

## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this “**Agreement**”) is dated as of November 17, 2022, by and among WatchTV, Inc., a Texas corporation (“**WatchTV**”), Spectrum Evolution, Inc., a Texas corporation (“**SEI**”), and Gregory J. Herman (“**Herman**”), and individual resident of the State of Texas, licensee of a low power television station included this transaction and majority shareholder of WatchTV, and sole shareholder of SEI, (WatchTV, SEI and Herman, each a “**Seller**” and collectively “**Sellers**”) and Ruralink Broadband USA, LLC” (“**Buyer**”).

### RECITALS

WHEREAS, Sellers are the licensees or permittees, as applicable, of Class A broadcast television station KABH-CD, Bend, OR (Facility ID 167799) and the low power television broadcast stations set forth on Exhibit A. collectively the “**Stations**”) pursuant to certain authorizations (collectively, the “**FCC Licenses**” and each an “**FCC License**”) issued by the United States Federal Communications Commission (the “**FCC**”) to Seller; and

WHEREAS, Sellers desire to sell to Buyer, and Buyer desires to purchase from Seller, the FCC Licenses and certain assets owned, used, or held for use by Sellers in the operation of the Stations, excluding the Excluded Assets (as defined herein) (collectively the “**Assets**”) for the price and on the terms and conditions set forth in this Agreement.

### AGREEMENTS

In consideration of the above recitals, the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Sellers, intending to be legally bound, agree as follows:

#### **SECTION 1. PURCHASE AND SALE; PRICE AND ASSUMPTION**

1.1 Agreement to Sell and Buy. Subject to the terms and conditions set forth in this Agreement, upon the consummation of the purchase and sale (the “**Closing**”), Sellers shall sell, transfer, assign, and deliver to Buyer the Sellers assets (the “**Assets**”) as defined on Schedule 1.1 on the date of the Closing (the “**Closing Date**”), free and clear of all debts, liens, and encumbrances of any nature, including all of Sellers’ right, title, and interest in and to the FCC Licenses. Notwithstanding the foregoing, the Assets shall be sold and delivered to Buyer *as-is, where-is* without representations or warranties. Sellers will retain any assets and FCC Licenses not expressly included in in Section 1.1 including, without limitation, any asset specifically identified as an Excluded Asset on Schedule 1.1 (“**Excluded Assets**”).

1.2 Purchase Price. The purchase price for the Assets shall be Two Million Five Hundred Thousand Dollars (\$2,500,000.00) (the “**Purchase Price**”) and shall be paid as follows:

(a) Non-refundable upfront option fee. In September 2022, Buyer paid to Sellers a totally of Two Hundred Fifty Thousand (\$250,000). This payment shall be nonrefundable for any reason but shall be credited towards the Purchase Price at Closing.

(b) On (or before) February 15, 2023, Buyer shall pay to Sellers and additional Two Hundred Fifty Thousand Dollars (\$250,000) (the “**Deposit**” pursuant to wire instructions

provided by Sellers. The Deposit shall be refundable only in the event of an uncured material default by Seller resulting in termination of this Agreement by Buyer but shall be credited towards the Purchase Price due to Sellers at Closing.

(c) At the Closing, Buyer shall deliver to Sellers a promissory note (in form and substance as attached hereto as Exhibit B) in the amount of the remainder of the Purchase Price (\$2,000,000) (the "**Promissory Note**"). The Note shall be due and payable in full on the third (3<sup>rd</sup>) anniversary of the date of the Closing and shall bear interest annually at ten percent (10%) and may be prepaid in whole or in part at any time on or before the maturity date. The Promissory Note shall be secured with a security agreement ("**Security Agreement**") (in form and substance as attached here to as Exhibit C), the execute version of which shall be delivered by Buyer at the Closing.

1.3 Assumption. As of the Closing Date, Buyer shall assume and undertake to pay, discharge, and perform the obligations and liabilities of Sellers under the Assets insofar as they relate to the time on and after the Closing Date. Buyer shall not assume any other obligations or liabilities of Sellers or the Stations, and Sellers shall remain liable for and pay and discharge such other obligations or liabilities.

## **SECTION 2. REPRESENTATIONS AND WARRANTIES OF SELLERS**

Sellers represents and warrants to Buyer as follows:

2.1 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Sellers have been duly authorized by all necessary actions on the part of Sellers. This Agreement constitutes the legal, valid, and binding obligation of Sellers, enforceable against each Seller in accordance with its terms, except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

2.2 No Conflicts. Subject to obtaining the FCC Consent, the execution, delivery, and performance by Sellers of this Agreement will not conflict with (i) any law, judgment, order, or ruling of any court or governmental authority applicable to Sellers or any of them or (ii) the terms of any agreement, instrument, license, or permit to which any Seller is a party or by which any Seller may be bound. There is no claim, legal action, or other legal, administrative, or tax proceeding, nor any order, decree, or judgment, in progress or pending, or to Sellers' knowledge, threatened, against or relating to Sellers or any Station.

2.3 FCC Licenses. Schedule 2.3 contains a list of the FCC Licenses and a list, as of the date hereof, of the material pending FCC applications held by Sellers for use in the operation of the any of the Stations. Each FCC License has been validly issued and is in full force and effect, and the relevant Seller is the authorized legal holder thereof. Except as set forth on Schedule 2.3, each Station is operating in compliance with its applicable FCC Licenses in all material respects. There is not pending or, to Sellers's knowledge, threatened, any actions by or before the FCC to revoke, suspend, cancel, rescind, or materially modify any of the FCC Licenses. There is not issued, pending, outstanding, or, to Sellers' knowledge, threatened, by or before the FCC, any order to show cause, notice of violation, or notice of apparent liability against any Station or Seller. No Seller has received any written communication from the FCC indicating that Seller or any Station are in violation of any regulation or policy of the FCC. No FCC License is subject to any restriction or condition that would limit Buyer's ability to operate the Stations, except for such restrictions or

conditions that appear on the face of such FCC License or which apply generally to all licenses/stations of same class and service. To Sellers' knowledge, no application has been filed with the FCC that could reasonably be expected to cause an unsought displacement or adverse modification of any Station. Seller is in compliance in all material respects with the FCC Licenses and all federal, state, and local laws applicable to the ownership or operation of each Station. As of the date of this Agreement, applications for renewal of the FCC Licenses of the Stations licensed in Oregon are currently pending. The FCC will not grant the assignment of a station while its renewal application is pending. Oregon television licenses expired 2/1/2023 and license renewals are generally expected before that date.

2.4 Brokers. Sellers have not engaged any agent, broker, or other person acting pursuant to Sellers' authority which is or may be entitled to a commission or broker or finder's fee in connection with the transaction contemplated by this Agreement.

