

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made on this _____ day of _____, 202_, by and between **NOEMY RODRIGUEZ**, a resident of the State of Washington **D/B/A ALCON MEDIA (“Debtor”)**, and **ALEXANDRA COMMUNICATIONS, INC.**, a Washington corporation (“Secured Party”), and **SALVADOR RODRIGUEZ**, a resident of the State of Washington (“Guarantor”). The parties hereto shall be known as a “Party” in the singular and the “Parties in the Plural.

WHEREAS, Secured Party has sold to Debtor the assets described in that certain Asset Purchase Agreement, dated _____, 2020 (the “Purchase Agreement”), by and between Debtor and Secured Party regarding broadcast radio stations KQFO (FM), Pasco, Washington and FM Translator K295AV, Kennewick, Washington (the “Stations”);

WHEREAS, pursuant to the Purchase Agreement, a portion of the purchase price due thereunder shall be paid by delivery of a Secured Promissory Note and Pledge of Proceeds to Secured Party at the Closing in the aggregate principal amount of Four Hundred Ninety-Six Thousand Dollars (\$496,000.00) (the “Note”); and

WHEREAS, Guarantor is the current owner of _____ which is currently for sale;

WHEREAS, Guarantor recently sold the residential real property located at _____ and _____ payments pursuant to a Promissory Note dated August 27, 2020 _____ and _____

WHEREAS, in order to secure payment of the Note, the interest, and any other amounts due and owing to Secured Party thereunder (the “Obligations”), Debtor, and in some instances Guarantor, have agreed to grant a security interest to Secured Party in certain assets of Debtor and Guarantor described below.

NOW, THEREFORE, for valuable consideration, and to secure the payment and performance when due of the Obligations of Debtor to Secured Party, the Parties hereby agree as follows:

1. GRANT OF SECURITY INTEREST:

Debtor hereby grants and conveys to Secured Party a first priority continuing security interest in and lien on the Collateral (as defined below), together with all rights, remedies and privileges pertaining thereto, and all substitutions, replacements and proceeds thereof. The “Collateral” means:

(a) all accounts of Debtor, as that term is defined in the Uniform Commercial Code, now existing or hereafter arising, including, without limitation, all present and future rights to payment for goods sold or services rendered by Debtor that are not otherwise evidenced by instruments or chattel paper, whether or not such rights have been earned by performance;

(b) all furniture, fixtures, equipment, inventory, books and records, programming, music libraries, computer hardware and software, auxiliary facilities, towers, transmitters, antennas, antenna line and other electronic equipment and parts, supplies, machinery, and vehicles, and other tangible and intangible personal property of Debtor relating to the Stations;

(c) all substitutes and replacements for, accessions, attachments, and other additions to any of the above, and all products or masses into which any goods are physically united such that their identity is lost;

(d) all certificates of title and certificates of origin or manufacturers statements of origin relating to any of the foregoing, now owned or hereafter acquired;

(e) all property similar to any of the foregoing to be used in the operations of the Stations hereafter acquired by Debtor;

(f) all ledger sheets, files, records, documents, instruments, and other books and records (including computer programs, tapes, and related electronic data processing software) evidencing an interest in or relating to the above;

(g) all proceeds of any of the foregoing;

(h) to the extent permitted by law, any and all construction permits, licenses, and authorizations, including those for the Stations (including successor variants of their call signs), issued or granted to Debtor by the Federal Communications Commission ("FCC") or any other governmental entity or otherwise in connection with the operation of the Stations and any auxiliary broadcast or other facility associated with the Stations. The Parties recognize that as of the date of this Agreement, the FCC does not permit a security interest to extend to a station's FCC construction permits, licenses, and authorizations ("FCC Authorizations"), but does not prohibit security interests that extend to the proceeds of the sale, transfer, or other disposition of such FCC Authorizations. Accordingly, this security interest shall extend to the proceeds of the sale, transfer, or other disposition of Debtor's FCC Authorizations. If the law in this regard is subsequently changed so as to permit security interests in FCC licenses, construction permits or other authorizations, then all of the right, title, and interest of Debtor in and to any FCC Authorizations, whether now held or hereafter acquired, shall automatically and immediately become subject to the Secured Party's security interest to the maximum extent permitted by law as then in force and effect;

(i) all accounts, accounts receivable, furniture, fixtures, equipment, inventory, books and records, supplies, machinery, and vehicles, and other tangible and intangible personal property of Guarantor relating to Desert Heat;

(j) all sales proceeds from the sale of [REDACTED] or its assets; and

(k) the [REDACTED] and all payments due thereunder.

