

ASSET PURCHASE AGREEMENT

by and between

LAKE COUNTRY RADIO, LLC

Seller

and

M&J RADIO LLC

Buyer

for the Sale and Purchase of

Station KORV(AM), Lakeview, Oregon, Facility No. 48649

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“Agreement”) is made and entered into as of this 17th day of March, 2016, by and among **LAKE COUNTRY RADIO, LLC**, a limited liability company organized under the laws of the State of Oregon (“Seller”), and **M&J RADIO LLC**, a limited liability company organized under the laws of the State of Oregon (“Buyer”).

WITNESSETH:

WHEREAS, Seller is owner of Station KORV(AM), Lakeview, Oregon, Facility No. 48649 (the “Station”); and

WHEREAS, Seller owns or leases and desires to sell and/or assign, and Buyer desires to purchase, certain of the assets, property, and business used in the operation of the Station; and

WHEREAS, the assignment of the license of the Station is subject to the prior approval of the Federal Communications Commission (the “Commission”).

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

SECTION 1 **ASSETS TO BE SOLD**

1.1 On the Closing Date, Seller shall sell, assign, transfer, convey, set over, and deliver to Buyer, and Buyer shall purchase and/or accept assignment of the following assets (hereinafter collectively the “Assets”), but not any Excluded Assets (defined below), free and clear of any security interests, claims, encumbrances or liens (collectively, “Liens”), except for Permitted Liens and the “Assumed Obligations” (as defined in Paragraph 5.1). “Permitted Liens” shall consist only of (i) Liens for taxes, assessments, water, and sewer charges, license fees, and all other fees, special assessments, and charges assessed or imposed by a public body upon the Assets or any part thereof, provided such fees, assessments, or taxes are not yet due and payable or are being contested in good faith in an appropriate proceeding; (ii) zoning laws and ordinances; (iii) rights reserved to any governmental authority to regulate the affected property; (iv) liens that will be released at or prior to Closing, and (v) easements, rights of way, building and use restrictions, and other exceptions that do not in any material respect detract from the value of the property subject thereto or impair the use thereof in the ordinary course of the business of the Station:

1.1.1 **Authorizations.** All licenses, permits, and authorizations issued or granted by the Commission for the operation of the Station and all assignable applications filed with the Commission for the Station (hereinafter “Commission Authorizations”), and all franchises, licenses, permits, and authorizations issued by any administrative body or licensing authority or governmental or regulatory agency, other than Commission Authorizations, that are used exclusively in connection with the operation of the Station (hereinafter “Other Authorizations”), if any, and Seller’s rights in the Station’s call sign.

1.1.2 **Tangible Personal Property**. All of Seller's rights in and to all fixed and tangible property used or held for use as part of the transmission equipment for the operation of the Station including, but not limited to, the equipment listed on **Schedule 1.1.2**, together with replacements thereof, additions, and alterations thereto, and substitutions therefor, made between the date hereof and the Closing Date, except for any retirements or dispositions thereof made between the date hereof and Closing in the ordinary course of business (all hereinafter collectively the "Tangible Personal Property").

1.1.3 **Real Property**. Seller's interest in the real property leased by Seller and used in the operation of the Station (the "Real Property").

1.1.4 **Business Records**. Copies of Seller's engineering records relating solely to the business or operation of the Station or to assets or agreements purchased or assumed by Buyer (hereinafter collectively "Business Records").

1.1.5 **Accounts Receivable**. All outstanding accounts receivable owed with respect to advertising sold on the Station prior to Closing.

1.1.6 **Programming Agreements**. Those programming agreements listed in **Schedule 1.1.6** (the "Assumed Obligations").

1.2 **Excluded Assets**. Notwithstanding anything in this Agreement to the contrary, the Assets shall not include the following assets along with all rights, title, and interest therein which shall be referred to as the "Excluded Assets":

1.2.1 Any cash, cash equivalents, or similar type investments of Seller, such as certificates of deposit, Treasury bills, and other marketable securities on hand and/or in banks;

1.2.2 Any claims, rights, and interest of Seller to any (i) refunds of taxes or fees of any nature whatsoever or (ii) deposits or utility deposits or prepaid expenses, which in each case relate solely to the period prior to the Closing Date;

1.2.3 Any other contracts of Seller;

1.2.4 Seller's records or materials relating to Seller generally and not involving the Assets, including without limitation advertising reports, financial records, programming studies, consulting reports, computing software, marketing data, and business and personnel records, Seller's corporate and trade names, organizational documents, all records not relating exclusively to the Assets, and duplicate copies of records relating to the Station;

1.2.5 Contracts of insurance, including the cash surrender value thereof, and all insurance proceeds or claims made by Seller with respect to matters arising prior to the Closing Date;

1.2.6 Any pension, profit sharing, or cash or deferred (Section 401(k)) plans and trusts and the assets thereof and any other employee benefit plan or arrangement and the assets thereof, if any, maintained by Seller;

1.2.7 Logos, jingles, marketing plans, copyrights, trademarks, trade names, websites, domain names, the Station's format, and other intangible property of Seller;

1.2.9 Computer software, operating systems, and related assets that are used in the operation of multiple stations or other business units;

1.2.10 Any rights and claims of Seller, whether mature, contingent or otherwise, against third parties with respect to the Station and the Assets, to the extent arising during or attributable to any period prior to the Adjustment Time; and

1.2.11 Any assets used or held for use in the operation of any other radio or television station or other business owned or operated by Seller or an affiliate of Seller except for any such shared items that are specifically set forth as included in the Assets on the Schedules hereto.

1.3 **Satisfaction of Liens.** Prior to or at Closing, Seller shall cause all Liens on or relating to any of the Assets (other than Permitted Liens), to be released, extinguished, and discharged in full, and shall deliver to Buyer instruments releasing, extinguishing, and discharging all such Liens, and all rights and claims of any holder(s) of any of such Liens with respect to any of the Assets (collectively the "Lien Release Instruments").

SECTION 2

PURCHASE PRICE

2.1 **Purchase Price.** In consideration of Seller's performance of this Agreement, the total purchase price (the "Purchase Price") to be paid by Buyer to Seller at Closing for the Assets shall be Eighty-Four Thousand Dollars (\$84,000.00), as adjusted pursuant to Section 3 hereof, to be paid as follows:

(a) Upon execution of this Agreement, Buyer shall submit to Seller's legal counsel a Down Payment in the amount of One Thousand Dollars (\$1,000.00); and

(b) At Closing, Buyer shall execute a Promissory Note in the form attached hereto as Attachment 1 for the remainder of the Purchase Price.

