

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the “Agreement”) is entered into as of this 18th day of July, 2022 (the “Effective Date”), by and between K T C BROADCASTING, INC., a North Carolina corporation (“Seller”), and SKYLINE MEDIA OF FOREST CITY, LLC, a South Carolina limited liability company (“Buyer”) (each a “Party” and, collectively, the “Parties”).

RECITALS

WHEREAS, Seller is the licensee and operator of radio broadcast station WAGY(AM) (1320 kHz), Forest City, North Carolina (FCC Facility ID No. 70700) (“WAGY”), and FM translator W298CZ (107.5 MHz), Forest City, North Carolina (FCC Facility ID No. 202870) (“W298CZ”), and together with WAGY, the “Stations”) pursuant to certain authorizations issued by the Federal Communications Commission (the “FCC”); and

WHEREAS, on the terms and conditions described herein, Seller desires to sell and Buyer desires to purchase substantially all of the assets owned or leased by Seller and used in connection with the operation of the Stations;

NOW, THEREFORE, taking the foregoing into account, and in consideration of the mutual covenants and agreements set forth herein, the Parties, intending to be legally bound, hereby agree to the following terms and conditions:

ARTICLE 1: SALE AND PURCHASE

1.1 **Station Assets**. Subject to the terms and conditions contained herein, Seller shall grant, convey, sell, assign, transfer and deliver to Buyer on the Closing Date (defined below) the following assets, properties, interests and rights of Seller used exclusively in connection with the operation of the Stations (collectively, the “Station Assets”):

(a) **Licenses and Authorizations**. All licenses, authorizations, permits and approvals issued to Seller with respect to the Stations by the FCC and listed on Schedule 1.1(a), including, any pending applications, construction permits, renewals, or modifications thereof (collectively, the “FCC Licenses”).

(b) **Tangible Personal Property**. All equipment and other tangible personal property owned by Seller and used exclusively in connection with the business and operation of the Station and located at the Real Property or the property subject to the Studio Lease (as defined in Schedule 1.1(c)), including, the tangible personal property listed in Schedule 1.1(b) (the “Tangible Personal Property”).

(c) **Contracts**. All contracts, leases, and agreements to which Seller is a party and used exclusively in connection with the business and operation of the Station, including those listed in Schedule 1.1(c) (collectively, the “Assumed Contracts”).

(d) **Real Property.** The real property owned by Seller located at 108 1/2 Woodburn, Forest City, NC 28043, upon which the Stations' transmission facilities and towers are located and listed in Schedule 1.1(d), together with all easements, improvements, buildings, fixtures and appurtenances located thereon (collectively, the "Real Property").

(e) **Intangible Property.** The slogans, trade names, logos, trademarks, domain names, websites and related content, and other intellectual and intangible property owned or licensed by Seller and used exclusively in connection with the Stations including, without limitation, those identified in Schedule 1.1(e) (collectively, the "Intangible Property").

(f) **Public File.** All records pertaining to the Stations and required by the FCC to be maintained in the Station's FCC online public inspection file; provided that Seller may retain copies thereof.

(g) **Claims.** Any and all claims and rights against third parties if and to the extent that they relate to Station Assets, including, without limitation, all rights under manufacturers' and vendors' warranties.

(h) **Prepaid Items.** All deposits, reserves and prepaid expenses relating to the Station Assets and prepaid taxes relating to the Station Assets for which a proration has been made in Seller's favor in accordance with Section 1.6.

1.2 **Excluded Assets.** All assets, properties, interests and rights not expressly set forth above in Section 1.1 above shall be excluded from the Station Assets and retained by Seller (collectively, the "Excluded Assets"). For the avoidance of doubt, the Excluded Assets shall include all books and records that pertain solely to the organization, existence, and capitalization of Seller; Seller's cash and cash equivalents on hand or in banks, certificates of deposit, money market funds, securities, and similar type investments; Seller's insurance policies in effect on the date of this Agreement or the Closing Date and premium refunds therefor; the accounts receivable of Seller as of the Closing Date; and all assets, properties, interests and rights used in connection with any Seller station or business other than the Stations. Notwithstanding the foregoing, Seller shall, thirty (30) days after Closing contemplated hereunder, assign all outstanding account receivables to Buyer by an assignment and assumption of receivables to be executed at Closing and held by Buyer's counsel until thirty (30) days after Closing and supplemented with an exhibit on said date from Seller identifying such receivables.

1.3 **Liabilities.** The Station Assets shall be transferred by Seller to Buyer free and clear of all debts, security interests, mortgages, trusts, claims, pledges, conditional sales agreements, equipment leases, and other liens, liabilities and encumbrances of every kind and nature ("Liens"), except Liens for taxes not yet due and payable as of the Closing Date for which a proration has been made between Seller and Buyer, Liens with respect to Buyer's obligations to perform on and after the Closing Date the obligations arising under the Assumed Contracts, Liens that do not affect in any material manner the use of value of the asset to which they are attached, Liens resulting from the Security Documents (defined in Section 1.5), and other Liens that will be discharged prior to Closing ("Permitted Liens"). Buyer shall assume and undertake to pay, discharge and perform all obligations and liabilities relating to the Assumed Contracts

and any other Station Asset, in each case to the extent arising or occurring after the Closing (the “Assumed Liabilities”).

1.4 **Purchase Price.** The purchase price to be paid for the Station Assets is TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) (the “Purchase Price”).

1.5 **Payment of Purchase Price.** Simultaneously with the execution and delivery of this Agreement, Buyer will deposit TWELVE THOUSAND FIVE HUNDRED DOLLARS (\$12,500.00) (the “Escrow Amount”) of the Purchase Price into escrow. The Escrow Amount shall be held and disbursed by Griffin Media Brokers, LLC, as the escrow agent (the “Escrow Agent”) pursuant to the terms of a mutually acceptable Escrow Agreement. At the Closing, the Parties shall cause the Escrow Amount to be paid to Seller. At Closing, the Buyer will:

(a) pay to Seller FIFTY THOUSAND DOLLARS (\$50,000.00) (less the Escrow Amount paid to Seller by the Escrow Agent), plus or minus the adjustments made pursuant to Section 1.6, in cash by wire transfer of immediately available funds; and

(b) execute and deliver to Seller a promissory note in the principal amount of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), in the form attached hereto as EXHIBIT A (the “Promissory Note”). The Promissory Note shall bear interest at 5% per annum for the term of the Promissory Note, and shall be fully amortized over a 20 year term with a 7 year balloon, with 82 payments of principal and interest in the sum of \$1,319.91 commencing 90 days following the Closing contemplated herein, with no prepayment penalty. The Promissory Note shall be secured by a security interest on the tangible Station Assets, and a collateral pledge of the equity interests in Buyer, each in the form attached as EXHIBIT B, or as revised to comply with FCC regulations, and a deed of trust on the Real Property in a customary form (the “Security Documents”).

1.6 **Prorations.** The parties agree to prorate all expenses arising out of the operation of the Stations which are incurred, accrued, or payable, as of 11:59 p.m. local time of the day preceding the Closing. The prorated items shall include, but not be limited to, power and utilities charges, FCC regulatory fees (based on the most recent publicly available information about the cost of such regulatory fees for the Stations), property taxes upon the basis of the most recent tax bills and information available, security deposits, and similar prepaid and deferred items. The prorations shall, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment to be made within forty-five (45) days after the Closing Date.

1.7 **Allocation of Purchase Price.** Buyer and Seller shall negotiate in good faith an allocation of the Purchase Price to the Station Assets acquired hereunder in a manner which complies with Section 1060 of the Internal Revenue Code of 1986, as amended to the date hereof, prior to Closing, and each party shall file returns with the Internal Revenue Service consistent therewith.

ARTICLE 2: FCC CONSENT; CLOSING

2.1 **FCC Consent; Assignment Application.** Not later than five (5) business days after the Effective Date, Buyer and Seller shall prepare, execute, and file an application to the

FCC (the “Assignment Application”) requesting the FCC’s consent (the “FCC Consent”) to the assignment of the FCC Licenses from Seller to Buyer. Buyer and Seller shall prosecute the Assignment Application and cooperate with each other and with the FCC in order to secure such FCC Consent without delay and to promptly consummate the transaction contemplated hereby. At the Closing, Buyer shall reimburse Seller for the one-half of the FCC filing fee paid by Seller in connection with the Assignment Application.

2.2 Closing Date; Closing Place. The closing (the “Closing”) of the transaction contemplated in this Agreement shall occur on a date (the “Closing Date”) that is no more than ten (10) business days after: (x) all conditions to the Closing set forth in Articles 7 and 8 hereof shall have either been waived or satisfied, and (y) the FCC Initial Consent becomes a Final Order (as defined below, (unless Buyer agrees to waive the requirement of a Final Order), or on such other day after such consent as Buyer and Seller may mutually agree, with the understanding that the Parties intend to target to have the Closing at the end of the month the FCC Consent is granted. For purposes of this Agreement, the term “Initial Consent” shall mean that action shall have been taken by the FCC staff, pursuant to delegated authority which may still be subject to a timely request for stay, petition for rehearing, appeal or certiorari or sua sponte action of the FCC, with Final Order occurring 40 calendar days after Initial Consent. The conveyance of the FCC licenses shall be by Assignment and Assumption of FCC Authorizations; the conveyance of Intangible Property shall be by Assignment and Assumption of Intangible Property, the conveyance of the Real Property shall be by Special Warranty Deed, the conveyance of tangible assets shall be by Bill of Sale, the conveyance of the contractual agreements shall be by Assignment and Assumption of Contracts, and if applicable, the conveyance of Real Property Leases by Assignment and Assumption of Leases.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties to Buyer:

3.1 Organization and Authorization. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of North Carolina. Seller has the power and authority to execute and deliver this Agreement and to consummate the transaction contemplated hereby. Seller’s execution and delivery of this Agreement and consummation of the transaction contemplated hereby, have been duly and validly authorized, and no other actions on the part of Seller are necessary to authorize the execution and delivery of, or the performance of Seller’s obligations under this Agreement or to consummate the transaction contemplated hereby. This Agreement constitutes the legal, valid, and binding obligation of Seller enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other laws affecting generally the enforcement of creditors’ rights or the application of principles of equity.

3.2 No Defaults. The execution, delivery, and performance of this Agreement by Seller will not (i) constitute a violation of, or conflict with, Seller’s articles of organization or operating agreement, (ii) result in a default (or give rise to any right of termination, cancellation, or acceleration) under, or conflict with, any of the terms, conditions, or provisions of any obligation relating to the business of the Stations (iii) violate any law, statute, regulation, order, injunction, or decree of any federal, state, or local governmental authority or agency applicable to Seller or any of the Station Assets, (iv) result in the creation or imposition of any Lien on the

Station Assets, other than Permitted Liens, or (v) require the consent or approval of any governmental authority, lending institution, or other third party other than the FCC Consent.

