited as to potential distribution avenues.

(7) Distribution guidelines and deliverables:

(v) The deliverables sample guidelines reflect the current standards for both buyers and distributors. The distributor has the last word as to deliverables. The Borrower agrees to furnish the Financier with:

(1) Access to the print, IP and negative, and subtitling digital files (if the Motion Picture will be exhibited/has been finished in film);

(2) NTSC HD masters (D5 or HDCAM), according to the post production final output decision and original materials), texted and textless;

(3) PAL HD masters (D5 or HDCAM), according to the post production final output decision and original materials), texted and textless, or access to materials from which PAL masters can be generated.

(4) Digital subtitling files.

(5) EPK and Behind the Scenes materials.

(1) WEEKLY COST REPORT: The Borrower shall submit to the Financier a weekly cost report beginning with the first week of pre-production until the period in which the accounting books close. The cost report shall include payroll, "actuals", and loss and damage. The weekly cost report will be submitted the first shoot day of the week. In the event the Borrower fails to comply with this covenant, Borrower shall pay to Financier a penalty of \$100.00 for each such non-compliance.

12. NEGATIVE COVENANTS: The Borrower covenants and agrees that from the date hereof and until payment in full of the principal of and interest on all sums due hereunder, whether or not represented by a Note, unless the Financier shall otherwise consent in writing, the Borrower will not, either directly or indirectly:

- (a) LIMITATION ON SECURITY INTEREST: Create, assume or suffer to exist any security interest, mortgage, pledge, encumbrance, assignment, lien or charge of any kind upon the Collateral equal or superior to the security interests granted to the Financier under the Loan Documents, or which interferes in any way with the Financier's rights hereunder or with respect to the Collateral, other than statutory laboratory liens to be discharged in the normal course of business.
- (b) PROHIBITION OF AMENDMENTS OR WAIVERS: Amend, alter or modify, or cause to or suffer any amendment, alteration or modification of any film license agreement, any pay television/syndication exploitation agreement, any production-distribution agreement, or any completion guaranty so as to materially adversely affect the Financier's rights in the collateral without the Financier's consent, or waive (by agreement, action or inaction) any material rights under any agreements, so as to adversely affect the Financier's rights in the Collateral.
- (c) SALE OF ASSETS; CONSOLIDATION; MERGER, ETC.: The Borrower will not (i) sell, lease, transfer or otherwise dispose of all or a substantial part of its properties and assets, or (ii) change its corporate name or trade name without giving prior written notice of at least sixty (60) days of such event to the Financier. 
- (d) FINANCIER'S CONSENT: The Borrower shall not undertake any of the following actions without the Financier's prior written consent: 
 - (i) The selection of international sales agent and domestic distributor.
 - (ii) The execution of any distribution or license agreement of the Picture; provided that approval is not unreasonably withheld.
 - (iii) The sale or other disposition of all or a substantial part of the Borrower's assets.
 - (iv) The merger of the Borrower with any other business entity.
 - (v) The confession of judgment against the Borrower.
 - (vi) Any act which would prevent the Borrower from conducting its duly authorized business.

- (vii) Any act or decision that may have a financial impact in the Borrower equal to \$50,000 or greater, except in connection with any deliverable elements, which costs may be incurred and/or recouped by a distributor; or
- (viii) In the event the Picture goes overbudget, any further act or decision except in the connection with any deliverable elements, which costs may be incurred and/or recouped by a distributor.

13. DEFAULTS:

(b) EVENTS OF DEFAULT: Any of the following events are herein called "Events of Default":

- (i) Borrower's failure to make any payment due and payable hereunder for a period of sixty (60) consecutive calendar days after the lapse of the due date for such payment hereunder;
- (ii) Any representation or warranty made herein, in the Loan Documents, or any other agreement or instrument between the parties hereto relating to this transaction proving to be false, incorrect, or misleading in any material respect;
- (iii) Any report, certificate, financial statement or other instrument furnished in connection with this Loan Agreement, and the Loan Documents, the borrowings hereunder or the grant of the security interests contemplated by the Security Agreement and/or the Copyright Mortgage Agreement proving to be false or misleading in any material respect; 
- (iv) Not causing the distributors, exhibitors, licensees, sub licensees or any other person obtaining a right to exploit the picture to deposit the income generated by the exploitation of the picture directly into the Collection Account; 
- (v) Default in the payment of principal on the Loan hereunder, plus any interest earned thereon, as and when due and payable; default in the due observance or performance of any material covenant, condition, representation, warranty or agreement on the part of the Borrower to be observed or performed pursuant to the terms of this Loan Agreement, the Security Agreement and/or the Copyright Mortgage Agreement, the Note or any other agreement or instrument between the parties hereto relating to this transaction;
- (vi) The Borrower (A) applying for or consenting to the appointment of a receiver, trustee or liquidator (or equivalent under applicable law), of the Borrower, or all or substantially all of its respective properties or assets, (B) admitting in writing its inability to pay its debts as they mature, (C)

making a general assignment for the benefit of creditors, (D) being adjudicated a bankrupt or insolvent, or (E) filing a voluntary petition in bankruptcy, or a petition or an answer-seeking reorganization or an arrangement with creditors or taking advantage of any bankruptcy, reorganization, insolvency, readjustments of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or if corporate action shall be taken by the Borrower for the purpose of affecting any of the foregoing;

- (vii) An order, judgment or decree being entered, without the application, approval or consent of the Borrower by any court of competent jurisdiction, approving a petition seeking reorganization of the Borrower or of all or a substantial part of the properties or assets of the Borrower, or appointing a receiver, trustee or liquidator of the Borrower and such order, judgment or decree continuing unstayed and in effect for any period of sixty (60) days;
- (viii) A claim being made by any governmental or taxing authority or any private party for the payment of money in excess of \$5,000 against the Borrower, pursuant to which said claimant has perfected the right to take possession of the property of the Borrower by attachment, garnishment, execution, lien, levy or any proceedings of a similar nature, and which proceedings have not been stayed or set aside by the posting of a bond or otherwise for a period of thirty (30) days from the date of perfecting thereof;
- (ix) Not filing for copyright registration with the Copyright Office of the United States within 30 days of finishing the Motion Picture and/or not filing the Copyright Mortgage Document within the time frame set in Section 6 hereof.
- (x) Any other occurrence, act or failure on the part of the Borrower which under applicable law constitutes a material breach of this Loan Agreement, the Loan Documents, or any other agreement or instrument between the parties hereto.

14. REMEDY ON DEFAULT: In the case of the happening of an Event of Default which, if curable, remains uncured for a period of thirty (30) days (unless a longer period is specifically designated above) from the date on which the Borrower first is on notice thereof (whether by notice from the Financier or otherwise) then, at any time thereafter during the continuance of any such event, the Financier may, by written notice to the Borrower, declare all of the then outstanding portion of the Loan, plus any interest earned thereon, immediately due and payable and all costs in connection therewith and/or pursue any remedies available to the Financier under this Loan Agreement, the Note, the Security Agreement, the Copyright Mortgage Agreement and/or any other documents executed in connection therewith and/or under applicable law.

15. NOTICES: Any notice shall be conclusively deemed to have been received by a party hereto and be effective on the third day after which it is deposited with the United States mail, registered or certified, return receipt requested (postage prepaid), or transmitted by facsimile (with proof of receipt and a copy by regular U.S. Mail), or transmitted by electronic mail (with proof of receipt and a copy by regular U.S. Mail) addressed to such party at such address or such other address as any of them may later designate by written notice:

(a) If to the Financier, at:

Mariella Pérez Serrano
Executive Director
Puerto Rico Film Corporation
P.O. Box 362350
San Juan, PR 00936-2350.
Fax Number: 787-756-5706
E-mail: mperez@puertoricofilm.com

(b) If to the Borrower, at:

Annabelle L. Mullen Pacheco
President
Non-Studios, Corp., (Demented The Movie, LLC)
PO Box 13353
San Juan, PR 00908
Tel. (787) 307-0628
Fax (787) 724-1196
E-mail – dementedthemovie@gmail.com

16. CONFLICTS WITH OTHER AGREEMENTS: Any covenant or agreement of the Borrower under the Security Agreement and/or Copyright Mortgage Agreement shall be deemed to be cumulative and not in conflict with the provisions of this Loan Agreement.

17. SURVIVAL OF COVENANTS, AGREEMENT, REPRESENTATIONS AND WARRANTIES: All covenants, agreements, representations and warranties made herein and in the Certificates delivered pursuant hereto and in the Loan Documents shall survive the making by the Financier of the Loan and the execution and delivery to the Financier of the Note and shall continue in full force and effect so long as the Loan, or any interest, cost, or other payment obligations set forth herein are outstanding and unpaid.

18. SUCCESSORS AND ASSIGNS: Whenever in this Loan Agreement any of the parties hereto are referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Loan Agreement or the Loan Documents shall bind the successors and assigns of the Borrower and shall inure to the benefit of the successors and assigns of the Financier.

