

## ASSIGNMENT AGREEMENT

**THIS ASSIGNMENT AGREEMENT** ("Agreement") is made and entered into as of the 31<sup>st</sup> day of January, 2011, by and between **YAQUINA BAY COMMUNICATIONS, INC.**, an Oregon Corporation ("Buyer") and **THOMAS D. HODGINS**, a resident of the State of Washington. ("Seller"). The parties hereto shall be known as the "Party" or "Parties".

### WITNESSETH:

WHEREAS, Seller is the licensee of FM translator station K252EQ, Depoe Bay, Oregon, Facility ID# 156551 (the "Translator") pursuant to a License authorized by the Federal Communications Commission ("FCC" or "Commission"); and

WHEREAS, Buyer desires to acquire the Seller's Translator License and associated equipment and Seller has agreed to an assignment of the Translator License to Buyer subject to authorization of the FCC.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, and the mutual covenants, agreements, and undertakings herein, the Parties agree as follows:

1. Assignment of the Translator License.

(a) Within three (3) calendar days of the mutual execution of this Agreement by the Parties, Seller and Buyer shall file with the FCC on Form 345, an assignment application requesting FCC authorization to an assignment of the Translator License to Buyer (the "Assignment Application");

(b) Application fees associated with the Assignment Application shall be paid by Buyer with any and all other fees to include legal, accounting, and/or finder's fees to be paid by the Party incurring such charges.

(c) Included in this transaction is the Tangible Personal Property used and useable in the daily operation of the Translator described on Schedule 1 attached hereto or as replaced by equipment of equal characteristics and equal or better operating performance.

(d) Seller currently leases transmission site facilities from Richard Linn, P.O. Box 1180, Newport, Oregon ("Linn"). Upon Closing, Buyer shall enter into its own agreement with Linn or obtain an alternative site.

2. Purchase Price and Payment. The Purchase Price being paid for the License is Sixteen Thousand Five Hundred Dollars (\$16,500.00) as follows:

(a) Upon execution of this Agreement, Buyer shall deliver to MCH Enterprises, Inc., as "Escrow Agent" its Escrow Deposit of Four Thousand Dollars (\$4,000.00) to be held to the benefit of the Parties, evidenced by an Escrow Agreement, substantially in the form of Exhibit 1

attached hereto and incorporated herein setting forth irrevocable instructions, mutually agreeable to both Parties concerning the deposit, disposition, and delivery of the Escrow Deposit. In the event of default or breach by either of the Parties, the Escrow Deposit shall be distributed in accordance with the terms and conditions of the Escrow Agreement.

(b) On the Closing Date, Buyer shall credit the account of Linn the amount of One Thousand Five Hundred Dollars (\$1,500.00) of tower site lease fees pertaining to the operations of radio station KSHL (FM), Newport, Oregon;

(c) On the Closing Date, Buyer shall deliver to Seller an executed Secured Promissory Note (the "Note"), substantially in the form of Exhibit 2 attached hereto in the principal amount of Twelve Thousand Five Hundred Dollars (\$12,500.00). Interest shall be at eight percent (8%) per annum on the unpaid balance. Monthly payments of principal and interest shall be Nine Hundred Fifty-Six and 87/100 Dollars (\$956.87) for twelve (12) months with the first payment due thirty (30) days from the date of Closing.

(i) David Miller, President of Yaquina Bay Communications, Inc. shall personally guarantee the Note.

(ii) Free and clear title to the Tangible Personal Property shall be evidenced by a Bill of Sale at such time that Buyer has made all payments due hereunder and the Purchase Price is paid in full. Until such time that the Purchase Price has been paid in full, title to the Tangible Personal Property shall rest with Seller, serving as collateral and subject to seizure by Seller in the event of an Event of Default.

(d) The following shall each constitute, after the expiration of any applicable cure period, an Event of Default:

(i) Buyer's failure to make payments to Seller as required herein.

(ii) If any representation or warranty made herein by any Party, or in any certificate or document furnished pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made or furnished.

(iii) A Party is in material breach of any obligation or representation assumed or made under this Agreement including but not limited to, compliance with the Communications Act and/or the FCC rules and policies.

(iv) An Event of Default, apart from a failure to make payments to Seller as required herein, shall not be deemed to have occurred until the expiration of twenty (20) business days after one Party has provided the other Party with written notice specifying the event or events that, if not cured, would constitute an Event of Default, and the Party in receipt of such notice has not cured the default or otherwise demonstrated that there is no default.

