

## **ASSET PURCHASE AGREEMENT**

**THIS AGREEMENT**, is made and entered into this 13th day of May, 2021, by and between **LA FAVORITA RADIO NETWORK, INC.** (“Seller”), and **CENTRO CRISTIANO AMISTAD** (“Buyer”).

### **W I T N E S S E T H**

**WHEREAS**, Seller is the owner, operator, and licensee of FM Station KCFA, Facility ID 9995, licensed to Arnold, California, under authority of license issued by the Federal Communication Commission (the “FCC”), for the term ending December 1, 2021 (the “FCC License”); and

**WHEREAS**, Seller desires to sell and Buyer desires to buy the assets and rights belonging to or used or to be used in the business and operation of the Station pursuant to the terms and conditions stated herein; and

**WHEREAS**, such sale and purchase, as contemplated by this Agreement, is subject to and conditioned upon the consent of the FCC to the terms and conditions stated herein and the assignment of the FCC License.

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants and agreements stated herein, the parties hereto agree as follows:

#### **1. Assets Sold and Purchased**

On the date of the closing of this Agreement, as provided for in Section 5 below (the "Closing Date"), Seller will cause to be sold, transferred, assigned and conveyed to Buyer, by appropriate instruments, and Buyer will purchase, subject to the terms and conditions set forth herein, all assets set forth below (collectively the "Assets"):

1.1 **FCC License.** The FCC License authorizing the operation of the Station and any and all other License, rights, permits and authorizations issued to Seller by any other regulatory agency which are used or useful in connection with the operation of the Station. Buyer acknowledges that the FCC License is a “secondary authorization” and has no interference protection against a full power station, which could require the FCC License to be surrendered or canceled.

1.2 **Personal Property.** All of the assets used or useful in the operation of the Station, together with replacements thereof and improvements and additions made between the date hereof and the Closing Date (collectively the "Personal Property"), all free and clear of all liens, claims, security instruments and encumbrances of any kind whatsoever.

1.3 **Intangible Assets.** The goodwill and all other intangible assets used or useful in the operation of the Station.

Buyer acknowledges that the Station is operating a site which is owned by Nelson F Gomez, and that Nelson F Gomez shall grant a twelve (12) year lease to Buyer under the terms and conditions outlined in Exhibit A, which is hereby incorporated by referenced.

2. **Purchase Price.** In consideration of Seller's performance of this Agreement, the purchase price for the assets being sold pursuant to this Agreement shall be ONE MILLION DOLLARS (US\$1,000,000.00). The Purchase Price shall be paid as follows:

a. Upon execution of this Agreement, Buyer shall execute in favor of Seller or its designee an interest bearing Promissory Note in the amount of ONE MILLION DOLLARS (\$1,000,000.00), containing the terms and conditions outlined in Exhibit B, which is hereby incorporated by reference.

Seller shall pay, perform, discharge and settle (i) all of the material liabilities at Closing which at such time, or with the passage of time, would result in an encumbrance on any of the Assets; and (ii) all other liabilities in the ordinary course of business and on a timely basis (except for liabilities being disputed by Seller in good faith and by appropriate proceedings) and Seller shall deliver the Assets to Buyer at Closing free and clear of liabilities, liens, or encumbrances.

3. **Closing of the Agreement.** The closing of this Agreement (the "Closing") shall take place by exchange of documents by email, overnight delivery and/or facsimile within ten (10) business days following the date on which FCC approval of the transfer and assignment of the FCC License to Buyer, as provided in Section 13 below (the "FCC Consent"), has been granted; however, Closing may be postponed by Buyer until up to ten (10) business days after the FCC Consent has become a Final Order (defined below) in the event a petition to deny or informal objection is filed against the Assignment Application (defined below) (in either event, the "Closing Date"). The word "Final Order" shall mean the date on which the time for rehearing, reconsideration, review or appeal by the Commission or any court under the provisions of the Communications Act of 1934, as amended, or the regulations issued by the Commission thereunder, shall have expired without any request for rehearing, reconsideration, review or appeal pending.

4. **Contracts and Obligations Not Assumed.** Buyer does not hereby assume any obligation or liability for leases or contracts not terminable at will or not expressly assumed hereunder.

5. **Seller's Representations, Warranties and Covenants.** Seller makes the following representations, warranties, and covenants, each of which shall be deemed to be a separate representation, warranty, and covenant, all of which have been made for the purpose of inducing Buyer to join in and execute this Agreement, and in reliance on which Buyer has entered into this Agreement:

#### 5.1 **License**

(a) Seller is the lawful holder of the FCC License and all other permits and authorizations necessary for or used in connection with the operation of the Station.

(b) No application, action or proceeding is pending for the modification of the FCC License or any of such permits or authorizations, and no application, action or proceeding is pending or to Seller's knowledge threatened that may result in the revocation, modification, non-renewal or suspension of the FCC License or any such permits or authorizations, the issuance of a cease-and-desist order, or the imposition of any administrative or judicial sanction.