19. GOVERNING LAW: This Loan, the Security Agreement, the Note, the Copyright Mortgage Agreement and any other agreement or instrument between the parties hereto relating to this transaction shall be construed in accordance with and governed by and enforced in accordance with the laws of Puerto Rico and the Borrower hereby consents to the jurisdiction of all courts (whether State or Federal) in Puerto Rico.

20. WAIVER: Any failure or any delay on the part of the Financier, in exercising any right, power or privilege hereunder, under the Guarantee, Security Agreement, Note or Copyright Mortgage Document shall not operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right power or privilege.

21. AMENDMENT: No modification, amendment, or waiver of any provision of this Loan Agreement, the Guarantee, the Security Agreement, the Note, or the Copyright Mortgage Agreement nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Financier, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances.

22. SEVERABILITY: In case any one or more of the provisions contained in this Loan Agreement, Guarantee, Note, Security Agreement, or Copyright Mortgage Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

23. COUNTERPART EXECUTION: This Loan Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement.

24. ADDITIONAL DOCUMENTS: Each of the parties hereto agrees to execute any additional documents which may be required or be desirable to fully effectuate the purposes and intents of this agreement or to carry out the obligations of the parties hereunder, provided that they are not inconsistent with the provisions of this agreement. Borrower has delivered at the moment of signing this contract to the Financier the following documents on its behalf and on behalf of all owners, partners, directors or shareholders:

1. Certification of filing of Income Tax Return for the past 5 years issued by the Department of Treasury of Puerto Rico.
2. Certification of Debt issued by the Department of Treasury of Puerto Rico.
3. Certification of debt for real property issued by the Center of Collections for Municipal Income (CRIM by its acronym in Spanish).

4. Certification of debt for concept of unemployment, temporary incapacity and social security for drivers issued by the Department of Labor and Human Resources of Puerto Rico.
5. Borrower shall also file original of its Certificate of Organization and Certificate of existence issued by the Department of State of Puerto Rico.
6. Certification of debt for concept of municipal patents for industry commerce and services.

IN WITNESS WHEREOF, the parties have executed this agreement on this 19th day of March, 2012.

BORROWER:
 DEMENTED THE MOVIE, LLC
 By: Non-Studios Corp.



 By: Annabelle L. Mullen Pacheco
 President

LENDER:
 PUERTO RICO FILM CORPORATION

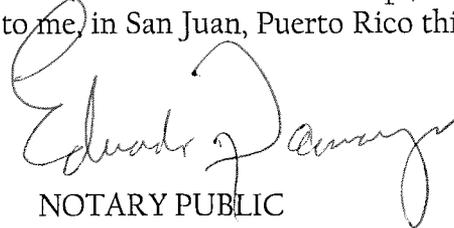


 By: Mariella Pérez Serrano
 Executive Director

Affidavit number: 6651

Acknowledged and subscribed to before me by Mariella Pérez Serrano, as Executive Director of Puerto Rico Film Corporation, of legal age, married, executive and resident of San Juan, Puerto Rico and by Annabelle L. Mullen Pacheco, of legal age, single, executive and resident of San Juan, Puerto Rico, in her capacity as President Non-Studios Corp., Manager of Demented The Movie, LLC; both personally known to me, in San Juan, Puerto Rico this 19th day of March, 2012.




 NOTARY PUBLIC

Schedule 5(a)
 To Loan Agreement
 For Demented The Movie

Advance:	Amount:	Deliverables and/or Milestones
1 st	\$237,176	<ul style="list-style-type: none"> • 10% of the each of the producer's and director's salaries shall be retained and can only be paid from the 4th disbursement monies. • Once all deliverable items pertaining the actual production phase have been validated by the PRFC. These include a revised budget, latest script revision and shooting schedule. • Be advised that additional deliverable items can be asked for at any time after the advance has been disbursed. These include a pre-production weekly calendar highlighting casting, rehearsals, tech scout and final pre-production meeting. When principal photography begins you will be required to hand in daily call sheets and location maps the date prior to the shooting date and production reports the date after the shooting date. These can be distributed by email.
2 nd	\$237,176	<ul style="list-style-type: none"> • Once 50% of expenses of the Advance have been accounted for. • All deliverable items pertaining the actual production phase have been validated by the PRFC. Be advised that additional deliverable items can be asked for at any time after the 2nd disbursement has been disbursed. When principal photography begins you will be required to hand in daily call sheets and location maps the date prior to the shooting date and production reports the date after the shooting date. These can be distributed by email.
3 rd	\$115,248	<ul style="list-style-type: none"> • Once the remaining 50% of expenses for the First Advance have been accounted for. • Once the remaining 50% of expenses for the 2nd Disbursement have been accounted for. • All deliverable items pertaining the actual production phase have been validated by the PRFC. Be advised that additional deliverable items can be asked for at any time after the

		3rd disbursement has been disbursed.
4 th	\$45,500 \$45,400	<ul style="list-style-type: none"> Once the remaining 50% of expenses for the 3rd Disbursement have been accounted for. 20% from producer's and director's salaries can only be paid for from these monies. All deliverable items pertaining the actual production phase have been validated by the PRFC. Be advised that additional deliverable items can be asked for at any time after the 4rd disbursement has been disbursed.

JP

MP

= \$1635,000
APR
21 Mar 30 2012

SECURITY AGREEMENT MAR 21 PM 12: 37
under Loan Agreement

This Agreement, dated as of March 19, 2012, by and between DEMENTED THE MOVIE, LLC, represented by its Manager, Non-Studios Corp. a Puerto Rico limited liability company ("Borrower"); and the CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO (hereinafter referred to as the "Puerto Rico Film Corporation" or the "Lender") regarding the film provisionally entitled "*Demented*".

Except as otherwise defined in this Agreement, terms used in this Agreement shall have the meanings ascribed to such terms in the Loan Agreement (as defined below). In the event of any conflict between the terms and conditions of this Agreement, and the terms and conditions of the Loan Agreement or any other Loan Document, the terms and conditions of the Loan Agreement shall prevail.

RECITALS

WHEREAS, Borrower and Lender have entered into that certain Loan Agreement dated as of March 19, 2012, (the "Loan Agreement") that provides, inter alia, for the making of certain loans by Lender (the "Loan") to be used to finance certain expenditures in the production, completion and delivery of that certain feature-length theatrical Film currently entitled "*Demented*" (the "Film");

WHEREAS, it is a condition precedent to Lender making the Loans that Borrower shall have executed and delivered to Lender this Agreement; and

WHEREAS, Borrower desires to execute this Agreement to satisfy such condition;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements as set forth in this Agreement, and for good and valuable consideration the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE 1 - SECURED OBLIGATIONS

This Agreement shall secure the following obligations of Borrower (the "Secured Obligations"): any and all present or future debt, obligations and liabilities (including, but not limited to, guarantees and other contingent liabilities) of Borrower to Lender arising out of or in connection with the Loans, including, but not limited to, the prompt, full and faithful performance, observance and discharge of each and every term, condition, agreement, representation, warranty, undertaking and provision to be performed, observed and discharged by Borrower and any and all obligations of Borrower to pay any principal, interest, fees, costs, charges, indemnities and expenses (including reasonable legal fees) due to Lender pursuant to the Loan Documents. Without limiting any of the foregoing, the term "Secured Obligations"

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shall include Borrower's obligation to repay: (i) any and all sums advanced by Lender to preserve the Collateral (defined below) or preserve its security interest in the Collateral and (ii) in any proceeding for the collection or enforcement of any of the Secured Obligations upon an Event of Default, as defined in the Loan Agreement, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing or realizing on the Collateral, or of any exercise by Lender of its rights under this Agreement, together with reasonable attorneys' fees and court costs.

ARTICLE 2 - SECURITY INTEREST

2.1 GRANT OF SECURITY INTEREST: As security for the prompt and complete payment and performance when due of all of the Secured Obligations, Borrower does sell, assign and transfer unto Lender, and does grant to Lender, a continuing purchase money security interest of first priority in all the right, title and interest of Borrower's proportionate interest in the property set forth, described or identified below (which Borrower represents and warrants such right, title and interest consists of a 100% participation in the Collateral, as of this date), wherever located and whether now existing or later from time to time acquired or created, including, but not limited to, all products and proceeds thereof (collectively, the "Collateral"). Notwithstanding anything to the contrary in this document or elsewhere, any reference in this document to the sale of any Collateral or interest of Lender in the Collateral, shall be interpreted and shall mean Borrower's proportionate interest in the Collateral:

(a) **The Film:** The Film and all collateral, allied, ancillary, subsidiary and merchandising rights therein, and all properties and things of value pertaining thereto and all products and proceeds thereof whether now in existence or hereafter made, acquired or produced (as used hereafter, the term the "Film" shall mean and include the Film, all of the above rights and the rights and property of Borrower set forth in Subsections (i) through (xv) below including, but not limited to, the following:

(i) all rights of every kind and nature (including, but not limited to, copyrights) in and to any literary, musical, dramatic or other material of any kind or nature upon which, in whole or in part, the Film is or may be based, or from which it is or may be adapted or inspired or which may be or has been used or included in the Film including, but not limited to, all scripts, scenarios, teleplays, bibles, stories, treatments, novels, outlines, books, titles, concepts, manuscripts or other properties or materials of any kind or nature in whatever state of completion and all drafts, versions and variations thereof (collectively, the "Literary Property");