3.3 Tangible Personal Property. The Tangible Personal Property is conveyed AS-IS-WHERE-IS. To the maximum extent permitted by applicable law, **SELLER MAKES NO WARRANTY OF ANY KIND, WHETHER IMPLIED, STATUTORY, OR OTHERWISE AND DISCLAIMS, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND, FITNESS FOR A PARTICULAR USE.**

3.4 FCC Licenses and Other Licenses. Schedule 1.1(a) hereto contains a true and complete list of the FCC Licenses (including any pending applications) and all other licenses, permits, or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the Stations in the manner and to the full extent that the Stations is presently operated. The FCC Licenses and other licenses are in full force and effect, unimpaired by any act or omission of Seller. Seller lawfully holds each of the FCC Licenses and the other licenses, permits, and authorizations listed on Schedule 1.1(a), none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Stations, other than (i) as may be set forth on the faces of such FCC Licenses and other licenses, or (ii) as may be applicable to the radio broadcasting industry. There is not now pending or, to the knowledge of Seller, threatened any action by or before the FCC to revoke, cancel, rescind, modify, or refuse to renew any of such FCC Licenses, and Seller has not received any notice of, and has no knowledge of, any pending, issued, or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against the Stations or Seller. Notwithstanding any provision, Buyer acknowledges that the Station is subject to that certain consent decree dated as of February 13, 2019, and entered into by and between the Media Bureau of the FCC and Seller's predecessor in interest (the "Consent Decree").

3.5 Litigation; Compliance with Law. Seller has operated the Stations in material compliance with all laws, regulations, orders, or decrees. Seller is not subject to any order, writ, injunction, judgment, arbitration, decision, or decree having a binding effect and affecting the business of the Stations or the Station Assets or which restrains or enjoins, or purports to restrain or enjoin, or could reasonably be expected to restrain or enjoin, the transaction contemplated hereby, and to Seller's knowledge no such proceeding is pending. There is no material litigation pending by or against, or, to Seller's knowledge, threatened against, Seller which relates to the Stations or which could materially and adversely affect any of the Station Assets.

3.6 Taxes. Seller has duly, timely, and in the required manner filed all federal, state, and local income, franchise, sales, use, property, excise, payroll, and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies, and losses required to be paid. To Seller's knowledge, no event has occurred which could impose upon Buyer any liability for any taxes, penalties, or interest due or to become due from Seller from any taxing authority.

3.7 Real Property. Seller has good and marketable fee simple title to the Real Property. To Seller's knowledge, the Real Property, as well as the current use and operation

thereof, conforms in all material respects with all restrictive covenants and all applicable zoning, environmental, and building codes, laws, rules and regulations.

(a) Title Documents. On the Effective Date, (i) Seller shall deliver to Buyer a copy of the latest policy of owner's title insurance in Seller's current possession for the Real Property, and (ii) Buyer shall order an ALTA commitment of title insurance (the "Commitment") issued by a title company, covering the Real Property and showing the state of title affecting the Real Property.

(b) Survey. On the Effective Date, Seller shall deliver to Buyer a copy of the most recent survey of the Real Property in Seller's current possession. Buyer shall order, at its option, any recertification of survey or new survey of the Real Property (the "Survey").

(c) Title Objections. Within ten (10) days after delivery to Buyer of the Commitment, but in no event later than 45 days after the Effective Date, Buyer shall deliver to Seller a notice of objections, in Buyer's reasonable discretion, to any exceptions to title disclosed on the Commitment and to any matters disclosed on the Survey, and any other title matters by delivery of a notice of objections to Seller (the "Title Objection Notice"). If the Title Objection Notice is not timely delivered, Buyer shall be deemed to have consented to and approved all matters shown in the Commitment and the Survey. If the Title Objection Notice is timely given, Seller shall give Buyer written notice of its response to the Title Objection Notice, in which Seller may, but is under no obligation to, agree to cure any or all of the matters set forth in the Title Objection Notice, no later than five (5) days after receipt of the Title Objection Notice. If Seller or title company does not remove or insure over (without payment of additional premium by Buyer) any title objection set forth in the Title Objection Notice which either (a) is a B-I exception that must be removed in order to convey clear title, or (b) is a B-II exception that either (i) prevents Buyer from using the Real Property for its intended purposes as a broadcasting facility, Buyer may terminate this Agreement, in which event One Hundred and No/100 Dollars (\$100.00) shall be delivered to Seller as consideration for Seller's execution of this Agreement. If Buyer fails to terminate this Agreement, then all matters disclosed on the Commitment and the Survey, except those matters Seller has removed or agreed to remove, will constitute the "Permitted Exceptions". Notwithstanding the foregoing, if Seller notifies Buyer within five (5) days of receipt of the Title Objection Notice that it has elected not to remove or agree to remove any title or survey matter set forth in the Title Objection Notice, and Buyer does not terminate this Agreement as provided herein, then any such matter shall constitute a Permitted Exception. Notwithstanding the foregoing, all B-II exceptions on the Seller's existing policy of title insurance shall constitute a Permitted Exception.

(d) Waiver. If Buyer waives its objection to any title or survey matter, such item will be included as a Permitted Exception.

3.8 **Environmental**. To Seller's knowledge, Seller has complied in all material respects and is in material compliance with all environmental, health, or safety laws (collectively, the "Environmental Laws") applicable to the Station Assets. Seller has not received any notice, nor does Seller have any knowledge of any administrative or judicial investigations, proceedings or actions with respect to violations, alleged, or proved, of any Environmental Laws involving the operation of the Stations.

3.9 **Sufficiency of and Title to Assets.** The Station Assets are sufficient for the operations of the Stations as presently operated by Seller. Seller, or an Affiliate of Seller, owns, leases or is licensed to use all of the Station Assets free and clear of Liens, except for Permitted Liens.

3.10 **Brokers.** Other than Griffin Media Brokers, LLC, who shall be compensated jointly by Buyer and Seller in a sum equal to 5% of the Purchase Price, there is no broker or finder or other person who would have a valid claim for a commission or a brokerage fee in connection with this Agreement or the transaction contemplated hereby under any agreement, arrangement or understanding made by or on behalf of Seller.

3.11 **No Other Representations.** Seller disclaims any and all other representations and warranties (express or implied, oral or written), except as expressly set forth in this Article 3. Buyer specifically acknowledges that Seller shall not be deemed to have made, and Buyer is in no way relying upon, any representation or warranty not expressly set forth in this Article 3, including with respect to materials, if any, previously delivered or made available to Buyer concerning the Station Assets.

ARTICLE 4: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Seller:

4.1 **Organization and Standing.** Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of South Carolina.

4.2 **Authorization.** Buyer has the power and authority to execute and deliver this Agreement, and to consummate the transaction contemplated hereby. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have been duly and validly authorized by Buyer, and no other proceedings on the part of Buyer are necessary to authorize the execution and delivery of, or the performance of Buyer's obligations under this Agreement, or to consummate the transaction contemplated hereby. This Agreement constitutes the legal, valid, and binding agreement of Buyer enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

4.3 **No Defaults.** The execution, delivery, and performance of this Agreement by Buyer will not (i) conflict with or result in any breach of any provision of the articles of incorporation or bylaws of Buyer, or (ii) result in a default (or give rise to any right of termination, cancellation, or acceleration) under, or conflict with, any of the terms, conditions, or provisions of any note, bond, mortgage, indenture, agreement, lease, or other instrument or obligation relating to Buyer or its business, except for such defaults (or rights of termination, cancellation, or acceleration) or conflicts as to which requisite waivers or consents have been obtained and delivered to Seller, (iii) violate any statute, regulation, order, injunction, or decree of any federal, state, or local governmental authority or agency which is applicable to Buyer, or (iv) require the consent or approval of any governmental authority, lending institution, or other third party other than the FCC Consent.

4.4 **Buyer's Qualification.** Buyer is, or will be as of the Closing Date, legally and financially qualified to acquire, and to become the FCC licensee of, the Stations and to perform its obligations under this Agreement. There is no fact or circumstance relating to Buyer that would reasonably be expected to prevent the FCC from granting the Assignment Application or that would otherwise reasonably be expected to disqualify Buyer as the licensee of the FCC Licenses or as the owner or operator of the Stations. Buyer has no reason to believe that the Assignment Application might not be granted by the FCC in the ordinary course due to any fact or circumstance relating to Buyer. No waiver of or exemption from any FCC rule or policy is required for the grant of the Assignment Application.

4.5 **Financing.** As of the Closing Date, Buyer will have sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of the Purchase Price and any other amounts to be paid by it in accordance with the terms of this Agreement.

4.6 **Litigation.** Buyer is not subject to any order, writ, injunction, judgment, arbitration, decision, or decree having a binding effect and affecting the business of Buyer or which restrains or enjoins, or purports to restrain or enjoin, or could reasonably be expected to restrain or enjoin, the transaction contemplated hereby, and no such proceeding is pending. There is no material litigation pending by or against, or, to the knowledge of Buyer, or threatened against Buyer, that would prevent or materially impede the consummation by Buyer of the transaction contemplated by this Agreement.

4.7 **Brokers.** Other than Griffin Media Brokers, LLC, who shall be compensated jointly by Buyer and Seller in a sum equal to 5% of the Purchase Price, there is no broker or finder or other person who would have a valid claim for a commission or a brokerage fee in connection with this Agreement or the transaction contemplated hereby under any agreement, arrangement or understanding made by or on behalf of Buyer.

ARTICLE 5: COVENANTS OF SELLER

The following terms of this Article 5 shall apply from the Effective Date until the completion of the Closing (except as otherwise specified).

5.1 **Station Assets.** The Station Assets shall be maintained by Seller consistent with good engineering practice and in material conformity with all applicable FCC technical regulations.

5.2 **FCC Compliance.** Seller shall continue to operate and maintain the Stations in accordance with the terms of the FCC Licenses and in material compliance with all applicable laws and FCC regulations and published policies. Seller will not file any application with the FCC requesting authority to modify the Stations' facilities without Buyer's prior written consent and Seller shall take all actions necessary to keep the FCC Licenses, including all material permits and applications pending before the FCC, valid and in full force and effect.

5.3 **Operation of Stations in Ordinary Course.** Except as provided herein, Seller shall operate the Stations in the ordinary course of business and in accordance with past practice,

and shall pay and perform all of its obligations with respect to the Stations in the ordinary course as such obligations become due.

5.4 Disposition of Assets. Prior to the Closing Date, Seller shall not, without the prior written consent of Buyer, sell, lease, or transfer, any of the Station Assets without replacement thereof with an asset of equivalent kind, condition, and value that satisfies industry standards for such assets, nor create any new Lien on the Station Assets other than Permitted Liens and Liens arising pursuant to, and in accordance with the terms of, this Agreement.