5.2 **Personal Property.** On the Closing Date, the Personal Property shall be free and clear of all liens and encumbrances, and Seller will be able to convey to Buyer good and marketable title to all the Personal Property, free and clear of all liens, pledges and encumbrances whatsoever. The tangible personal property, together with all improvements, replacements and additions thereto from the date hereof to the Closing Date, will, at Closing, constitute all the tangible personal property owned by Seller which is used or useful in the operation of the Station and necessary to operate the Station in accordance with the FCC License. All such properties, equipment and assets to be sold hereunder are transferable by Seller by its sole act and deed and no consent on the part of any other person is necessary to validate the transfer thereof to Buyer, except as otherwise expressly contemplated by this Agreement. The Personal Property will be sold to Buyer "as is" without any warranty of fitness for any particular purpose.

5.3 **FCC License.** The FCC License to be assigned to Buyer hereunder is, and will be at the Closing, a valid and existing authorization in every material respect for the purpose of operating the Station.

5.4 **Adverse Developments.** Seller shall promptly notify Buyer, in writing, of any materially adverse developments with respect to the operations of the Station.

6. **Buyer's Representations and Warranties.** Buyer hereby makes the following representations, warranties and covenants each of which shall be deemed to be a separate representation, warranty and covenant, all of which have been made for the purpose of inducing Seller to join in and execute this Agreement, and in reliance on which Seller has entered into this Agreement:

6.1 **Buyer Qualified.** After due inquiry, Buyer is legally, financially and otherwise qualified to acquire and operate the Assets consistent with the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission ("FCC"). To the best of Buyer's knowledge, no circumstances exist which reasonably could support a conclusion by the FCC that Buyer lacks the requisite qualifications to acquire and operate the Station.

6.2 **No Conflict.** Neither the execution or delivery of this Agreement nor compliance with the terms of this Agreement will (i) conflict with any order, judgment, injunction, award or decree of any governmental body, administrative agency or court, or any agreement, lease or commitment, to which Buyer is a party or by which Buyer is bound, or (ii) constitute a violation by Buyer of any law or regulation applicable to it.

6.3 **Litigation.** There is no claim, litigation, proceeding or governmental investigation pending or threatened, or any judgment, order, injunction or decree outstanding, against Buyer and Buyer does not know of any valid basis for future claims, litigations, proceedings or investigations against Buyer that might materially and adversely affect its ability to consummate the transactions contemplated by this Agreement.

7. **Survival of Representations and Warranties.** The several representations and warranties of the parties contained herein shall survive the Closing for a period of twelve (12) months.

8. **Actions Pending Closing.** Pending the Closing of this Agreement, Seller will comply in all material respects with all applicable federal, state and local laws, ordinances and regulations including, but not limited to, the Communications Act of 1934 and the rules and regulations of the FCC.

9. **Conditions Precedent to Buyer's Obligations to Close.** The obligation of Buyer to consummate this Agreement is subject to the satisfaction, or to Buyer's written waiver, on or before the Closing, of each of the following conditions:

9.1 **Representations and Warranties True and Correct.** The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date and all of the agreements of Seller to be performed on or prior to the Closing pursuant to the terms of this Agreement shall have been duly performed. Such facts shall be evidenced by a certificate to that effect, delivered at Closing, and signed by the Seller.

9.2 **No Litigation Threatened.** No litigation, investigation or proceeding of any kind shall have been instituted or threatened which would have a material adverse effect on the assets or operations of the Station.

9.3 **FCC Consent.** At the time of the Closing the FCC Consent shall have been granted, unless postponed by Buyer under Section 3, in which event the FCC Consent shall have become a Final Order, and such authorization shall contain no adverse modifications of the terms of the FCC License as it presently exists.

9.4 **Compliance with Conditions.** All of the terms, covenants and conditions to be complied with, or performed by Seller on or before the Closing Date shall have been duly complied with and performed in all respects.

9.5 **Delivery of Assets.** At Closing, Buyer shall either arrange for delivery to Buyer or pay the costs of delivery to Buyer.

9.6 **Closing Documents.** At Closing, Seller shall deliver to Buyer all the closing documents specified in Section 12, which documents shall be duly executed.

10. **Conditions Precedent to Seller's Obligations to Close.** The obligations of Seller under this Agreement are subject to the satisfaction, or to Seller's written waiver, on or before the Closing, of the following conditions:

10.1 **Documents.** Buyer shall have executed all of the documents required by Section 12 hereof, and shall have delivered to Seller the Purchase Price in accordance with Section 2, hereof.

10.2 **Representations and Warranties True and Correct.** Each of the covenants, representations and warranties of Buyer contained herein shall, to the extent applicable, be true at and as of the Closing Date, as though each such covenant, representation or warranty had been made at and as of such time.

10.3 **Consents.** Seller shall have duly received, without any conditions materially adverse to it, all consents and approvals under any agreement to which Seller is a party, and under any statute, necessary for (i) consummation of the sale of the Assets to Buyer and (ii) Buyer to acquire control of the Station.

10.4 **FCC Consent.** The FCC Consent shall have been granted.

10.5 **No Injunction.** There shall not be in effect an injunction or restraining order issued by a court of competent jurisdiction in any action or proceeding against the consummation of the sale of the Assets contemplated by this Agreement.

## 11. **FCC Approval and Application**

11.1 **Condition of FCC Consent.** Consummation of the transactions contemplated by this Agreement is subject to and conditioned upon receipt of the FCC Consent.