(l) the Collateral shall secure the obligations owing by Debtor to Secured Party under the Note and extensions, amendments or modifications thereof and any and all other indebtedness now or hereafter owed to Secured Party by Debtor. The security interest granted hereby shall continue to be effective irrespective of any retaking or repossession of Collateral, until all indebtedness and obligations secured hereby are fully paid in money.

2. WARRANTIES AND COVENANTS:

Debtor and Guarantor warrant, covenant, and agree as follows:

- (a) Payment. To pay and perform all of the Obligations secured by this Agreement in accordance with their respective terms;
- (b) Defend. To defend at Debtor's own cost the title to the Collateral against all persons and all claims and demands whatsoever. Debtor agrees not to transfer legal or equitable title to the Collateral to any other party without Secured Party's prior written consent;
- (c) Protect. All risks of loss of damage to or destruction of the Collateral shall at all times be on Debtor. Debtor shall procure forthwith and shall maintain appropriate insurance with coverage on the Collateral for the full insurable value thereof for the life of this Security Agreement plus such other insurance as Secured Party may reasonably require; and Debtor shall promptly deliver to Secured Party, upon Secured Party's request, each such certificate of such policy showing loss payable to Secured Party as its interests may appear.
- (d) Assurance of Perfection. On demand of Secured Party, to do the following: furnish further assurance of title; execute any written agreement or do any other acts necessary to effectuate the purposes and provisions of this Agreement; execute any instrument or statement required by law or otherwise in order to perfect the security interests granted to Secured Party herein; and continue or terminate the security interest of Secured Party in the Collateral;
- (e) Possession. To retain possession of the Collateral during the existence of this Agreement and not to sell, exchange, assign, deliver, mortgage or otherwise dispose of same without the prior written consent of Secured Party, which Secured Party may grant or deny in its sole discretion;
- (f) Liens. To keep the Collateral free and clear of all liens, charges, encumbrances, taxes and assessments. Debtor acknowledges that Secured Party does not assume any of Debtor's obligations in connection with acquisition, preparation or holding of the Collateral;
- (g) Taxes, Etc. To pay, when due, all taxes, assessments, license fees, premiums, and any other public or private charges when levied or assessed relating to the Collateral except to the extent that they may be contested in good faith and by appropriate proceedings, providing Secured Party shall be delivered written notice of such contesting within thirty (30) calendar days of each such event.
- (h) Name, State of Formation, Notice of Changes. Debtor's name as shown above is accurate and complete, Debtor is a sole proprietor D/B/A Alcon Media and Debtor shall

provide Secured Party with a thirty (30) calendar day written notice prior to any change in name or corporate structure of Debtor;

(i) No Commingling. Unless waived by Secured Party, all proceeds from any disposition of the Collateral shall be held in trust for Secured Party; provided however, this requirement shall not constitute consent by Secured Party to any sale or other disposition;

(j) Account Representations. Each account and each invoice representing any account will (i) cover a bona fide sale or lease and delivery of merchandise sold or leased in the ordinary course of business of the Debtor or cover the rendition by the Debtor of services to customers in the ordinary course of business, (ii) be for a liquidated amount, maturing as stated in the invoice covering said sale, and (iii) other than Secured Party's security interest therein, not be subject to any other lien or to any offset, deduction, or counterclaim other than those asserted by the applicable customer in the ordinary course of business or those created by law. Invoices shall not be backdated, postdated, or re-dated, unless required by applicable law, regulations, or government authorities, and Debtor shall not make any sales on extended credit terms other than in accordance Debtor's past practices; and

(k) Full Performance. To perform and comply in all material respects with all obligations in respect of the accounts and under all other contracts and agreements to which Debtor is a Party or by which it is bound relating to the Collateral where failure to so comply would result in a material adverse effect on the Collateral, unless the validity thereof is being contested in good faith by appropriate proceedings and such proceedings do not involve the material danger of the sale, forfeiture, or loss of the Collateral which is the subject of such proceedings or the priority of the lien in favor of Secured Party thereon.

3. GENERAL PROVISIONS:

(a) Financing Statement Filing. Debtor hereby authorizes Secured Party to file, without a signature of Debtor, a financing statement with any governmental authority, to perfect or continue the security interest granted by Debtor to Secured Party under this Agreement, or to file a photographic or other reproduction of this Agreement for use as a financing statement.