2.5 Tangible Personal Property. The applicable Seller has good title to each item of tangible personal property listed on Schedule 1.1.

2.6 Environmental Matters. Sellers' operation of the Stations and Assets complies in all material respects with all laws, rules and regulations of all federal, state and local governments concerning the environment. To Sellers' knowledge, no conditions, circumstances or activities have existed or currently exist on or in regard to, and Sellers have not engaged in any activities with respect to, the tangible personal property listed on Schedule 1.1 that would reasonably give rise to any liability under any with all laws, rules and regulations of all federal, state and local governments concerning the environment.

2.7 Assigned Contracts. Each Assigned Contract (as defined on Schedule 2.7) is in full force and effect and constitutes the legal and binding obligation of, and is legally enforceable against, the applicable Seller in accordance with its terms, and to the knowledge of Sellers, constitutes the legal and binding obligation of, and is legally enforceable against, each of the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally). No default (or event, which with the lapse of time or giving of a notice or both would constitute a default) on the part of Sellers and, to the knowledge of Sellers, any other party thereto, exists under any of the Assigned Contracts, and Sellers has not received any written notice thereof or that any party to the Assigned Contracts, intends to cancel, terminate or materially adversely modify or amend, any such Assigned Contract. Sellers has made available to Buyer prior to the date of this Agreement true and complete copies of all written Assigned Contracts (and written summaries of the material terms of all oral Assigned Contracts), including all amendments, modifications, and supplements thereto.

### **SECTION 3. REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as follows:

3.1 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Buyer have been duly authorized by all necessary actions on the part of Buyer. This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

3.2 No Conflicts. Subject to obtaining the FCC Consent, the execution, delivery, and performance by Buyer of this Agreement will not conflict with (i) any law, judgment, order, or ruling of any court or governmental authority applicable to Buyer or (ii) the terms of any agreement, instrument, license, or permit to which Buyer is a party or by which Buyer may be bound.

3.3 FCC Qualifications. Buyer is, and as of the Closing will be, legally, financially, and otherwise qualified under FCC rules, regulations, and policies to acquire and to hold the FCC Licenses.

3.4 Brokers. Buyer has not engaged any agent, broker, or other person acting pursuant to Buyer's authority which is or may be entitled to a commission or broker or finder's fee in connection with the transaction contemplated by this Agreement or otherwise with respect to the sale of the Assets to Buyer.

#### **SECTION 4. COVENANTS PRIOR TO CLOSING**

From the date hereof until the Closing:

4.1 Generally. Sellers shall not cause or permit, by any act or wrongful failure to act of Sellers, the FCC Licenses to expire or to be revoked, suspended, or modified in any material manner or take any action that could cause the FCC to institute proceedings for the suspension, revocation, or modification of the FCC Licenses. Sellers shall not waive any right relating to the FCC Licenses or the Stations. Sellers shall operate the Stations in the ordinary course until Closing and take no action or inaction to negatively impact the operations of the Stations.

4.2 Compliance with Laws. Sellers shall comply in all material respects with all federal, state, and local laws applicable to the ownership or operation of the FCC Licenses or Stations.

4.3 Contracts. Sellers shall not enter into any contract or commitment relating to the FCC Licenses or the Stations that will be binding on Buyer after Closing. Sellers shall utilize commercially reasonable efforts to obtain any required consents, approvals, or authorizations required to assign the Assets to Buyer.

4.4 Risk of Loss. The risk of any loss, damage, impairment, confiscation, or condemnation of the FCC Licenses from any cause shall be borne by Sellers at all times prior to the Closing. Notwithstanding the foregoing, if the cost to repair or replace damaged Assets between now and the Closing Date, the Seller and Buyer agree to negotiate in good faith whether to make such repairs or accept station assets as is. In such event, Seller may terminate this Agreement and return the Deposit or Buyer may close and accept an assignment of any insurance proceeds received by Seller in connection with such loss, damage or repair.

4.5 Access. Sellers shall give Buyer and its authorized representatives access, during normal business hours and with reasonable prior notice, to Sellers' books and records related to the FCC Licenses.

4.6 Cooperation. Buyer and Sellers shall cooperate fully with each other and their respective counsel and accountants in connection with any actions required to be taken as part of their respective obligations under this Agreement, and Buyer and Sellers shall take such further actions and execute such other documents as may be necessary and desirable to effectuate the

implementation and consummation of this Agreement. Neither Sellers nor Buyer shall take any action that is inconsistent with their respective obligations under this Agreement or that could hinder or delay the consummation of the transactions contemplated by this Agreement.

4.7 Modification Application. Upon Buyer's written request, Sellers shall promptly submit, at Buyer's sole cost, one or more application(s) to the FCC for modification of an FCC License or construction permit for any of the Stations. Implementation of any such modification shall be contingent upon Closing.

4.8 Certain Agreements. Buyer and Sellers hereby agree to the matters set forth on Schedule 4.8.

## **SECTION 5. FCC CONSENT**

5.1 Application. The assignment of the FCC Licenses from Sellers to Buyer shall be subject to the prior consent of the FCC (the "**FCC Consent**"). Each Seller and Buyer shall prepare and file an application for the FCC Consent (the "**Assignment Application**") within three (3) business days following execution of this Agreement by Buyer and Sellers. The parties shall prosecute the Assignment Application with all reasonable diligence and otherwise use their reasonable efforts to obtain a grant of the Assignment Application as expeditiously as practicable. Buyer shall pay the filing fee required for the Assignment Applications. If the Closing does not occur within the effective period of the FCC Consent, and neither party shall have terminated this Agreement under Section 8, the parties shall jointly request an extension of the effective period of the FCC Consent. No extension of the FCC Consent shall limit the exercise by either party of its rights under Section 8.

5.2 Conditions. Each party agrees to comply at its expense with any condition imposed on it by the FCC Consent, except that no party shall be required to comply with a condition if (i) the condition was imposed on it as the result of a circumstance the existence of which does not constitute a breach by such party of any of its representations, warranties, or covenants under this Agreement, and (ii) compliance with the condition would require such party to spend in excess of ten thousand dollars (\$10,000.00).

## **SECTION 6. CONDITIONS TO OBLIGATIONS OF BUYER AND SELLERS AT CLOSING**

6.1 Conditions to Obligations of Buyer. Unless waived by Buyer in writing, all obligations of Buyer at the Closing are subject to the fulfillment by Sellers prior to or on the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Sellers contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time.

(b) Covenants and Conditions. Sellers shall have performed and complied with in all material respects all covenants, agreements, and conditions required by this Agreement to be performed or complied with by Sellers prior to or on the Closing Date.