2.2 **Allocation of Purchase Price.** Seller and Buyer agree to allocate the Purchase Price among the Assets as follows:

Personal Property	\$80,000.00
Accounts Receivable	\$1,000.00
Business Goodwill	\$3,000.00

SECTION 3

ADJUSTMENTS

3.1 **Adjustment Time.** The “Adjustment Time” as used herein shall be 12:01 A.M. current local time on the Closing Date.

3.2 **Adjustment Items.**

3.2.1 The following items (the “Adjustment Items”) shall be prorated as of the Adjustment Time:

(a) Rentals or other charges, payable or paid in respect of leasehold interests or tenancies, or leased transmitter sites, or other Real Property or equipment under any lease or tenancy of Real Property.

(b) Personal property taxes, assessments (including sewerage assessments and fees), and annual Commission Regulatory Fees levied or assessed against or otherwise paid or payable with respect to any of the Assets.

(c) Transferable license, permit, and registration fees, and like items.

(d) Charges for utilities (including but not limited to electricity, fuel, water, basic monthly telephone charges, long distance telephone calls, and sanitation and garbage disposal) furnished to or in connection with the Station.

(e) License agreements with ASCAP, BMI and SESAC.

(f) Unpaid or prepaid obligations of Seller with respect to any contract or agreement which Buyer assumes (if any).

(g) All other items of revenue or expense relating to the Assets, it being the intention of the parties that all operations and the business of the Station prior to the Adjustment Time shall be for the account of Seller, and all operations and the business of the Station after the Adjustment Time shall be for the account of Buyer, all in accordance with generally accepted accounting principles.

3.2.2 If the amount of any personal property tax or other regulatory fee to be prorated is not known on the Closing Date, such tax or fee shall be apportioned on the basis of the most recent tax assessment or based on the fees due in the prior year.

3.3 Buyer shall not be obligated to assume any obligations with respect to Seller’s employees. All obligations for unused vacation time, severance fees, or other costs and expenses relating to Seller’s employees shall remain solely expenses and obligations of Seller.

3.4 **Adjustments After Closing Date.** Except as provided in Section 3.2.2, if the amount of any Adjustment Item(s) cannot be readily ascertained or agreed upon on the Closing

Date, proration of such items shall be determined within sixty (60) days after the Closing Date and payment therefor shall be made to the party entitled thereto within five (5) business days after notice of such determination thereof has been given to Buyer or Seller, as the case may be.

SECTION 4

APPLICATION TO AND CONSENT BY COMMISSION

4.1 **Commission Consent.** Buyer and Seller acknowledge that consummation of the purchase and sale provided for herein and the performance of the obligations of Seller and Buyer under this Agreement is subject to the Commission's consent to the assignment of the Commission Authorizations from Seller to Buyer.

4.2 **Application For Commission Consent.**

(a) Seller and Buyer agree to proceed expeditiously and with due diligence and in good faith to use their commercially reasonable efforts and to cooperate with each other in seeking the Commission's approval of the transactions contemplated hereunder. Within five (5) business days after the date of this Agreement, each party shall have prepared its portion of an application on FCC Form 314 to request Commission consent to assign the Commission Authorizations from Seller to Buyer (the "Assignment Application") and shall have filed such portion of the Assignment Application with the Commission. Each party further agrees to diligently prosecute the Assignment Application and expeditiously prepare Assignment Application amendments, respond to oral or written inquiries, and answer pleadings whenever such are required by the Commission or its rules.

(b) Each party shall bear its own expenses incurred for the preparation, filing, and prosecution of the Assignment Application. The parties agree that counsel for Seller shall file the Assignment Application. All filing fees imposed by the Commission with respect to the Assignment Application shall be paid one-half by Seller and one-half by Buyer.

(c) Buyer and Seller shall notify each other of all documents filed with or received from any governmental agency with respect to this Agreement or the transactions contemplated hereby. Buyer and Seller shall furnish each other with such information and assistance as the other may reasonably request in connection with their preparation and prosecution of any governmental filing hereunder.

(d) Each party agrees to comply with any reasonable condition imposed on it by the Commission, except that no party shall be required to comply with a condition that would have a material adverse effect upon it (except for conditions of general applicability) unless the condition was imposed as the result of a circumstance which constitutes a breach by that party of any of its representations, warranties, or covenants in this Agreement. Buyer and Seller shall oppose any efforts for reconsideration or judicial review of the grant by the Commission of the Assignment Application (but nothing in this Section will limit any party's right to terminate this Agreement in accordance with the terms herewith).

SECTION 5

ASSUMPTIONS

5.1 **Liabilities.** The Assets should be sold and conveyed to Buyer free and clear of all liens of any type or amount created or suffered by Seller prior to the Closing Date, including any lien or claim held by Mr. Tommie Dodd, whether existing now or in the future, except for (i) Permitted Liens, and (ii) liabilities being assumed under the Assets, including the Real Property lease (the “Assumed Obligations”).

5.2 **Buyer’s Assumed Obligations.** Buyer covenants and agrees to assume at Closing and discharge following the Closing all of the unperformed duties of Seller accruing after the Closing Date under the Assumed Obligations. Buyer shall assume such unperformed duties of Seller only to the extent that such duties accrue on or after Closing based on the operation of the Station after the Closing Date. Except as specifically assumed by Buyer in this Agreement, Buyer is not agreeing to, and shall not, assume any other liability, obligation, undertaking, expense, or agreement of Seller of any kind, absolute or contingent, known or unknown, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense, or agreement (“Excluded Obligations”).

5.3 **Seller’s Liability.** Seller shall remain liable for all Excluded Obligations.

SECTION 6

REPRESENTATIONS WARRANTIES AND COVENANTS OF SELLER

Seller represents and warrants as follows:

6.1 **Standing.**

6.1.1 Seller is a limited liability company organized and in good standing under the laws of the State of Delaware, and has the full power to own the Assets and to carry on the business of the Station as it is now being conducted and is qualified and in good standing in the State of Oregon (if such qualification is required).