11.2 **Application for Consent.** The parties to this Agreement agree to proceed as expeditiously as practicable to file or cause to be filed an application for the FCC Consent (the "Assignment Application"). The parties agree that the Assignment Application shall be duly filed with the FCC not later than ten (10) business days after the date of this Agreement, and that such application shall be prosecuted in good faith and with due diligence. The failure of either party to timely file or diligently prosecute its portion of the Assignment Application shall be deemed a material breach of this Agreement.

11.3 **Absence of Commission Consent.** If the FCC Consent has not been obtained within nine (9) months after the Assignment Application is filed, then this Agreement may be terminated at the option of either party upon written notice to the other; provided, however, that neither party may terminate this Agreement if such party is in default hereunder, or if a delay in any decision or determination by the Commission respecting the Assignment Application has been caused or materially contributed to by any failure of such party to furnish, file or make available information within its control or caused by the willful furnishing by such party of incorrect, inaccurate or incomplete information to the Commission, or caused by any

action taken by such party for the purposes of delaying any decision or determination respecting the Assignment Application.

11.4 **Designation for Hearing.** The time for FCC consent provided in Section 11.3 notwithstanding, either party may terminate this Agreement upon written notice to the other, if, for any reason, the Assignment Application is designated for hearing by the FCC; provided, however, that the party giving such notice is not in default under the terms of this Agreement. Upon termination pursuant to this Paragraph, the parties shall be released and discharged of all obligations hereunder.

11.5 **Control of Station Pending Closing.** This Agreement shall not be consummated until after the FCC has given its written consent thereto, and between the date of this Agreement and the Closing Date, Buyer shall not directly or indirectly control, supervise or direct, or attempt to control, supervise or direct the operation of the Station.

12. **Closing Documents.** On the Closing Date at the Closing Place:

12.1 **Seller shall deliver to Buyer:**

(a) An Assignment transferring all of the interests of Seller in and to the FCC License and all other license, permits, and authorizations issued by any other regulatory bodies which are used or useful in the operation of the Station;

(b) A bill of sale conveying to Buyer all of the Personal Property in a form reasonably satisfactory to Buyer's counsel; and

(c) An Assignment of Intangibles.

13. **Prorations**

13.1 **Apportionment of Income and Expense.** Seller shall be responsible for all expenses arising out of, the operations of the Station through the close of business on the Closing Date. Buyer shall be responsible for all expense arising out of, the operations of the Station after the close of business on the Closing Date. All overlapping items of expense, including the following, shall be prorated between the Seller and Buyer as of the close of business on the Closing Date (the "Prorations"):

(a) **Prepaid Expenses.** Prepaid expenses and deposits arising from payments made for goods or services prior to the close of business on the Closing Date where all or part of the goods or services have not been received or used at the close of business on the Closing Date (for example, rents or utilities paid in advance for a rental period extending beyond the Closing Date);

(b) **Liabilities.** Liabilities, customarily accrued, arising from expenses incurred, but unpaid, as of the close of business on the Closing Date, utility services, rent, and business and professional services; and

(c) **Utilities.** Utility charges related to the Station or in respect of any of the Assets.

13.2 **Determination and Payment.** Prorations shall be made and paid, insofar as feasible, on the Closing Date and shall be paid by separate check and not by way of adjustment to monthly payments. As to Prorations that cannot be made on the Closing Date, within sixty (60) days after the Closing Date, Buyer shall determine all such Prorations and shall deliver a statement of its determinations to Seller, which statement shall set forth in reasonable detail the basis for such determinations, and within thirty (30) calendar days thereafter Buyer shall pay to Seller or Seller shall pay to Buyer, as the case may be, the net amount due. If Seller does not concur with Buyer's determinations, the parties shall confer with regard to the matter and an appropriate adjustment and payment shall be made as agreed upon by the parties. If the parties are unable to resolve the matter, it shall be referred to a firm of independent certified public accountants, mutually acceptable to Seller and Buyer, whose decision shall be final, and whose fees and expenses shall be shared equally by Seller and Buyer.

#### 14. **Default and Remedies.**

14.1 **Material Breaches.** A party shall be deemed to be in default under this Agreement only if such party has materially breached or failed to perform its obligations hereunder, and no non-material breaches or failures shall be grounds for declaring a party to be in default, postponing the Closing, or terminating this Agreement.

14.2 **Opportunity to Cure.** 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. If the default has not been cured by the earlier of (i) the Closing Date, or (ii) within ten (10) business days after delivery of that notice (or such additional reasonable time as the circumstances may warrant provided the party in default undertakes diligent, good faith efforts to cure the default within such ten (10) day period and continue such efforts thereafter), then the party giving such notice may exercise the remedies available to such party pursuant to this Section, subject to the right of the other party to contest such action through appropriate proceedings.

14.3 **Buyer's Remedies.** Seller agrees that the purchased 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. Buyer shall have the right specifically to enforce Seller's performance under this Agreement as its exclusive remedy, 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.