(b) Non-Waiver. Waiver of or acquiescence in any default by the Debtor, or failure of the Secured Party to insist upon strict performance by the Debtor of any warranties or agreements in this Agreement, shall not constitute a waiver of any subsequent or other default or failure.

(c) Notices. Any notice required or allowed under this LMA shall be in writing and shall be deemed given when delivered personally, mailed by first class mail (postage prepaid), or sent by an overnight delivery service (charges prepaid), and addressed to the following:

(i) If to Secured Party:

Thomas D. Hodgins, President
45 Campbell Rd.
Walla Walla, WA 99362

(ii) If to Debtor:

Noemy Rodriguez
D/B/A Alcon Media
110605 E. PR 196, S.E.
Kennewick, WA 99338

(iii) If to Guarantor:

Salvador Rodriguez
D/B/A Alcon Media
110605 E. PR 196, S.E.
Kennewick, WA 99338

(d) Law Applicable/Venue. The laws of the State of Washington shall govern the rights, duties and remedies of the Parties and enforcement of this Agreement to include the finding of an event of default as defined herein. In the event that either Party commences a legal action to enforce the provisions of this Agreement, venue for such action shall lie exclusively in Walla Walla County, Washington; the choice of arbitration or court hearing shall be at the option of Secured Party. In the event of litigation, the substantially prevailing Party shall be entitled to recover its legal costs and attorney fees associated with such litigation. Any provisions herein declared invalid under any law shall not invalidate any other provision of this Agreement.

(e) Default. The following shall constitute an Event of Default by Debtor:

- (i) Non-Payment. Failure of Debtor to make any payment when due and payable under the Obligations;
- (ii) Violation. Failure of Debtor, within ten (10) calendar days after receipt from Secured Party of notice of non-compliance, to comply with or perform any provision of this Agreement or any other documents evidencing the Obligations;
- (iii) Misrepresentation. False or misleading representations or warranties made or given by Debtor in connection with this Agreement;
- (iv) Levy. Subjection of the Collateral to levy of execution or other judicial process;

(v) Insolvency. Commencement of any insolvency proceeding by or against Debtor;

(vi) Termination of Business Activities. The cessation by Debtor of its business activities; or

(vii) Impairment of Security. Any waiver made by Debtor that materially impairs the collectability of an account.

(f) Remedies on Default. Upon the finding of any Event of Default, at the sole option of Secured Party, Secured Party shall have all the rights, remedies and privileges with respect to repossession, retention and sale of the Collateral and disposition of the proceeds as are accorded to a secured Party by the applicable sections of the Uniform Commercial Code respecting “Default” in effect in the State of Washington and any other applicable laws as of the date of this Agreement, including but not limited to, the rights and remedies specified in this Security Agreement and in the Note and any other agreement between Debtor and Secured Party.

(g) Attorneys’ Fees Etc. Secured Party’s reasonable attorneys’ fees, costs of collection and the legal and other expenses for pursuing, searching for, receiving, taking, and selling the Collateral shall become a part of the Obligations secured hereby and shall be immediately chargeable to Debtor.

(h) Deficiency. Debtor shall remain liable for any deficiency resulting from a sale of the Collateral for less than the value of the Obligations and shall pay any such deficiency forthwith to Secured Party upon demand.

(i) Possession of Collateral. Upon the finding of any Event of Default, the Secured Party, in its sole discretion, may: (i) foreclose the liens and security interests created under this Security Agreement or any other agreement relating to any and all Collateral by any available procedure (subject to the limitations set forth Sections 1(h) and 3(l) of this Agreement); (ii) enter upon Debtor’s premises peaceably, by the Secured Party’s own means or with legal process, and take possession of the Collateral, or dispose of the Collateral on Debtor’s premises and Debtor agrees not to resist or interfere; (iii) require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party reasonably convenient to both parties (Debtor agrees that Secured Party’s address as set forth herein is a place reasonably convenient for such assembling); and (iv) unless the Collateral is likely to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice will be met if such notice is mailed, postage prepaid, to the address of Debtor shown herein, at least three (3) business days before the time of sale or disposition.