6.1.2 Seller has the full power and authority to enter into this Agreement and to execute all of Seller’s Closing Documents (as defined below) that require Seller’s signatures.

6.2 **Binding Effect of Agreement.** This Agreement constitutes a valid and binding obligation of Seller enforceable against Seller in accordance with the terms of this Agreement, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization, or other similar laws affecting or limiting the enforcement of creditors’ rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) (collectively, the “Enforceability Exceptions”). Upon execution, the Seller’s Closing Documents will constitute valid and binding obligations of Seller enforceable against Seller in accordance with their terms except for the Enforceability Exceptions. The execution, delivery, and performance of this Agreement or any of Seller’s Closing Documents do not violate any provisions of Seller’s Articles

of Organization, Operating Agreement, or By-Laws, or any contract provision or other commitment to which Seller or the Station is a party or under which it or its property is bound, or any judgment or order of which Seller has received notice, and will not result in the creation or imposition of any lien, charge, security interest, or encumbrance of any nature whatsoever upon any of the Assets except for Permitted Liens.

6.3 **Real and Tangible Personal Property.**

6.3.1 **Tower Site.** The Station's Real Property consists of (i) an oral lease with Lake County for use of the Station's tower; and (ii) an oral lease with Sally Fitzgerald for use of the Station's studio. The Real Property comprises all real property interests necessary to conduct the business or operations of the Station as now conducted, except for the Station's studio facilities.

6.3.2 **Tangible Personal Property.** Seller is the owner of and at Closing, will have good and marketable title to all of the Tangible Personal Property being conveyed, free and clear of all Liens other than Permitted Liens.

6.3.3 **Condition of Property.** All material items of Tangible Personal Property are in normal operating condition, reasonable wear and tear excepted.

6.4 **Operation of Station.** The Station at Closing will be operating in all material respects in accordance with its most recent technical license, and the Tangible Personal Property is operating in compliance in all material respects with Commission rules, regulations, and policies.

6.5 **Authorizations.** Seller is the authorized legal holder of all Commission Authorizations, none of which is subject to any restrictions or conditions which limit in any respect the operation of the Station as now operated except as may be set forth on the face of such authorizations and except for those of general applicability. All such Commission Authorizations are validly existing authorizations for the operation of the facilities described therein. Seller is operating the Station at full licensed power in accordance in all material respects with all material terms of the Commission Authorizations and all rules, regulations, and policies of the Commission. There is no action pending, or to the best of Seller's knowledge threatened, before the Commission or other body to revoke, refuse to renew, suspend, or materially adversely modify any of the Commission Authorizations or, to Seller's knowledge, any action which may result in the issuance of any cease and desist orders or the imposition of any administrative sanctions whatsoever with respect to the Station or its operation.

6.6 **Litigation and Insurance.**

6.6.1 **Litigation; Compliance With Law.** The Station is in compliance in all material respects with all applicable federal, state and local laws, ordinances, and regulations, including compliance with the Communications Act and all rules and regulations issued thereunder. There is no complaint, claim, litigation or judicial, administrative, or other proceeding of any nature, including, without limitation, a grievance, arbitration, or insolvency or bankruptcy proceeding pending, or to the best of Seller's knowledge, threatened (or to the best of Seller's knowledge, any investigation threatened) against the Station, Seller, or any of the Assets being

sold or transferred to Buyer, which may (a) materially adversely affect the Assets or the Commission Authorizations to be assigned hereunder, or the operation of the Station in substantially the same manner as it is currently operated, or would subject Buyer to liability, (b) restrain or enjoin the Closing or the consummation of the transactions contemplated hereby, or (c) result in the revocation, material adverse modification, or suspension of the Commission Authorizations, or the issuance or imposition of any administrative sanction that would materially adversely affect the Assets or the Commission Authorizations, or the operation of the Station or subject Buyer to liability. In addition, there is no litigation or proceeding or, to the best of Seller's knowledge, any investigation or proceeding that has been threatened, which would result in a material adverse effect upon the Assets. Seller will give Buyer prompt notice of its discovery of any such basis or the institution or the threat of any such litigation, investigation, or proceeding. Seller is not in default in respect to any judgment, order, writ, injunction, decree, rule, or regulation of any applicable court or governmental body, which default could have a materially adverse effect on the Assets or the Station.

6.6.2 **Insurance.** Seller maintains insurance policies with respect to the Tangible Personal Property consistent with its practices for other stations, and will maintain such policies in full force and effect until Closing.

SECTION 7

WARRANTIES, REPRESENTATIONS AND COVENANTS OF BUYER

Buyer covenants, represents, and warrants as follows:

7.1 **Organization and Standing.** Buyer is a limited liability company organized and in good standing under the laws of the State of Oregon.

7.2 **Authorization and Binding Obligation.** Buyer has all necessary power and authority to enter into this Agreement and all of Buyer's Closing Documents (as defined below) that require Buyer's signature. The execution, delivery, and performance of this Agreement (as of the date of execution of this Agreement and on the Closing Date) and the Buyer's Closing Documents (on the Closing Date) are or will be authorized by all necessary actions of Buyer. This Agreement constitutes a valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms of this Agreement, except as such enforceability may be limited by the Enforceability Exceptions. Upon execution, the Buyer's Closing Documents will constitute valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms except for the Enforceability Exceptions.

7.3 **No Contravention.** The execution, delivery, and performance of this Agreement or any of Buyer's Closing Documents do not violate Buyer's Articles of Organization or By-Laws or any contract provision or other commitment to which Buyer is a party or under which it or its property is bound, or any judgment or order except as contemplated herein.

7.4 **Litigation.** Except for administrative rule making or other proceedings of general applicability to the broadcast industry, there is no litigation, proceeding, judgment, claim, action,

investigation, or complaint threatened against or affecting it which would affect Buyer's authority or ability to carry out this Agreement.

7.5 **Buyer's Qualifications.** Buyer is legally, financially, and otherwise qualified to be the licensee of, acquire, own and operate the Station under the Communications Act and the rules, regulations and policies of the Commission. There are no facts that would, under existing law and the existing rules, regulations, policies, and procedures of the Commission, disqualify Buyer as an assignee of the Commission Authorizations or as the owner and operator of the Station. No waiver of or exemption from any Commission rule or policy is necessary for the Commission's consent to the Assignment Application to be obtained. There are no matters which might reasonably be expected to result in the Commission's denial or delay of approval of the Assignment Application. Buyer has the financial ability to pay the Purchase Price.