(c) Material Consents. The consents, approvals, and authorizations required to assign the Assets listed in Schedule 6.1 to Buyer, including the FCC Consent and any other required consents, approvals, or authorizations from the FCC, or any other Governmental Authority, shall have been obtained and shall be in full force and effect without the imposition on Buyer of any conditions that need not be complied with by Buyer under Section 5.2, and Sellers shall have complied with any conditions imposed on them by the FCC Consent that need be complied with by Sellers under Section 5.2.

(d) FCC Licenses. There shall not have been any termination, suspension, or adverse modification of the FCC Licenses. No proceeding shall be pending the effect of which could be to revoke, cancel, fail to renew, suspend, or modify adversely the FCC Licenses.

(f) Deliveries. Sellers shall stand ready to deliver to Buyer on the Closing Date duly executed assignment agreements pursuant to which Sellers shall convey to Buyer the Assets in accordance with the terms of this Agreement and such other certificates and similar documents requested by Buyer that are reasonably required to evidence and confirm each Seller's performance of its obligations under, and the sale of the Assets in accordance with, this Agreement. Such deliveries shall include but not be limited to (i) a bill of sale, (ii) an assignment of the FCC licenses, (iii) an assignment of any leases and/or other contracts included in the Assets.

(g) No Order. There shall be no order, decree, or judgment of any court, arbitrator, agency, or governmental authority that enjoins the sale of the Assets to Buyer.

6.2 Conditions to Obligations of Sellers. Unless waived in writing by Sellers, all obligations of Buyer at the Closing are subject to the fulfillment by Buyer prior to or on the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time.

(b) Covenants and Conditions. Buyer shall have performed and complied with in all material respects all covenants, agreements, and conditions required by this Agreement to be performed or complied with by Buyer prior to or on the Closing Date.

(c) FCC Consent. The FCC Consent shall have been granted without the imposition on Sellers of any material conditions that need not be complied with by Sellers under Section 5.2 hereof, and Buyer shall have complied with any conditions imposed on it by the FCC Consent that need be complied with by Buyer under Section 5.2 hereof.

(e) Deliveries. Buyer shall stand ready to deliver to Sellers on the Closing Date the Purchase Price, the duly executed Promissory Note, Security Agreement, and such other duly executed documents pursuant to which Buyer shall assume the obligations described in Section 1.3 and such other certificates and similar documents requested by Sellers that are reasonably required to evidence and confirm Buyer's performance of its obligations under this Agreement.

(f) No Order. There shall be no order, decree, or judgment of any court, arbitrator, agency or governmental authority that enjoins the sale of the Assets to Buyer.

## SECTION 7. CLOSING

Subject to the satisfaction or waiver of the conditions of Closing set forth in Sections 6.1 and 6.2, the Closing shall take place on a date set by Buyer on no less than three (3) business days' notice to Sellers that is (i) not earlier than the third (3<sup>rd</sup>) business day after the satisfaction of all closing conditions, and (ii) not later than the fifth (5<sup>th</sup>) business day after the satisfaction of all closing conditions. The Closing shall be held by the execution and delivery of the documents contemplated hereby by mail, facsimile, or electronic transmission in PDF format.

## SECTION 8. TERMINATION

8.1 Termination by Sellers. This Agreement may be terminated by Sellers and the purchase and sale of the Assets abandoned, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Judgments. If there shall be in effect on the date that would otherwise be the Closing Date any judgment, decree, or order, not caused by Sellers that would prevent or make unlawful the Closing.

(b) Conditions. If, on the date that would otherwise be the Closing Date, no Seller is in material breach of any of its representations, warranties, or covenants hereunder and the conditions precedent to the obligations of Seller set forth in this Agreement have not been satisfied by Buyer or waived in writing by Seller.

(c) Government Action. If there is any governmental entity, department, commission, board, agency, or instrumentality, besides the FCC, intervening or seeking information or documentation from the Buyer or Sellers.

(d) Breach. Without limiting Sellers' rights under any other clause hereof, if no Seller is in material breach of any of its representations, warranties, or covenants hereunder and Buyer has failed to cure any material breach of any of its representations, warranties, or covenants under this Agreement within ten (10) days after Buyer has received written notice of such breach from Sellers.

(e) Upset Date. If the Closing shall not have occurred by the first anniversary of the date hereof (the "**Upset Date**").

8.2 Termination by Buyer. This Agreement may be terminated by Buyer and the purchase and sale of the Assets abandoned, upon written notice to Sellers, upon the occurrence of any of the following:

(a) Judgments. If there shall be in effect on the date that would otherwise be the Closing Date any judgment, decree, or order, not caused by Buyer, that would prevent or make unlawful the Closing.

(b) Conditions. If, on the date that would otherwise be the Closing Date, Buyer is not in material breach of any of its representations, warranties, or covenants hereunder and any of the conditions precedent to the obligations of Buyer set forth in this Agreement have not been satisfied by Sellers or waived in writing by Buyer.

(c) Government Action. If there is any governmental entity, department, commission, board, agency, or instrumentality, besides the FCC, intervening or seeking information or documentation from the Buyer and Sellers related to the transactions contemplated hereby or this Agreement.

(d) Breach. Without limiting Buyer's rights under any other clause hereof, if Buyer is not in material breach of any of its representations, warranties, or covenants hereunder and any Seller has failed to cure any material breach of any of its representations, warranties, or covenants under this Agreement within ten (10) days after Sellers have received written notice of such breach from Buyer.

(e) Upset Date. If the Closing shall not have occurred by the Upset Date.

8.3 Rights on Termination. If this Agreement is terminated pursuant to Section 8.1 or 8.2 and neither party is in material breach of any provision of this Agreement, the parties hereto shall not have any further liability to each other with respect to the purchase and sale of the Assets. Notwithstanding anything to the contrary herein, in no event shall either party be permitted to terminate this Agreement after the Closing. In addition, if this Agreement is terminated pursuant to Section 8.1 or 8.2 and a party is in material breach of any provision of this Agreement, then (a) if Buyer is in material breach of any provision of this Agreement, Sellers shall have the rights specified in Section 8.5 hereof, and (b) if Sellers are in material breach of any provision of this Agreement, Buyer shall have all rights and remedies available at law and equity with respect to the purchase and sale of the Assets.

8.4 Specific Performance. If Seller breaches this Agreement, monetary damages alone would not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled, in addition to any other remedies that may be available, including money damages, to obtain specific performance of the terms of this Agreement. If any action is brought by Buyer to enforce this Agreement, Sellers shall waive the defense that there is an adequate remedy at law.