(ii) all physical properties of every kind or nature and all versions thereof (including, but not limited to, all physical properties relating to the development, production, completion, delivery, exhibition, distribution or other exploitation of the Film, and all versions thereof or any part thereof, including, but not limited to, the Literary Property, exposed film, developed film, positives, negatives, prints, answer prints, special effects, pre-print materials, including, but not limited to, interpositives, negatives, duplicate negatives, internegatives, color reversals, intermediates, lavenders, fine grain master prints and matrices and all other forms of pre-print elements which may be necessary or useful to produce prints or other copies or additional pre-print

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elements, whether now known or hereafter devised, soundtracks, recordings, audio and video tapes and discs of all types and gauges, cutouts, trims and any and all other physical properties of every kind and nature relating to the Film in whatever state of completion, and all duplicates, drafts, versions, variations and copies of each thereof (collectively, the "Physical Properties");

(iii) all rights of every kind or nature in and to any and all music and musical compositions created for, used in or to be used for the Film (including, but not limited to, all copyrights therein and all rights to perform, copy, record, re-record, produce, publish, reproduce or synchronize any or all of such music and musical compositions as well as all other rights to exploit such music, including, but not limited to, record, soundtrack recording and music publishing rights);

(iv) all collateral, allied, ancillary, subsidiary, publishing and merchandising rights of every kind and nature (including, but not limited to, rights derived from, appurtenant to or related to the Film or the Literary Property, including, but not limited to, all production, exploitation, reissue, remake, sequel, serial or series production rights by use of film, tape or any other recording devices now known or hereafter devised, whether based upon, derived from or inspired by the Film, the Literary Property or any part thereof), all rights to use, exploit and license others to use or exploit any and all novelization, publishing, commercial tie-ups and merchandising rights of every kind and nature, including, but not limited to, all novelization, publishing, merchandising rights and commercial tie-ups arising out of or connected with or inspired by the Film or the Literary Property, the title or titles of the Film, the characters appearing in the Film or such Literary Property and/or the names or characteristics of such characters, and also including, without limitation, any and all commercial exploitation in or related to the Film, all remakes or sequels thereof and/or such Literary Property;

(v) all rights of every kind or nature, present and future, in and to all agreements relating to the development, production, completion, delivery and exploitation of the Film (including, but not limited to, all agreements for personal services, including the services of writers, directors, cast, producers, special effects personnel, personnel, animators, cameramen and other creative, artistic and technical staff and agreements for use of studio space, equipment, facilities, locations, animation services, special effects services and laboratory contracts);

(vi) all insurance and insurance policies heretofore or hereafter placed upon the Film or the insurable properties thereof and/or any person, persons, entity or entities engaged in the development, production, completion, delivery or exploitation of the Film and obtained for the Film and the proceeds thereof;

(vii) all copyrights, rights in copyrights, interests in copyrights and renewals and extensions of copyrights, heretofore or hereafter obtained upon the Film or the Literary Property or any part thereof, and the right, but not the obligation, to make publication thereof for copyright purposes, to register copyright claims and the right, but not the obligation, to renew and extend such copyrights, and the right, but not the obligation, to

sue in the name of Borrower or in the name of Lender for past, present and future infringements of copyright;

(viii) all rights to produce, acquire, release, sell, distribute, sub-distribute, lease, sublease, market, license, sublicense, exhibit, broadcast, transmit, reproduce, publicize or otherwise exploit the Film, the Literary Property and any and all rights therein (including, but not limited to, rights pursuant to Distribution Agreements, and the rights referred to in Paragraph 2.1(a)(iv) above), in perpetuity, in any manner and in any media whatsoever throughout the universe (including, but not limited to, by projection, radio, all forms of television, including, but not limited to, free, pay, toll, cable, pay-per-view, sustaining subscription, sponsored and direct satellite broadcast, in theaters, non-theatrically, on cassettes, cartridges and discs and by any and all other scientific, mechanical or electronic means, methods, processes or devices now known or hereafter conceived, devised or created);

(ix) all rights of Borrower of any kind or nature, direct or indirect, to acquire, produce, develop, reacquire, finance, release, sell, distribute, sub-distribute, lease, sublease, market, license, sublicense, exhibit, broadcast, transmit, reproduce, publicize or otherwise exploit the Film, or any rights in the Film (including, but not limited to, pursuant to agreements between Borrower and any of its affiliates which relate to the ownership, production or financing of the Film);

(x) all contract rights and general intangibles which grant to any person or entity any right to acquire, produce, develop, reacquire, finance, release, sell, distribute, sub-distribute, lease, sublease, market, license, sublicense, exhibit, broadcast, transmit, reproduce, publicize, or otherwise exploit the Film or any rights in the Film (including, but not limited to, all such rights pursuant to agreements between Borrower and any affiliate which relate to the ownership, production or financing of the Film);

(xi) all rent, revenues, income, compensation, products, increases, proceeds and profits or other property obtained or to be obtained from the production, release, sale, distribution, sub-distribution, lease, sublease, marketing, licensing, sublicensing, exhibition, broadcast, transmission, reproduction, publication, ownership, exploitation or other uses or disposition of the Film and the Literary Property or any rights therein or part thereof, in any and all media (including, but not limited to, the properties thereof and of any collateral, allied, ancillary, merchandising and subsidiary rights in and to them, and amounts recovered as damages because of unfair competition, the infringement of copyright, breach of any contract or infringement of any rights, or derived therefrom in any manner whatever);

(xii) any and all general intangibles, accounts, contract rights, documents, instruments and goods, including inventory, not elsewhere included in this definition;

(xiii) any and all documents, letters of credit, receipts or books and records (including, but not limited to, documents or receipts of any kind or nature issued by any pledge-holder, warehouseman or bailee) for the Film and any element thereof;

(xiv) all accounts receivable, all contract rights, all general intangibles (including, but not limited to, all accounts receivable, all contract rights and general intangibles constituting rights to receive the payment of money, or other valuable consideration), all receivables and all other rights to receive the payment of money including, but not limited to, rights to receive the payment of money under present or future contracts or agreements, whether or not earned by performance, from the sale, distribution, exhibition, disposition, leasing, subleasing, licensing, sublicensing and other exploitation of the Film or the Literary Property or any part thereof or any rights therein, in any medium, whether now known or hereafter developed, by any means, method, process or device, including, but not limited to, all of Borrower's right, title and interest in, to and under any Distribution Agreements relating to the Film, if any, as the same may hereafter from time to time be amended, renewed, modified, supplemented, extended or replaced, including Borrower's rights to receive payments thereunder, if any, and all other rights to receive film rentals, license fees, distribution fees, producer's shares, royalties and other amounts of every description including, but not limited to, from (1) theatrical exhibitors, non-theatrical exhibitors, television networks and stations and airlines, cable television systems, pay television operators, whether on a subscription, per program charge basis or otherwise, and other exhibitors, (2) distributors, sub-distributors, lessees, sub-lessees, licensees and sub-licensees, including, but not limited to, any affiliate and (3) any other person or entity that distributes, exhibits or exploits the Film or the Literary Property or elements or components of the Film or the Literary Property or rights relating thereto; and

(xv) all proceeds, products, additions and accessions (including, but not limited to, insurance proceeds) of the Film, as defined and referred to in Paragraph 2.1(a)(i) through Paragraph 2.1(a)(xiv) above.

(b) **Property:** The following property, wherever located and whether now owned or hereafter acquired: (i) the title or titles of the Film and all of Borrower's rights to the exclusive use thereof (including, but not limited to, rights protected pursuant to trademark, service mark, unfair competition and/or other laws, rules or principles of law or equity) and (ii) all licenses, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, logos, indicia, business source or business identifiers and renewals and extensions thereof, whether now owned or hereafter acquired, and the accompanying good will and other like business property rights and the right, but not the obligation, to register claims under trademark and to renew and extend such trademarks and the right, but not the obligation, to sue in the name of Borrower or in the name of Lender for past, present or future infringement of trademark.

2.2 POWER OF ATTORNEY: Borrower hereby irrevocably appoints Lender its true and lawful attorney-in-fact, with full power of delegation, substitution and assignment, to execute, deliver, file and record, on its behalf and in its name, financing statements and all such other statements and security and other agreements, contracts, documents and instruments, to endorse and negotiate checks, drafts and other order for the payment of monies payable to Borrower, and to do such other acts as Lender, in its sole discretion, may deem necessary or desirable to perfect or protect the security interest hereby created and to carry out the purposes and intents of this

Security Agreement, Borrower hereby ratifying and confirming all that Lender may do in that regard, acknowledging that this power of attorney is coupled with an interest, and agreeing to pay all costs and expenses in connection therewith.