7.6 **Bankruptcy.** No (i) voluntary or, to Buyer's knowledge, involuntary petition in bankruptcy, receivership, insolvency, (ii) reorganization with respect to Buyer, or (iii) petition to appoint a receiver or trustee of Buyer's property has, to Seller's knowledge, been filed against Buyer. Buyer has not made any assignment for the benefit of its creditors, and has not permitted any judgment, execution, attachment, or levy against it or against any of its properties to remain outstanding or unsatisfied for more than thirty (30) days.

8.6 **Restrictions on Buyer.** Nothing contained in this Agreement shall give Buyer any right to control the programming or operations of the Station prior to the Closing Date and Seller shall have complete control of the programming and operation of the Station between the date hereof and the Closing Date and shall operate the Station in conformity in all material respects with the requirements of law and this Agreement.

8.7 **Buyer's Covenants.** From the date of this Agreement until the Closing Date, Buyer covenants that it will take no action, or fail to take any action, that would disqualify it from becoming the licensee of the Station or delay the grant of the Assignment Application by the Commission. Furthermore, Buyer shall give prompt notice to Seller of any occurrence that comes to Buyer's attention that may constitute a misrepresentation, breach of warranty or nonfulfillment of any covenant or condition on the part of Buyer or Seller contained in this Agreement.

SECTION 9

CONDITIONS FOR CLOSING

9.1 **Closing.** The Closing of the transactions contemplated by this Agreement (the "Closing") shall take place on a date which is mutually agreeable to the parties that is within ten (10) business days after the date the Assignment Application has been initially granted by the Commission's staff under delegated authority without any material adverse conditions (the "Order"), *provided, however*, that the parties shall not be obligated to proceed to Closing if the conditions precedent to Closing set forth in Sections 9.2 and 9.3 have not been satisfied or waived. The Closing shall be accomplished on the Closing Date by exchanging the closing documents required by this Agreement and such other closing documents as the parties may reasonably

require by mail, by email or air courier and by Buyer's delivery of the Purchase Price by wire transfer of immediately available funds.

If after Closing the Order is reversed or otherwise set aside, and there is an order of the Commission (or court of competent jurisdiction) requiring the re-assignment of the Commission Authorizations to Seller, then the purchase and sale of the Assets shall be rescinded. In such event, Buyer shall re-convey to Seller the Assets free and clear of Liens other than Permitted Liens, and Seller shall repay to Buyer the Purchase Price. Any such rescission shall be consummated on a mutually agreeable date within thirty days of the date such order becomes a Final Order (or, if earlier, within the time required by such order). In connection therewith, Buyer and Seller shall each execute such documents (including execution by Buyer of instruments of conveyance of the Assets to Seller) and make such payments (including repayment by Seller to Buyer of the Purchase Price) as are necessary to give effect to such rescission.

9.2 **Conditions Precedent to Obligations of Buyer.** The obligation of the Buyer to consummate the Closing under this Agreement is subject to the satisfaction of each of the following express conditions precedent (provided that Buyer may, at its election, waive any of such conditions on or before the Closing Date, notwithstanding that such condition is not fulfilled) on the Closing Date:

9.2.1 Seller shall have delivered to Buyer the Seller's Closing Documents as described in Section 10.1 below.

9.2.2 Each of the Seller's representations and warranties contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as if each such representation or warranty was made at and as of such time, except in respect of such changes as are contemplated or permitted by this Agreement.

9.2.3 Seller shall have performed and complied in all material respects with all covenants, agreements and obligations required by this Agreement to be performed or complied with by it prior to the Closing Date.

9.2.4 Seller shall be the holder of the Commission Authorizations.

9.2.5 The Order shall have been granted.

9.2.6 Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

9.3 **Conditions Precedent to Obligations of Seller.** The obligation of the Seller to consummate the Closing under this Agreement is subject to the satisfaction of each of the following express conditions precedent (provided that Seller may, at its election, waive any of such conditions on or before the Closing Date, notwithstanding that such condition is not fulfilled) on the Closing Date:

9.3.1 Buyer shall have delivered to Seller the Buyer's Closing Documents as described in Section 10.2 below.

9.3.2 Each of Buyer's representations and warranties contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as if each such representation or warranty was made at and as of such time, except in respect of such changes as are contemplated or permitted by this Agreement.

9.3.3 Buyer shall have performed and complied in all material respects with all covenants, agreements and obligations required by this Agreement to be performed or complied with by it prior to the Closing Date.

9.3.4 The Order shall have been granted.

9.3.5 Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

SECTION 10

OBLIGATIONS AT CLOSING

10.1 **Closing Documents to be Delivered by Seller.** At the Closing, Seller shall deliver to Buyer the following ("Seller's Closing Documents"):

10.1.1 An executed Bill of Sale transferring to Buyer all Tangible Personal Property to be transferred hereunder, except as provided in Section 1.1.2 hereof.

10.1.2 An executed Assignment/Assumption Agreement assigning to Buyer the Assumed Obligations and the oral Real Property leases.

10.1.3 An executed Assignment of Licenses assigning the Commission Authorizations to Buyer.

10.1.4 A certificate executed by Seller stating that the conditions set forth in Sections 9.2.2 and 9.2.3 have been satisfied.

10.1.5 A good standing certificate issued by the Secretary of State of Seller's jurisdiction of formation.

10.1.6 A certificate executed by Seller certifying the due authorization of this Agreement, together with copies of Seller's authorizing resolutions.

10.1.7 Any other instruments of conveyance, assignment, and transfer that may be reasonably necessary to convey, transfer, and assign the Assets from Seller to Buyer, free and clear of Liens, except for Permitted Liens.

10.2 **Closing Documents to be Delivered by Buyer.** At the Closing, in addition to the Purchase Price, Buyer shall deliver to Seller the following ("Buyer's Closing Documents"):

10.2.1 A certificate executed by Buyer stating that the conditions set forth in Sections 9.3.2 and 9.3.3 have been satisfied.

10.2.2 An Assignment/Assumption Agreement executed by Buyer assuming the Assumed Obligations and the oral Real Property leases.

