

SECURED PROMISSORY NOTE

\$65,000.00

City/State: Coos Bay, Oregon

Date: _____, 201__

This **SECURED PROMISSORY NOTE** (the "Note") is executed pursuant to the terms of an **ASSET PURCHASE AGREEMENT** (the "Purchase Agreement") dated as of January 5, 2018, by and between **LIGHTHOUSE RADIO GROUP**, an Oregon General Partnership ("Payee"), and **COOS RADIO, INC.**, an Oregon corporation ("Maker"), whereby Maker has purchased certain assets used and useable in the operation of radio broadcast station **KYSJ (FM)**, Coos Bay, Oregon, FAC ID# 35087, (the "Station"). The parties hereto are referred to as a Party in the singular and as the Parties in the plural

1. Payments. For good and valuable consideration, Maker promises to pay to the order of Payee the principal amount of Sixty-Five Thousand Dollars (\$65,000.00), plus interest, as provided:

(a) The Term of this Note shall be five (5) years;

(b) This Note shall bear interest at five and one-half percent (5.5%) per annum on the unpaid balance.

(c) The Commencement Date of this Note shall as of the date first written above.

(d) Maker shall pay to Payee, monthly payments, principal and interest included, as shown on Schedule 1 attached hereto and incorporated herein by reference. The first payment hereunder shall be due _____ pro-rated for any preceding partial month with subsequent regular payments due on the first day of each succeeding month subject to the terms of Section 9 herein below until the principal balance and interest plus any fees or fines which may have been incurred have been paid in full.

2. Form of Payment. All payments shall be made by wire transfer or electronic funds transfer to an account designated by Payee, or at such method or place as Payee may designate in writing, and shall be applied as follows: First, to the payment of any delinquency or "late" charges, if any; second, to interest (to include accrued and unpaid interest, if any); and third, to the reduction of principal. Time is of the essence for all payments due hereunder.

3. Prepayment. Maker may prepay this Note in whole or in part at any time without penalty. Any such prepayment shall be applied first to the payment of all unpaid penalties and interest, accrued and unpaid, if any. Partial payment of this Note will not change the amount of the payment installments under Paragraph 1(d) above or release, discharge, or affect the remaining obligations of Maker, other than as a credit for the amount paid applied as set forth above, or any guarantor, pledgor, or other maker or obligor under this Note, the Purchase Agreement, or any other document executed in connection therewith.

4. Security and Financial Reports. Maker's obligations pursuant to this Note shall be secured and guaranteed by the following ("Security Documents"):

- (a) A UCC filing;
 - (b) A security agreement (the “Security Agreement”) of even date herewith;
- and
- (c) A guaranty agreement (the “Guaranty Agreement”) of even date herewith.
 - (d) During the Term of this Note and annually until this Note has matured and Maker’s obligations have been released, Maker shall promptly deliver to Payee annual financial statements (including a balance sheet and statement of income and expenses on an annualized basis) reflecting Maker’s then current financial condition.

5. Events of Default. Any one or more of the following events (any of which may sometimes be referred to as an “Event of Default”) shall constitute a default under this Note, whereupon subject only to limitations arising under the rules, regulations and policies of the Federal Communications Commission or any other law, Payee may elect to exercise any or all rights, powers and remedies afforded hereunder and pursuant to the Security Documents, and all other documents related hereto and by law, including, without limitation, the right to accelerate the maturity of this Note and declare all amounts owing in respect to this Note to be due and payable in full:

(a) If Maker shall fail to make any payment when due, and such failure is not completely cured within ten (10) days thereafter without presentment or notice;

(b) If Maker shall fail to perform any of its material obligations hereunder (other than payment obligations), or if the Maker shall fail to perform any of its material obligations under the Purchase Agreement or any of the Security Documents if such failure is not cured within ten (10) calendar days of receipt of written notice from Payee to Maker; provided, however, if Maker's failure to perform any of its material obligations hereunder (other than payment obligations) or the Purchase Agreement cannot reasonably be cured within such ten (10) day period following written notice from Payee, Maker shall be allowed additional time (not to exceed ten (10) days from the date of such notice) as is reasonably necessary to cure the failure so long as: (i) Maker commences to cure the failure within such ten (10)-day period following written notice from Payee, (ii) Maker diligently pursues a course of action that will cure the failure; and (iii) such failure may reasonably be expected to be cured within such ten (10) day period; can be reasonably in the judgement of Seller.