15. **Damage.** The risk of loss or damage to the fixed and tangible assets to be sold to Buyer hereunder shall be upon Seller at all times prior to Closing. In the event of such loss or damage, Seller shall promptly notify Buyer thereof and repair, replace or restore any such damaged property to its former condition as soon as possible after its loss and prior to the

Closing Date. If damage has occurred and such relief or restoration of any such damage has not been completed prior to the Closing Date, Buyer may, at its option:

(a) elect to consummate the Closing in which event Seller shall pay to Buyer the costs of such repairs, replacements or restoration as is required to restore the property to its former condition and against such obligation shall assign to Buyer all of Seller's rights under any applicable insurance policies. Buyer shall in such event submit to Seller an itemized list of the costs of such repairs, replacements or restoration. If the parties are unable to agree upon the costs of such repairs, the matter shall be referred to a qualified consulting communications engineer mutually acceptable to Seller and Buyer who is a member of the Association of Federal Communications Consulting Engineers, whose decision as to the costs shall be final, and whose fees and expenses shall be shared equally by Seller and Buyer; or

(b) elect to postpone the Closing Date for a period of up to ninety (90) days, with prior consent of the FCC if necessary, to permit Seller to make such repairs, replacements, or restoration as is required to restore the property to its former condition. If after the expiration of the extension period granted by Buyer the property has not been adequately repaired, replaced or restored, Buyer may terminate this Agreement. If the parties disagree as to whether the property has been adequately repaired, replaced or restored, the matter shall be referred to a mutually-acceptable qualified consulting communications engineer, who is a member of the Association of Federal Communications Consulting Engineers, whose decision shall be final, and whose fees and expenses shall be shared equally by Seller and Buyer.

16. **Brokerage.** Seller and Buyer represent each to the other that neither has engaged a broker in connection with this transaction, and agree to indemnify and hold each other harmless against any claim from any broker based upon any agreement, arrangement, or understanding alleged to have been made by Buyer.

17. **Notices.** Any notice, demand, waiver or consent required or permitted hereunder shall be in writing and shall be effective upon (a) actual delivery, if delivered by personal delivery, or (b) proof of actual or attempted delivery, if delivered by prepaid overnight courier or prepaid Express Mail, Priority Mail or certified mail, return receipt requested, to the appropriate party at the following address or at such other address as such party may by written notice designate as its address for purposes of notice hereunder:

(a) If to Buyer:

CENTRO CHRISTIANO AMISTAD  
P.O. BOX 580750  
Modesto, CA 95358

(b) If to Seller:

LA FAVORITA RADIO NETWORK, INC  
4043 Geer Road  
Hughson, CA 95326

18. **Entire Agreement.** This Agreement supersedes any prior agreements between the parties and contains all of the terms agreed upon with respect to the subject matter hereof. This Agreement may not be altered or amended except by an instrument in writing signed by the party against whom enforcement of any such change is sought.

19. **Counterparts.** This Agreement may be signed in any number of counterparts and by facsimile transmission of signatures with the same effect as if the signature on each such counterpart were an original on the same instrument.

20. **Headings.** The headings of the paragraphs of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of the Agreement.

21. **Exhibits.** The Exhibits to this Agreement are a material part hereof.

22. **Severability.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

23. **Choice of Laws.** This Agreement is to be construed and governed by the laws of the State of California, except for the choice of law rules utilized in that state.

24. **Benefit; Assignment.** This Agreement shall inure to the benefit and be binding upon the parties hereto and their respective successors and assigns. Neither party may assign its rights under this Agreement without the written consent of the other party.

25. **Fees and Expenses.** Buyer shall pay or reimburse Seller as applicable for all FCC application filing fees and regulatory fees that may be incurred after the date of execution of this Agreement. Except as specifically set forth herein, Buyer and Seller shall each pay its own costs and expenses relating to the execution and delivery of this Agreement and the consummation of all transactions contemplated hereby.

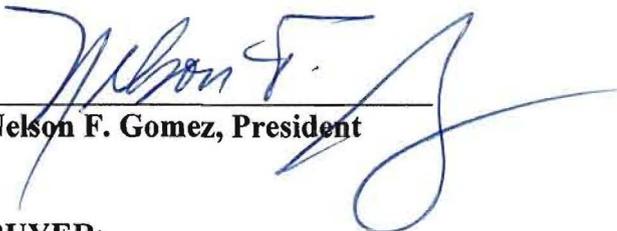
26. **Public Announcements.** No party hereto shall make or shall authorize any other person to make any public announcement relating to any aspect of the transactions described herein without having first consulted with Buyer and Seller concerning the requirement for, and timing and content of, such public announcement and having received their prior consent thereto. Notwithstanding the foregoing, actions relative to obtaining approvals and like matters shall be permissible and Buyer may make all disclosures in its judgment necessary to obtain financing for purposes of carrying out the transactions described in this Agreement. Notwithstanding the foregoing, Seller shall publish local public notice of the filing of the application for assignment of FCC License in the newspapers serving the Station's community.

27. **Contingent Application.** Seller hereby grants Buyer, pursuant to Section 73.3517 of the FCC's rules, permission to file in Buyer's name a minor change application or applications to modify the license of Station, contingent on Buyer's acquisition of Station. Buyer may file a copy of this section of this Agreement with any application or application Buyer files with the FCC.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed by as of the date first written above.