5.5 Access and Information. From the date hereof until the earlier to occur of the Closing Date or the termination of this Agreement, Seller shall permit Buyer and its representatives to make such investigation of the Station Assets as Buyer deems reasonably necessary or desirable in connection with the transactions contemplated hereby. Access to the Station Assets shall be made upon reasonable notice and at reasonable places and times. Such access and information shall not in any way affect or diminish any of the representations or warranties hereunder except to the extent the Buyer fails to promptly notify Seller of any inaccuracy or breach of any of the representations or warranties of Seller upon any such discovery by Buyer. Notwithstanding any provision to the contrary herein, however, Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Stations prior to the Closing. Such operations, including complete control and supervision of all programs, employees, finances, and policies, shall be the sole responsibility of Seller until the Closing.

5.6 Consummation of Agreement. Seller shall use commercially reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement, and to consummate the transaction contemplated hereby.

5.7 Intentionally Omitted.

5.8 Environmental Assessment of the Real Property. Buyer may commission, at its sole option and expense, and upon notice to Seller, a Phase I environmental site assessment of the Real Property (a “Phase I Assessment”). If the Phase I Assessment or any other information known to Buyer indicates that a Phase II assessment or other additional testing or analysis of the Real Property as Buyer may deem appropriate (a “Phase II Assessment”) is advisable, then Buyer may commission such Phase II Assessment at Buyer’s cost and expense. Seller will use its commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such investigation.

ARTICLE 6:COVENANTS OF BUYER

6.1 Consummation of Agreement. Buyer shall use commercially reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement, and to consummate the transaction contemplated hereby.

ARTICLE 7: CONDITIONS TO THE OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement are subject to the fulfillment of the following conditions prior to or on the Closing Date. Upon the Closing, each such condition shall be deemed to have been satisfied.

7.1 Representations, Warranties and Covenants.

(a) Each of the representations and warranties of Buyer contained in this Agreement was true and correct, in all material respects, as of the date when made and is deemed to be made again on and as of the Closing Date and is then true and correct, in all material respects, except to the extent changes are permitted or contemplated pursuant to this Agreement.

(b) Buyer shall have performed and complied, in all material respects, with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

7.2 **Proceedings.** Neither Seller nor Buyer is subject to any restraining order or injunction (or similar action) which would restrain or prohibit the consummation of the transaction contemplated hereby.

7.3 **FCC Consent.** The FCC Consent has been issued by FCC staff grant and become Final Order, unless waived by Buyer.

7.4 **Deliveries.** Buyer has complied with each and every one of its obligations set forth in Section 9.2.

ARTICLE 8: CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are subject to the fulfillment of the following conditions prior to or on the Closing Date. Upon the Closing, each such condition shall be deemed to have been satisfied.

8.1 Representations, Warranties and Covenants.

(a) Each of the representations and warranties of Seller contained in this Agreement was true and correct, in all material respects, as of the date when made and is deemed to be made again on and as of the Closing Date and is then true and correct, in all material respects, except to the extent changes are permitted or contemplated pursuant to this Agreement.

(b) Seller shall have performed and complied, in all material respects, with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

8.2 **Proceedings.** Neither Seller nor Buyer is subject to any restraining order or injunction (or similar action) which would restrain or prohibit the consummation of the transaction contemplated hereby.

8.3 **FCC Consent.** The FCC Consent has been issued by FCC staff grant and become Final Order, unless waived by Buyer.

8.4 **Real Property Review.** If Buyer has ordered a Title Commitment, Survey, or Phase I Assessment (individually or collectively as applicable, the “Real Property Review”) within fifteen (15) days of the Effective Date, and Buyer is taking all necessary action to promptly secure or complete such Real Property Review, the Real Property Review shall be completed and disclose no Liens, other than Permitted Liens, or material violations of Environmental Laws.

8.5 **Studio Lease.** The Parties shall have secured a written agreement with the landlord of the Studio Lease on mutually agreeable terms and generally consistent with the custom and practice under the current oral arrangement.

8.6 **Deliveries.** Seller has complied with each and every one of the obligations set forth in Section 9.1.

ARTICLE 9: ITEMS TO BE DELIVERED AT CLOSING

9.1 **Deliveries by Seller.** At Closing, Seller shall deliver to Buyer, duly executed by Seller or such other signatory as may be required by the nature of the document:

(a) a bill of sale sufficient to sell, convey, transfer and assign the Tangible Personal Property and any other assets included in the Station Assets (other than the FCC Licenses and Assumed Contracts) to Buyer (the “Bill of Sale”);

(b) an assignment and assumption sufficient to sell, convey, transfer and assign the Assumed Contracts to Buyer (the “Assignment and Assumption of Contracts”);

(c) an assignment sufficient to assign the FCC Licenses (including the Stations’ call letters) to Buyer (the “FCC Licenses Assignment”);

(d) a special warranty deed with respect to the Real Property;

(e) a certificate executed by an authorized officer of Seller certifying the satisfaction of the conditions set forth in Section 7.1;

(f) if applicable, an assignment and assumption of a written studio lease agreement (the “Assignment and Assumption of Lease”); and

(g) such additional documents, instruments, and agreements as Buyer may reasonably request in connection with the consummation of the transactions contemplated by this Agreement.

9.2 **Deliveries by Buyer.** At the Closing, Buyer shall deliver to Seller, duly executed by Buyer or such other signatory as may be required by the nature of the document:

(a) the payment of the cash portion of the Purchase Price in accordance with Section 1.5(b), including all adjustments thereto as provided in Sections 1.6;

(b) the Promissory Note;

(c) the Security Documents;

(d) the Assignment and Assumption of Contracts and Assignment and Assumption of Lease;

(e) a certificate executed by an authorized officer of Buyer certifying the satisfaction of the conditions set forth in Section 8.1; and

(f) such additional documents, instruments, and agreements as Seller may reasonably request in connection with the consummation of the transactions contemplated by this Agreement.

ARTICLE 10:INDEMNITY

10.1 Survival of Representations and Warranties. The representations and warranties of Buyer and Seller contained in this Agreement shall survive the Closing for nine (9) months from the Closing Date. Neither Seller nor Buyer shall have any liability whatsoever with respect to any representation or warranty unless a claim is made hereunder or an action at law or in equity is commenced prior to expiration of such survival period for such representation or warranty.

10.2 Seller's Indemnity Obligation. Subject to Section 10.1, Seller hereby agrees to indemnify, defend, save, and hold Buyer harmless with respect to any and all claims, losses, obligations, liabilities, costs and expenses, including reasonable counsel fees (collectively, "Losses"), threatened, suffered, incurred, or sustained by Buyer by reason of any misrepresentations by Seller or any breach by Seller of this Agreement or of any of Seller's warranties, covenants, or representations contained in this Agreement, or arising from or by reason of Seller's ownership of the Station Assets or operation of the Stations prior to the Closing Date hereunder. Notwithstanding anything to the contrary herein, in no event will Seller have any indemnification obligations hereunder for any Losses unless and until the aggregate amount of all of such Losses exceeds \$20,000 in the aggregate ("Threshold"), whereupon Seller shall be liable to indemnify the Indemnified Party only for the amount of such Losses in excess of the Threshold; and in no event will Seller have any indemnification obligations hereunder for any Losses in excess of the Purchase Price in the aggregate.

10.3 Buyer's Indemnity Obligation. Subject to Section 10.1, Buyer hereby agrees to indemnify, defend, save, and hold Seller harmless with respect to any and all Losses threatened, suffered, incurred, or sustained by Seller by reason of any misrepresentations by Buyer or any breach by Buyer of this Agreement or of any of Buyer's warranties, covenants, or representations contained in this Agreement or arising from or by reason of Buyer's ownership of the Station Assets or operation of the Stations subsequent to the Closing Date hereunder or arising out of

any breach by Buyer of Sublease or Assumed Contracts assigned to the Buyer hereunder because of events occurring after the Closing Date hereunder.

10.4 **Exclusive Remedy**. After the Closing, the indemnification rights provided in this Article 10 shall be the sole remedy, exclusive of any other rights or remedies arising under contract, at law, in equity, or otherwise, available to the Parties against one another for any claims in any way arising out of or relating to this Agreement or the transactions contemplated hereby.

ARTICLE 11: TERMINATION

11.1 **Termination**. This Agreement may be terminated at any time prior to Closing:

- (a) by the mutual written consent of Seller and Buyer;
- (b) by written notice of Seller to Buyer if Buyer defaults in any material respect in the performance of any of Buyer's covenants or agreements under this Agreement; and in any of which events such default is not cured within the Cure Period (as defined below), if applicable;
- (c) by written notice of Buyer to Seller if Seller defaults in any material respect in the performance of any of Seller's covenants or agreements under this Agreement; and in any of which events such default is not cured within the Cure Period (as defined below), if applicable; or
- (d) by written notice of Seller to Buyer, or Buyer to Seller if the Closing has not been consummated within twelve (12) months of the Effective Date; provided, however, that the right to terminate this Agreement under this clause shall not be available to any Party whose breach of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.
- (e) if there shall be any Law that prohibits consummation of the sale of the Stations or if a Governmental Authority of competent jurisdiction shall have issued a final, nonappealable Government Order enjoining or otherwise prohibiting consummation of the sale of the Stations.
- (f) if the FCC denies the FCC Application.

11.2 **Cure Period**. The term "Cure Period" as used herein means a period commencing with the date that Buyer or Seller receives from the other Party written notice of breach or default hereunder and continuing until thirty (30) days thereafter; provided, however, that if the breach or default cannot reasonably be cured within such period but can be cured before the Closing Date, 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.

11.3 **Payment of Escrow Amount**. If the Closing is not consummated as a result of termination by Seller pursuant to Section 11.1(b), the Parties agree that, as Seller's sole and exclusive remedy, Seller shall be entitled to the Escrow Amount and related legal fees and

expenses to compensate Seller as liquidated damages resulting to Seller from Buyer's breach and not as a penalty (the "Liquidated Damages Payment"). The Parties acknowledge and confirm that the injury to Seller, which would result from such a breach, would be difficult or impossible to accurately estimate but that the Liquidated Damages Payment is a reasonable estimate of the probable loss from such a breach. If this Agreement is terminated for any other reason, the Escrow Amount thereon shall be disbursed to Buyer. The Parties shall each instruct the Escrow Agent to disburse the Escrow Amount thereon to the Party entitled thereto and shall not, by any act or omission, delay or prevent any such disbursement.

ARTICLE 12:MISCELLANEOUS

12.1 **Governing Law**. This Agreement shall be construed and governed by the laws of the State of North Carolina (exclusive of those relating to conflicts of laws that would direct the application of the laws of another state) and United States federal law.

12.2 **Expenses**. Except as otherwise specifically provided herein, each Party hereto shall bear all of its expenses incurred in connection with the transaction contemplated by this Agreement, including without limitation, accounting, engineering and legal fees incurred in connection herewith.