ARTICLE 3 - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

Borrower represents, warrants and covenants to and for the benefit of Lender, which representations, warranties and covenants shall survive execution and delivery of this Agreement, that:

3.1 NECESSARY FILINGS: All filings, registrations and recordings necessary or appropriate to create, preserve, protect and perfect the security interest granted by Borrower to Lender by this Agreement in respect of the Collateral have, to the best knowledge of Borrower, been accomplished or will be accomplished in the time frame set in Section 5 of the Loan Agreement and the security interest granted to Lender pursuant to this Agreement in and to the Collateral constitutes a valid and enforceable first priority perfected security interest therein, superior and prior to the rights of all other persons or entities therein, subject to no other liens except the Permitted Encumbrances and is entitled to all the rights, priorities and benefits afforded by the Uniform Commercial Code or other relevant law as enacted in any relevant jurisdiction to perfected security interests.

3.2 NO LIENS: Borrower is, and as to Collateral acquired by it from time to time after the date hereof Borrower will be, the owner of the Collateral free from any lien or other right, title or interest of any person or entity other than liens created by the Permitted Encumbrances, and Borrower shall defend the Collateral against all claims and demands of all persons or entities at any time claiming the same or any interest therein adverse to Lender. Borrower will not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be filed in respect of Permitted Encumbrances and financing statements covering the security interest granted pursuant to this Agreement by Borrower to Lender and will not surrender or lose possession of, sell, encumber, lease, rent or otherwise dispose of or transfer any Collateral or right therein (by way of security interest or otherwise) except as contemplated by this Agreement or otherwise approved in writing by Lender.

3.3 OFFICE; RECORDS: Borrower's office is located at Calle Aldea 1258, Edif. Unica, Piso 2, San Juan, Puerto Rico 00907. The originals of all records relating to the Collateral and all receivables, contract rights and items of chattel paper and instruments constituting Collateral are, and will continue to be, kept at such office. Borrower shall not establish a new location for such offices until (a) it shall have given to Lender not less than forty five (45) days' prior written notice of its intention so to do, which notice shall clearly describe such new location and provide such other information as Lender may reasonably request, and (b) with respect to such new location, it shall have taken all action, satisfactory to Lender, to maintain the security interest of Lender in the Collateral granted by this Agreement at all times fully perfected and in full force and effect.

3.4 ACCOUNTS VALID; NO SETOFFS: Each account, contract right, item of chattel paper,

Instrument or any other right to the payment of money constituting Collateral and all records, papers and documents relating thereto (if any) are genuine and in all respects what they purport to be, and all papers and documents (if any) relating thereto evidence true and valid obligations, enforceable according to their respective terms against the party obligated to pay the same (an "Account Debtor"), which terms have not been modified or waived in any respect or to any extent. No Account Debtor has any defense, setoff, claim or counterclaim against Borrower which can be asserted against Lender, whether in any proceeding to enforce Lender's rights in the Collateral, or otherwise.

3.5 MAINTENANCE OF RECORDS: Borrower covenants and agrees that it will keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral, including, but not limited to, a record of all payments received, or credits granted with respect thereto. For the further security of Lender, Borrower agrees that Lender shall have a special property interest in all books and records of the Borrower pertaining to the Collateral and Borrower shall, at its own cost and expense, deliver, at any reasonable time and on demand, any such books or records to Lender or its representatives; Lender shall at all times, during normal business hours have full and free access to such books and records and the right at all such times to examine the same and to take extracts therefrom or make copies thereof. Borrower agrees to stamp, in a manner and form satisfactory to Lender, any ledger or other books and records pertaining to the Collateral with an appropriate reference to and notice of the fact that the Collateral has been duly assigned to Lender. At Lender's request, Borrower agrees to deliver to Lender all original and other documents evidencing and relating to the performance of the labor or services which created the Assigned Contract, including but not limited to, all original orders, invoices, and shipping receipts; Borrower will also deliver to Lender copies of all applications for payment under the Collateral, as well as true copies of all invoices rendered thereunder. Borrower will make the same available to Lender for inspection, at Borrower's own cost and expense, at any and all reasonable times upon demand. Borrower will, at any reasonable time, upon demand by Lender, exhibit to and allow inspection by Lender (or any Person designated by Lender) of the Collateral.

3.6 PRESERVATION OF THE COLLATERAL: So long as this Security Agreement and the security interest created hereunder shall remain in effect, unless Lender shall otherwise consent in writing, Borrower hereby covenants and agrees with Lender as follows:

(a) Borrower will defend, at its own cost and expense, its right in and to the Collateral Security as warranted above, and defend this Security Agreement as creating a prior and superior security interest in Borrower's rights and interests in the Collateral Security;

(b) Borrower will pay or discharge all taxes, liens and assessments, of whatsoever kind or description, that may be levied against Borrower's interest in the Collateral Security, when the same shall become due and prior to the time when the same shall become delinquent, provided, however, that should Lender (at its voluntary election) pay any such tax, lien or assessment on Borrower's behalf, then Borrower will on demand pay the amount thereof together with interest thereon at the rate set forth in the Note from the date of demand until repayment.

(c) Borrower will keep accurate and complete records of the Collateral Security, to the extent known to it, and upon notice from Lender, shall keep the Collateral Security separate and distinct from other property.

(d) Borrower will sign and execute together, alone or with Lender, any registrations, notices, documents or further assurances or other documents or use its best efforts to procure any documents from third parties or take such additional actions, and pay all connected costs thereof, necessary to perfect or protect the security interest under this Security Agreement against the rights and interests of third parties. Without prior written consent of Lender, Borrower will not file or authorize to be filed in any jurisdiction any statement relating to the Collateral Security in which Lender is not named as the sole Lender.

3.7 FURTHER ACTIONS: Borrower will, at its own expense, make, execute, endorse, acknowledge, file and/ or deliver to Lender from time to time any endorsements, assignments, financing statements and other writings, and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, which Lender deems reasonably appropriate or advisable to perfect, preserve or protect its security interest in the Collateral and the priority thereof and will deliver promptly to Lender all originals of Collateral or proceeds thereof consisting of chattel paper or instruments.

3.8 FINANCING STATEMENTS: Borrower agrees to sign and deliver to Lender such financing statements, in form acceptable to Lender, as Lender may from time to time reasonably request or as are necessary or desirable in the opinion of Lender to establish and maintain a valid, enforceable, first priority security interest in the Collateral as provided herein and the other rights and security contemplated herein.

ARTICLE 4 - REMEDIES UPON EVENT OF DEFAULT

4.1 REMEDIES; OBTAINING THE COLLATERAL UPON DEFAULT: Borrower agrees that, upon an Event of Default (as described in Clause II of the Loan Agreement), then and in every such case, subject to any mandatory requirements of applicable law then in effect, Lender, in addition to any rights now or hereafter existing under this Agreement or applicable law, shall have all rights as a secured creditor under the Uniform Commercial Code in all relevant jurisdictions and may do any one or more of the following:

(a) Personally, or by agents or attorneys, immediately retake possession and/or control of the Collateral or any part thereof, from Borrower or any other Person who then has possession and/or control of any part thereof with or without notice or process of law, and for that purpose may enter upon Borrower's premises where any of the Collateral is located and remove the same and use in such removal any and all services, supplies, aids and other facilities of Borrower;

(b) Instruct the obligor or obligors on any agreement, instrument or other obligation (including, but not limited to, any receivables) constituting the Collateral to make any payment required by the terms of such instrument or agreement directly to Lender;

(c) Sell, assign, grant distribution rights in or otherwise liquidate, or direct Borrower to

sell, assign, grant distribution rights in or otherwise liquidate, any or all of the Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation;

(d) Take possession and/or control of the Collateral or any part thereof, by directing Borrower to deliver the same to Lender at any place or places designated by Lender, in which event Borrower shall at its own expense:

(i) forthwith cause the same to be moved to the place or places so designated by Lender and there delivered to Lender;

(ii) store and keep the Collateral so delivered to Lender at such place or places pending further action by Lender as provided in Paragraph 4.2 hereof; and

(iii) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition; and

(e) Borrower agrees that each and every term and agreement contained in any note executed and delivered by Borrower to Lender to evidence Obligations shall be incorporated into and form a part hereof as if the same were set forth in full herein; that all rights, remedies and powers granted to Lender herein or in any such note or other agreement given by Borrower to Lender shall be cumulative and may be exercised singly or concurrently; that the exercise of any right or remedy shall not preclude the exercise of any other right or remedy given herein or in any note or agreement given by Borrower to Lender.

4.2 REMEDIES; DISPOSITION OF THE COLLATERAL: The Collateral repossessed and/or controlled by Lender under or pursuant to Paragraph 4.1 hereof, and any other Collateral whether or not so repossessed and/or controlled by Lender, may be sold, assigned, leased, licensed or otherwise disposed of under one or more contracts, by territory or by media or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as Lender may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. To protect the value of the Collateral, Borrower agrees that Lender shall be entitled to continue to license or grant distribution rights in the Film in a commercially reasonable manner once it is entitled to control the Collateral pursuant to Section 4.1 hereof. Any of the Collateral may be sold, licensed, leased or otherwise disposed of, in the condition in which the same existed when taken by Lender or after any completion, editing, overhaul or repair which Lender shall determine to be commercially reasonable.