8.5 Liquidated Damages. Upon a termination of this Agreement by Sellers pursuant to 8.1(d), within two days after receive wire transfer instructions from Sellers, Seller shall retain the \$250,000 Deposit as liquidated damages (the "**Liquidated Damages Amount**"), and Seller's sole and exclusive remedy shall be the payment of the Liquidated Damages Amount. THE DELIVERY OF THE LIQUIDATED DAMAGES AMOUNT TO SELLER SHALL BE CONSIDERED LIQUIDATED DAMAGES AND NOT A PENALTY AND SHALL BE SELLERS' SOLE REMEDY AT LAW OR IN EQUITY FOR A BREACH HEREUNDER IF CLOSING DOES NOT OCCUR. BUYER AND SELLERS EACH ACKNOWLEDGE AND AGREE THAT THIS LIQUIDATED DAMAGES AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH WILL BE CAUSED BY A BREACH OF THIS AGREEMENT BY BUYER, THE DIFFICULTY OF PROOF OF LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE REMEDY, AND THE VALUE OF THE TRANSACTION TO BE CONSUMMATED HEREUNDER. For clarity, a breach or default under the Promissory Note or Security Agreement signed and delivered at closing shall not fall within the terms of this provision but shall be interpreted under their own terms and conditions.

**SECTION 9. MISCELLANEOUS.**

9.1 Representations and Warranties. All representations and warranties in this Agreement shall be continuing representations and warranties and shall survive the Closing for a period of one year, and any claim for a breach of a representation or warranty must be brought prior to the expiration of such one-year period. Any investigation by or on behalf of a party hereto shall not constitute a waiver as to enforcement of any representation, warranty, or covenant contained in this Agreement. No notice or information delivered by Sellers or any of them shall affect Buyer's right to rely on any representation or warranty made by Sellers or relieve Sellers of any obligations under this Agreement as the result of a breach of any of its representations and warranties. The covenants and agreements in this Agreement to be performed after the Closing shall survive the Closing until fully performed. Any monetary damages payable hereunder shall not exceed the Purchase Price.

9.2 [Intentionally left blank]

9.3 Time is of the Essence. Time is of the essence with respect to each party's performance of its obligations hereunder.

9.4 Attorneys' Fees. In the event of a default by either party which results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses.

9.5 Fees and Expenses. Buyer shall pay any federal, state, or local sales or transfer tax arising in connection with the conveyance of the Assets by Sellers to Buyer pursuant to this Agreement. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives, and each party shall be responsible for all fees or commissions payable to any finder, broker, advisor, or similar person retained by or on behalf of such party.

9.6 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be (a) in writing, (b) delivered by personal delivery, or sent by commercial overnight delivery service or registered or certified mail, return receipt requested, (c) deemed to have been given on the date of personal delivery or the date set forth in the records of the overnight delivery service or on the return receipt, and (d) addressed as follows:

if to Sellers, to:

Mr. Gregory J. Herman  
855 Harbor Court  
Southlake, TX 76092  
Telephone: 503-819-0500  
Email: watchvinc@me.com

if to the Buyer, to:

Ruralink Broadband USA, LLC  
14241 Northeast Woodinville Duvall Road  
No. 124  
Woodinville, WA 98072  
Attn: Vernon L. Fotheringham  
Managing Member  
Telephone: (425) 442-4065  
Email: vf@ruralinkbroadband.com

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

Fletcher, Heald & Hildreth, PLC  
1300 N. 17<sup>th</sup> Street, 11<sup>th</sup> Floor  
Arlington, VA 22209  
Attn: Kathleen Victory, Esq.  
Email: victory@fhhlaw.com

or to any other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section 9.6.

9.7 Entire Agreement; Amendment. This Agreement, the schedules hereto, and all documents and certificates to be delivered pursuant hereto collectively represent the entire understanding and agreement between Buyer and Sellers with respect to the subject matter hereof. This Agreement may be modified only by an agreement in writing executed by the parties. No waiver of compliance with any provision of this Agreement shall be effective unless evidenced by an instrument evidenced in writing and signed by the party consenting to such waiver.

9.8 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission or electronic transmission in PDF format) in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become effective when each party hereto shall have delivered to it this Agreement duly executed by the other party hereto.

9.9 Governing Law; Venue. This Agreement shall be construed in a manner consistent with federal law and otherwise under and in accordance with the laws of the State of Texas, without giving effect to the principles of conflicts of law. The parties unconditionally and irrevocably agree to submit to the exclusive jurisdiction of the U.S. federal and state courts of competent jurisdiction located within the State of Texas and any appellate court from any such court, for the resolution of any such claim or dispute.

9.10 Benefit and Binding Effect; Assignability. This Agreement shall inure to the benefit of and be binding upon Sellers, Buyer and their respective heirs, successors, and permitted assigns. Neither Buyer nor Sellers may assign this Agreement without the prior written consent of the other; provided, however, that, without the consent of Sellers, Buyer may assign its rights under this Agreement, in whole or in part to any direct or indirect wholly owned subsidiary of Buyer.

9.11 Press Releases. Neither party shall publish any press release or make any other public announcement concerning this Agreement or the transactions contemplated hereby without the written consent of the other party, which consent shall not be unreasonably withheld, conditioned, or delayed.

9.12 Neutral Construction. This Agreement was negotiated fairly between the parties at arms' length and the terms hereof are the product of the parties' negotiations. Each party has retained legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. This Agreement shall be deemed to have been jointly and equally drafted by the parties, and the provisions of this Agreement shall not be construed against a party on the grounds that such party drafted or was more responsible for drafting such provisions.

IN WITNESS WHEREOF, the parties have duly executed this Asset Purchase Agreement as of the day and year first above written.

**WatchTV, Inc.**  
**Spectrum Evolution, Inc.**  
**Gregory J. Herman**

**Ruralink Broadband USA, LLC**

  
By: \_\_\_\_\_  
Name: Gregory J. Herman

  
By: \_\_\_\_\_  
Name: Vernon L. Fotheringham  
Managing Member

### SCHEDULE 2.3 – FCC Licenses

#### Gregory J. Herman:

-K28FP-D, Astoria, OR (Fac ID 25356) (licensed 3.0) – renewal pending

#### WatchTV, Inc.

KABH-CD, Bend, OR (Fac ID 167799) – renewal pending

K14SC-D, Ashland, OR (Fac. ID 25357) (licensed 3.0) - renewal pending

K28GG-D, Medford, OR (Fac ID 25359) (licensed 3.0) - renewal pending

K25GA-D, Redmond etc., OR (Fac ID 71073) (licensed 3.0) - renewal pending

K16KI-D, Bend, OR (Fac ID187550) (licensed 3.0) - renewal pending

K28KI-D, Roseburg, OR (Fac ID 25355) (SILENT, STA expires 2/15/2023)

K14RW-D, Grants Pass, OR (Fac ID 71075) (SILENT, STA expires 2/15/2023)