12.3 **Entire Agreement; Amendment; No Waiver**. This Agreement, including the schedules and exhibits hereto, contain the entire agreement and understanding by and between the Parties, and no other representations, promises, agreements, or understanding, written or oral, not contained herein shall be of any force or effect. No oral agreement shall have any effect. No modification, amendment or waiver of any provision of, or consent required by, this Agreement, or any consent to any departure herefrom, shall be effective unless it is in writing and signed by the Parties hereto. Such modification, amendment, waiver or consent shall be effective only in the specific instance and for the purpose for which given. No failure or delay in exercising any right hereunder shall be deemed or construed to be a waiver of such right, either prospectively or in the particular instance.

12.4 **Risk of Loss/Interruption of Operations**. The risk of loss to any of the Station Assets on or prior to the Closing Date shall be upon Seller. If any material portion of the Station Assets (other than items that are obsolete and not necessary for the continued operations of the Stations) shall suffer damage or destruction prior to the Closing Date, Seller shall promptly notify Buyer in writing of such damage or destruction, shall promptly take all commercially reasonable steps to restore, repair or replace such Station Assets at Seller's expense, and shall advise Buyer in writing of the estimated cost to complete such restoration, repair or replacement and all amounts actually paid as of the date of the estimate. In the event of damage to any material portion of the Station Assets that cannot be restored, repaired or replaced prior to the Closing, Buyer at its sole option: (a) may elect to postpone Closing until such time as such Assets have been completely repaired, replaced or restored to the reasonable satisfaction of Buyer if the repair, replacement or restoration can be accomplished within one (1) month following the date of the loss or damage or the Closing Date, whichever is the earlier; (b) may elect to consummate the Closing and accept the Station Assets in their then existing condition, in which event Seller shall pay to Buyer all unused proceeds of insurance and assign to Buyer the right to any unpaid proceeds; or (c) terminate this Agreement without liability to either Party.

12.5 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective representatives, successors and assigns. Neither Buyer nor Seller may assign this Agreement or any part hereof without the prior written consent of the other Party.

12.6 **Notices.** All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing (which shall include notice by facsimile transmission) and shall be deemed to have been duly made and received when personally served, or when delivered by Federal Express or a similar overnight courier service, expenses prepaid, addressed as set forth below:

If to **Seller**, then to:

K T C Broadcasting, Inc.
PO Box 415
Cherryville, NC 28021
Attention: Calvin Hastings

With a copy, which shall not constitute notice, to:

Brooks, Pierce, McLendon Humphrey & Leonard, LLP
1700 Wells Fargo Capitol Center
150 Fayetteville Street
Raleigh, NC 27601
Attn: Coe W. Ramsey

If to **Buyer**, then to:

Skyline Media of Forest City, LLC
1121 Park West Blvd #B-175
Mount Pleasant, SC 29466
Attn: Todd Fowler

With a copy, which shall not constitute notice, to:

Radiotvlaw Associates, LLC
4101 Albemarle St NW #324
Washington, DC 20016-2151
Attention: Anthony T. Lepore, Esq.
anthony@radiotvlaw.net

12.7 **Knowledge.** Whenever used herein with respect to a Party, the term “Seller’s knowledge” or “knowledge of Seller” shall mean the actual knowledge of Calvin Hastings.

12.8 **Further Assurances.** Each Party hereto will execute all such instruments and take all such actions as any other party shall reasonably request, without payment of further

consideration, in connection with carrying out and effectuating the intent and purpose of this Agreement and the transactions contemplated hereby.

12.9 **Counterparts**. This Agreement may be executed by facsimile or email transmission and in counterparts, each of which shall constitute an original but together will constitute a single document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

SELLER:

K T C BROADCASTING, INC.

By: 

Name: Calvin R. Hastings
Title: President

BUYER:

SKYLINE MEDIA OF FOREST CITY, LLC

By: 

Name: Todd Fowler
Title: Manager

Schedule 1.1(a)
FCC Licenses

<u>Call Sign</u>	<u>Type of Service</u>	<u>FCC File Number</u>	<u>Expiration</u>
WAGY	AM	BLCT-2317	12/01/2027
W298CZ	FX	BLFT-20180920ABU	12/01/2027

FCC ASR Number 1307810
FCC ASRN Number 1307865

* * * * *

Schedule 1.1(b)
Tangible Personal Property

1. 1000 WATT NAUTEL AM TRANSMITTER WITH PARTS
2. OMNIA AM PROCESSOR
3. 1000 WATT GATESAIR FM TRANSMITTER.
4. WHEATSTONE FM-55 PROCESSOR
5. CIRCUITWERKES SICON 8 REMOTE SITE CONTROLLER
6. 2-BAR BARI STREAMERS
7. PHANTOM AUTOMATION SYSTEM
8. NEW WAVE AUTOMATION SYSTEM
9. SAGE DIGITEL ENDEC EAS
10. MINI PC AND AUDIO INTERFACE FOR STREAMING
11. 2-NUMARK CD PLAYERS
12. REMOTE MIX 2
13. 2-SPORTS HEADSETS
14. WHEATSTONE AUDIOARTS A-50 CONTROL BOARD
15. 300 WATT FM TRANSMITTER
16. AUDIO PROCESSOR
17. HYBRID PHONE SYSTEM
18. CONTROL ROOM MICS
19. VARIOUS PARTS AND ACCESSORIES
20. TOWERS (ASRN 1307810 and ASRN 1307865) (to the extent not a fixture and included in the Real Property)
21. TRANSMITTER BUILDING (to the extent not a fixture and included in the Real Property)

* * * * *

Schedule 1.1(c)
Assumed Contracts

- Scott Shannon music programming contract
- Oral lease with Justin Conner for studio facility; current rent of \$350/month cash plus \$350/month trade (the “Studio Lease”)

* * * * *

Schedule 1.1(d)
Real Property

Two parcels (REID 416915 and REID 416914); See Attached

* * * * *

Property Summary

Tax Year: 2022

REID	416915	PIN	1549-16-5345	Property Owner	KTC BROADCASTING INC
Location Address	0 NURSERY RD	Property Description		Owner's Mailing Address	PO BOX 415 CHERRYVILLE NC 28021

Administrative Data	
Plat Book & Page	
Old Map #	NONE
Market Area	A23D
Township	Cool Springs
Planning Jurisdiction	RUTHERFORD
City	FOREST CITY
Fire District	
Spec District	
Land Class	COMMERCIAL
History REID 1	
History REID 2	
Acreage	10.32
Permit Date	
Permit #	

Transfer Information	
Deed Date	4/7/2020
Deed Book	002031
Deed Page	04190
Revenue Stamps	\$150
Package Sale Date	
Package Sale Price	
Land Sale Date	4/7/2020
Land Sale Price	\$37,500

Property Value	
Total Appraised Land Value	\$34,100
Total Appraised Building Value	
Total Appraised Misc Improvements Value	\$500
Total Cost Value	\$34,600
Total Appraised Value - Valued By Cost	\$34,600
Other Exemptions	
Exemption Desc	
Use Value Deferred	
Historic Value Deferred	
Total Deferred Value	
Total Taxable Value	\$34,600

Improvement Summary	
Total Buildings	0
Total Units	0
Total Living Area	0
Total Gross Leasable Area	0



Building Summary

Misc Improvements Summary

Card #	Unit Quantity	Measure	Type	Base Price	Eff Year	Phys Depr (% Bad)	Econ Depr (% Bad)	Funct Depr (% Bad)	Common Interest (% Good)	Value
Total Misc Improvements Value Assessed: \$500										

5/24/22, 11:23 AM

Print Property Info

Card #	Unit Quantity	Measure	Type	Base Price	Eff Year	Phys Depr (% Bad)	Econ Depr (% Bad)	Funct Depr (% Bad)	Common Interest (% Good)	Value
0	240	SIZE	UTILITY CONCRETE BLOCK	\$11.23	1970	80	0	0		\$500

Total Misc Improvements Value Assessed: \$500

Land Summary

Land Class: COMMERCIAL			Deeded Acres: 0		Calculated Acres: 0			
Zoning	Soil Class	Description	Size	Rate	Size Adj. Factor	Land Adjustment	Land Value	
R8		RESIDENTIAL	10.32 BY THE ACRE PRICE	\$3,500	1.35	ROAD TYPE-70.00	\$34,100	

Total Land Value Assessed: \$34,100

Ownership History

	Owner Name	Deed Type	% Ownership	Stamps	Sale Price	Book	Page	Deed Date
Current	KTC BROADCASTING INC	DEED	100	150	\$37,500	002031	04190	4/7/2020
1 Back	WAGY INC.	DEED	100	175		000482	00494	2/13/1986

Notes Summary

Building Card	Date	Line	Notes
No Data			

Property Summary

Tax Year: 2022

REID	416914	PIN	1549-16-2055	Property Owner	KTC BROADCASTING INC
Location Address	0 WOODBURN DR	Property Description		Owner's Mailing Address	PO BOX 415 CHERRYVILLE NC 28021

Administrative Data		Transfer Information		Property Value	
Plat Book & Page		Deed Date	4/7/2020	Total Appraised Land Value	\$25,900
Old Map #	NONE	Deed Book	002031	Total Appraised Building Value	
Market Area	R42D	Deed Page	04190	Total Appraised Misc Improvements Value	
Township	Cool Springs	Revenue Stamps	\$150	Total Cost Value	\$25,900
Planning Jurisdiction	RUTHERFORD	Package Sale Date		Total Appraised Value - Valued By Cost	\$25,900
City	FOREST CITY	Package Sale Price		Other Exemptions	
Fire District		Land Sale Date	4/7/2020	Exemption Desc	
Spec District		Land Sale Price	\$37,500	Use Value Deferred	
Land Class	COMMERCIAL	Improvement Summary		Historic Value Deferred	
History REID 1		Total Buildings	0	Total Deferred Value	
History REID 2		Total Units	0	Total Taxable Value	\$25,900
Acreage	1.95	Total Living Area	0		
Permit Date		Total Gross Leasable Area	0		
Permit #					



Building Summary

Misc Improvements Summary

Card #	Unit Quantity	Measure	Type	Base Price	Eff Year	Phys Depr (%) Bad)	Econ Depr (%) Bad)	Funct Depr (%) Bad)	Common Interest (%) Good)	Value
No Data										
Total Misc Improvements Value Assessed:										

5/24/22, 11:24 AM

[Print Property Info](#)

Land Summary

Land Class: COMMERCIAL			Deeded Acres: 0		Calculated Acres: 0			
Zoning	Soil Class	Description	Size	Rate	Size Adj. Factor	Land Adjustment	Land Value	
R8		RESIDENTIAL	1.95 BY THE ACRE PRICE	\$10,000	1.9	ROAD TYPE-70.00	\$25,900	
Total Land Value Assessed: \$25,900								

Ownership History

	Owner Name	Deed Type	% Ownership	Stamps	Sale Price	Book	Page	Deed Date
Current	KTC BROADCASTING INC	DEED	100	150	\$37,500	002031	04190	4/7/2020
1 Back	WAGY INC.	DEED	100	175		000482	00494	2/13/1986

Notes Summary

Building Card	Date	Line	Notes
No Data			

Schedule 1.1(e)
Intangible Property

Call Signs WAGY, W298CZ

* * * * *

EXHIBIT A
Promissory Note

(Attached)

PROMISSORY NOTE

_____, 2022

\$200,000.00

FOR VALUE RECEIVED, SKYLINE MEDIA OF FOREST CITY, LLC, a South Carolina limited liability company ("Maker"), promises to pay to the order of K T C Broadcasting, Inc., a North Carolina corporation ("Payee"), the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), together with interest on the unpaid principal balance outstanding from time to time until paid in full at the interest rate set forth herein, calculated on the basis of the actual number of days elapsed over a year.