4.3 SALE OF COLLATERAL: Lender shall give Borrower at least five (5) days' written notice of the date of any public sale of Collateral or of the date after which the Collateral Security may be sold privately. At any sale of the Collateral Security, whether by Lender or by Lender's nominee, or pursuant to a judicial decree, the Collateral Security may be sold as a unit or in parts, at Lender's sole discretion, and Lender may be the purchaser at any such sale. At any such sale, it shall not be necessary, and Borrower hereby waives any right to require, that the Collateral Security be present at the sale or in view of the prospective purchasers or that the person conducting the sale have physical possession thereof, and Borrower agrees that all of

Borrower's interest in the Collateral Security wheresoever located shall pass upon such sale with like effect as if the same were present and in the possession of the person conducting such sale

4.4 APPLICATION OF PROCEEDS: The proceeds of any Collateral obtained pursuant to Paragraph 4.1 hereof shall be disposed of by Lender as he sees adequate.

4.5 DISCONTINUANCE OF PROCEEDINGS: If Lender shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to Lender, then and in every such case Borrower and Lender shall be restored to their former positions and rights with respect to the Collateral subject to the security interest created under this Agreement, and all rights, remedies and powers of Lender shall continue as if no such proceeding had been instituted.

ARTICLE 5 - MISCELLANEOUS

5.1 NOTICES: All notices and other communications shall be made at the addresses, in the manner and with the effect provided in the Loan Agreement.

5.2 ENTIRE AGREEMENT: This Agreement constitute the entire agreement between the parties regarding the subject matter of this agreement and supersede all oral negotiations and prior writings regarding such subject matter.

5.3 AMENDMENTS: This Agreement may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such amendment, waiver, discharge or termination is sought.

5.4 SECURED OBLIGATIONS ABSOLUTE: The obligations of Borrower under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, but not limited to (a) any renewal, extension, amendment or modification of, or addition or supplement to or deletion from, any Credit Document, or any assignment or transfer of any Credit Document, (b) any waiver, consent, extension, indulgence or other action or inaction under or regarding any such instrument or agreement or this Agreement or any exercise or non-exercise of any right, remedy, power or privilege under or regarding this Agreement or any Credit Document, (c) the existence of or any furnishing of any additional security to Lender or any acceptance thereof or any sale, exchange, release, surrender or realization of or upon any security by Lender or (d) any invalidity, irregularity or unenforceability of all or part of the Secured Obligations or of any security therefor.

5.5 CONTINUING AGREEMENT; RELIANCE ON AGREEMENT: This Agreement is a continuing one and the Secured Obligations and other liabilities to which it applies or may apply pursuant to its terms shall be conclusively presumed to have been created in reliance on the representations, warranties and agreements contained in this Agreement.

5.6 SURVIVAL: All agreements, statements, representations and warranties made by Borrower in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the full, final and indefeasible payment and performance of all Secured Obligations.

5.7 BORROWER'S DUTIES: Notwithstanding anything to the contrary contained herein, Borrower shall remain liable to perform all obligations, if any, assumed by it with respect to the Collateral and Lender shall not have any obligations or liabilities regarding any Collateral by or arising out of this Agreement or any other Credit Document, nor shall Lender be required or obligated in any manner to perform or fulfill any of the obligations of Borrower under or regarding any Collateral.

5.8 SEVERABILITY: If any term or provision of this Security Agreement is held to be invalid under any statute, rule or regulation of any jurisdiction competent to make such a decision, the remainder of the terms and provisions hereof shall not be affected thereby but shall remain in full force and effect.

5.9 RELEASE OF SECURITY INTEREST: Upon payment in full by Borrower, in lawful money of the United States of America to Lender at the office of Lender as set forth herein, of the Obligation hereunder, together with interest thereon and any costs or expenses incurred by the Lender in the enforcement of the Note, this Security Agreement and any extensions, renewals, modifications thereof and amendments and supplements thereto or of any of its rights hereunder, Lender will deliver to Borrower such termination statements and other documents of cancellation, release, reconveyance and reassignment as shall be sufficient to discharge Borrower of the Obligation secured hereby, and to terminate, cancel and release the security interest created hereby in the Collateral Security.

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5.10 ASSIGNMENT: Lender may assign any or all of its rights and obligations under this Agreement or any interest herein or therein without the consent of or notice to Borrower, and Lender shall be released from its obligations to the extent of its assignment provided that the assignee assumes such obligations. Borrower may not assign any of its rights or obligations under this Agreement or any interest herein or therein without the prior written consent of Lender and any purported assignment by Borrower shall be void and of no force or effect.

5.11 SEVERABILITY: If any provision of this Agreement shall be invalid, illegal or unenforceable in any jurisdiction then, as to such jurisdiction only, such provision shall to the extent of such prohibition or unenforceability be deemed severed from the remainder of the relevant document and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired by such severance.

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5.12 HEADINGS: The headings of Paragraphs and Exhibits and any table of contents used in this Agreement are for convenience of reference only, do not constitute a part of this Agreement and shall not in any way affect the meaning, interpretation or effect of this Agreement or any provision of it or them.

5.13 REFERENCES: Unless otherwise specified, references to Paragraphs in this Agreement

shall be to Sections of this Agreement. Unless the context otherwise requires, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

5.14 COUNTERPARTS: This Agreement may be executed by the parties in any number of counterparts, each of which, when so executed, shall be deemed an original and all of which shall together constitute one and the same agreement.

5.15 ADDITIONAL DOCUMENTS: Borrower shall execute and acknowledge such other documents or instruments as Lender may deem necessary or desirable in order to perfect any and all elements of the security interest granted hereinabove. Furthermore, Borrower shall comply with the production of documents required in Exhibit B hereto and with the additional representations, warranties and covenants set forth therein.

5.16 WAIVER OF DEFENSES: Borrower waives and agrees not to plead, invoke or assert in any way any statute of limitations or similar provision or claim based upon an expiration or lapse of time as a defense to any action or proceeding for the payment of the Obligation or for the enforcement of any term or provision hereof.

5.17 GOVERNING LAW/JURISDICTION: Except where the laws of the United States of America control, this Security Agreement shall be construed according to the laws of the Commonwealth of Puerto Rico and Borrower hereby consents to the jurisdiction of all courts (whether state or federal) in the Commonwealth of Puerto Rico and further agrees that any process of such courts issued in connection with the adjudication of any such dispute may be served upon Borrower by certified or registered mail directed to Borrower at the place to which notices are sent Borrower and that such service by mail shall be of the same force and effect as if such process had been personally served upon Borrower within the Commonwealth of Puerto Rico

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(LEFT INTENTIONALLY IN BLANK, SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties have caused these presents to be properly executed this 19th day of March, 2012.

BORROWER:
DEMENTED THE MOVIE, LLC
By-Non Studios Corp.

LENDER:
PUERTO RICO FILM CORPORATION


By: Annabelle L. Mullen Pacheco


By: Mariella Pérez Serrano, Ph. D.
Executive Director

Affidavit number: 6653

Acknowledged and subscribed to before me by Mariella Pérez Serrano, as Executive Director of Puerto Rico Film Corporation, of legal age, married, executive and resident of San Juan, Puerto Rico and by Annabelle L. Mullen Pacheco, of legal age, single, executive and resident of San Juan, Puerto Rico, in her capacity as President Non-Studios Corp., Manager of Demented The Movie, LLC; both personally known to me, in San Juan, Puerto Rico this 19th day of March, 2012.

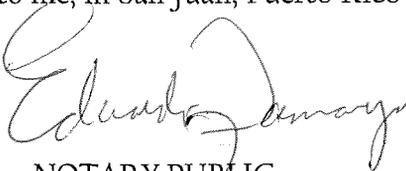

NOTARY PUBLIC



EXHIBIT 5.15

Additional Warranties, Covenants or Representations

- a) That no employee or official of PRFC, including the directors of the Board of Directors of PRFC, has any pecuniary interests direct or indirect, by himself or through a member of his family or third person, in the execution and performance of this Agreement pursuant to Law 12 of July 24, 1985, also known as "Government Ethics Law";
- b) That none of the officers or employees of the Company occupy any regular position or is an employee of trust ("empleado de confianza") within any agency, instrumentality or public corporation of the Commonwealth of Puerto Rico, including the University of Puerto Rico or any municipality;
- c) No Member has been convicted of a crime against the public treasury, public trust, or involved in the wrongful use of public funds or property of the Commonwealth of Puerto Rico. The Company expressly recognizes that this is an essential condition of this Agreement and in the event this warranty ceases to be correct, in whole or in part, PRFC can terminate this Agreement and the Company shall reimburse to the PRFC all monies disbursed under this Agreement;
- d) The Company has filed or had no legal obligation to file, for the 5 years immediately preceding the date of this Agreement, Income Tax Returns and it owes no monies in connection therewith to the Commonwealth of Puerto Rico or it is complying with a payment plan for any outstanding income tax owed. The Company expressly recognizes that this is an essential condition of this Agreement and in the event this warranty ceases to be correct, in whole or in part, the PRFC can terminate this Agreement and the Company shall reimburse to the PRFC all monies disbursed under this Agreement;
- e) The Company warrants and shall, as an essential and necessary condition of this Agreement, show and deliver, when requested by the PRFC or any authorized representative thereof, the certifications and documents that evidence the Company's financial and tax situation; that each person contracted or recruited to work within Puerto Rico in any task or job related to the Picture to be produced by the Company shall be eligible to work in Puerto Rico, pursuant to the laws and regulations of the Department of Immigration and Citizenship of the United States of America;
- f) The Company is not a party to and will not be a party to any contract, agreement, verbal or otherwise, with any agency or public corporation, of the Commonwealth of Puerto Rico, that would constitute a conflict of interest with this Agreement and/or the actions, duties and/or responsibilities to be undertaken by the Company under the Agreement. Moreover, PRFC does not and shall not represent any private interest in any case or matter that would

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imply: (i) conflict of interest with the governmental agency or (ii) a conflict of interest with the public policy of the agency.