#### Spectrum Evolution, Inc.

K22OB-D, Medford, OR (Fac ID 182420) (licensed 3.0) - renewal pending

K22JS-D, Ashland, OR (Fac ID 181958) SILENT, STA expires 2/15/2023 – renewal pending

K35OH-D, Roseburg, OR (Fac ID 182662) (SILENT, STA expires 2/15/2023)

K36JZ-D, Roseburg, OR (Fac ID 182657) (SILENT, STA expires 2/15/2023)

W23FF-D, Madison, FL (Fac ID 181791) UNBUILT CP - expires 4/23/2023

W33EN-D, Madison, FL (Fac ID 171793) UNBUILT CP- expires 4/23/2023

K17OT-D, Kent, TX (Fac ID 185577) UNBUILT CP - expires 8/25/2023

K25QO-D, Bakersfield, TX (Fac ID 185642) UNBUILT CP - expires 8/25/2023

K27PA-D, Fort Stockton, TX (Facility ID185574) UNBUILT CP - expires 8/25/2023

EXHIBIT B

*Form of Promissory Note*

## PROMISSORY NOTE

U.S. \$2,000,000.00

Texas

[DATE]

**FOR VALUE RECEIVED**, the undersigned, **RURALINK BROADBAND USA, LLC**, a Delaware Limited Liability Corporation (“Maker”), hereby makes this Secured Promissory Note (this “Note”) and unconditionally promises to pay to the order of **WATCHTV, INC.**, a Texas corporation, **SPECTRUM EVOLUTION, INC.**, a Texas corporation, and **GREGORY J. HERMAN** (WatchTV, Spectrum Evolution and Herman collectively referred to herein as “Holder”), at the address set forth in Section 14 below, or at such other place as may be specified from time to time by Holder, the principal sum of **TWO MILLION AND NO/100 DOLLARS** (\$2,000,000.00), in lawful money of the United States of America and in immediately available funds, together with accrued but unpaid interest, on the outstanding principal balance, in like money and funds, at the rate per annum and on the dates provided below; provided, that the interest payable shall not exceed the Maximum Rate (as hereinafter defined).

1. Purchase Agreement. This Note has been executed and delivered pursuant to and is subject to certain terms and conditions set forth in, that certain Asset Purchase Agreement dated as of November 17, 2022, by and between Holder and Maker pertaining to those broadcast television stations and construction permits (collectively the “Stations”) set forth on Exhibit A hereto (the “Purchase Agreement”). All capitalized terms used in this Note but not otherwise defined shall have the respective meanings given to such terms in the Purchase Agreement.

2. Interest. The outstanding principal balance hereof shall accrue simple interest at the rate of (i) ten percent (10%) per annum. In the event of any default by Maker in the payment of any amount due and payable under this Note pursuant to Sections 5(a) through (e) above, in addition to other remedies available to Holder, at the discretion of Holder, simple interest may thereupon commence to accrue upon the unpaid balance of this Note from the date such payment was originally due at the rate of twelve percent (12%) per annum. Regardless of waiving or giving accommodation to Maker, the interest rate will be adjusted to twelve percent (12%) for the remaining Term of the Note with no retroactive rights to cure.

3. Payment of Principal and Interest. The outstanding principal balance of this Note, together with all accrued but unpaid interest thereon, shall be due and payable as follows:

(a) The note will be paid in 36 equal monthly payments of principal and interest in the amount of \$64,534 including 10% annual simple interest. Payments shall be due and payable beginning no later than February 15, 2023 and continuing on the first day of each month thereafter; and

(b) the entire unpaid principal amount of this Note, together with (i) all accrued but unpaid interest thereon, shall be due and payable in full on the third anniversary of the date of this Note (the “Maturity Date”).

4. Application of Payments. All payments under this Note shall be applied first to any outstanding fees and charges (if any) due to Holder pursuant to the terms of this Note, next to accrued, unpaid interest outstanding under this Note, and last, to principal outstanding under this Note. Notwithstanding the foregoing sentence, if any Event of Default (as hereinafter defined)

occurs and is existing under this Note, Holder shall have the right to apply payments toward interest, fees, charges, and principal due under this Note in its sole discretion.

5. Prepayment. Maker shall have the right at any time, upon written notice to Holder, to 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.

6. Security. Maker's obligations under this Note are secured by all of Maker's right, title and interest in and to the collateral described in that certain Security Agreement dated as of the date hereof (the "Security Agreement"). It is a condition precedent to Holder's obligation to advance funds hereunder that Maker execute and deliver the Security Agreement.

7. Transfer. Holder may not sell, transfer, pledge, hypothecate, or otherwise dispose of this Note without the prior written consent of Maker.

8. Events of Default. For purposes of this Note, an "Event of Default" shall mean the occurrence and continuation of any of the following:

(a) failure by Maker to pay any principal or interest on this Note, or any renewal, extension, modification, or rearrangement hereof, within three (3) business days of when due or declared due and such failure to make payment shall continue for a period of five (5) days after written notice of such failure to make payment shall have been given to Maker by Holder; *provided, however*, that Holder shall only be required to deliver three (3) notices to Maker of such payment defaults during the term of this Note, after which time Maker's failure to pay any principal or interest on this Note, or any renewal, extension, modification, or rearrangement hereof, within three (3) business days of when due or declared due shall constitute an Event of Default;

(b) filing by Maker of a voluntary petition or any answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under any applicable bankruptcy act or law, or under any other insolvency act or consenting to, approving of or acquiescing in any such petition or proceeding; the application by Maker for, or the appointment by consent or acquiescence of, a receiver or trustee for Maker or for all or a substantial part of the assets of Maker; the making by Maker of an assignment for the benefit of creditors; or the inability of Maker or admission by Maker, in writing, of its inability to pay its debts as they mature (the term "acquiescence" as used in this Section 10(b) shall mean the failure to file a petition or motion in opposition to such petition or proceeding or to vacate or discharge any order, judgment, or decree providing for such appointment within sixty (60) days after the appointment of a receiver or trustee);

(c) filing of an involuntary petition against Maker in bankruptcy seeking reorganization, arrangement, readjustment of its debts or for any other relief under any applicable bankruptcy act or law, or under any other insolvency act or law, now or hereafter existing, and such petition remains undismissed or unanswered for a period of sixty (60) days from such filing; or the involuntary appointment of a receiver or trustee for Maker or for all or a substantial part of the assets of Maker, and such appointment remains unvacated for a period of sixty (60) days or unopposed for a period of ten (10) days from such appointment; or the issuance of a warrant of attachment, execution or similar process against any substantial part of the assets of Maker and such warrant remains unbonded or undismissed for a period of fifteen (15) days from notice to Maker of its issuance;