1. Interest Rate. The interest rate applicable to this Note shall be 5% per annum.

2. Payments of Principal and Interest. Maker shall make 82 monthly installments of principal and interest based on a twenty-year amortization of \$1,319.91 with the first payment due on [90 days after closing], and continuing monthly thereafter, as shown in the attached amortization schedule; and on [the first month following the month the 82nd monthly payment is due], Maker shall pay a balloon payment equal to the balance of the loan in full together with any additional outstanding principal, accrued but unpaid interest, and any other costs and fees that are due.

3. Prepayment. Maker may prepay the outstanding principal balance of this Note in whole or in part without premium or penalty, provided that such prepayment shall be made together with accrued interest on the amount prepaid to the date of prepayment.

4. Representations and Warranties. Maker hereby represents and warrants to Payee that:

(a) Validity of Note. The execution, delivery and performance by Maker of this Note has been duly authorized by all necessary action and, when executed and delivered by Maker, will constitute the valid and binding agreements of Maker, enforceable in accordance with its terms.

(b) Existing Defaults. Maker is not in default in the performance or observance of any material obligation, agreement, covenant, or condition contained in any bond, debenture, note, or other evidence of indebtedness or in any contract, indenture, mortgage, agreement, loan agreement, lease, or other agreement or instrument to which Maker is a party or by which it, or any of its properties, is bound.

(c) No Default in Other Agreements. The execution and delivery and performance by Maker of this Note, the incurrence of the obligations set forth herein, and the consummation of the transactions contemplated hereby, will not conflict with or result in a breach of any bond, debenture, note, contract, indenture, mortgage, loan agreement, lease, or any other evidence of indebtedness, agreement or instrument to which Maker is a party or by which it or any of its properties may be bound, or result

in the violation by it of any law, order, rule, or regulation of any court or governmental agency or body having jurisdiction over it or any of its properties.

(d) No Consents. No consent, approval, authorization, or other acknowledgment of, or the provision of notice to, any court or governmental agency or body, or any other person, that has not already been obtained, is required for the consummation by Maker of any of the transactions contemplated by this Note.

5. Acceleration of Note. All outstanding principal, together with all accrued but unpaid interest thereon, shall become due and payable immediately upon the occurrence of any of the following: (i) a Change of Control (as defined below) of the Maker or the licensee of either Station (as defined in Section 7 below); (ii) a sale, transfer, or assignment by Maker of all or substantially all of the assets used in the operation of either Station; or (iii) a sale, transfer, or assignment by Maker of the Federal Communications Commission license(s) of either Station. A “Change of Control” with respect to an entity occurs when (i) such entity merges into another entity or (ii) any person or entity (or group of persons or entities acting in concert) acquires, directly or indirectly, the power to elect or appoint a majority of the board of directors or managers of such entity, or otherwise to direct the management or affairs of such entity, whether through voting agreements or trusts, acquiring securities, by contract or otherwise.

6. Method of Payment or Repayment. Payments hereunder shall be made in lawful money of the United States of America by check or draft on the date payment is due, or in such other manner, and at such place, as the Payee may from time to time direct in writing to the Maker, provided that such “other manner” of payment does not require the Maker to incur additional costs in the making of payments hereunder (e.g., wire transfer fees, etc.).

7. Purchase Agreement. This Note is delivered to Payee in connection with Maker’s purchase of certain of the assets owned by Payee or its affiliated and used in connection with the operation of commercial radio station WAGY(AM) (1320 kHz), Forest City, North Carolina (FCC Facility ID No. 70700) (“WAGY”), and FM translator W298CZ (107.5 MHz), Forest City, North Carolina (FCC Facility ID No. 202870) (“W298CZ”), and together with WAGY, the “Stations”). This Note is issued in connection with, and is entitled to the benefits of and is subject to the terms and conditions of, the Asset Purchase Agreement dated [_____], 2022, relating to the purchase and sale of the Stations (the “APA”). Reference is made to the APA for a statement of the rights, obligations, and duties of Payee and Maker in relation thereto.

8. Security. This Note is secured by, and/or Maker has provided Payee with certain remedies under, (a) a Security Agreement of even date herewith executed by Maker in favor of Payee granting and conveying to Payee a first priority security interest in the collateral described therein (the “Security Agreement”), (b) deed of trust (the “Deed of Trust”), and (c) a pledge of all of the capital stock of Maker (the “Pledge Agreement” and together with the Security Agreement and the Deed of Trust, the “Collateral Documents”).

9. Event of Default; Remedies. Each of the following shall constitute an “Event of Default”, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of Maker or be effected by operation of law or pursuant to any

judgment or order of any court or any order, rule, or regulation of any governmental or nongovernmental body:

- (a) failure by Maker to make any scheduled payment when due, and such failure shall continue unremedied for twenty (20) days after such payment is due;
- (b) any representation or warranty by Maker in this Note, the APA or the Collateral Documents, or any representation or warranty by any pledgor in the Pledge Agreement, shall at any time prove to have been incorrect or misleading in any material respect when made;
- (c) any failure by Maker to comply, perform or observe of any term, covenant, condition, or agreement contained in this Note or the APA (other than a term, covenant, condition, or agreement a default in the performance or observance of which is elsewhere in this Note specifically dealt with, (e.g. the payment of amounts owing on this Note)) and, if capable of being remedied, shall remain uncured for a period of thirty (30) days following written notification of such matter to Maker from Payee;
- (d) any default under or breach of any of the Collateral Documents that remains uncured beyond the applicable cure period set forth therein, if any; or
- (e) (i) a filing of any petition or answer by Maker seeking to adjudicate Maker bankrupt or insolvent, or seeking for Maker any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition or adjustment of Maker's debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for Maker or for any substantial part of Maker's property or any action taken by Maker to authorize any of the actions set forth above; (ii) the entry of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, adjustment, protection, relief, or composition or adjustment of Maker's debts under any law relating to bankruptcy, insolvency, or reorganization or any similar statute, law or regulation, or the filing of any such petition against Maker which petition shall not be dismissed within ninety (90) days; or (iii) without the consent or acquiescence of Maker, the entering of an order appointing a trustee, custodian, receiver or liquidator of the Maker (as applicable) or of all or any substantial part of the property of Maker which order shall not be dismissed within sixty (60) days.

10. Remedies.

- (a) Upon the occurrence and during the continuance of any Event of Default, and at all times thereafter until such default is cured or the remainder of the principal sum, together with all interest accrued thereon shall have been paid in full (each

such period, a “Default Period”), the interest rate hereunder shall be nine percent (9%) and interest shall accrue on the unpaid principal balance at such rate during the Default Period.

- (b) Upon the occurrence and during the continuance of any Event of Default other than an Event of Default described in Section 9(e) hereof, Payee may, in its sole discretion, declare this Note, including, without limitation, the remainder of the principal sum plus all interest accrued thereon and any costs of collection (including, without limitation, actual reasonable attorney’s fees and disbursements if collected by or through an attorney at law or in bankruptcy, receivership or other judicial proceedings), all without presentment, demand, protest or notice. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time.
- (c) Upon the occurrence of an Event of Default described in Section 9(e), this Note including, without limitation, the remainder of the principal sum plus all interest accrued thereon and any costs of collection (including, without limitation, actual reasonable attorney’s fees and disbursements if collected by or through an attorney at law or in bankruptcy, receivership or other judicial proceedings), shall become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are expressly waived.
- (d) Upon the occurrence of an Event of Default and acceleration of this Note as provided in this Section 10, Payee may pursue any remedy available under this Note, the Collateral Documents, or available at law or in equity, all of which shall remain cumulative. The order and manner in which the rights and remedies of Payee may be exercised shall be determined by Payee in its sole discretion.

11. Waiver of Protest. Maker hereby waives presentment, protest, notice of protest and non-payment, or other notice of default, notice of acceleration and intention to accelerate and agrees that its liability under this Note shall not be affected by any renewal or extension in the time of payment hereof, or by any indulgences, or by any release or change in any security for the payment of the indebtedness evidenced by this Note, and hereby consents to any and all renewals, extensions, indulgences, releases or changes, regardless of the number of such renewals, extensions, indulgences, releases or changes.

12. Rights and Waivers. No waiver or modification of any right, power or privilege of Payee or of any obligation of Maker shall be effective unless such waiver or modification is in writing, and signed by Payee and then only to the extent set forth therein. A waiver by Payee of any right, power, or privilege hereunder on any one occasion shall not be construed as a bar to, or waiver of, the exercise of any such right, power or privilege which Payee otherwise would have on any subsequent occasion.

13. Costs of Collection. Upon an Event of Default, Maker agrees to pay all costs of collection, including, but not limited to, court costs and reasonable actual attorneys’ fees calculated on the basis of such attorneys’ usual hourly rate multiplied by the number of hours

spent in enforcing Payee's rights hereunder and not on the basis of any percentage of the outstanding balance of this Note.

14. Assignment. This Note may be assigned or transferred, in whole or in part, by Payee to any person or entity at any time without notice to or the consent of Maker. Maker may not assign or transfer this Note or any of its rights hereunder without the prior written consent of Payee. This Note shall inure to the benefit of and be binding upon the parties hereto and their permitted assigns.

15. Governing Law. This Note shall be construed in accordance with and governed by the law of the State of North Carolina, without regard to its choice of law principles.

16. Jurisdiction. Any judicial proceeding against Maker brought by Payee with respect to any term, condition or breach of this Note, or any other present or future agreement between Maker and Payee related to this Note may be brought by Payee in a court of competent jurisdiction in the State of North Carolina, and, by execution and delivery of this Note, Maker accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Note, or any other present and future agreement between Maker and Payee. Maker waives any bond or surety or security upon such bond or surety which might, but for this waiver, be required of Payee. Nothing contained in this section affects the right of Payee to bring any action or proceeding against Maker or its property in the courts of any other jurisdiction. Any judicial proceeding by Maker against Payee involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Note, its actual or threatened breach, or any other present or future agreement or other dispute of any nature between Payee and Maker related to this Note, may be brought only in a North Carolina state court sitting in Rutherford County, North Carolina (and the appropriate appellate courts therefrom). Maker waives any objection to jurisdiction and venue of any action instituted hereunder or in connection herewith and may not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. Payee or Maker may file an original counterpart or a copy of this agreement with any court as written evidence of the waivers and consents contained herein.