- g) If a natural person, he or she, does not have nor has reason to believe there should be any debt outstanding regarding child support payments under the government program known as Administración para el Sustento de Menores (ASUME) and shall, as an essential and necessary condition of this Agreement, show and deliver, when requested by the governmental agency of the Commonwealth of Puerto Rico or any authorized representative thereof evidence thereof.
- h) The Company does not have any action, suit, litigation, arbitration, investigation or other proceeding of or before any court, arbitrator or governmental or regulatory official, body or authority of the Commonwealth of Puerto Rico, and to the best knowledge of the Company, threatened against, nor does the Company know or have reason to know of any basis for any such action, suit, litigation, arbitration, investigation or proceeding; the Company is not aware of any claim, event, occurrence or conflicting contracts with any agency of the Commonwealth of Puerto Rico that would require the Company to give notice to the governmental agency of the Commonwealth of Puerto Rico;
- i) These funds are allocated from the special funds created pursuant to Chapter VII of Puerto Rico Law Number 121 of August, 2001 in the books of the Department of Treasury of Puerto Rico under the name "Funds of the Corporation for the Development of the Sciences, Arts and Cinematographic Industry of Puerto Rico".
- j) Specifically, the parties hereto acknowledge that, in the event any disbursements are required from the film Commission under this agreement, the Film Commission shall not be bound to make disbursements under this contract unless and until this contract is filed for recording with the Puerto Rico Comptroller's Office pursuant to Law No. 18, dated October 30, 1975, as amended from time to time. AP
- k) The Company has delivered at the moment of signing this Agreement to the PRFC the following documents on its behalf and on behalf of all owners, members, directors:
 - 1. Certification of filing of Income Tax Return for the past 5 years issued by the Department of Treasury of Puerto Rico.
 - 2. Certification of Debt issued by the Department of Treasury of Puerto Rico. CRIM
 - 3. Certification of debt for real property issued by the Center of Collections for Municipal Income (CRIM by its acronym in Spanish).

4. Certification of debt for concept of unemployment, temporary incapacity and social security for drivers issued by the Department of Labor and Human Resources of Puerto Rico.
5. Certificate of Organization and issued by the Department of State of Puerto Rico.
6. Certification of debt for concept of municipal patents for industry commerce and services.
7. ASUME certificate evidencing compliance with child support payments, if applicable.



GUARANTY CORPORATION DE CINE

THIS GUARANTY (this "Guaranty") dated as of March 19, 2012 is made by the undersigned (the "Guarantor"), in favor of THE CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO (hereinafter referred to as the "PUERTO RICO FILM COMMISSION", or the "Lender").

WITNESSETH:

WHEREAS, pursuant to the Loan Agreement, dated as of even date herewith (together with all amendments and other modifications, if any, from time to time made thereto, the "Loan Agreement"), between DEMENTED THE MOVIE, LLC (hereinafter referred to as the "Company") and the Lender, the Lender has agreed to make a \$635,000.00 loan (the "Loan") to the Company; and

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WHEREAS, as a condition precedent to the making of the Loan under the Loan Agreement, the Guarantor is required to execute and deliver this Guaranty;

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WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor will derive substantial direct and indirect benefits from the Loan made to the Company pursuant to the Loan Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to make the Loan to the Company pursuant to the Loan Agreement, the Guarantor agrees, for the benefit of the Lender, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

Company is defined in the first recital.

Guaranteed Obligations is defined in Section 2.1 hereof.

Guarantor is defined in the preamble.

Guaranty is defined in the preamble.

Lender is defined in the first recital.

Loan Agreement is defined in the first recital.

Loan Documents means those agreements and other documents defined as "Loan Documents" in the Loan Agreement.

Material Adverse Effect means a material adverse effect on (a) the condition (financial or otherwise), operations, business, properties, assets or prospects of the Guarantor or (b) the ability of the Guarantor to timely and fully perform any of its payment or other material obligations under this Guaranty or any other Loan Document to which it is a party.

SECTION 1.2 Loan Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Loan Agreement.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1 Guaranty. In the event Lender, in its sole discretion, determines the Company, (a) willfully or through gross negligence fails to produce the Picture; and/or (b) fails to instruct and ensure that any purchaser of the Picture or rights therein, deposits any and all sales proceeds in the Collection Account, (hereinafter the "Gross Negligence Event"), the Guarantor hereby absolutely, unconditionally and irrevocably as primary obligor and not merely as surety, guarantees the full and prompt payment and compliance when due, whether by acceleration or otherwise, and at all times thereafter, of all obligations (monetary or otherwise) of the Company to the Lender, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, which arise out of or in connection with the Loan Agreement, the Note or any other Loan Document, in each case as the same may be amended, modified, extended or renewed from time to time (all such obligations being herein collectively called the "Guaranteed Obligations").

This Guaranty constitutes a guaranty by the Guarantor of payment when due and not of collection, and the Guarantor specifically agrees that it shall not be necessary or required that the Lender exercise any right, assert any claim or demand or enforce any remedy whatsoever against the Company (or any other Person) before or as a condition to the obligations of the Guarantor hereunder.

SECTION 2.2 Acceleration of Guaranty. The Guarantor agrees that, in the event of any Gross Negligence Event, the Guarantor shall pay to the Lender forthwith the full amount which would be payable hereunder by the Guarantor if all Liabilities were then due and payable.

SECTION 2.3 Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment by the Guarantor, and shall remain in full force and effect until all Guaranteed Obligations have been paid in full, finally and indefeasibly. The Guarantor guarantees that the Guaranteed Obligations shall be paid strictly in accordance with the terms of the Loan Agreement and each other Loan Document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Agent or any Lender with respect thereto. The creation or existence from time to time of additional Guaranteed Obligations to the Lender or any of them is hereby authorized, without notice to the Guarantor, and shall in no way impair the rights of the Lender or the obligations of the Guarantor under this Guaranty, including the Guarantor's guaranty of such additional Guaranteed Obligations. The liability of

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the Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of:

(a) the failure of the Lender

(i) to assert any claim or demand or to enforce any right or remedy against the Company or any other Person (including any other guarantor) under the provisions of the Loan Agreement, the Note, any other Loan Document or otherwise, or

(ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Guaranteed Obligations;

(b) any addition, exchange, release, surrender or non-perfection of any collateral or (ii) any amendment to or waiver or release or addition of, or consent to departure from, any other guaranty held by the Lender, securing or supporting any of the Guaranteed Obligations; or

SECTION 2.4 Reinstatement, etc. The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Guaranteed Obligations is rescinded or must otherwise be restored by the Lender, upon the insolvency, bankruptcy or reorganization of the Company, any other Person or otherwise, as though such payment had not been made.

SECTION 2.5 Waiver, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Agent or any Lender protect, secure, perfect or insure any security interest or Lien, or any property subject thereto, or exhaust any right or take any action against the Company or any other Person (including any other guarantor) or entity or any collateral securing any Guaranteed Obligations.

SECTION 2.6 Waiver of Subrogation and Contribution. The Guarantor hereby irrevocably waives in favor of the Lender any claim or other rights which it may now or hereafter acquire against the Company or any other Person that arise from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty or any other Loan Document, including any right of subrogation, reimbursement, contribution, exoneration, or indemnification, any right to participate in any claim or remedy of the Lender against the Company or any other Person or any collateral which the Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including the right to take or receive from the Company or any other Person, directly or indirectly, in cash or other property or by set-off or in any manner, payment or security on account of such claim or other rights. If any amount shall be paid to the Guarantor in violation of the preceding sentence and the Guaranteed Obligations shall not have been paid in cash indefeasibly in full such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for, the Lender, and shall forthwith be paid to the Lender to be credited and applied upon the Guaranteed Obligations, whether matured or unmatured. The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Loan Agreement and that the waiver set forth in this Section is knowingly made in contemplation of such benefits. Notwithstanding anything to the

contrary in this agreement, in the event Guarantor pays and satisfies in full all Guaranteed Obligations, to the satisfaction of the Lender, the waiver of subrogation of any claim or rights against the Company or any other person, excluding the Lender and all its directors, officers, employees, and agents, shall terminate and expire, and the Guarantor shall be entitled to subrogate and be vested into all of Lender's rights against the Company.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into the Loan Agreement and to make the Loan thereunder, the Guarantor represents and warrants to the Lender that:

SECTION 3.1 Validity and Binding Nature. This Guaranty is, and upon the execution and delivery thereof each other Loan Document to which the Guarantor is intended to be a party will be, the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except that enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law).