**SELLER:**

**LA FAVORITA RADIO NETWORK, INC.**

  
\_\_\_\_\_  
**Nelson F. Gomez, President**

**BUYER:**

**CENTRO CHRISTIANO AMISTAD**

  
\_\_\_\_\_  
**Juan Montes, President**

***Exhibit A***

***Exhibit B***

**INTEREST BEARING PROMISSORY NOTE**

\$1,000,000.00

June 1, 2021

**FOR VALUE RECEIVED**, the undersigned maker, **CENTRO CHRISTIANO AMISTAD**, a California Not-For-Profit Corporation ("Maker"), hereby irrevocably and unconditionally promises to pay to the order of **LA FAVORITA RADIO NETWORK**, ("Payee"), in immediately available funds, the principal amount of **ONE MILLION DOLLARS (\$1,000,000.00)**, due and payable at 4043 Geer Road, Hughson, California 95326, in the amount of **NINE THOUSAND AND DOLLARS (\$9,000.00)** per month beginning June 1, 2021, and continuing on the first business day of each successive month for one hundred and forty four (144) months.

Maker may prepay this Note in whole or in part, without premium or penalty.

This Note evidences a portion of the purchase price for certain assets sold pursuant to that certain Asset Purchase Agreement (the "Agreement"), dated May 5th, 2021, by and between Maker and Payee concerning KCFA-FM, licensed to Arnold, California (the "Station"). Maker's obligations under this Note are secured under a Security Agreement between the Maker and the Payee of even date herewith (the "Security Agreement").

Any one or more of the following events shall constitute default under this Note, whereupon subject only to limitations arising under applicable law, including the rules, regulations and policies of the Federal Communications Commission (the "FCC"), the holder of this Note may elect to exercise any or all rights, powers and remedies afforded hereunder or under the Security Agreement or the Uniform Commercial Code as adopted in California, or

other applicable California statutes, and all other documents related hereto and by law, including, without limitation, the right to accelerate the maturity of this Note and declare all amounts owing in respect to this Note to be due and payable in full:

- (a) If Maker fails to pay any payment within ten (10) days after the date due and payable hereunder; or
- (b) If Maker fails to perform any material obligation of the Maker hereunder or under the Security Agreement; or
- (c) If the Security Agreement shall be cancelled, terminated, revoked or rescinded or any proceeding to cancel, revoke, or rescind the Security Agreement shall be commenced; or
- (d) If Maker becomes insolvent, make an assignment for the benefit of creditors, or any case or proceeding under any laws relating to bankruptcy, insolvency, readjustment of debt, dissolution or liquidation, shall be commenced with respect to Maker; provided, however, in any case or proceeding under any laws relating to bankruptcy, insolvency, readjustment of debt dissolution, or liquidation commenced against Maker, Maker shall not be in default if said case or proceeding is discharged within thirty (30) days;
- (e) If Maker assigns or transfers control of (or seeks authorization to assign or transfer control of) the FCC license of the Station without having the prior written approval of Payee.

No delay or omission on the part of Payee in exercising any right hereunder or under the Security Agreement shall operate as a waiver of such right or of any other right of Payee, nor shall any delay, omission or waiver on any one or more occasions be deemed a bar to

or waiver of the same or any other right on any future occasion. Maker and every endorser and guarantor of this Note or the obligation represented hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note, assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral and to the addition or release of any other party or person primarily or secondarily liable.

If Payee retains an attorney in connection with any default, or to collect, enforce or defend this Note, the Security Agreement or any other instruments intended to secure or guarantee payment of this Note in any lawsuit or in any reorganization, bankruptcy or other proceeding, or if Maker sues any holder in connection with this Note, the Security Agreement or any other such instrument and does not prevail, then Maker agrees to pay to each such holder, in addition to principal and any imputed interest, all reasonable attorneys' fees, costs and expenses incurred by such holder in attempting to collect this Note or in any such suit or proceeding.

**IN WITNESS WHEREOF**, the undersigned has caused this Note to be signed in its corporate name by the duly authorized officer as of the date and year first above written.

**CENTRO CHRISTIANO AMISTAD**

By: \_\_\_\_\_  
**Pastor Juan Montes, President**

## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (“Security Agreement”), made as of this 1st day of June, 2021, by and between (i) La Favorita Radio Network, Inc., a California Corporation (the “Lender”), and (ii) Centro Christiano Amistad, a California Not-For-Profit Corporation (“Grantor”).

### WITNESSETH:

To secure repayment of all amounts due under the Secured Promissory Note (the “Note”) dated of even date herewith, by and between the Lender and the Grantor in the aggregate principal amount of One Million Dollars (\$1,000,000.00) executed by Grantor as Maker for the benefit of the Lender, plus all interest, fees and other charges payable in connection therewith and (2) any other indebtedness or liability of the Grantor to the Lender, direct or indirect, joint, several, joint and several, absolute or contingent, due or to become due or now existing or hereafter created or arising between Grantor and Lender including, without limitation, under this Security Agreement (all of the foregoing being herein collectively referred to as the “Obligations”), the Grantor hereby grants and conveys to the Lender a first priority security interest in:

The personal property, tangible and intangible (“General Intangibles”), and all other rights and interests described hereunder in Exhibit A with respect to KCFA-FM, Arnold, California (the “Station”), and any such or like property related to the Stations acquired after the date hereof, including, without limitation:

(a) all machinery, equipment, antennas and coaxial cable located in the transmitting towers, transmitters, antennas, or any other equipment, transmitter and antenna, whether now owned or hereafter acquired by the Grantor or in which the Grantor may now have or hereafter acquire an interest;

(b) All Grantor’s rights under any present or future asset purchase agreements, local marketing agreements, time brokerage agreements, or any contracts for the sale or other disposition of air or advertising time, or for the delivery of services related thereto, now in existence or hereafter arising;

(c) All merchandise, inventory, raw materials, work in process, finished goods, and supplies, now owned or hereafter acquired;

(d) All contract rights, instruments, certificates, securities (certificated or un-certificated), cash, franchises, leases, rents, chattel paper, instruments, deposits, choses-in-action, patents, trademarks, copyrights, service marks, trade secrets, trade names, literary rights, rights to performance, call letters and general intangibles, all re-issues, divisions, renewals, extensions, continuations and continuations-in-part thereof, and goodwill associated with any of the foregoing, now in force or hereafter acquired;

(e) All books, records, ledgers, customer lists, correspondence, computer hardware and software, and magnetic or other data storage media pertaining to any of the above-referenced items, whether in the possession of the Grantor or otherwise;

(f) All cash and noncash proceeds and products, including insurance proceeds of, and any indemnity or warranty payable by reason of damage to or loss of, any of the foregoing (the "Proceeds");

(g) All licenses, franchises, permits and authorizations heretofore or hereafter granted or issued to the Grantor under federal, state or local laws (excluding, however, any licenses, franchises, permits and authorizations issued by the Federal Communications Commission ("FCC") with respect to the Station (the "FCC Licenses") to the extent, and only to the extent, it is unlawful to grant a security interest in such licenses, franchises, permits and authorizations, but including without limitation, to the maximum extent permitted by law, the right to receive all proceeds derived or arising from or in connection with the sale or assignment of such licenses, franchises, permits and authorizations) which permit or pertain to the business of the Grantor with respect to the Station; and

(h) All Proceeds, accounts receivable ("Receivables"), substitutions or replacements, of, for and to (a) through (g) above, ((a) through (g) and (h) being herein collectively referred to as the "Collateral").

1. REPRESENTATIONS AND WARRANTIES; COVENANTS.

The Grantor represents, warrants, covenants and agrees as follows:

(a) To pay and perform all of the Obligations according to their terms;

(b) To defend title to the Collateral against all persons and all claims and demands whatsoever, which Collateral, except for the security interest granted hereby, is lawfully owned by the Grantor and is free and clear of any and all liens, security interests, claims, charges, encumbrances, taxes and assessments, other than those which secure the Lender;

(c) The Grantor will, if requested by the Lender, obtain waivers of lien, in form satisfactory to the Lender, from each lessor of real property on which any of the Collateral is or may be located, and will perform all other acts the Lender may request to maintain the Collateral apart from any realty;

(d) On demand of the Lender to do the following: furnish further assurance of title, execute any written agreement and do all other acts necessary to effectuate the purposes and provisions of this Security Agreement, execute any instrument or statement required by law or otherwise in order to perfect, continue or terminate the security interest of the Lender in the Collateral and pay all filing or other costs incurred in connection therewith;

(e) Unless otherwise required by the Lender or as expenditures are expended in the ordinary course of business, to retain possession of the Collateral during the existence of this Security Agreement and not to sell, exchange, assign, loan, deliver, lease or otherwise dispose of the Collateral without the prior written consent of the Lender;

(f) To keep the various items of Collateral at their present locations, and not to change the location of any Collateral, or permit any such change, without the prior written consent of the Lender;

(g) To keep the Collateral free and clear of all material liens, charges, encumbrances, taxes and assessments;

(h) To pay or cause to be paid when due all taxes, franchise fees and payments, assessments and license fees in any way relating to the Collateral;

(i) Upon request by the Lender, the Grantor will provide the Lender with written reports of the status of the Collateral, or any part thereof, as of the period specified, in form and substance satisfactory to the Lender. The Grantor shall not change the location of its books and records without giving the Lender at least thirty (30) days' prior written notice;

(j) To make the Collateral and the books and records pertaining thereto available for inspection by the Lender at all reasonable times, and for the further security of the Lender, it is agreed that the Lender shall have a special property interest in all books and records of the Grantor pertaining to the Receivables (including chattel paper);

(k) The Lender, and any officer or agent of the Lender is hereby constituted and appointed as true and lawful attorney-in-fact of the Grantor with full power at any time, if the Grantor be in default under this or any other agreement: (i) to enter upon the premises of the Grantor at any time for the purpose of reducing to possession General Intangibles and all cash or non-cash proceeds thereof, or for the purpose of inspecting and/or auditing the books, records and procedures of the Grantor; (ii) to compromise, extend, or renew any of the Collateral or deal with the same as it may deem advisable; (iii) to release, or make exchanges or substitutions, or surrender, all or any part of the Collateral; (iv) to endorse the name of the Grantor upon any items of payment relating to the Collateral; (v) to file financing statements and continuation statements covering the Collateral on behalf of the Grantor, as applicable. It is expressly understood and agreed that the Lender 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 hereunder at any time or times. The Grantor ratifies and approves all acts of its attorney-in-fact hereby appointed. This power of attorney is coupled with an interest and shall be irrevocable as long as any of the indebtedness secured hereby shall remain outstanding, and shall not terminate on disability of the Grantor;

(l) To comply with all federal, state and local laws and regulations applicable to its business, whether now in effect or hereinafter enacted, and upon request of the Lender, will furnish to the Lender evidence of compliance therewith; and

(m) To immediately notify the Lender in writing of any change in or discontinuance of any Grantor's place or places of business.