17. Severability. The provisions of this Note are severable and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Note in any jurisdiction.

18. Business Purpose. The loan evidenced by this Note represents credit extended for business, commercial, investment or other similar purpose, and not for personal, family, household or other consumer purposes.

19. Binding Effect. This Note shall bind and inure to the benefit of the parties, their legal representatives, successors, and assigns.

[SIGNATURES ON NEXT PAGE]

SAMPLE - TO BE SIGNED AT CLOSING

IN WITNESS WHEREOF, Maker has caused this Note to be executed by its duly authorized officer the date first above written.

SKYLINE MEDIA OF FOREST CITY, LLC

By: _____

Name: Todd Fowler

Title: Manager

SAMPLE - TO BE SIGNED AT CLOSING

Amortization Schedule

[TBD]

SAMPLE - TO BE SIGNED AT CLOSING

EXHIBIT B
Security Documents

(Attached)

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as amended, restated, supplemented, or otherwise modified, this “Agreement”), is made and entered into as of _____ 2022, by SKYLINE MEDIA OF FOREST CITY, LLC, a South Carolina limited liability company (“Grantor”), for the benefit of K T C BROADCASTING, INC., a North Carolina corporation (“Secured Party”).

WITNESSETH:

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of [____], 2022, by and among Grantor and Secured Party (as from time to time amended, restated, supplemented or otherwise modified, the “APA”), Grantor has requested Secured Party to extend and Secured Party has agreed to extend to Grantor a loan in the aggregate principal amount of up to \$200,000 (the “Loan”), as evidenced by a promissory note from Grantor and payable to the order of Secured Party in the aggregate principal amount of \$200,000 (as amended, restated, supplemented, extended or otherwise modified, the “Note” and, together with the APA, the “Loan Documents”); and

WHEREAS, as a condition to Secured Party’s willingness to make the Loan and to more fully secure Grantor’s obligations under the APA and the Note, Secured Party has requested Grantor to execute this Agreement;

NOW, THEREFORE, for and in consideration of the Loan, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Construction of Agreement; Definitions.

All terms used but not defined herein or in the Note which are defined by Article Nine of North Carolina’s Uniform Commercial Code as in effect on the date hereof (“Article Nine”) shall have the meanings assigned to them by Article Nine unless varied by this Agreement. All accounting terms used but not defined herein shall have the meanings assigned to them as determined by GAAP. Whenever the phrase “Satisfactory to Secured Party” is used in this Agreement such phrase shall mean “Satisfactory to Secured Party in its sole discretion.” All terms used but not defined herein which are defined in the Note shall have the meanings assigned to them in the Note (as applicable) unless varied by this Agreement. In addition to the capitalized terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings:

1.1 “Business Premises” shall mean Grantor’s offices located
[_____].

1.2 “Collateral” shall mean all right, title and interest in or to any of the following assets and properties of Grantor, now owned and hereafter acquired or arising and wherever located:

- (a) all Accounts;

- (b) all As-extracted collateral;
- (c) all Chattel paper;
- (d) all Deposit Accounts, cash, cash equivalents, Securities Accounts and Commodity Accounts;
- (e) all Documents;
- (f) all Equipment;
- (g) all Fixtures;
- (h) all General intangibles, including without limitation goodwill and IP Collateral;
- (i) all Goods not otherwise described herein;
- (j) all Instruments;
- (k) all Inventory;
- (l) all Investment property;
- (m) all Letter-of-credit rights;
- (n) all money;
- (o) all books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and
- (p) to the extent not otherwise included, all other personal property of Grantor company and all Proceeds, including without limitation, all insurance proceeds, products, accessions, rents and profits of any and all of the foregoing.

Notwithstanding the foregoing, the parties acknowledge that as of the date hereof and pursuant to the Communications Act of 1934, as amended, any authorizations issued by the Federal Communications Commission and held by Grantor (“FCC Authorizations”) may not be and are not included within the definition of “Collateral,” as used herein; provided, however, that should the law change to permit the FCC Authorizations to be included in the definition of “Collateral,” as used herein, then, immediately and without the need for further action on the part of Grantor or Secured Party, the FCC Authorizations shall become included in the definition of “Collateral”; provided, further, however, that all cash and non-cash proceeds from the sale or transfer of the FCC Authorizations shall be included in the definition of “Collateral.”

1.3 “IP Collateral” means (a) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names (but excluding any application to register any trademark, service mark or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent) for such trademark, service mark or other mark to the extent the creation of a security interest therein or the grant of a mortgage thereon would void or invalidate such trademark, service mark or other mark), patents, patent applications, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof, (b) the entire goodwill of or associated with the businesses now or hereafter conducted by Grantor and its affiliates connected with and symbolized by any of the aforementioned properties and assets and (c) all intangible intellectual or other similar property of Grantor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above.

1.4 “Lien” shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of setoff, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any jurisdiction.

1.5 “Obligations” means the full and punctual observance and performance of all of Grantor’s obligations and liabilities to Secured Party, whether now existing or hereinafter incurred, for principal, interest, fees, expenses, indemnification or otherwise, under the Loan Documents or otherwise, whether direct or indirect, contingent or noncontingent, matured or unmatured, accrued or not accrued, whether or not now contemplated, whether or not any instrument or agreement relating thereto specifically refers to this Agreement, as well as all renewals, refinancings, consolidations, re-castings and extensions of any of the foregoing.

1.6 “PTO” shall mean the United States Patent and Trademark Office.

2. Security Interest.

2.1 Grant of Security Interest. As security for the prompt and complete payment and performance of all of the Obligations, whether or not any instrument or agreement relating to any Obligation specifically refers to this Agreement or the security interest created hereunder, Grantor hereby assigns, pledges and grants to Secured Party, and the successors and assigns of Secured Party, a continuing security interest in the Collateral (“Secured Party’s Security Interest”). Secured Party’s Security Interest shall exist continually until all Obligations have been paid in full.

2.2 Priority. Secured Party’s Security Interest in the Collateral shall be a first priority security interest, subject only to permitted purchase money liens to the extent set forth in Section 5.1.

2.3 Perfection. Grantor authorizes Secured Party to file financing statements, amendments, and continuation statements covering the Collateral and containing such collateral

descriptions and legends as Secured Party shall deem necessary or desirable to perfect or to maintain the perfection of Secured Party's Security Interest, as well as any other document describing Secured Party's interest in the IP Collateral with the PTO or any applicable state office. Grantor agrees to pay all taxes, fees and costs (including reasonable attorneys' fees and UCC filing fees) paid or incurred by Secured Party in connection with the preparation, filing or recordation thereof.

3. The Collateral.

3.1 Care of Collateral. Grantor shall have all risk of loss of the Collateral. Secured Party shall have no liability or duty, either before or after the occurrence of an Event of Default, on account of any loss of or damage to the Collateral, to collect or enforce any rights against the Collateral, to collect any income accruing on the Collateral, or to preserve rights against account Grantors or other parties with prior interests in the Collateral. If Secured Party actually receives any notices requiring action with respect to Collateral in Secured Party's possession, Secured Party shall take reasonable steps to forward such notices to Grantor. Grantor is responsible for responding to notices concerning the Collateral, voting the Collateral, and exercising rights and options, calls and conversions of the Collateral. Secured Party's sole responsibility is to take such action as is reasonably requested by Grantor in writing; provided, however, Secured Party shall not be liable for taking or for failing to take any action if, in Secured Party's sole judgment, taking or failing to take such action would affect adversely the value of the Collateral as security for the Obligations. If in Secured Party's sole discretion, Secured Party determines that any action by Secured Party is necessary or desirable to preserve and/or maintain the Collateral, Grantor authorizes Secured Party to take such actions; provided, however, that in no event shall Secured Party be obligated to take any such action.

3.2 Maintenance of Insurance. At all times, Grantor shall maintain policies of insurance insuring the Collateral against such risks, in such amounts, with such loss deductible amounts and with such companies as are adequate for the business conducted by Grantor as reasonably determined by the members or managers of Grantor and each such policy shall contain a clause or endorsement Satisfactory to Secured Party naming Secured Party as additional loss payee and a clause or endorsement Satisfactory to Secured Party that such policy may not be cancelled or altered and Secured Party may not be removed as additional loss payee without at least thirty (30) days' prior written notice to Secured Party. In all events, the amounts of such insurance coverages shall conform to prudent business practices and shall be in such minimum amounts that Grantor will not be deemed a co-insurer under applicable insurance laws, regulations, policies or practices. Grantor hereby assigns to Secured Party and grants to Secured Party a security interest in any and all proceeds of such policies and authorizes and empowers Secured Party to adjust or compromise any loss under such policies and to collect and receive all such proceeds. Grantor hereby authorizes and directs each insurance company to pay all such proceeds jointly to Grantor and Secured Party. During the continuance of an Event of Default, Grantor hereby authorizes and directs each insurance company to pay all such proceeds directly and solely to Secured Party and not to Grantor and Secured Party jointly. Grantor authorizes and empowers Secured Party during the continuance of an Event of Default to execute and endorse in Grantor's name all proofs of loss, drafts, checks and any other documents or instruments necessary to accomplish such collection, and any persons making payments to Secured Party under the terms of this paragraph are hereby relieved absolutely from any obligation or responsibility to see to the application of any sums so paid. After deduction from any such

proceeds received by Secured Party of all costs and expenses (including attorneys' fees) incurred by Secured Party in the collection and handling of such proceeds, the net proceeds shall be applied as follows: such net proceeds may be applied, at Secured Party's option, (i) toward replacing or restoring the Collateral, in a manner and on terms Satisfactory to Secured Party, or (ii) as a credit against such of the Obligations, whether matured or unmatured, as Secured Party shall determine in Secured Party's sole discretion. In the event that Secured Party opts to allow the proceeds to be used to replace or restore as aforesaid, then such net proceeds shall be deposited in a segregated account of Secured Party subject to the sole order of Secured Party and shall be disbursed therefrom by Secured Party in such manner and at such times as Secured Party deems appropriate to complete such replacement or restoration.

3.3 Collateral Collections. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have the right at any and all times to enforce Grantor's rights against account Grantors and other parties obligated on Collateral. Secured Party's collection and enforcement of Collateral against account Grantors and other persons obligated thereon shall be deemed to be commercially reasonable if Secured Party exercises the care and follows the procedures that Secured Party generally applies to the collection of obligations owed to Secured Party. All cash and non-cash proceeds of the Collateral may be applied by Secured Party upon Secured Party's actual receipt of such proceeds against such of the Obligations, matured or unmatured, as Secured Party shall determine in Secured Party's sole discretion.

3.4 [Intentionally Omitted]

3.5 IP Collateral. Grantor shall give prompt notice in writing to Secured Party with respect to any new patents or trademarks or renewal or extension of any patent or trademark registration, and the provisions of this Agreement shall automatically apply thereto. Grantor authorizes Secured Party to modify any PTO lien filings to include any such new IP Collateral. Notwithstanding the foregoing, no failure to so modify any PTO lien filings shall in any way affect, invalidate or detract from Secured Party's continuing security interest in all IP Collateral.