(d) any “default” or “event of default” not cured within the grace period, if any, for such default or event of default (the terms “default” and “event of default” have the meaning given to such terms in the agreements and documents described below), shall occur under (i) any credit agreement, loan agreement, promissory note, or other document evidencing indebtedness for borrowed money to which Maker is a party as a borrower, debtor, guarantor, or other obligor, or (ii) any security agreement, pledge agreement, guaranty, deed of trust, or other agreement providing guaranty of or security or collateral for indebtedness, executed by Maker or the Guarantor;

(e) Maker shall fail to comply in any material respect with any covenant or agreement of contained in this Note, the Purchase Agreement, the Security Agreement, or the Guaranty and such failure shall continue for ten (10) days thereafter, or any representation or warranty of Maker contained in the Purchase Agreement, the Security Agreement, or the Guaranty is false or misleading in any material respect when made;

(f) Maker is terminated or dissolved, or ceases to exist as the result of a merger, restructuring, consolidation, or any other reason;

(g) the sale or liquidation of all or substantially all of the assets of Maker, or any subsidiary or affiliate of Maker;

(h) the change of control of Maker, whether by (i) the sale, assignment, transfer or other disposition of more than fifty percent (50%) of the outstanding ownership interests in Maker, in one or more related transfers, by the persons who beneficially own such ownership interests, (ii) the issuance by Maker of ownership interests in Maker, or (iii), by a combination of the foregoing, unless Holder shall have otherwise consented in writing prior to such change of control;

(i) any of the Station Assets are sold, transferred, pledged, encumbered, assigned, or conveyed other than in the ordinary course of business without Holder’s prior written consent; or

(j) any of the licensed Stations ceases to be operated by Maker.

9. Acceleration. Upon the occurrence and continuation of any Event of Default set forth in Section 10 above, Holder may, in Holder’s sole and absolute discretion and upon Maker’s receipt of written notice to such effect where applicable, declare the entire principal balance and all accrued

but unpaid interest under this Note, if any, to be forthwith due and payable, whereupon the same shall become due and payable without any presentment, acceleration, demand, protest, notice of protest, notice of intent to accelerate, notice of acceleration, or notice of any kind, all of which are hereby waived.

10. Surrender. Upon payment in full of the entire principal amount of this Note, all accrued but unpaid interest thereon and all costs of collection, including reasonable attorneys' fees, this Note shall be surrendered by Holder to Maker for cancellation.

11. Notices. Unless otherwise provided herein, all notices, requests, consents and demands shall be in writing and shall be delivered to the following addresses:

If intended for Holder, to:

Mr. Gregory J. Herman  
855 Harbor Court  
Southlake, TX 76092  
Telephone: 503-819-0500  
Email: watchtvinc@mac.com

If intended to Maker, to:

Ruralink Broadband USA, LLC  
14241 Northeast Woodinville Duvall Road  
No. 124  
Woodinville, WA 98072  
Attn: Vernon L. Fotheringham, Managing Member  
Telephone: (425) 442-4065  
Email: vf@ruralinkbroadband.com

or to such other person or address as either party shall designate to the other party from time to time in writing forwarded in like manner. Any such notice, demand or request shall be deemed to have been duly delivered and received (i) on the date of personal delivery, or (ii) on the date of transmission, if sent by email (but only if a hard copy is also sent by overnight courier), or (iii) on the date of receipt, if mailed by registered or certified mail, postage prepaid and return receipt requested, (iv) on the date of a signed receipt, if sent by an overnight delivery service, but only if sent in the same manner to all persons entitled to receive notice or a copy, or (v) at such time as delivery is refused by the addressee upon presentation. The Parties may also communicate with each other informally by telephone or electronic transmission, but such method shall not be used for any notice that has legal significance or consequences.

12. Waiver. No waiver or consent by Holder with respect to any act or omission of Maker on one occasion shall constitute a waiver or consent with respect to any other act or omission by Maker on the same or any other occasion, and no failure on the part of Holder to exercise and no delay in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Holder of any right hereunder preclude any other further right of exercise thereof or the exercise of any other right.

13. Parties in Interest. All covenants and agreements contained in this Note shall bind and inure to the benefit of the successors and assigns of the parties hereto, except that neither Maker nor Holder may assign its rights or obligations under this Note without the prior written consent of the other party; provided, that Holder may assign this Note to an affiliate or successor-in-interest to Holder without the consent of Maker.

14. **GOVERNING LAW.** **THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.**

15. Jurisdiction and Venue. Any jurisdictional proceeding brought by or against any of the parties to this Note on any dispute arising out of this Note, or any matter related hereto, shall be brought in the state and federal courts located in Wharton County, Texas, and by execution and delivery of this Note, each of the parties to this Note hereby accepts for itself and submits to the exclusive jurisdiction and venue of the aforesaid courts as trial courts and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Note after exhaustion of all appeals (or by the appropriate appellate court if such appellate court renders judgment).

16. Severability. If any provision of this Note is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Note, such provision shall be fully severable; this Note shall be construed and enforced as if such illegal, invalid, and unenforceable provision had never comprised a part hereof and this Note shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Note.

17. Amendment. No amendment, modification, or discharge of this Note shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification or discharge is sought.

18. No Demand, Presentment. Except for notices provided pursuant to Sections 5, 8, 9, and 11 above, the undersigned and all parties now or hereafter liable for the payment hereof, whether as endorser, guarantor, surety, or otherwise, severally waive demand, presentment for payment, notice of dishonor, notice of intention to demand or accelerate payment hereof, protest and notice of protest and diligence on collecting or bringing suit against any party hereof, and agree to all extensions, renewals, indulgences, releases, or changes which from time to time may be granted by Holder and to all partial payments hereon, with or without notice, before or after the Maturity Date.

19. Rights of Holder. All rights and remedies of Holder are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

20. Attorneys' Fees. If this Note is placed in the hands of an attorney for collection, or if it is collected through bankruptcy or other judicial proceedings, Maker agrees to pay all reasonable expenses of collection including, but not limited to, attorneys' fees, incurred by Holder.