10.2.3 A good standing certificate issued by the Secretary of State of Buyer's jurisdiction of formation.

10.2.4 A certificate executed by Buyer certifying the due authorization of this Agreement, together with copies of Buyer's authorizing resolutions.

10.2.5 Such other documents and instruments of assumption that may be necessary to assume the Assumed Obligations.

10.2.6 A Promissory Note in the form attached hereto as Attachment 1.

SECTION 11 **BROKERAGE**

Seller and Buyer each represent and warrant to the other that other than each knows of no broker, finder, or intermediary who has been involved in the transactions provided for in this Agreement or who might be entitled to a fee or commission upon the consummation of such transactions.

SECTION 12 **INDEMNIFICATIONS**

12.1 **Breach of Seller's Agreements, Representations, and Warranties**. Subject to the cap set forth below in this Section 12.1, Seller shall indemnify and hold harmless Buyer from and against, any loss, damage, liability, obligation, deficiency, claim, suit, cause of action, demand, judgment, or expense (including, without limitation, payments, fines, penalties, interest, taxes, assessments, and reasonable attorneys' fees and accounting fees), contingent or otherwise, whether incurred or asserted prior to or after the Closing Date, arising out of or sustained by reason of:

(a) any breach of any warranty or representation of Seller contained in this Agreement or in any certificate or other instrument furnished to Buyer pursuant to this Agreement or in connection with any of the transactions contemplated hereby;

(b) any default under any agreement of Seller included in this Agreement or in any certificate or other instrument furnished to Buyer pursuant to this Agreement or in connection with any of the transactions contemplated hereby;

(c) except for the Assumed Obligations, the operation of the Station or the ownership of the Assets prior to Closing (including, but not limited to, any and all claims,

liabilities, and obligations arising or required to be performed by Seller under any lease, contract, or agreement prior to Closing);

(d) except for the Assumed Obligations, any transaction entered into by Seller or arising in connection with the Station or the operation of the business thereof or any of the Assets prior to the Closing; or

(e) the Excluded Obligations.

Notwithstanding the foregoing or anything else herein to the contrary, after Closing, the maximum aggregate liability of Seller under Section 12.1(a) shall be an amount equal to 15% of the Purchase Price.

12.2 **Breach of Buyer's Agreements, Representations and Warranties.** Buyer shall indemnify and hold harmless Seller from and against, any loss, damage, liability, obligation, deficiency, claim, suit, cause of action, demand, judgment, or expense (including, without limitation, payments, fines, penalties, interest, taxes, assessments, and reasonable attorneys' fees and accounting fees), contingent or otherwise, whether incurred or asserted prior to or after the Closing Date, arising out of or sustained by reason of:

(a) any breach of any warranty or representation of Buyer contained in this Agreement or in any certificate or other instrument furnished to Seller pursuant to this Agreement or in connection with any of the transactions contemplated hereby;

(b) any default under any agreement of Buyer included in this Agreement or in any certificate or other instrument furnished to Seller pursuant to this Agreement or in connection with any of the transactions contemplated hereby;

(c) the operation of the Station or the ownership of the Assets subsequent to Closing;

(d) any transaction entered into by Buyer or arising in connection with the Station or the operation of the business thereof or any of the Assets subsequent to the Closing; or

(e) the Assumed Obligations.

12.3 **Procedures.**

(a) The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties that is subject to indemnification hereunder (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the indemnified party's rights or the indemnifying party's obligations except to the extent the indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced and provided that such notice is given within the time period described in Section 17.1.

(b) The indemnifying party shall have the right to undertake the defense or opposition to such Claim with counsel selected by it. In the event that the indemnifying party does not undertake such defense or opposition in a timely manner, the indemnified party may undertake the defense, opposition, compromise or settlement of such Claim with counsel selected by it at the indemnifying party's cost (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereof).

(c) Anything herein to the contrary notwithstanding: (i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise, or settlement of the Claim; (ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim; (iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim, the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel concerning such Claim and the indemnifying party and the indemnified party and their respective counsel shall cooperate in good faith with respect to such Claim; and (iv) neither party shall have any liability to the other under any circumstances for special, indirect, consequential, punitive or exemplary damages or lost profits or similar damages of any kind, whether or not foreseeable.

12.4 **Sole Remedy.** Except as provided to the contrary in this Agreement, the right to indemnification pursuant to this Section 12 shall be the sole and exclusive remedy of each party following the Closing in connection with any breach or other violation by the other party of its representations and warranties contained in this Agreement.

SECTION 13 **RISK OF LOSS**

The risk of any loss or damage to the Assets by fire, theft, breakage, explosion, earthquake, accident, flood, rain, storm, riot, act-of-God, or public enemy, or any other casualty or cause, reasonable wear and tear excepted, which impairs the ability of the Station to broadcast shall be borne by the Seller at all times before the Closing of this Agreement, and shall be borne by Buyer at all times from and after the Closing of this Agreement. If any such loss or damage occurs, Seller shall give prompt written notice of the loss or damage to Buyer, and Seller shall take all steps in the ordinary course of business to rebuild, replace, restore, or repair any such damaged property at its own cost and expense. In the event that Seller does not replace or restore in all material respects any such lost or damaged Asset or Assets having an aggregate replacement value of at least One Thousand Dollars (\$1,000) or which have a material adverse impact upon the operation of the Station by the time of Closing, then the parties shall proceed to Closing and Buyer shall accept the Assets in their then-current condition and the Purchase Price shall be reduced by the reasonably estimated cost to complete any such repair, replacement, or restoration as full satisfaction of any claim by Buyer against Seller with respect to the condition of any such Asset.

SECTION 14

FEES AND EXPENSES

Each party shall pay its own attorneys' fees and expenses which it initiates, creates, or incurs in connection with the negotiation, preparation and execution of this Agreement. Buyer and Seller shall split equally the Commission filing fee associated with the Assignment Application. All other expenses incurred in connection with this transaction shall be borne by the party incurring same, except that Buyer shall be solely responsible for all governmental taxes, fees and charges applicable to the transfer of the Assets under this Agreement.