(c) If any of the Security Documents is canceled, terminated, revoked or rescinded (other than by Payee in connection with satisfaction of Maker’s obligations hereunder) or any proceeding to cancel, revoke, or rescind any of the Security Documents shall be commenced by a third party and is not dismissed within thirty (30) calendar days after its commencement;

(d) If Maker shall become insolvent, make an assignment for the benefit of creditors, or any case or proceeding under any laws relating to bankruptcy, insolvency, readjustment of debt, dissolution or liquidation shall be commenced by or against the Maker; provided, however, in any case or proceeding under any laws relating to bankruptcy, insolvency,

readjustment of debt dissolution, or liquidation commenced against Maker, Maker shall not be in default if said case or proceeding is discharged within thirty (30) days; or

(e) If Maker shall sell, assign, or otherwise transfer (or seek authorization to do the same) the FCC Licenses or the Station or its rights or interests therein except through a *pro forma* application on FCC form 316 which may, among other situations, be required as the result of the change in composition of Maker's Board of Directors over the passage of time, subject, however, to Section 12 below.

6. Default Interest. In the event of any default by Maker in the payment of any amount due and payable under this Note pursuant to Paragraph 5(a) above, in addition to other remedies available to Payee, simple interest shall thereupon commence to accrue upon the unpaid balance of this Note from the date such payment was originally due at the rate of ten percent (10%) per annum.

7. Late Charges. Maker hereby acknowledges that in the event Maker is late in paying any amount of principal or interest when due under this Note, Payee will incur administrative and other costs associated with such late payment. Accordingly, in the event Maker makes payment on the tenth (10th) calendar day or later following the payment due date in any month, Payee may, at its option, whether immediately or at the time of final payment of the indebtedness evidenced by this Note, impose a delinquency or "late" charge of ten percent (10%) of each and every past-due payment; provided, however, that if any such delinquency or "late" charge is in excess of the amount permitted to be charged to Maker under applicable law, Payee shall be entitled to collect a delinquency or "late" charge at the highest rate permitted by such law. Maker agrees that any such delinquency or "late" charge shall not be deemed to be additional interest or a penalty, but shall be deemed to be a fair estimate of the expenses which will be suffered by Payee by reason of such late payment since computing the actual amount of Payee's expenses in advance is presently impracticable or extremely difficult.

8. No Waiver of Future Default. No delay or failure on the part of Payee to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default, shall constitute a waiver of any future Event of Default of the same type or of any other Event of Default. No delay or failure to accelerate the indebtedness evidenced hereby by reason of an Event of Default hereunder, or acceptance of a past-due installment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter or to impose "late" charges retroactively or for any "late" payment occurring thereafter or shall be deemed to be a novation of this Note or as a reinstatement of the debt evidenced hereby or as a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Payee may have, whether by applicable law, by agreement or otherwise; and Maker and each endorser hereby expressly waive the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing. This Note may not be changed orally, but only by an agreement in writing signed by the Party against whom such agreement is sought to be enforced. The rights remedies, powers and privileges under this Note are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9. Notice and Acceleration.

(a) Upon the occurrence of any Event of Default or cumulative Events of Default which is/are not cured within the time period established by this Note, Payee may declare, by written notice of default given to Maker, this Note to be forthwith due and payable, and thereupon the entire unpaid principal amount of this Note, together with any accrued and unpaid interest, shall become immediately due and payable without presentment, demand, protest, or other notice of any kind.

(b) In the event Maker is unwilling or unable to perform pursuant to this acceleration clause, Maker agrees to cooperate with Payee and take all actions necessary for Payee to exercise and enforce its rights pursuant to the Security Documents to include without limitation the joining in a voluntary assignment application before the FCC by which the Station's FCC Licenses would be re-assigned to Payee or as directed, subject to the FCC's prior approval.

(c) At such time that Maker's obligations hereunder have been met in full and upon a written request from Maker, Payee shall deliver to Maker a Promissory Note Release certifying that all of Maker's obligations have been performed in full.

10. Attorney Fees. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Note or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions hereof, or if this Note is given to an attorney or Court for collection, the prevailing Party shall be entitled to recover reasonable attorney's fees and other costs incurred in such action, proceeding, or collection in addition to any other relief to which the prevailing Party may be entitled.