21. **ENTIRE AGREEMENT.** **THIS NOTE AND THE AGREEMENTS REFERENCED HEREIN CONSTITUTE THE ENTIRE AGREEMENT AMONG THE PARTIES CONCERNING THE SUBJECT MATTER HEREOF AND THEREOF. THERE**

**ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES, AND THIS NOTE AND THE AGREEMENTS REFERENCED HEREIN MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

**MAKER:**

**RURALINK BROADBAND USA, LLC**  
a Delaware limited liability company

By: \_\_\_\_\_  
Vernon L. Fotheringham  
Managing Member

## EXHIBIT A

### Gregory J. Herman:

-K28FP-D, Astoria, OR (Fac ID 25356) (licensed 3.0) – renewal pending

### WatchTV, Inc.

KABH-CD, Bend, OR (Fac ID 167799) – renewal pending

K14SC-D, Ashland, OR (Fac. ID 25357) (licensed 3.0) - renewal pending

K28GG-D, Medford, OR (Fac ID 25359) (licensed 3.0) - renewal pending

K25GA-D, Redmond etc., OR (Fac ID 71073) (licensed 3.0) - renewal pending

K16KI-D, Bend, OR (Fac ID187550) (licensed 3.0) - renewal pending

K28KI-D, Roseburg, OR (Fac ID 25355) (SILENT, STA expires 2/15/2023)

K14RW-D, Grants Pass, OR (Fac ID 71075) (SILENT, STA expires 2/15/2023)

### Spectrum Evolution, Inc.

K22OB-D, Medford, OR (Fac ID 182420) (licensed 3.0) - renewal pending

K22JS-D, Ashland, OR (Fac ID 181958) SILENT, STA expires 2/15/2023 – renewal pending

K35OH-D, Roseburg, OR (Fac ID 182662) (SILENT, STA expires 2/15/2023)

K36JZ-D, Roseburg, OR (Fac ID 182657) (SILENT, STA expires 2/15/2023)

W23FF-D, Madison, FL (Fac ID 181791) UNBUILT CP - expires 4/23/2023

W33EN-D, Madison, FL (Fac ID 171793) UNBUILT CP- expires 4/23/2023

K17OT-D, Kent, TX (Fac ID 185577) UNBUILT CP - expires 8/25/2023

K25QO-D, Bakersfield, TX (Fac ID 185642) UNBUILT CP - expires 8/25/2023

K27PA-D, Fort Stockton, TX (Facility ID185574) UNBUILT CP - expires 8/25/2023

EXHIBIT C

*Form of Security Agreement*

## SECURITY AGREEMENT

This Security Agreement (this "Security Agreement") is made as of \_\_\_\_\_, 202\_, by and between a **RURALINK BROADBAND USA, LLC**, a Delaware Limited Liability Corporation ("Buyer"), in favor and for the benefit of **WATCHTV, INC.**, a Texas corporation, **SPECTRUM EVOLUTION, INC.**, a Texas corporation, and **GREGORY J. HERMAN**, an individual resident of the State of Texas (WatchTV, Spectrum Evolution and Herman collectively referred to herein together with their successors or assigns, "Sellers").

### WITNESSETH

**WHEREAS**, pursuant to that certain Asset Purchase Agreement, dated November 17, 2022, by and between Seller and Buyer (the "Purchase Agreement") on the date hereof, Buyer purchased from Seller all of Sellers' right, title and interest in the Assets of the broadcast stations listed on Exhibit A hereto licensed or authorized by the Federal Communications Commission (the "**FCC**" or "**Commission**") (the "Stations"), including the Stations' licenses and other authorizations issued by the FCC (the "**FCC Licenses**"). All capitalized terms used in this Security Agreement without otherwise being defined herein shall have their respective meanings set forth in the Purchase Agreement.

**WHEREAS**, Buyer delivered to Seller that certain Secured Promissory Note in the original principal amount of Two Million and 00/100 Dollars (\$2,000,000.00) made by Buyer in favor of Seller and of even date herewith (as amended, supplemented, restated or otherwise modified and in effect from time to time, the "Note") as payment of a portion of the purchase price due to Seller under the terms of the Purchase Agreement.

**WHEREAS**, Buyer and Seller are entering into this Security Agreement to secure Buyer's repayment obligations to Seller in accordance with the Note.

**NOW THEREFORE**, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows.

1. **Creation of Security Interest.** Buyer hereby conveys, assigns, and grants to Sellers a first priority, present, unconditional, and continuing security interest and to the Tangible Personal Property including without limitation, all furniture, furnishings, fixtures, accessions, and equipment now or hereafter owned by it, including all substitutions, additions, renewals, betterments, and modifications thereof and spare parts therefor, located in or on or pertaining to, or used or useful in the operation of, the Stations (the "**Collateral**"). The security interest in the Collateral includes without limitation, those items set forth in Article 1 of the Purchase Agreement, except for the FCC Licenses which may not as a matter of law be pledged or hypothecated, but shall include the proceeds and products received from any sale, use, conversion or other disposition of and of the Assets included in the Purchase Agreement, and all property of a similar type or kind to be used or useable in the operation of the Stations now owned or hereafter acquired by Buyer. Additionally, the general intangibles from the operation of the Stations shall be deemed part of the Collateral. This security interest is granted for the purpose of securing the following (the "**Obligations**"):

(a) Payment by Buyer to Sellers of the obligations, liabilities and indebtedness evidenced by the Note, and any and all modifications, extensions, and renewals thereof, plus all costs of collecting the Obligations, including but not limited to attorney's fees and court costs.

(b) Performance of all other obligations of Buyer contained in the Note; and

(c) The due and punctual performance of all terms and conditions contained in the Purchase Agreement and this Security Agreement.

3. **Perfection of Security Interest.** At any time, upon demand of Seller, Buyer will execute any notice, financing statement or other instrument which Seller deems to be necessary or appropriate to create, continue or perfect the security interest granted by this Security Agreement or to enable Seller to exercise or enforce its rights under this Security Agreement.

4. **Power of Attorney.** Buyer hereby grants to Seller the right and power to:

(a) execute, in Buyer's name, one or more financing statements, continuation statements or other documents under the Texas Uniform Commercial Code (and the uniform commercial codes of any other state in which Seller deems the filing of such documents to be necessary or desirable) covering the Collateral, and naming Buyer as "debtor" and Seller as a "secured party";

(b) correct and complete any financing statements, continuation statements or other documents that have been signed by Buyer or Sellers; and

(c) amend this Security Agreement for the purpose of reflecting any hereafter acquired Collateral.

5. **Warranties, Representations, and Covenants of Buyer.** Buyer hereby warrants, represents, and covenants as follows:

(a) *Ownership and Custody of Collateral* Buyer is, and as to Collateral to be acquired after the date hereof will be, the sole owner of the Collateral, free from any adverse lien, security interest, or adverse claim of any kind whatsoever, except the Senior Security Agreement, mechanics' liens, and liens of broadcast equipment manufacturers in connection with equipment leases incurred in good faith and in the ordinary course of business. Buyer will notify Sellers of and will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) *Performance.* Buyer will perform promptly all its Obligations.