SECTION 15

DEFAULT AND TERMINATION

15.1 **Termination.** This Agreement may be terminated prior to the Closing by either Buyer or Seller as the case may be, if the party seeking to terminate is not in material default or breach of this Agreement, upon written notice to the other promptly upon the occurrence of any of the following:

(a) by written notice of Buyer to Seller if Seller breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement and such breach or default is material in the context of the transactions contemplated hereby and is not cured within the Cure Period (as defined below);

(b) by written notice of Seller to Buyer if Buyer breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement and such breach or default is material in the context of the transactions contemplated hereby and is not cured within the Cure Period; provided, however, that the Cure Period shall not apply to Buyer's obligations to make the Deposit on the date hereof and to pay the Purchase Price at Closing;

(c) by Seller or Buyer if the Commission denies the Assignment Application or designates it for a trial-type hearing; or

(d) if by nine months from the date of execution of this Agreement the Closing has not been consummated by the parties to this Agreement.

15.2 A party shall be in "default" under this Agreement if it makes any material misrepresentation to the other party in connection with this Agreement, or materially breaches or fails to perform any of its representations, warranties, or covenants contained in this Agreement. Non-material breaches or failures shall not be grounds for declaring a party to be in default, postponing the Closing, or terminating this Agreement. If either party believes the other to be in default hereunder, the former party shall provide the other with written notice specifying in reasonable detail the nature of such default. The term "Cure Period" as used herein means a period commencing on the date Buyer or Seller receives from the other written notice of breach or default hereunder and continuing until the earlier of (i) fifteen (15) calendar days thereafter or (ii) the Closing Date determined under Section 9.1; provided, however, that if the breach or default is non-monetary and cannot reasonably be cured within such period but can be cured before the Closing Date determined under Section 9.1, and if diligent efforts to cure promptly commence, then the

Cure Period shall continue as long as such diligent efforts to cure continue, but not beyond the Closing Date determined under Section 9.1. Notwithstanding the foregoing, in the event of monetary default, time shall be of the essence, no notice shall be required or cure period afforded, and this Agreement may be terminated immediately.

15.3 Seller agrees that the Assets include unique property that cannot be readily obtained on the open market and that Buyer will be irreparably injured if this Agreement is not specifically enforced. Therefore, in the event of failure or threatened failure by Seller to comply with the terms of this Agreement, Buyer shall have the right specifically to enforce Seller's performance under this Agreement as its sole remedy, subject to obtaining any necessary Commission consent, and Seller agrees to waive the defense in any such suit that Buyer has an adequate remedy at law and to interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy. If Buyer fails to comply with its obligations related to the Deposit or Sections 4.2, 8.6, 18.11 or 18.12, Seller shall be entitled to all available rights and remedies, including without limitation specific performance.

15.4 Buyer agrees that in the event Seller terminates this Agreement pursuant to Section 16.1(b), it is agreed that Seller shall be entitled to release of the Deposit to Seller as liquidated damages as its sole and exclusive remedy for a breach by Buyer of this Agreement. The parties acknowledge and agree that payment of such amount shall constitute payment of liquidated damages and is not a penalty and that the liquidated damages amount is reasonable in light of the substantial but indeterminate harm anticipated to be caused by material breach or default under this Agreement, the difficulty of proof of loss and damages, the inconvenience and non-feasibility of otherwise obtaining an adequate remedy, and the value of the transactions to be consummated hereunder.

15.5 Except as provided by Section 16.4, the termination of this Agreement shall not relieve any party of any liability for breach or default under this Agreement prior to the date of termination. Notwithstanding anything contained herein to the contrary, Sections 2.1 (with respect to the Deposit) (and Section 16.4 with respect to the Deposit), 14 (Fees and Expenses) and 18.12 (Confidentiality) shall survive any termination of this Agreement.

SECTION 16

SURVIVAL OF WARRANTIES

16.1 All representations and warranties made in this Agreement shall survive the Closing for a period of one year, at which time they shall expire and be of no further force or effect. Any claim to indemnification in respect of a covenant or agreement shall be made within eighteen months of the Closing Date. In either case, if within such applicable period the indemnified party gives the indemnifying party written notice of a claim for breach thereof describing in reasonable detail the nature and basis of such claim, then such claim shall survive until the earlier of resolution of such claim or expiration of the applicable statute of limitations.

16.2 Except as set forth in this Agreement, neither the acceptance nor the delivery of property hereunder shall constitute a waiver of any covenant, representation, warranty, agreement, obligation, undertaking, or indemnification of Seller or Buyer contained in this Agreement, all of which shall, unless otherwise specifically provided, survive the Closing hereunder in accordance

with the terms of this Agreement and shall be binding upon and inure to the benefit of all of the parties hereto, their heirs, legal representatives, successors, and assigns.

SECTION 17

NOTICES

Any notice, demand, or request required or permitted to be given under the provisions of the Agreement shall be in writing and shall be deemed to have been duly delivered on the date of personal delivery, on the date of confirmed facsimile transmission or confirmed delivery by a nationally recognized overnight courier service, or on the date of receipt if mailed by registered or certified mail, postage prepaid and return receipt requested, and shall be deemed to have been received if sent to the following addresses:

If to Seller:

Lake County Radio, LLC
P.O. Box 2089
Belgrave, Victoria Australia 3160

With a copy (which shall not constitute notice) to:

Dan J. Alpert, Esq.
The Law Office of Dan J. Alpert
2120 N. 21st Rd.
Arlington, VA 22201
Email: dja@commlaw.tv
Facsimile: (703) 539-5418

If to Buyer:

M&J Radio, LLC
629 Center St.
Lakeview, OR 97630

Any party may change its address for notices by written notice to the other given pursuant to this Section. Any notice purportedly given by a means other than as provided in this Section shall be invalid and shall have no force or effect.

SECTION 18

MISCELLANEOUS

18.1 **Headings.** The headings of the Sections of this Agreement are for convenience of reference only, and do not form a part thereof, and do not in any way modify, interpret, or construe the meaning of the sections themselves or the intentions of the parties.

18.2 **Entire Agreement.** This Agreement (including the Schedules hereto) sets forth the entire agreement of the parties with respect to the subject matter hereof and is intended to supersede all prior negotiations, understandings, and agreements and cannot be altered, amended, changed, or modified in any respect unless each such alteration, amendment, change, or modification shall have been agreed to by each of the parties hereto and reduced to writing in its

entirety and signed and delivered by each party. No provision, condition, or covenant of this Agreement shall be waived by either party hereto except by a written instrument delivered to the other party and signed by the party consenting to and to be charged with such waiver. No party makes any representation or warranty with respect to the transactions contemplated by this Agreement except as expressly set forth in this Agreement.