11. Usury Laws. The indebtedness evidenced by this Note was incurred primarily for commercial, investment, or business purposes and not primarily for personal, family, or household purposes. In all events, it is the intention of the Parties to conform strictly to the usury laws, whether state or federal, applicable to this Note. None of the terms and provisions contained in this Note or any other document or instrument securing the indebtedness evidence hereby or related hereto shall ever be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest in excess of the maximum amount permissible under applicable federal or state usury laws. If under any circumstances whatsoever fulfillment of any provision hereof or any documents, at the time performance of such provision shall be due, shall involve exceeding the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if under any circumstances Payee shall ever receive an amount deemed interest by applicable law which would exceed the highest lawful rate, such amount that would be excessive interest under applicable usury laws shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest; or if such excessive interest exceeds the unpaid balance of principal, the excess shall be deemed to have been a payment by mistake and shall be refunded to Maker or to any other person making such payment on Maker's behalf. All sums paid or agreed to be paid to Payee for the use, forbearance or detention of the indebtedness of Maker evidenced hereby, outstanding from time to time, shall to the extent permitted by law, and to the extent necessary to preclude exceeding the limit of validity prescribed by law, be amortized, pro-rated, allocated and spread from the date of this Note so that the actual rate of interest on account of such indebtedness is

uniform throughout the term hereof. The terms and provisions of this Paragraph shall control and supersede every other provision of all agreements between Maker and Payee.

12. Subsequent Sale of Station. In the event Buyer enters into an agreement for the sale of the Station to an entity not controlled in the majority by Buyer or Roger W. Morgan, this Note shall be accelerated, and all sums due and remaining to be paid pursuant to the Note shall be due and payable in full at the time such transfer is consummated.

13. Assignability.

(a) This Note shall not be assigned or transferred by Maker without prior, written approval from Payee, which consent may be withheld, conditioned, or delayed in its sole discretion.

(b) Payee shall have the unconditional right to assign, transfer or pledge this Note and shall notify Maker of any such action in writing within thirty (30) days of such assignment, transfer or pledge.

14. Choice of Law, Venue. This Note shall be construed in accordance with the laws of the State of Oregon. In the event of a dispute between the Parties which could include but not be limited to the following, the Parties agree to submit the dispute to arbitration utilizing a single Arbitrator and to be bound by any decision or award rendered therein.

- (a) The interpretation and enforcement of any of the provisions of this Note;
or
- (b) Enforcement of Liquidated Damages and a determination of that amount.
- (c) Whether either Party is in breach of any portion of this Note; or
- (d) Whether that breach is a "material breach".

15. Notices: All notices, demands, and communications required or permitted to be given under the provisions of this Note other than notices of late payment shall be in writing and shall be deemed duly given (i) when given if personally delivered, (ii) as shown on the receipt if mailed by registered or certified mail, return receipt requested, postage prepaid, (iii) on the date sent as shown by a machine-generated delivery confirmation, if sent by facsimile transmission on a regular business day in the State in which the addressee resides or, if not sent on a business day, then on the next business day after the date sent, or (iv) on the delivery date in the records of a nationally recognized courier guaranteeing delivery. The Parties may also communicate with each other informally by telephone or electronic transmission (email), but such method shall not be used for any notice that has legal significance or consequences. Notices to the Parties may be given as follows:

(a) If to Payee:

Harry Abel, Jr.
Lighthouse Radio Group
93706 Pickett Lane
Coos Bay, OR 97420
541-267-4124 ext. 210
Email: harryabell@hotmail.com

(b) If to Maker:

Roger W. Morgan
Coos Radio, Inc.
3551 Edgewood Dr.
North Bend, OR 97459
(503) 984 1458
Email: mediateambuilder@gmail.com

or any such other address as each Party may from time to time designate for itself in writing.

IN WITNESS WHEREOF, the Maker has executed this Secured Promissory Note at Coos Bay, Oregon, on the day and year first above written.

MAKER
COOS RADIO, INC.