(j) Cash Proceeds. The net cash proceeds resulting from the collection, liquidation, sale or other disposition of the Collateral shall be applied first to the expenses (including reasonable attorney’s fees actually incurred) of retaking, holding, storing, processing and preparing the Collateral or any portion thereof for sale, selling, collecting and liquidating the same and the like, and then to the satisfaction of indebtedness and obligations owing by Debtor to

Secured Party, application as to particular obligations or against principal or interest to be in Secured Party's absolute discretion, with the balance to Debtor. If any Collateral shall require repair, maintenance, preparation or the like, or is in process or other unfinished state, Secured Party shall have the right to perform such repair, maintenance, preparation or other processing or completion of manufacture for the purpose of putting the same in such salable form as Secured Party shall deem appropriate, but Secured Party shall have the right to sell or dispose of such Collateral without such processing.

(k) Indemnity. Debtor and Guarantor shall indemnify and hold harmless Secured Party, and its directors, officers, employees, and affiliates, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, and disbursements of any kind or nature whatsoever including, without limitation, reasonable attorneys' fees and settlements costs, which may be imposed on, incurred by, or asserted against Secured Party, or its directors, officers, employees, or affiliates, in connection with any investigative, administrative, or judicial proceeding (whether Secured Party is or is not designated as a Party thereto) directly or indirectly relating to or arising out of this Agreement or the Obligations, or any actual or proposed use of proceeds thereunder, except that neither Secured Party, nor any of its directors, officers, employees, or affiliates, shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(l) Assignment. Secured Party may assign this Security Agreement to any person to whom the Obligations are validly assigned, and if assigned the assignee shall be entitled, upon notifying Debtor, to all of the rights and remedies of Secured Party hereunder.

(m) Captions. The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe neither the scope of this Agreement nor the intent of any provision thereof.

(n) Books and Records. Debtor and Guarantor shall at all times maintain proper books of record and account and will permit Secured Party or its authorized officers or agents to have access to such books and records at all reasonable times.

(o) Collection of Receivables. Upon the finding of an Event of Default under this Agreement, Secured Party shall be entitled, in its own name or in the name of Debtor or Guarantor, to collect, demand, receive, sue for or compromise any and all of the Collateral and to give good and sufficient releases therefor, to endorse any checks, drafts or other orders for the payment of monies payable to Debtor in payment thereof, and to file any claims or take any action or proceeding, either in its own name or in the name of Debtor, which Secured Party may deem necessary or advisable. It is expressly understood and agreed, however, that Secured Party shall not be required or obligated in any manner to make any inquiries as to the nature or sufficiency of any payment received by it or to present or file any claims or take any other action to collect or enforce a payment of any amounts which may have been assigned to it or to which it may be entitled to hereunder at any time or times.

(p) Care of Collateral by Secured Party. If Secured Party at any time has possession of any Collateral, whether before or after the finding of an Event of Default, Secured

Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Secured Party takes such action for that purpose as Debtor or Guarantor shall request or as Secured Party, in Secured Party's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Debtor or Guarantor shall not of itself be deemed to be a failure to exercise reasonable care.

(q) Successors and Assigns. The terms, warranties and agreements herein contained shall be jointly and severally binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(r) Gender and Number. The gender and number used in this Agreement are used as a reference term only and shall apply with the same effect whether the parties are of the masculine or feminine gender, corporate or other form, and the singular shall likewise include the plural.

(s) No Oral Change. This Agreement may not be changed orally.

(t) FCC Compliance. Notwithstanding any other provisions of this Agreement, any foreclosure on, sale, transfer or other disposition of, or the exercise of any right to vote or consent with respect to, any of the Collateral as provided herein or any other action taken or proposed to be taken hereunder which would affect the operational, voting or other control of any entity holding an FCC Authorization shall be made in accordance with the Communications Act of 1934, as amended, the terms of such FCC Authorizations, and any applicable rules of the FCC in effect at the time of an Event of Default, including any requirement that there be a public or private sale of the Collateral and/or the Debtor's FCC Authorizations. Notwithstanding anything to the contrary contained in this Agreement, the Secured Party shall not, without first obtaining the consent or approval of the FCC, take any action pursuant to this Agreement which would constitute or result in any change of control of the licensee or permittee of an FCC Authorization if such change in control would require, under then existing law, the prior consent of the FCC.

(u) Remedies. No failure on the part of Secured Party to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof or of any default, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by law. The unenforceability or invalidity of any provision hereof shall not render any other provision or provisions unenforceable or invalid.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this Security Agreement as of the day and year first written above.

DEBTOR
NOEMY RODRIGUEZ
D/B/A ALCON MEDIA

BY: _____
Noemy Rodriguez

GUARANTOR:

BY: _____
Salvador Rodriguez

SECURED PARTY
ALEXANDRA COMMUNICATIONS, INC.

BY: _____
Thomas D. Hodgins, President