## 2. EVENTS OF DEFAULT.

For the purposes of this Security Agreement, each of the following shall constitute an "Event of Default" hereunder:

(a) If the Grantor shall fail to pay or cause to be paid when due all principal, interest and other sums due under the Note and all other Obligations;

(b) If the Grantor fails to comply with or perform any material provision of this Security Agreement;

(c) If any material representation, warranty or covenant made or given by the Grantor in connection with this Security Agreement or the Note, or any material representation, warranty or covenant in the Pledges shall prove to have been incorrect or misleading or breached in any material respect on or as of the date when made (or remade); or

(d) If all or any material part of the Collateral is subject to levy of execution or other judicial process;

3. CERTAIN REMEDIES UPON DEFAULT. Upon the occurrence of an Event of Default, which Event of Default (except for (b) above, as to which an applicable provision is set forth in the Note) has continued for a period of ten (10) business days after notice from Lender to Grantor with respect thereto, at the option of the Lender:

(a) The Obligations shall immediately become due and payable in full without notice or demand, and the Lender shall have all of the rights, remedies and privileges with respect to repossession, retention and sale of the Collateral and disposition of the proceeds as are accorded to the Lender by the applicable sections of the Uniform Commercial Code in the State of California (as the same may be amended from time to time, the "UCC").

(b) Without limiting the provisions of the foregoing clause (a), the Lender may also (i) enter upon the Grantor's premises, peaceably by the Lender's own means or with legal process, and take possession of the Collateral, render it unusable or dispose of the Collateral on such premises, and the Grantor agrees not to resist or interfere; and (ii) require the Grantor to assemble the Collateral (to the extent that it is movable) and make it available to the Lender at a place to be designated by the Lender. The Lender agrees that unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender will give the Grantor 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 appropriate person at the address shown above, at least ten (10) days before the time of sale or disposition.

(c) The Lender shall be entitled, in its own name or in the name of the Grantor, or otherwise, but at the expense and cost of the Grantor, to collect, demand, receive, sue for and/or compromise any and all of the Receivables, and to give good and sufficient releases therefor, to endorse any checks, drafts or other orders for the payment of monies payable in payment thereof and, in its discretion, to file any claims or take any action or proceeding, either in its own name or in the name of the Grantor, or otherwise, which the Lender may deem necessary or advisable. It is expressly understood and agreed, however, that the Lender 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 hereunder at any time or times.

(d) Upon any default hereunder, the Lender's reasonable attorneys' fees and the legal and other expenses of pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Collateral shall be chargeable to the Grantor.

(e) If the Grantor shall default in the performance of any of the provisions of this Security Agreement on its part to be performed, the Lender may perform the same for the Grantor's account, and any monies expended in so doing shall be chargeable with interest to the Grantor and added to the indebtedness secured hereby.

(f) Waiver of or acquiescence in any default by the Grantor, or failure of the Lender to insist upon strict performance by the Grantor of any warranties or agreements in this Security Agreement, shall not constitute a waiver of any subsequent or other default or failure.

(g) Grantor shall take any action that Lender may reasonably request in order to enable Lender to obtain and enjoy the full rights and benefits granted to Lender hereunder, including without limitation, all rights necessary to obtain, use, sell, assign or otherwise transfer control of the FCC Licenses. Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, at the written request of Lender and at Grantor's sole cost and expense, Grantor shall (i) assist Lender in obtaining any required FCC approval for any action or transaction contemplated hereby, including preparing, signing and filing with the FCC and/or any other governmental body with jurisdiction thereof, the assignor's or transferor's portion of any application or applications for consent to the assignment of license necessary or appropriate under the Act or the rules and regulations of the FCC or any other governmental body for approval of any sale, assignment or transfer to Lender or any other person or entity of any or all Collateral (including without limitation any FCC Licenses), and (ii) execute all applications and other documents and take all other actions requested by Lender to enable Lender, its designee, any receiver, trustee, or similar official or any purchaser of all or any part of the Collateral to

obtain from the FCC or any other governmental body any required authority necessary to operate the broadcasting business of Grantor.