(v) In the event of the occurrence of an Event of Default, either Party may terminate this Agreement without further liability to the other Party except for those Purchase Price payments accrued but not paid to Seller.

(e) In the event Buyer is more than five (5) days late in payment, there shall be a ten percent (10%) late fee assessed against each late payment.

3. Closing. The transaction represented herein shall consummate (the "Closing") within five (5) days of FCC staff approval (the "Closing Date") at a place and time mutually agreeable to the Parties.

4. Representations and Warranties of Seller. Seller represents and warrants to Buyer that:

(a) Organization and Standing. Seller is now and on the Closing Date shall be a resident of the State of Washington and licensed to do business in the State of Oregon.

(b) Authorization. All necessary action to approve the execution, delivery, and performance of this Agreement and the consummation of the transaction represented herein has been taken by Seller, and this Agreement constitutes a valid and binding agreement of Seller enforceable in accordance with its terms.

(c) License. From the Date hereof through the Closing Date, Seller is and will be the holder of the Station's License. The License constitutes all of the authorizations required for and/or used in the operation of the Translator as currently operated, and the License is now and on the Closing Date will be in full force and effect.

(d) FCC Actions. Seller has not received any notice and has no knowledge of any pending, issued, or outstanding order by or before the FCC, or threatened, any investigation, Order to Show Cause, Notice of Violation, Notice of Apparent Liability, Notice of Forfeiture, or material complaint against the Translator or Seller. In the event of the occurrence of any such action, or the filing or issuance of any such order, notice, or material complaint, or Seller's learning of the threat thereof, Seller shall notify Buyer of same in writing within five (5) business days of such event and shall take all reasonable measures to contest in good faith or seek removal or rescission of such action, order, notice, or complaint.

5. Representations and Warranties of Buyer. Buyer represents and warrants to Seller that:

(a) Organization and Standing. Buyer is now and upon the Closing Date shall be a corporation organized and in good standing in the State of Oregon and licensed to do business in the State of Oregon.

(b) Authorization. All necessary action to approve the execution, delivery, and performance of this Agreement and the consummation of the transaction represented herein has been taken by Buyer, and this Agreement constitutes a valid and binding agreement of Buyer enforceable in accordance with its terms.

(c) Absence of Restrictions. No un-waived contract, agreement, or other instrument or condition exists or on the Closing Date will exist which restricts, limits, or in any manner affects any aspect of this Agreement or the transaction contemplated hereby. The execution, delivery, and performance of this Agreement and the transaction contemplated hereby by Buyer do not, and will not at Closing Date, conflict with or result in the termination or breach of any

terms, condition, or provisions of, or constitute a default under any contract, lease, agreement, or other instrument or condition by which Buyer is bound.

(d) Buyer's Qualifications. Buyer knows of no reason, circumstance, or condition existing, or reasonably to be anticipated, which would result in a finding by the FCC that it is not qualified legally, financially, or otherwise to be the licensee of the Translator, and Buyer will not take any action to permit any condition to exist which would disqualify Buyer from becoming such a licensee.

6. Termination Due To Breach.

(a) In the event of a material breach by Buyer of any term or condition of this Agreement or any representation or warranty contained herein which would render Buyer unable to perform its obligations under this Agreement, and the continuance of said breach without cure for a period of twenty (20) calendar days following written notice by Seller to Buyer, Seller may in its discretion terminate this Agreement without cost, penalty, or liability of any kind upon written notice to Buyer and Seller shall have the unilateral right to retain Buyer's Deposit.

(b) In the event of a material breach by Seller prior to the Closing Date of any term or condition of this Purchase Agreement or any representation or warranty contained herein, and the continuance of said breach without cure for a period of twenty (20) calendar days following written notice by Buyer to Seller, Buyer may in its discretion terminate this Agreement without cost, penalty, or liability of any kind upon written notice to Seller, subject to Buyer's right to seek specific performance pursuant to Paragraph 6 (c) hereinbelow;

(c) Because the License to be transferred pursuant to the terms of this Agreement is unique and not readily available on the open market, either Party would be seriously damaged should the transaction represented herein not be consummated through no fault of its own but for reasons attributable to the offending Party. Accordingly, in the event of a default or breach of the terms of this Agreement by Seller, Buyer shall have the right to seek to enforce the terms of this Agreement by a decree of specific performance. This right shall not be exclusive of rights at law for damages to include without limitation the expenses associated with the transaction contemplated herein, and in the event of a default or breach of the terms of this Agreement by Buyer, Seller shall have the right to seek damages in any Court of competent jurisdiction.