4. Grantor's Representations and Warranties. Grantor represents and warrants to Secured Party that:

4.1 Representations in Note. The representations and warranties made by Grantor in the Loan Documents are true and correct in all material respects.

4.2 Legal Name; State of Organization. The exact legal name of Grantor is "SKYLINE MEDIA OF FOREST CITY, LLC" and the state of organization of Grantor is South Carolina.

4.3 Good Standing. Grantor is duly organized, legally existing and in good standing under the laws of the State of South Carolina; Grantor has the power to own its property and to carry on its business; Grantor is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary.

4.4 Authority. Grantor has full power and authority to enter into this Agreement and to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, all of which have been duly authorized by all necessary and proper corporate and other action, and no consent or approval of any person, including, without limitation, any public authority or regulatory body, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

4.5 Binding Agreements. This Agreement has been duly and properly executed by Grantor, constitutes the valid and legally binding obligation of Grantor and is fully enforceable against Grantor in accordance with its terms, subject only to laws affecting the rights of creditors generally and application of general principles of equity.

4.6 Place of Business. Grantor's principal place of business and chief executive office is located at the Business Premises as of the date of this Agreement.

4.7 No Conflicting Agreements. The execution, delivery and performance by Grantor of this Agreement will not (a) violate (i) any provision of law or any order, rule or regulation of any court or any governmental authority, (ii) any award of any arbitrator, (iii) the articles of organization, bylaws or other organizational document or agreement of Grantor, or (iv) any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Grantor is a party or by which Grantor or any of its property is bound, or (b) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a material default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien upon any of the property or assets of Grantor except for Liens created in favor of Secured Party under or pursuant to this Agreement.

4.8 Litigation. There are no judgments, injunctions or similar orders or decrees, claims, actions, suits or proceedings pending or, to the knowledge of Grantor, threatened against or affecting Grantor or any property of Grantor, at law or in equity, by or before any court or any federal, State, county, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which could have a material adverse effect on the value of the Collateral as security.

4.9 Taxes. Grantor has paid or caused to be paid all federal, State and local taxes to the extent that such taxes have become due and has filed or caused to be filed all federal, state and local tax returns which are required to be filed by Grantor.

4.10 Title to Collateral. Grantor is the legal and beneficial owner of all of the Collateral, free and clear of all Liens.

4.11 Perfection and Priority of Collateral. Secured Party has or upon proper recording of any financing statement or delivery of Collateral to Secured Party's possession, will have and will continue to have as security for the Obligations, a valid and perfected Lien on and security interest in all Collateral, free of all other Liens, claims and rights of third parties whatsoever.

4.12 Commercial Purpose. The Loan is not a “consumer transaction” as defined in Article Nine and none of the Collateral was or will be purchased or held primarily for personal, family or household purposes.

4.13 Survival. All covenants, agreements, representations and warranties made by Grantor herein shall be considered to have been relied upon by Secured Party and shall survive the execution and delivery of this Agreement, regardless of any investigation made by Secured Party or on Secured Party’s behalf and notwithstanding that Secured Party may have had notice or knowledge of any Event of Default or incorrect representation or warranty at the time of the Loan closing, and shall continue in full force and effect as long as the principal of or any accrued interest on the Note or any fee or any other amount payable under the Loan Documents is outstanding and unpaid.

5. Covenants of Grantor. Grantor covenants and agrees with Secured Party that:

5.1 Transfers; Liens. Grantor shall not give, sell, lease, license, pledge, assign, or in any way transfer any interest in the Collateral except for (i) sales of inventory in the ordinary course of business; (ii) sales and other dispositions of worn or obsolete equipment; and (iii) purchase money liens in after acquired equipment and fixed assets with a purchase price of less than \$5,000.

5.2 Maintenance of Collateral. Grantor shall maintain the Collateral in good order and condition, ordinary wear and tear excepted, and will use, operate and maintain the Collateral in compliance with all laws, regulations and ordinances and in compliance with all applicable insurance requirements and regulations. Grantor shall not abandon any registered trademark or issued patent without the consent of Secured Party, which consent is not to be unreasonably withheld or delayed.

5.3 Litigation; Claims Against Collateral. Grantor shall promptly notify Secured Party in writing of any litigation involving or relating to the Collateral which Grantor knows or has reason to believe is pending or threatened. Grantor will promptly pay when due all taxes and all transportation, storage, warehousing and other such charges and fees affecting or arising out of or relating to the Collateral and shall defend the Collateral, at Grantor’s expense, against all claims and demands of any persons claiming any interest in the Collateral adverse to Grantor or Secured Party.

5.4 Inspection. Secured Party and its agents and designees shall be entitled to enter the Business Premises and any other premises of Grantor and inspect the Collateral and all books and records of Grantor (in whatever form), and Grantor shall pay the reasonable costs of such inspections.

5.5 Insurance. Grantor shall maintain comprehensive casualty insurance on the Collateral in accordance with Section 3.2 above.

5.6 Books and Records. All books and records pertaining to the Collateral are located at the Business Premises and Grantor shall not change the location of such books and records without prior written notice thereof to Secured Party.

5.7 Further Assurances. Grantor shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances, instruments and documents as Secured Party may reasonably request to vest in and assure to Secured Party its rights hereunder or in any of the Collateral, including, without limitation, placing legends on Collateral or on books and records pertaining to Collateral stating that Secured Party has a security interest therein.

5.8 Control Agreements. If requested by Secured Party, Grantor shall cooperate with Secured Party to obtain and keep in effect one or more control agreements in deposit account, electronic chattel paper, investment property and letter-of-credit rights Collateral.

5.9 Delivery to Secured Party. Grantor shall promptly deliver to Secured Party, with all endorsements and/or assignments required by Secured Party, all instruments, chattel paper, guaranties and the like received by Grantor constituting, evidencing or relating to any of the Collateral or proceeds of any of the Collateral.

5.10 Filing of Amendments. Grantor shall not file any amendments, correction statements or termination statements concerning the Collateral without the prior written consent of Secured Party.

5.11 Taxes. Grantor shall pay and discharge all taxes, assessments and governmental charges upon Grantor, its income and properties, prior to the date on which penalties attach thereto unless and to the extent only that the same are being diligently contested by Grantor in good faith in the normal course of business by appropriate proceedings; provided, however, that (i) Secured Party shall have been given reasonable prior written notice of Grantor's intention to contest, (ii) nonpayment of the same will not, in Secured Party's sole discretion, materially impair any of the Collateral or Secured Party's rights or remedies with respect thereto or the prospect for full and punctual payment of all of the Obligations, (iii) Grantor at all times effectively stays or prevents any official or judicial sale of or action or filing against any of the Collateral by reason of nonpayment of the same, and (iv) Grantor establishes reasonable reserves for any liabilities being contested and for expenses arising out of such contest.

5.12 Maintenance of Good Standing; Compliance with Laws. Grantor shall maintain its existence in good standing and comply with all applicable federal, State, local and foreign laws, rules, ordinances, regulations and orders.

5.13 Notification of Loss. Grantor shall notify Secured Party promptly in writing of any event causing extraordinary loss or depreciation of the value of the Collateral and the facts with respect thereto.

5.14 Notification of Event of Default. Grantor shall notify Secured Party immediately in writing of the occurrence of any Event of Default or any event or existing condition which, with the giving of notice and/or the lapse of time, could constitute an Event of Default or which would reasonably be expected to materially and adversely affect the value of the Collateral as security and the facts with respect thereto.

5.15 Merger. Grantor shall not enter into or be a party to any merger, consolidation, reorganization or exchange of stock or assets.

5.16 Sale of Assets, etc. Grantor shall not sell, assign, transfer, convey or lease any interest in all or any substantial part of its property except in the ordinary course of Grantor's business as now being conducted; purchase or otherwise acquire all or substantially all of the assets of any other person or persons, or any shares of stock of, or similar interest in, any other person or persons.

5.17 Change of Name. Except with Secured Party's prior written consent, Grantor shall not change its legal name or state of organization.

6. Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default":

6.1 Failure to Pay. The failure of Grantor to pay any of the Obligations when due and payable (whether by acceleration, declaration, extension or otherwise) in accordance with the terms of the Obligations.

6.2 Covenants and Agreements. The failure of Grantor to perform, observe or comply with any of the covenants contained in this Agreement or in any of the Loan Documents or otherwise breach any of the Loan Documents (subject to applicable cure periods).

6.3 Information, Representations and Warranties. Any representation or warranty made herein or any information contained in any financial statement, application, schedule, report or any other document given by Grantor in connection with the Obligations, with the Collateral, or with any of the Loan Documents is not true and accurate in all respects on the date made or given, or Grantor omits to disclose any fact necessary to make such representation, warranty or information not misleading.

6.4 Default under Loan Documents. The occurrence of an Event of Default under any of the Loan Documents, as that term is defined in each respective document, subject to applicable cure periods.

6.5 Insolvency. Grantor shall be or become insolvent (as defined in Section 101 of the United States Bankruptcy Code) or unable to pay its debts as they become due, or admits in writing to such insolvency or to such inability to pay its debts as they become due.

6.6 Involuntary Bankruptcy. There shall be filed against Grantor an involuntary petition or other pleading seeking the entry of a decree or order for relief under the United States Bankruptcy Code or any similar federal or state insolvency or similar laws ordering: (a) the liquidation of Grantor, or (b) a reorganization of Grantor or the business and affairs of Grantor, or (c) the appointment of a receiver, liquidator, assignee, custodian, trustee, or similar official for Grantor or of the property of Grantor and such petition or other pleading is not denied or dismissed within 45 calendar days from the date of filing.

6.7 Voluntary Bankruptcy. The commencement by Grantor of a voluntary case under the federal bankruptcy laws or any federal or state insolvency or similar laws or the consent by Grantor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or similar official for Grantor of any of the property of Grantor or the making

by Grantor of an assignment for the benefit of creditors, or the failure by Grantor generally to pay its debts as the debts become due.

6.8 Judgments, Awards. The entry of any judgment, order, award or decree against Grantor and a determination by Secured Party, in good faith but in his sole discretion, that the same, when aggregated with all other judgments, orders, awards and decrees outstanding against Grantor could have a material adverse effect on the prospect for Secured Party to fully and punctually realize the full benefits conferred on Secured Party by this Agreement and the other Loan Documents.

6.9 Injunction. The injunction or restraint of Grantor in any manner from conducting its business in whole or in part and a determination by Secured Party, in good faith but in his sole discretion, that the same could have a material adverse effect on the prospect for Secured Party to fully and punctually realize the full benefits conferred on Secured Party by this Agreement and the other Loan Documents.