4. ADDITIONAL RIGHT OF THE LENDER TO USE AND OPERATE COLLATERAL.

Upon the occurrence of any Event of Default hereunder but subject to the provisions of the UCC, any required prior approval of the FCC, and any other applicable law, the Lender shall have the right and power to take possession of all or any part of the Collateral and to exclude the Grantor and all persons claiming under the Grantor wholly or partly therefrom, to the extent necessary, thereafter to hold, store and/or use, operate, manage and control the Collateral. Upon any such taking of possession, the Lender may, from time to time, at the expense of the Grantor, make all such repairs, replacements, alterations, additions and improvements to and of the Collateral as the Lender may deem proper. In any such case, subject to the prior approval of the FCC, to the extent necessary, the Lender shall have the right to manage and control the Collateral and to carry on the business and exercise all rights and powers of the Grantor respecting the Collateral, all as the Lender shall deem best, including the right to enter into any and all such agreements with respect to the leasing and/or operation of the Collateral or any part thereof as the Lender may see fit; and the Lender shall be entitled to collect and receive all rents, issues, profits, fees, revenues and other income of the same and every part thereof. Such rents, issues, profits, fees, revenues and other income shall be applied to pay the expenses incurred in (i) holding and operating the Collateral; (ii) performing all maintenance, repairs, replacements, alterations, additions and improvements which the Lender may be required or elect to make, if any; and (iii) paying all taxes, assessments, insurance and other charges upon the Collateral or any part thereof, and all other payments, which the Lender may be required or authorized or elect to make (including legal costs and attorneys' fees). Any remaining rents, issues, profits, fees, revenues and other income shall be applied to the payment of the Obligations. Without limiting the generality of the foregoing, the Lender shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by the Lender to enforce its rights and remedies hereunder in order to manage, protect or preserve the Collateral or continue the operation of the business of the Grantor. The Lender shall also have the right to collect all revenues and profits of the Grantor's business and apply the same to the payment of all expenses and other charges of any such receivership until a sale or other disposition of the Collateral shall be finally made and consummated.

5. FCC APPROVAL. Notwithstanding anything to the contrary contained herein, the Lender will not take any action pursuant to this Security Agreement which would constitute or result in any assignment of an FCC License or any change of control of the ownership or management of the Station if such assignment of FCC License or change of control would require under then existing law (including the written rules and regulations promulgated by the FCC), the prior approval of the FCC, without first obtaining such approval of the FCC. The Grantor agrees to take any action which the Lender may reasonably request in order to obtain and enjoy the full rights and benefits granted to the Lender by this Security Agreement and each other agreement, instrument and document delivered to the Lender in connection herewith or in any document evidencing or securing the Collateral, including specifically, at the Grantor's own cost and expense, the use of its best efforts to assist in obtaining approval of the FCC for any action or transaction contemplated by this Security Agreement which is then required by law.

6. ASSIGNMENT. The Lender may not assign its interests in this Security Agreement without the express written consent of Grantor.

7. NO ASSUMPTION OF DUTIES. The rights and powers granted to the Lender hereunder are being granted in order to preserve and protect the Lender's security interest in and to the Collateral granted hereby and shall not be interpreted to, and shall not, impose any duties on the Lender in connection therewith.

8. FINANCING STATEMENTS. The Lender is hereby authorized to file Financing Statements covering the Collateral.

9. MISCELLANEOUS. Captions used herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Security Agreement or the intent of any provision hereof. The gender and number used in this Security Agreement are used as reference terms 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.

10. BINDING EFFECT. The terms, warranties and agreements herein contained shall bind and inure to the benefit of the respective parties hereto, and their respective legal representatives, successors and assigns. This Security Agreement shall be governed by and construed in accordance with the substantive laws of the State of California (without regard to conflicts of laws) and may not be changed orally, but may be changed only by an agreement in writing signed by the parties against whom any waiver, change, modification or discharge is sought. Any provisions in this Security Agreement which are or are declared invalid under any law shall not invalidate any other provision of this Security Agreement.

11. NOTICES. Notices to the parties shall be in writing and shall be delivered personally or by mail addressed to the party at the address set forth in the Note or otherwise designated in writing.

**IN WITNESS WHEREOF**, the parties have executed this Security Agreement on the day and year first above written.

CENTRO CHRISTIANO AMISTAD (“GRANTOR”)

By: \_\_\_\_\_  
Pastor Juan Montes, President

LA FAVORITA RADIO NETWORK, INC. (“LENDER”)

By: \_\_\_\_\_  
Nelson F. Gomez, President

## **EXHIBIT A**

### **SECURITY AGREEMENT**

Specific items of Grantor's personal property subject to this Security Agreement as Collateral are, without limitation:

(a) all machinery, equipment, antennas and coaxial cables located in the transmitting towers, broadcast studio equipment, program and music libraries, transmitters, antennas, furnishings, microphones, audio equipment, video equipment, tape recorders, tools, and furniture, whether now owned or hereafter acquired by the Grantor or in which the Grantor may now have or hereafter acquire an interest;

(b) All Grantor's rights under any present or future local marketing agreements, time brokerage agreements, or any contracts for the sale or other disposition of air or advertising time, or for the delivery of services related thereto, now in existence or hereafter arising;

(c) All merchandise, inventory, raw materials, work in process, finished goods, and supplies, now owned or hereafter acquired;

(d) All Proceeds or Receivables from the sale of broadcast inventory;

(e) All licenses, franchises, permits and authorizations heretofore or hereafter granted or issued to the Grantor under federal, state or local laws (excluding, however, any FCC Licenses to the extent, and only to the extent, it is unlawful to grant a security interest in such licenses, franchises, permits and authorizations, but including without limitation, to the maximum extent permitted by law, the right to receive all proceeds derived or arising from or in connection with the sale or assignment of such licenses, franchises, permits and authorizations) which permit or pertain to the business of Grantor with respect to the Station.