SECTION 3.2 Litigation and Guarantee Obligations. No litigation (including, without limitation, derivative actions), arbitration proceeding or governmental proceeding is pending or, to the Guarantor's knowledge, threatened against the which, if adversely determined, might have a material adverse effect against the Guarantor.

SECTION 3.3 Solvency, etc. On the Effective Date and immediately prior to and after giving effect to each borrowing under the Loan Agreement and the use of the proceeds thereof, (a) the Guarantor's assets will exceed its liabilities and (b) the Guarantor will be solvent, will be able to pay its debts as they mature, will own property with fair saleable value greater than the amount required to pay its debts and will have capital sufficient to carry on its business as then constituted.

SECTION 3.4 Information. All written information heretofore or contemporaneously herewith furnished by the Guarantor to the Lender for purposes of or in connection with the Loan Agreement and this Guaranty and the transactions contemplated thereby and hereby is, and all written information hereafter furnished by or on behalf of the Guarantor to the Lender pursuant hereto or thereto or in connection herewith or therewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

ARTICLE IV

MISCELLANEOUS PROVISIONS

SECTION 4.1 Loan Document. This Guaranty is a Loan Document executed

pursuant to the Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

SECTION 4.2 Binding on Successors, Transferees and Assigns; Assignment of Guaranty. This Guaranty shall be binding upon the Guarantor and its successors, transferees and assigns, and all references herein to the Company and the Guarantor, respectively, shall be deemed to include any of such Person's successor or successors, whether intermediate or remote. The Lender may from time to time, without notice to the Guarantor, assign or transfer any or all of the Guaranteed Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Guaranteed Obligations shall be and remain Guaranteed Obligations for the purpose of this Guaranty, and each and every immediate and successive assignee or transferee of any of the Guaranteed Obligations or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Guaranteed Obligations, be entitled to the benefits of this Guaranty and shall be protected to the same extent as if such assignee or transferee were the Lender.

SECTION 4.3 Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender and the Guarantor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.4 Addresses for Notices to the Guarantor. All notices and other communications provided for hereunder shall be in writing and shall be mailed in the manner and to the addresses provided by in the Loan Agreement.

SECTION 4.5 No Waiver; Remedies. In addition to, and not in limitation of, Section 2.3 and Section 2.5, no failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. All payments by the Guarantor pursuant to this Guaranty shall be made to the Lender.

SECTION 4.6 Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 4.7 Fees and Expenses. The Guarantor further agrees to pay all reasonable expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Lender in endeavoring to collect the Guaranteed Obligations, or any part thereof, in realizing upon or protecting any Collateral for this Guaranty, and in enforcing this Guaranty against the Guarantor.

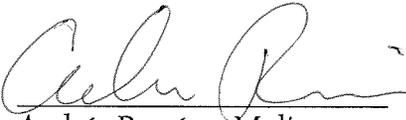
SECTION 4.8 Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 4.9 Governing Law, Entire Agreement, etc. This Guaranty shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico without reference to conflicts of laws principles. This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 4.10 Forum Selection And Consent To Jurisdiction.
ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE SUPERIOR COURT OF THE COMMONWEALTH OF PUERTO RICO, SAN JUAN PART. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF PUERTO RICO FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

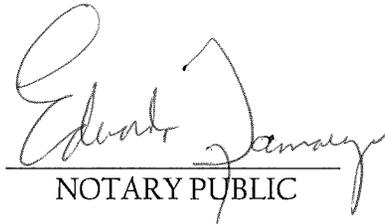
GUARANTOR:


Andrés Ramírez Molina

AFFIDAVIT NUMBER: 6655

SUBSCRIBED before me by Andrés Ramírez Molina, of legal age, single, property owner and resident of Trujillo Alto, Puerto Rico, personally known to me, in San Juan, Puerto Rico, on this 19th day of March 2012.




NOTARY PUBLIC

GUARANTY
CORPORACION DE CINE

THIS GUARANTY (this "Guaranty") dated as of March 19, 2012 is made by the undersigned (the "Guarantor"), in favor of THE CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO (hereinafter referred to as the "PUERTO RICO FILM COMMISSION", or the "Lender").

WITNESSETH:

WHEREAS, pursuant to the Loan Agreement, dated as of even date herewith (together with all amendments and other modifications, if any, from time to time made thereto, the "Loan Agreement"), between DEMENTED THE MOVIE, LLC (hereinafter referred to as the "Company") and the Lender, the Lender has agreed to make a \$635,000.00 loan (the "Loan") to the Company; and

WHEREAS, as a condition precedent to the making of the Loan under the Loan Agreement, the Guarantor is required to execute and deliver this Guaranty;

WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor will derive substantial direct and indirect benefits from the Loan made to the Company pursuant to the Loan Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to make the Loan to the Company pursuant to the Loan Agreement, the Guarantor agrees, for the benefit of the Lender, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

Company is defined in the first recital.

Guaranteed Obligations is defined in Section 2.1 hereof.

Guarantor is defined in the preamble.

Guaranty is defined in the preamble.

Lender is defined in the first recital.

Loan Agreement is defined in the first recital.

Loan Documents means those agreements and other documents defined as "Loan Documents" in the Loan Agreement.

Material Adverse Effect means a material adverse effect on (a) the condition (financial or otherwise), operations, business, properties, assets or prospects of the Guarantor or (b) the ability of the Guarantor to timely and fully perform any of its payment or other material obligations under this Guaranty or any other Loan Document to which it is a party.

SECTION 1.2 Loan Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Loan Agreement.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1 Guaranty. In the event Lender, in its sole discretion, determines the Company, (a) willfully or through gross negligence fails to produce the Picture; and/or (b) fails to instruct and ensure that any purchaser of the Picture or rights therein, deposits any and all sales proceeds in the Collection Account, (hereinafter the "Gross Negligence Event"), the Guarantor hereby absolutely, unconditionally and irrevocably as primary obligor and not merely as surety, guarantees the full and prompt payment and compliance when due, whether by acceleration or otherwise, and at all times thereafter, of all obligations (monetary or otherwise) of the Company to the Lender, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, which arise out of or in connection with the Loan Agreement, the Note or any other Loan Document, in each case as the same may be amended, modified, extended or renewed from time to time (all such obligations being herein collectively called the "Guaranteed Obligations").

This Guaranty constitutes a guaranty by the Guarantor of payment when due and not of collection, and the Guarantor specifically agrees that it shall not be necessary or required that the Lender exercise any right, assert any claim or demand or enforce any remedy whatsoever against the Company (or any other Person) before or as a condition to the obligations of the Guarantor hereunder.

SECTION 2.2 Acceleration of Guaranty. The Guarantor agrees that, in the event of any Gross Negligence Event, the Guarantor shall pay to the Lender forthwith the full amount which would be payable hereunder by the Guarantor if all Liabilities were then due and payable.

SECTION 2.3 Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment by the Guarantor, and shall remain in full force and effect until all Guaranteed Obligations have been paid in full, finally and indefeasibly. The Guarantor guarantees that the Guaranteed Obligations shall be paid strictly in accordance with the terms of the Loan Agreement and each other Loan Document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Agent or any Lender with respect thereto. The creation or existence from time to time of additional Guaranteed Obligations to the Lender or any of them is hereby authorized, without notice to the Guarantor, and shall in no way impair the rights of the Lender or the obligations of the Guarantor under this Guaranty, including the Guarantor's guaranty of such additional Guaranteed Obligations. The liability of

the Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of:

(a) the failure of the Lender

(i) to assert any claim or demand or to enforce any right or remedy against the Company or any other Person (including any other guarantor) under the provisions of the Loan Agreement, the Note, any other Loan Document or otherwise, or

(ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Guaranteed Obligations;

(b) any addition, exchange, release, surrender or non-perfection of any collateral or (ii) any amendment to or waiver or release or addition of, or consent to departure from, any other guaranty held by the Lender, securing or supporting any of the Guaranteed Obligations; or

SECTION 2.4 Reinstatement, etc. The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Guaranteed Obligations is rescinded or must otherwise be restored by the Lender, upon the insolvency, bankruptcy or reorganization of the Company, any other Person or otherwise, as though such payment had not been made.

SECTION 2.5 Waiver, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Agent or any Lender protect, secure, perfect or insure any security interest or Lien, or any property subject thereto, or exhaust any right or take any action against the Company or any other Person (including any other guarantor) or entity or any collateral securing any Guaranteed Obligations.