18.3 **Binding Effect and Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns. Buyer may freely assign this Agreement to an entity under common control of Buyer upon written notice to Seller, provided that (i) any such assignment does not delay processing of the Assignment Application, grant of the Order or Closing, (ii) any such assignee delivers to Seller a written assumption of this Agreement and (iii) Buyer shall remain liable for all of its obligations hereunder. No assignment shall relieve any party of any obligation or liability under this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

18.4 **Additional Documents.** The parties hereto agree to execute, acknowledge, and deliver, at or after the Closing Date, such other and further instruments and documents as may be reasonably necessary to implement, consummate, and effectuate the terms of this Agreement and the effective vesting in Buyer of title to the Assets.

18.5 **Counterparts.** This Agreement may be executed in one or more counterparts, all of which together shall comprise one and the same instrument.

18.6 **Legal Actions.** If, notwithstanding the provisions of Section 14, either Seller or Buyer initiates any legal action or lawsuit against the other involving this Agreement, the prevailing party in such action or suit shall be entitled to receive reimbursement from the other party for all reasonable attorneys' fees and other costs and expenses incurred by the prevailing party in respect of that litigation, including any appeal, and such reimbursement may be included in the judgment or final order issued in such proceeding.

18.7 **Governing Law.** The parties agree that this Agreement and the transaction herein contemplated shall be interpreted, construed, and enforced under and according to the laws of the State of Oregon. Any litigation initiated with respect to this Agreement shall take place in the Circuit Court located in Lake County, Oregon.

18.8 **Counsel.** Each party has been represented by its own counsel in connection with the negotiation and preparation of this Agreement and, consequently, each party hereby waives the application of any rule of law to the effect that any provision of this Agreement shall be interpreted or construed against the party whose counsel drafted that provision.

18.9 **Time is of the Essence.** Time shall be of the essence in this Agreement and the performance of each and every provision hereof.

18.10 **Severability.** If any term or provision of this Agreement or its application shall, to any extent, be declared to be invalid or unenforceable, so long as no party is deprived of the benefits of this Agreement in any material respect, the remaining terms and provisions shall not

be affected and shall remain in full force and effect to such extent severable; provided, however, that nothing in this provision shall impair a party's rights pursuant to Sections 12 or 16 hereof.

18.11 **Publicity**. Seller and Buyer agree that, except as may be required by applicable law, all public announcements relating to this Agreement or the transactions contemplated hereby will be made only as may be agreed upon in writing by the parties, which consent shall not be unreasonably withheld.

18.12 **Confidentiality**. Buyer and Seller, and their respective employees, agents and representatives, shall each keep confidential all non-public information obtained with respect to the other in connection with the negotiation and performance of this Agreement, except where such information is known or available through other lawful sources or where its disclosure is required in accordance with applicable law. If the transactions contemplated hereby are not consummated for any reason, Buyer and Seller, and their respective employees, agents, and representatives, shall return to the other, without retaining a copy thereof, any written information, including all financial information, obtained from the other in connection with this Agreement and the transactions contemplated hereby, and shall forever preserve the confidentiality of such information. The parties recognize that a breach of this covenant of confidentiality may cause substantial, irreparable harm to the other's business and therefore agree that injunctive relief would be appropriate to enforce any breach of this covenant.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and executed by their proper individuals or officers thereunto duly authorized as of the day and year first above written.

SELLER:

LAKE COUNTY RADIO, LLC

By: 

Name: Leighton M. Reed-Nickerson

Title: Member

BUYER:

M&J RADIO LLC

By: _____

Name: Marcie Wade

Title: Managing Member

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and executed by their proper individuals or officers thereunto duly authorized as of the day and year first above written.

SELLER:

LAKE COUNTY RADIO, LLC

By: _____
Name: Leighton M. Reed-Nickerson
Title: Member

BUYER:

M&J RADIO LLC

By: Marcie Wade
Name: Marcie Wade
Title: Managing Member

Attachment 1

Form of Promissory Note

NEGOTIABLE PROMISSORY NOTE

_____, 2016

\$83,000.00

For Value Received, M&J RADIO LLC, An Oregon limited liability company (“Maker”) promise to pay to the order of **LAKE COUNTY RADIO, LLC**, an Oregon limited liability company (“Holder”) the principal amount of **EIGHTY-THREE THOUSAND DOLLARS** (\$83,000.00). Except as provided herein, the principal amount shall not incur interest.

Payments shall be made in 83 equal monthly payments in the amount of \$1,000 per month, due on the 10th day of each month following execution of this Note. Until instructed otherwise, all payments shall be sent initially to: Dan J. Alpert, The Law Office of Dan J. Alpert, 2120 N. 21st Rd., Arlington, VA 22201. In the event of the death of Leighton Reed-Nickerson prior to the final payment due under this Note then the balance of the Note shall be cancelled in full and the Note marked “Paid in Full” and returned to Maker.

1. Events of Default. Upon the occurrence of one or more defaults that have not been timely cured, as defined below, the Holder shall have the option of declaring immediately due and payable the entire unpaid principal of this Note plus accrued interest thereon. The following shall be events of default:

(a) If the Maker shall default in any payment of principal or interest and such default shall continue for a period of ten (10) business days following written notice to Maker;

(b) If a receiver, conservator, custodian, liquidator, or trustee of Maker, or of all or any substantial part of Maker's assets, is appointed by court order and such order remains in effect for more than 60 days; or an order for relief is entered under the federal bankruptcy laws with respect to Maker; or any of the material amount of Maker's assets is sequestered by court order and such order remains in effect for more than 60 days; or a petition is filed against Maker under the bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days after such filing;

(c) If Maker files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment or debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against Maker under any such law, and such remains in effect for more than 60 days;

(d) If Maker makes an assignment for the benefit of its creditors, or admits in writing its inability to pay, or in fact does not pay, its debts generally as they become due, or consents to the appointment of a receiver, conservator, custodian, liquidator, or trustee of Maker, or of all or any substantial part of its assets;

(e) If any material warranty, representation, or statement made or furnished to Holder by or on behalf of Maker shall be or prove to have been materially false when made or furnished;

(f) Any loss or theft or any substantial damage or destruction of any substantial part of broadcast station KORV(FM), Facility No. 48649, Lakeview, Oregon (the "Station") that is not repaired or replaced reasonably promptly, or the voluntary or involuntary transfer of any of the Station's substantial assets by way of judicial sale, attachment, levy, garnishment or other judicial process;

(g) Designation for hearing by the FCC or its delegated authority seeking denial of the renewal of the main license of the Station;

(h) Commencement of revocation proceedings by the FCC with respect to the main licenses of the Station;

(i) Maker's sale or abandonment of the licenses or business of operating the Station.