7. Indemnification by Seller. Seller agrees that it shall indemnify and hold Buyer harmless from and against (a) any and all damages, claims, losses, expenses, costs, obligations, and liabilities including, without limiting the generality of the foregoing, liabilities for reasonable attorneys' fees and disbursements suffered, directly or indirectly, by Buyer by reason of, or arising out of any breach of representation or warranty made by Seller pursuant to this Agreement, (b) any failure by Seller to perform or fulfill any of its covenants or agreements set forth in this Agreement, (c) any failure by Seller to pay or perform when due any of the Retained Liabilities, or (d) any litigation, proceeding or claim by any third party relating to the business or operations of the Station prior to the Closing Date.

8. Indemnification by Buyer. Buyer agrees that it shall indemnify and hold Seller harmless from and against (a) any and all damages, claims, losses, expenses, costs, obligations, and

liabilities including, without limiting the generality of the foregoing, liabilities for reasonable attorneys' fees and disbursements suffered, directly or indirectly, by Seller by reason of, or arising out of any breach of representation or warranty made by Buyer pursuant to this Agreement, (b) any failure by Buyer to perform or fulfill any of its covenants or agreements set forth in this Agreement, or (c) any litigation, proceeding or claim by any third party relating to the business or operations of the Station after the Closing Date.

9. Bulk Sales Law. Buyer hereby waives compliance by Seller with any Bulk Sales Law which may apply to this transaction, and Seller warrants and agrees to pay and discharge when due all claims of creditors which could be asserted against Buyer by reason of such non-compliance to the extent that such liabilities arise before the Closing and are not specifically assumed by Buyer under this Agreement.

10. Seller's Performance at Closing. On the Closing Date at the Closing Place, Seller shall execute and deliver or cause to be delivered to Buyer, in form and substance reasonably satisfactory to Buyer and its counsel:

(a) One or more assignments assigning to Buyer the FCC Licenses to be acquired by Buyer hereunder;

(b) A certificate of Seller stating:

(i) That all representations, warranties, and covenants of Seller as set forth in this Agreement and in the other instruments delivered by Seller are true and correct as of the Closing Date;

(ii) Seller has, in all material respects, performed and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by Seller at or prior to the Closing Date; and

(iii) The FCC has granted its consent and approval to the Assignment Application and to the transaction represented herein;

(c) Such other assignments, bills of sale, or instruments of conveyance, certificates of officers, and other documents as reasonably may be requested by Buyer to consummate this Agreement and the transaction contemplated hereby; and

11. Buyer's Performance at Closing. On the Closing Date at the Closing Place, Buyer shall execute and deliver or cause to be delivered to Seller, in form and substance reasonably satisfactory to Seller and its counsel:

(a) The Purchase Price as set forth in Paragraph 2 hereof;

(b) The Secured Promissory Note with Security Agreement and Personal Guaranty

(c) A certificate of Buyer stating:

(i) That all representations and warranties of Buyer as set forth in this Agreement or in any statement, certificate, exhibit or other document delivered pursuant to this Agreement by Buyer are true and correct in all material respects as of the Closing Date; and

(ii) Buyer has, in all material respects, performed and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by Buyer at or prior to the Closing Date; and

(c) Such other documents as reasonably may be requested by Seller to consummate this Purchase Agreement and the transaction contemplated hereby.

12. Survival of Covenants, Representations and Warranties. All representations, warranties, covenants, and agreements contained in this Agreement shall survive the Closing Date.

13. Finders, Consultants and Brokers. The Parties hereto hereby represent and warrant to one another that there has been no finder, broker, or consultant involved in the negotiations leading up to the execution of this Agreement other than MCH Enterprises, Inc., who has acted as broker for the Seller in this transaction. The Parties agree that Seller will be solely responsible for the broker's compensation.

14. Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Purchase Agreement shall be in writing and shall be deemed duly given when given personally or mailed by registered or certified mail, return receipt requested, postage prepaid, or transmitted electronically, as follows:

(a) If to Seller:

Mr. Thomas D. Hodgins  
1600 Gray Lynn Dr.  
Walla Walla, WA 99362  
(509) 527-1000  
Email: tomh@bmi.net

(b) If to Buyer:

Mr. David Miller  
Yaquina Bay Communications, Inc.  
P.O. Box 1430  
Newport, OR 97365  
(541) 265-2266  
Email: dmiller@ybc.com

or any such other addresses as the Parties may from time to time designate in writing.