6.10 Attachment by Creditors. Any assets of Grantor shall be attached, levied upon, seized or repossessed, or come into the possession of a trustee, receiver or other custodian and a determination by Secured Party, in good faith but in his sole discretion, that the same could have a material adverse effect on the prospect for Secured Party to fully and punctually realize the full benefits conferred on Secured Party by this Agreement and the other Loan Documents.

6.11 Dissolution, Merger, Consolidation, Reorganization. The voluntary or involuntary dissolution, merger, consolidation, winding up or reorganization of Grantor or the occurrence of any action preparatory thereto.

7. Rights and Remedies.

7.1 Rights and Remedies of Secured Party. Upon the occurrence and during the continuance of an Event of Default, Secured Party may, without notice or demand, exercise in any jurisdiction in which enforcement hereof is sought, the following rights and remedies, in addition to the rights and remedies available to Secured Party under the Loan Documents, the rights and remedies of a secured party under Article Nine and all other rights and remedies available to Secured Party under applicable law, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently:

- (a) Declare all Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived;
- (b) Institute any proceeding or proceedings to enforce the Obligations and Secured Party's Security Interest;
- (c) Take possession of the Collateral, and for that purpose, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom without any liability and without any requirement of any suit, action or other proceeding, GRANTOR HEREBY WAIVING ANY AND ALL

RIGHTS TO PRIOR NOTICE AND JUDICIAL HEARING WITH RESPECT TO REPOSSESSION OF COLLATERAL, and require Grantor, at Grantor's expense, to assemble and deliver the Collateral to such place or places as Secured Party may designate;

(d) Operate, manage and control the Collateral (including use of the Collateral and any other property or assets of Grantor in order to continue or complete performance of Grantor's obligations under any contracts of Grantor), or permit the Collateral or any portion thereof to remain idle or store the same, and collect all rents and revenues therefrom and sell or otherwise dispose of any or all of the Collateral upon such terms and under such conditions as Secured Party, in its sole discretion, may determine, and purchase or acquire any of the Collateral at any such sale or other disposition, all to the extent permitted by applicable law; and

(e) Enforce Grantor's rights against any account Grantors and other obligors.

7.2 [Intentionally Omitted].

7.3 Notice of Disposition of Collateral and Disclaimer of Warranties. It is mutually agreed that commercial reasonableness and good faith require Secured Party to give Grantor written notice of the time and place of any public disposition of Collateral or of the time after which any private disposition or any other intended disposition is to be made at least ten (10) days prior to such time. It is mutually agreed that it is commercially reasonable for Secured Party to disclaim all warranties that arise with respect to the disposition of the Collateral. Grantor acknowledges and agrees that, upon the occurrence and during the continuance of an Event of Default, the primary source of repayment of the obligations under the Note is through the sale of the Collateral, including disposition of the licenses, authorizations and permits issued by the FCC for the operation of the Stations ("FCC Licenses"). Upon the occurrence and during the continuance of an Event of Default described therein, Grantor agrees to take all actions and do all things requested in connection with an application to the FCC for the grant of an assignment of the FCC Licenses, or the grant of a transfer of control over Grantor, to Secured Party or Secured Party's nominee, or to a purchaser of the Collateral, to facilitate Secured Party's non-judicial foreclosure of the security interests granted by this Security Agreement, provided such nominee or purchaser is legally qualified to receive an assignment of FCC Licenses. In connection therewith, Grantor agrees to execute and deliver to Secured Party or any person or such entity designated by Secured Party, any documents, instruments, or agreements requested by Secured Party in connection with any such grant of an assignment of the FCC Licenses, or transfer of control over Grantor, sought by Secured Party from the FCC so long as such assignee is legally qualified to receive an assignment of an FCC License. The parties acknowledge that applicable federal laws, including the Communications Act of 1934, as amended, and the rules, regulations and policies promulgated thereunder (collectively, "Communications Laws") currently do not permit Secured Party to hold a security interest directly in any FCC License. Secured Party's security interest in the Collateral does not include at any time the FCC License, but such security interest does include the following: (i) Grantor's private economic rights arising or existing at any time in connection with the FCC Licenses, including all proceeds of any FCC License and all rights to receive monies, property and other consideration derived from or in connection with the sale, assignment, transfer or other disposition of any FCC License or of any goodwill or other intangible rights or benefits associated therewith, (ii) Grantor's right to

transfer, assign or otherwise dispose of its rights, title and interests under or in respect of any Broadcast License, and (iii) Grantor's right to receive proceeds of any insurance, indemnities, warranties, guaranties or claims for damages in connection with any FCC License (all of the foregoing, the "FCC License Collateral"). If at any time applicable law should permit the Grantor to grant, and Secured Party to hold, a security interest in the FCC License, the security interest granted herein, and the terms "FCC License Collateral" and "Collateral" shall include such Grantor's FCC Licenses. Grantor acknowledges that the economic value of the FCC License Collateral (including the FCC Licenses) constitutes a substantial and material portion of Secured Party's Collateral and that Secured Party would not be willing to extend credit to Grantor in the absence of the FCC License Collateral.

7.4 Costs and Expenses. Grantor agrees to pay to Secured Party on demand the amount of all expenses paid or incurred by Secured Party in consulting with counsel concerning any of Secured Party's rights hereunder, under the Loan Documents or under applicable law, all expenses, including without limitation reasonable attorneys' fees and court costs paid or incurred by Secured Party in exercising or enforcing any of Secured Party's rights hereunder, under the Loan Documents or under applicable law, together with interest on all such amounts at the highest rate, and calculated in the manner provided in the Note.

8. Miscellaneous.

8.1 Performance for Grantor. Grantor hereby authorizes Secured Party to advance funds on behalf of Grantor, without prior notice to Grantor, in order to ensure Grantor's compliance with any covenant, warranty, representation or agreement of Grantor made in or pursuant to this Agreement or any of the Loan Documents, to continue or complete, or cause to be continued or completed, performance of Grantor's obligations under any contracts of Grantor, or to preserve or protect any right or interest of Secured Party in the Collateral or under or pursuant to this Agreement or any of the Loan Documents, including, without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Collateral or other property or assets of Grantor; provided, however, that the making of any such advance by Secured Party shall not constitute a waiver by Secured Party of any Event of Default with respect to which such advance is made nor relieve Grantor of any such Event of Default. Grantor shall pay to Secured Party upon demand all such advances made by Secured Party with interest thereon at the highest rate, and calculated in the manner, provided in the Note. All such advances shall be deemed to be included in the Obligations and secured by Secured Party's Security Interest; further provided, however, that the provisions of this Section 8.1 shall survive the termination of this Agreement and Secured Party's Security Interest and the payment of all other Obligations.

8.2 Expenses. Grantor shall pay all reasonable expenses incurred by Secured Party with respect to Secured Party's Security Interest, including, without limitation, expenses related to (i) searching for, preparing, filing, amending and/or terminating any financing statement, including any exhibit or schedule thereto, covering the Collateral, (ii) documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection with Secured Party's Security Interest, and (iii) any request by Grantor for an accounting or confirmation of a list of Collateral or statement of account. Grantor agrees to save harmless and indemnify Secured Party from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes,

recording costs or any other expenses incurred by Secured Party in connection with this Agreement. These expenses can include, without limitation, reasonable legal fees, travel expenses, consultant expenses, and other miscellaneous expenses incurred by Secured Party.

8.3 Applications of Payments and Collateral. Except as may be otherwise specifically provided in this Agreement, all Collateral and proceeds of Collateral coming into Secured Party's possession and all payments made by Grantor may be applied by Secured Party to any of the Obligations, whether matured or unmatured, as Secured Party shall determine in Secured Party's sole discretion. Secured Party may defer the application of non-cash proceeds of Collateral to the Obligations until cash proceeds are actually received by Secured Party.

8.4 Waivers by Grantor. Grantor hereby waives, to the extent the same may be waived under applicable law: (a) notice of acceptance of this Agreement; (b) all claims, causes of action and rights against Secured Party on account of actions taken or not taken by Secured Party in a commercially reasonable manner and not in violation of any law or this Agreement in the exercise of Secured Party's rights or remedies hereunder, under the Loan Documents or under applicable law; (c) all claims for failure of Secured Party to comply with any requirement of applicable law relating to enforcement of Secured Party's rights or remedies hereunder, under the Loan Documents or under applicable law; (d) all rights of redemption with respect to the Collateral; (e) in the event Secured Party seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required; (f) presentment, demand for payment, protest and notice of non-payment and all exemptions; (g) any and all other notices or demands which by applicable law must be given to or made by Secured Party; (h) settlement, compromise or release of the obligations of any person primarily or secondarily liable upon any of the Obligations; (i) all rights to demand that Secured Party release account debtors from further obligation to Secured Party; and (j) all rights of or related to substitution, impairment, exchange or release of any Collateral for any of the Obligations.

8.5 Waivers by Secured Party. Neither any failure nor any delay on the part of Secured Party in exercising any right, power or remedy hereunder, under any of the Loan Documents or under applicable law shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

8.6 Secured Party's Setoff. Secured Party shall have the right, in addition to all other rights and remedies available to Secured Party, following the occurrence of an Event of Default, to set off against any Obligations due Secured Party, any debt owing to Grantor by Secured Party.

8.7 Waivers; Modifications. No waiver of any provision of this Agreement or any of the Loan Documents, and no consent by Secured Party to any departure by Grantor therefrom, shall in any event be effective unless the same shall be in writing and signed by Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No modification of this Agreement shall be effective unless the same shall be in writing signed by Grantor and Secured Party. No notice to or demand upon Grantor in any case shall entitle Grantor to any other or further notice or demand in the same, similar or other circumstances.

8.8 Notices. All notices or other communications hereunder shall be in writing and shall be effective when given as set forth in the Note.

8.9 Governing Law. This Agreement, its construction and the determination of any rights, duties or remedies of the parties arising out of or relating to this Agreement, shall be governed by and construed under and in accordance with the laws of the State of North Carolina without respect to any conflict of law provision or rule (whether of the State of North Carolina or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of North Carolina.

8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties made herein and in the Loan Documents shall survive the execution and delivery hereof and thereof, and shall continue in full force and effect until all Obligations have been paid in full and there exists no commitment by Secured Party which could give rise to any Obligations. Grantor may not assign this Agreement or any of its rights hereunder without the prior written consent of Secured Party.

8.11 Severability. If any term, provision or condition of this Agreement or any of the Loan Documents shall for any reason be found or held invalid or unenforceable by any court or governmental agency of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement and the Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

8.12 Entire Agreement. This Agreement and the Loan Documents contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

8.13 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts (by facsimile, portable document format (pdf) or original) and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument.

8.14 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and shall not be used or deemed to limit or diminish any of the provisions hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Grantor has caused this Security Agreement to be executed
UNDER SEAL by its duly authorized representative as of the date first above written.

SKYLINE MEDIA OF FOREST CITY, LLC

By: _____
Name: Todd Fowler
Title: Manager

K T C BROADCASTING, INC.

By: _____
Name: Calvin R. Hastings
Title: President