SECTION 2.6 Waiver of Subrogation and Contribution. The Guarantor hereby irrevocably waives in favor of the Lender any claim or other rights which it may now or hereafter acquire against the Company or any other Person that arise from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty or any other Loan Document, including any right of subrogation, reimbursement, contribution, exoneration, or indemnification, any right to participate in any claim or remedy of the Lender against the Company or any other Person or any collateral which the Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including the right to take or receive from the Company or any other Person, directly or indirectly, in cash or other property or by set-off or in any manner, payment or security on account of such claim or other rights. If any amount shall be paid to the Guarantor in violation of the preceding sentence and the Guaranteed Obligations shall not have been paid in cash indefeasibly in full such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for, the Lender, and shall forthwith be paid to the Lender to be credited and applied upon the Guaranteed Obligations, whether matured or unmatured. The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Loan Agreement and that the waiver set forth in this Section is knowingly made in contemplation of such benefits. Notwithstanding anything to the

contrary in this agreement, in the event Guarantor pays and satisfies in full all Guaranteed Obligations, to the satisfaction of the Lender, the waiver of subrogation of any claim or rights against the Company or any other person, excluding the Lender and all its directors, officers, employees, and agents, shall terminate and expire, and the Guarantor shall be entitled to subrogate and be vested into all of Lender's rights against the Company.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into the Loan Agreement and to make the Loan thereunder, the Guarantor represents and warrants to the Lender that:

SECTION 3.1 Validity and Binding Nature. This Guaranty is, and upon the execution and delivery thereof each other Loan Document to which the Guarantor is intended to be a party will be, the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except that enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law).

SECTION 3.2 Litigation and Guarantee Obligations. No litigation (including, without limitation, derivative actions), arbitration proceeding or governmental proceeding is pending or, to the Guarantor's knowledge, threatened against the which, if adversely determined, might have a material adverse effect against the Guarantor.

SECTION 3.3 Solvency, etc. On the Effective Date and immediately prior to and after giving effect to each borrowing under the Loan Agreement and the use of the proceeds thereof, (a) the Guarantor's assets will exceed its liabilities and (b) the Guarantor will be solvent, will be able to pay its debts as they mature, will own property with fair saleable value greater than the amount required to pay its debts and will have capital sufficient to carry on its business as then constituted.

SECTION 3.4 Information. All written information heretofore or contemporaneously herewith furnished by the Guarantor to the Lender for purposes of or in connection with the Loan Agreement and this Guaranty and the transactions contemplated thereby and hereby is, and all written information hereafter furnished by or on behalf of the Guarantor to the Lender pursuant hereto or thereto or in connection herewith or therewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

ARTICLE IV

MISCELLANEOUS PROVISIONS

SECTION 4.1 Loan Document. This Guaranty is a Loan Document executed

pursuant to the Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

SECTION 4.2 Binding on Successors, Transferees and Assigns; Assignment of Guaranty. This Guaranty shall be binding upon the Guarantor and its successors, transferees and assigns, and all references herein to the Company and the Guarantor, respectively, shall be deemed to include any of such Person's successor or successors, whether intermediate or remote. The Lender may from time to time, without notice to the Guarantor, assign or transfer any or all of the Guaranteed Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Guaranteed Obligations shall be and remain Guaranteed Obligations for the purpose of this Guaranty, and each and every immediate and successive assignee or transferee of any of the Guaranteed Obligations or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Guaranteed Obligations, be entitled to the benefits of this Guaranty and shall be protected to the same extent as if such assignee or transferee were the Lender.

SECTION 4.3 Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender and the Guarantor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.4 Addresses for Notices to the Guarantor. All notices and other communications provided for hereunder shall be in writing and shall be mailed in the manner and to the addresses provided by in the Loan Agreement.

SECTION 4.5 No Waiver; Remedies. In addition to, and not in limitation of, Section 2.3 and Section 2.5, no failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. All payments by the Guarantor pursuant to this Guaranty shall be made to the Lender. 

SECTION 4.6 Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 4.7 Fees and Expenses. The Guarantor further agrees to pay all reasonable expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Lender in endeavoring to collect the Guaranteed Obligations, or any part thereof, in realizing upon or protecting any Collateral for this Guaranty, and in enforcing this Guaranty against the Guarantor.

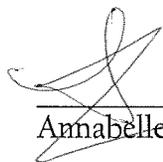
SECTION 4.8 Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 4.9 Governing Law, Entire Agreement, etc. This Guaranty shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico without reference to conflicts of laws principles. This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 4.10 Forum Selection And Consent To Jurisdiction.
ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE SUPERIOR COURT OF THE COMMONWEALTH OF PUERTO RICO, SAN JUAN PART. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF PUERTO RICO FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

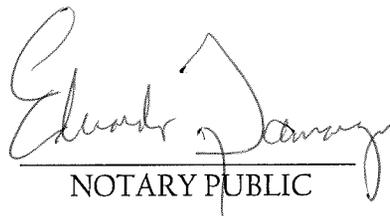
GUARANTOR:



Annabelle L. Mullen Pacheco

AFFIDAVIT NUMBER: 6654

SUBSCRIBED before me by Annabelle L. Mullen Pacheco, of legal age, single, property owner and resident of San Juan, Puerto Rico, personally known to me, in San Juan, Puerto Rico, on this 19th day of March 2012.



NOTARY PUBLIC

CORPORACION DE CINE
CERTIFICATE OF CORPORATE RESOLUTION

2012 MAR 21 PM 12: 37

The undersigned, Secretary of DEMENTED THE FILM, LLC, a Puerto Rico limited liability company (the "Company"), does hereby certify that pursuant to a Unanimous Consent of the Board of Directors of the Company, the following resolutions were unanimously adopted:

RESOLVED that the following actions of Non-Studios Corp. (the "Authorized Representative"), on behalf of and as Authorized Representative of the Company are in the best interest of the Company and are hereby approved, affirmed, ratified and adopted as the true and lawful actions of this Company:

A.O.

(i) The negotiation with the Corporation for the Development of the Arts, Science, and Film Industry of Puerto Rico (hereinafter, the "PRFC") of: (i) a commercial credit facility in the total aggregate amount of \$635,000.00, for the Company, under such terms and conditions as the Authorized Representative deems necessary and/or convenient, to produce the Film provisionally entitled "Demented".

ii) In connection with the aforesaid credit facility to execute any and all documents the Authorized Representative deems pertinent, necessary and/or convenient, including, but not limited to, the following documents and/or instruments:

1. Loan Agreement
2. Promissory Note(s)
3. Security Agreement
4. Copyright Mortgage and Assignment
5. Financing Statement

FURTHER RESOLVED, that in order to effectuate the foregoing, such person may execute such other instruments and perform such other acts as such person may determine to be necessary or desirable and in the best interests of the Company, such execution or performance being conclusive evidence of such determination.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company in San Juan, Puerto Rico, this 19th day of March, 2012.

DEMENTED THE FILM, LLC

A.R.

By: *Andrés Ramírez*
Secretary

Affidavit Number: 6656

Acknowledged and subscribed before me by Andrés Ramírez Molina, of legal age, single, property owner and resident of Trujillo Alto, Puerto Rico, in his capacity as Secretary of DEMENTED THE FILM, LLC, personally known to me, at San Juan, Puerto Rico, this 19th day of March, 2012.



Eduardo Tamargo
NOTARY PUBLIC

~~CERTIFICATE OF CORPORATE RESOLUTION~~
CORPORATE RESOLUTION

2012 MAR 21 PM 12: 37

The undersigned, Secretary of NON-STUDIOS CORP., a Puerto Rico corporation (the "Company"), does hereby certify that pursuant to a Unanimous Consent of the Board of Directors of the Company, the following resolutions were unanimously adopted:

RESOLVED that the following actions of Non-Studios Corp. (the "Authorized Representative"), on behalf of and as Authorized Representative of the Company are in the best interest of the Company and are hereby approved, affirmed, ratified and adopted as the true and lawful actions of this Company:

(i) The negotiation with the Corporation for the Development of the Arts, Science, and Film Industry of Puerto Rico (hereinafter, the "PRFC") of: (i) a commercial credit facility in the total aggregate amount of \$635,000.00, for the Demented The Film, LLC, under such terms and conditions as the Authorized Representative deems necessary and/or convenient, to produce the Film provisionally entitled "Demented".

ii) In connection with the aforesaid credit facility to execute any and all documents the Authorized Representative deems pertinent, necessary and/or convenient, including, but not limited to, the following documents and/or instruments:

1. Loan Agreement
2. Promissory Note(s)
3. Security Agreement
4. Copyright Mortgage and Assignment
5. Financing Statement

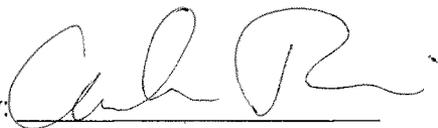
FURTHER RESOLVED, that in order to effectuate the foregoing, such person may execute such other instruments and perform such other acts as such person may determine to be necessary or desirable and in the best interests of the Company, such execution or performance being conclusive evidence of such determination.

A.D.

A.R.

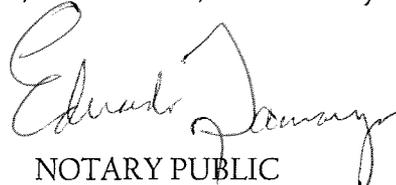
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company in San Juan, Puerto Rico, this 19th day of March, 2012.

NON-STUDIOS CORP.

By: 
Secretary

Affidavit Number: 6657

Acknowledged and subscribed before me by Andrés Ramírez Molina, of legal age, single, property owner and resident of Trujillo Alto, Puerto Rico, in his capacity as Secretary of NON-STUDIOS CORP., personally known to me, at San Juan, Puerto Rico, this 19th day of March, 2012.


NOTARY PUBLIC