15. Assignability. This Agreement cannot be assigned without approval from the non-requesting Party, which consent shall not be unreasonably withheld or delayed, except that Buyer can, without Seller's approval, assign its rights and interests hereunder to a corporation in which

Buyer holds no less than fifty-one percent (51%) of the issued voting stock and provided that Buyer guarantee performance of this Agreement.

16. Confidentiality. The Parties agree to use their best efforts to keep confidential any and all information furnished to either of them by the other Party in the course of the negotiations and the business, technical, and legal reviews, except such information as may be available to the public or to the other Party from another source not under an obligation of confidentiality. In this regard, the Parties agree to execute and be bound by such written confidentiality agreements as shall be reasonably requested by either Party.

17. Other Documents. The Parties shall execute and deliver on a timely basis all such further and additional documents as shall be convenient, necessary, or desirable to the implementation and consummation of this Agreement.

18. Waiver. No waiver by a Party of any provision of this Agreement shall be considered a waiver of any other provision of any subsequent breach of the same or any other provision, including the time for performance of any such provision. The exercise by a Party of any remedy provided in this Agreement or at law shall not prevent the exercise by that Party of any other remedy provided in this Agreement or at law.

19. Exhibits. All exhibits attached to this Agreement shall be deemed part of this Agreement and incorporated herein, where applicable, as if fully set forth therein.

20. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Oregon except for the choice of law rules utilized in that state, and the obligations of the Parties hereto are subject to all federal, state, and local laws and regulations now or hereafter in force and to the rules, regulations, and policies of the FCC and all other governmental entities or authorities presently or hereafter to be constituted.

21. Entire Agreement. This Agreement (including the attached exhibits) shall constitute the full and entire understanding of the Parties with respect to the subject matter hereof, and any prior agreement or understanding concerning the same is hereby terminated and canceled in its entirety and is of no further force and effect.

22. Binding Effect. This Agreement is binding upon and shall inure to the benefit of the Parties hereto, their respective agents, representatives, officers, directors, shareholders, affiliates, assigns, heirs, and successors in interest.

23. Arbitration. In the event of a dispute between the Parties with respect to:

- (a) The interpretation of any of the provisions of the Agreement; or
- (b) Whether either Party is in breach of any portion of the Agreement; or
- (c) Whether that breach is a "material breach", the Parties agree to submit the dispute to arbitration in accordance with the rules and procedures of the American Arbitration Association, and be bound by any decision or award rendered therein.

24. Warranty of Signatories. Each of the persons signing this Agreement on behalf of an entity warrants and represents that he or she has the right power, legal capacity and authority to execute this Agreement on behalf of such entity, without the concurrence or approval of any other person, any entity or any Court, and to thereby bind such entity to this Agreement.

25. Headings. The headings of the Paragraphs of this Agreement are inserted as a matter of convenience and for reference purposes only and in no respect define, limit, or describe the scope of this Agreement or the intent of any Paragraph hereof.

26. Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were on the same instrument. Each fully executed set of counterparts shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument.

27. Amendments. This Agreement may be amended by mutual consent of the Parties, but only by a written instrument duly signed by the Parties to the Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Purchase Agreement on the day and year first above written.

SELLER  
THOMAS D. HODGINS

BY: \_\_\_\_\_

Thomas D. Hodgins

BUYER  
YAQUINA BAY COMMUNICATIONS, INC.

BY: \_\_\_\_\_

David Miller, President



24. Warrants of Signatories. Each of the persons signing this Agreement on behalf of an entity warrants and represents that he or she has the right power, legal capacity and authority to execute this Agreement on behalf of such entity, without the concurrence or approval of any other persons, any entity or any Court, and to thereby bind such entity to this Agreement.

25. Headings. The headings of the Paragraphs of this Agreement are inserted as a matter of convenience and for reference purposes only and in no respect define, limit, or describe the scope of this Agreement or the intent of any Paragraph hereof.

26. Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were on the same instrument. Each fully executed set of counterparts shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument.

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IN WITNESS WHEREOF, the Parties hereto have executed this Purchase Agreement on the day and year first above written.

SELLER  
THOMAS D. HODGINS

BY \_\_\_\_\_  
Thomas D. Hodgins

BUYER  
YUQUINA BAY COMMUNICATIONS, INC.  
BY David Miller  
David Miller, President

*DMH*

Schedule 1  
Tangible Personal Property

- 1 BEXT 20-watt Exciter (or type accepted equivalent)
- 1 Harris 500 Watt Amp (or type accepted equivalent)
- 1 OMB Omni Antenna and Coax (or type accepted equivalent)

**Exhibit 1**  
**Escrow Agreement**

**Exhibit 2**  
**Secured Promissory Note**