BY: _____
Roger W. Morgan, President

**Schedule 1
Amortization Schedule**

Exhibit 1						
Estimated Amortization Schedule						
KYSJ (FM), Coos Bay						
Seller: Lighthouse Radio Group						
Buyer: Coos Radio, Inc.						
		Total Valuation	\$100,000			
		Cash & In Kind	\$35,000			
		Loan Amount (pv)	\$65,000			
		Interest Rate (rate)	0.46%	Monthly Interest @ 5.5% Per Annum		
		Total # of Periods (Nper)	60	Monthly Payments in 5 year Term		
		Payment per Period	\$1,241.56			
Payment Dates	Payment	Payment Amount	Interest	Principal	Balance	
					\$ 65,000.00	
TBD	1	1,241.56	297.90	943.67	64,056.33	
	2	1,241.56	293.57	947.99	63,108.34	
	3	1,241.56	289.23	952.34	62,156.00	
	4	1,241.56	284.86	956.70	61,199.30	
	5	1,241.56	280.48	961.09	60,238.21	
	6	1,241.56	276.07	965.49	59,272.72	
	7	1,241.56	271.65	969.92	58,302.80	
	8	1,241.56	267.20	974.36	57,328.44	
	9	1,241.56	262.74	978.83	56,349.61	
	10	1,241.56	258.25	983.31	55,366.30	
	11	1,241.56	253.74	987.82	54,378.48	

	12	1,241.56	249.22	992.35	53,386.13	
Year 1 Total		14,898.76	3,284.90	11,613.87		
	13	1,241.56	244.67	996.89	52,389.24	
	14	1,241.56	240.10	1,001.46	51,387.77	
	15	1,241.56	235.51	1,006.05	50,381.72	
	16	1,241.56	230.90	1,010.66	49,371.06	
	17	1,241.56	226.27	1,015.30	48,355.76	
	18	1,241.56	221.61	1,019.95	47,335.81	
	19	1,241.56	216.94	1,024.62	46,311.19	
	20	1,241.56	212.24	1,029.32	45,281.87	
	21	1,241.56	207.53	1,034.04	44,247.83	
	22	1,241.56	202.79	1,038.78	43,209.06	
	23	1,241.56	198.03	1,043.54	42,165.52	
	24	1,241.56	193.24	1,048.32	41,117.20	
Year 2 Total		14,898.76	2,629.83	12,268.93		
	25	1,241.56	188.44	1,053.12	40,064.08	
	26	1,241.56	183.61	1,057.95	39,006.13	
	27	1,241.56	178.77	1,062.80	37,943.33	
	28	1,241.56	173.89	1,067.67	36,875.66	
	29	1,241.56	169.00	1,072.56	35,803.10	
	30	1,241.56	164.09	1,077.48	34,725.62	
	31	1,241.56	159.15	1,082.42	33,643.20	
	32	1,241.56	154.19	1,087.38	32,555.83	
	33	1,241.56	149.20	1,092.36	31,463.47	
	34	1,241.56	144.20	1,097.37	30,366.10	
	35	1,241.56	139.17	1,102.40	29,263.70	
	36	1,241.56	134.12	1,107.45	28,156.26	
Year 3 Total		14,898.76	1,937.82	12,960.94		
	37	1,241.56	129.04	1,112.52	27,043.73	

	38	1,241.56	123.94	1,117.62	25,926.11	
	39	1,241.56	118.82	1,122.74	24,803.37	
	40	1,241.56	113.67	1,127.89	23,675.48	
	41	1,241.56	108.50	1,133.06	22,542.42	
	42	1,241.56	103.31	1,138.25	21,404.17	
	43	1,241.56	98.10	1,143.47	20,260.70	
	44	1,241.56	92.85	1,148.71	19,111.99	
	45	1,241.56	87.59	1,153.97	17,958.02	
	46	1,241.56	82.30	1,159.26	16,798.75	
	47	1,241.56	76.99	1,164.57	15,634.18	
	48	1,241.56	71.65	1,169.91	14,464.27	
Year 4 Total		14,898.76	1,206.77	13,691.99		
	49	1,241.56	66.29	1,175.27	13,288.99	
	50	1,241.56	60.90	1,180.66	12,108.33	
	51	1,241.56	55.49	1,186.07	10,922.26	
	52	1,241.56	50.06	1,191.51	9,730.76	
	53	1,241.56	44.60	1,196.97	8,533.79	
	54	1,241.56	39.11	1,202.45	7,331.33	
	55	1,241.56	33.60	1,207.96	6,123.37	
	56	1,241.56	28.06	1,213.50	4,909.87	
	57	1,241.56	22.50	1,219.06	3,690.81	
	58	1,241.56	16.91	1,224.65	2,466.16	
	59	1,241.56	11.30	1,230.26	1,235.90	
	60	1,241.56	5.66	1,235.90	0.00	
Year 5 Total		\$14,898.76	\$434.50	\$14,464.27		