Notwithstanding the forgoing, Maker shall be permitted to miss up to two monthly payments per year without being declared in Default. In such case, the missed payments remain due and owing, and shall be paid following the initial 38 months of payments.

2. Covenants of the Maker of this Note. As long as this Note shall remain outstanding, the Maker of this Note warrants, covenants, and agrees as follows:

(a) That following Closing, Maker is the licensee of the Station, and owns the assets used in the operation of the Station, free from any lien, encumbrance, or security interest of greater or equal seniority to that of Holder, and that Maker will defend the Station and its current or future assets against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) That Maker will not sell or otherwise transfer any of the material assets used in the operation of the Station or any interest therein other than in the ordinary course of business unless such assets are replaced by property of at least equal value.

(c) That Maker shall promptly pay when due all taxes and assessments that may be levied against the Station's property and that Maker is not contesting in good faith. If Maker fails to do so, Holder has the option, but is not obligated, to make payments at Maker's expense.

(d) Holder has the option, but is not obligated, to pay and discharge other liens, encumbrances or security interests upon the Station's property.

3. Notices. All notices and other communications to be delivered hereunder shall be in writing and shall be sent by registered or certified mail, return receipt requested, at the following respective addresses, or at such other respective addresses as may be furnished by the respective parties:

If to the Maker of the Note:

M&J Radio, LLC
629 Center St.
Lakeview, OR 97630

If to the Holder of this Note:

Lake County Radio, LLC
P.O. Box 2089
Belgrave, Victoria Australia 3160

4. Default Remedies. If an event of Default shall occur that has not been timely cured, the Holder may exercise any right, power, or remedy permitted to such holder by law, and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal and all interest accrued on this Note to be, and the Note shall forthwith become, due and payable, without any presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived and the holder of the Note may proceed (subject to the rules and regulations of the FCC) to protect and enforce its rights either by suit or in equity and/or by action at law or proceed to obtain judgment or any other relief whatsoever appropriate to the action or proceeding, or proceed to enforce any other legal or equitable right of any holder of the Note. The Holder of this Note shall be entitled to recover the costs and expenses, including, but not limited to, reasonable attorneys' fees actually incurred by such holder in collecting any sums due under the Note or in otherwise enforcing any of its rights and the costs and expenses incurred by such holder pursuant to Paragraph 2(c) and (d) hereof. In addition to the foregoing remedies, all overdue payments shall bear interest at the lesser of eighteen percent (18%) per annum or the maximum rate allowable under law, which amounts shall be added to the outstanding balance hereof.

It is acknowledged that under current FCC policy Holder cannot have a security interest in the FCC Authorizations. Nevertheless, Maker hereby grants to Holder a continuing security interest in the Collateral (as defined below) to secure prompt payment and performance by Maker. The term Collateral means and includes:

(a) All accounts, accounts receivable, contract right, and general intangibles, all other forms of payment, all present and future incomes, rents, revenues, contributions, issues and profits, goodwill, licenses and license rights (subject to subsection (c) below) bailment or leasehold interests, whether as lessor or lessee;

(b) All tangible personal property acquired in conjunction with the purchase of the Station from Holder; and

(c) To the maximum extent permitted by below, and subject to FCC approval were necessary: (i) any proceeds, products, offspring, accessions, rents, profits, income, or benefits associated with the sale of the Authorizations (unless such proceeds, products, offspring, accessions, rents, profits, income, or benefits would constitute an Authorization to the extent that any law applicable thereto, including the Act and the rules, regulations and policies of the FCC prohibits the creation of a security interest therein); and (iii) the rights to receive the proceeds necessary to satisfy the monies owed by Maker to Holder derived from or in connection with the sale, assignment, or transfer of such Authorizations, subject to FCC approval.

(d) In the event the FCC policies permit it in the future, the FCC Authorizations.

Notwithstanding the forgoing, upon the occurrence of a Default that is not cured pursuant to the time periods set forth above, Holder also shall have the right to:

(a) Collect the Collateral (upon notification, if so required) and apply the Collateral, including proceeds, against the outstanding amount owed (crediting Maker for any amounts previously paid to Holder pursuant to this Promissory Note or the Purchase Agreement, including any payments of principal paid pursuant to this Note);

(b) Retain a broker for the purpose of listing the Assets to be marketed to members of the public. Maker shall cooperate in any necessary marketing of the Assets, including but not limited to allowing prospective buyers to have reasonable access to the Station's facilities, books and records at mutually convenient times. Maker also shall cooperate as necessary with the preparation and filing of any application at the FCC for the assignment of the Authorizations to any party;

(c) Collect from Maker on demand any deficiency remaining after exercise of the above remedies. Any monies remaining in excess of the amounts owed to Holder under this Promissory Note or the Purchase Agreement shall be credited exclusively to Maker.

Holder and Maker agree not to take any action that would constitute or result in an assignment or transfer of control of such Authorization if such assignment or transfer of control would require under then-existing laws (including FCC rules) the prior approval of the FCC, without first obtaining such approval of the FCC.

5. Prepayment and Application of Payments Made. Prepayment of this Note may be made at any time without prior written consent of the Holder without premium or penalty. All payments received in any given month will be applied first to accrued but unpaid interest and then to a reduction of the outstanding principal balance.

6. Miscellaneous. Maker hereby waives all notices, presentment for payment, demand, protest, notice of protest, and notice of dishonor and agrees to remain bound until

the principal and any interest are paid in full, notwithstanding any extension of time for payment that may be granted even though the period or periods of extension be indefinite and notwithstanding any inaction by, or failure to assert any legal rights available to, the Holder of this Note. Time is of the essence in the performance of this Note.

7. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Oregon.

ATTEST:

M&J RADIO LLC

By: _____
Marcie Wade, Managing Member