(c) *Protection of Collateral.* Buyer will keep the Collateral free and clear of all liens, encumbrances, adverse claims and security interests, excepting only the first priority lien and security interest granted by this Security Agreement and the liens, encumbrances, adverse claims and security interests approved by Sellers in writing. No other financing statements, security agreements or other instruments naming Buyer as "debtor" and affecting the Collateral exist or are on file or are recorded in any public office. Without first obtaining the prior written consent of Sellers, Buyer will not sell, transfer, exchange, further encumber or dispose of any part of the Collateral or any interest in the Collateral.

(d) *Location of Records and Collateral.* The Collateral and Buyer's records concerning the Collateral are kept at \_\_\_\_\_. Buyer will promptly notify Sellers of any change in the location of its place of business, the Collateral or its records concerning the Collateral, and of any hereafter acquired Collateral.

(e) *Access to Records.* Buyer will maintain full and accurate books of account, ledgers and other written records relating the Collateral. Sellers shall at all times have the right to inspect any of Buyer's records relating the Collateral and the right to obtain copies of the records. Sellers understands that such books and records may contain proprietary or confidential information and agrees to use all commercially reasonable efforts to maintain the confidentiality of such information.

(f) *Litigation.* No unsatisfied judgments, decrees or orders of any court or governmental body are outstanding against Buyer or against the Collateral. No proceedings are pending, nor has Buyer been threatened with the institution of proceedings, before any court or governmental body which will materially and adversely affect the financial condition of Buyer or the status of the Collateral.

(g) *Payment of Taxes and Indebtedness.* Buyer will promptly pay all undisputed liens, taxes, assessments or contributions required by law which may come due, and which are lawfully levied or assessed with respect to any of the Collateral, and will promptly give Sellers written notice of any disputed liens, taxes, assessments or contributions it chooses not to pay. Buyer will execute and deliver to Sellers, upon demand, certificates attesting to the timely payment or deposit of the sums owed on all such liens, taxes, assessments or contributions. Buyer will promptly perform the Obligations. Buyer will fully comply with all terms and provisions of this Security Agreement and all other security instruments upon which it is obligated.

(h) *Power to Undertake Agreement.* Buyer has the unqualified right to enter into this Security Agreement and to perform its terms.

(i) *No Impairment of Obligations.* Until the Note has been paid in full, Buyer will not make any agreement which is inconsistent with its Obligations, nor will Buyer sell, lease or otherwise dispose of the Collateral (or any other material assets, if such assets are not also included as Collateral) other than in the ordinary course of business, unless Buyer has obtained the prior written consent of Sellers, which consent will not be withheld unreasonably.

(j) *Inspection of Collateral and Records.* Buyer grants to Sellers, by or through any of its officers, agents, attorneys, or accountants, the right to visit Buyer's premises at reasonable times during regular business hours to examine, inspect, or make extracts from Buyer's books and records and to arrange for verification or inspection of the Collateral. Buyer shall furnish to Sellers, upon reasonable request, statements of any Collateral, together with all notes or other papers evidencing the same and any guaranty, securities, or other documents or information relating thereto. Additionally, at Sellers' request, Buyer shall provide financial statements and/or other verification as to the overall health and financial well-being of Buyer and/or Buyer's subsidiaries and affiliates.

(k) *Notification of Account Buyers.* Sellers shall be entitled to notify the account debtors or obligors under any receivables held by or due to Buyer of the assignment of such receivables to Sellers, and to direct such account debtors or obligors to make payment of all amounts due or to become due to Buyer thereunder directly to Sellers, or to a lockbox designated by Sellers, and to enforce collection of any such receivables. After receipt by Buyer of the notice from Sellers referred to in the preceding sentence, all amounts and proceeds (including instruments) received by Buyer in respect of the receivables shall be received in trust for the benefit of Sellers, and shall be forthwith paid over to Sellers, in the same form as so received (with any necessary endorsement) to be held and applied as cash collateral.

6. **Default.** If Buyer fails to cure any default, then Sellers may pursue any and all remedies provided in this Security Agreement. Buyer agrees that receipt of written notice shall constitute reasonable advance notice to Buyer of a planned sale or other disposition of the Collateral by Sellers. As used herein the term “**Event of Default**” shall mean any of the following events:

- (a) if any payment due under the Note is not paid when such payment is due; or
- (b) if any representation or warranty made in this Security Agreement, the Purchase Agreement or any other document, certificate or report delivered by Buyer in connection with the Obligations shall be false when made or shall be breached in any material respect; or
- (c) if Buyer breaches any provision of this Security Agreement or the Note; or
- (d) if Buyer shall default under any loan, extension of credit, mortgage, deed of trust, security agreement, lease, purchase or sale agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Buyer’s property or Buyer’s ability to repay the Obligations or perform its obligations under this Security Agreement; or
- (e) if this Security Agreement or the Note ceases to be in full force and effect, including but not limited to failure of the Security Agreement to create a valid and perfected first priority lien or security interest in the Collateral, at any time and for any reason; or
- (f) if Buyer grants any security interest, mortgage, deed of trust, or other lien or encumbrance, or if any laborer’s lien, materialman’s lien, mechanic’s lien, or other lien is filed against any of the Collateral; or
- (g) if Buyer shall materially fail to comply with a final order or decree, no longer subject to administrative or judicial review, of any federal, state, municipal, or other governmental authority of competent jurisdiction, relating to the Collateral and requiring compliance with any applicable statute, requirement, rule, or regulation; or
- (h) if any of the following shall occur:
  - (1) Buyer becomes insolvent, makes a transfer in fraud to, or an assignment for the benefit of, creditors, or admits in writing an inability to pay debts as they become due; or
  - (2) a receiver, custodian, liquidator or trustee is applied for by Buyer or is appointed for all or substantially all of the assets of Buyer, or any such receiver, custodian, liquidator or trustee is appointed in any proceeding brought against Buyer and such appointment is not contested and is not or dismissed or discharged within sixty (60) days after such appointment, or Buyer acquiesces in such appointment; or
  - (3) an action for a judgment (which action is determined by Sellers to be a materially adverse risk) is brought against Buyer and such action is not dismissed within ninety (90) days after service upon Buyer; or
  - (4) Buyer files a petition for relief under the federal bankruptcy code, as amended, or under any similar law or statute of the United States or any state thereof, or Buyer seeks to take advantage of any insolvency law; or

(5) a petition against Buyer is filed commencing an involuntary case under any present or future federal or state bankruptcy or similar law, and such petition is not dismissed or discharged within sixty (60) days of filing; or

(i) if Buyer discontinues its business or is dissolved or liquidated, or if Buyer sells, assigns, alienates, transfers, hypothecates or otherwise disposes of, directly or indirectly, by operation of law or otherwise all or any material part of the assets of the Stations, provided that any such conveyance will nonetheless be subject to this Security Agreement, or if Buyer or any person or entity acting on Buyer's behalf undertakes any action in furtherance of any of the foregoing; or

(j) if there shall occur any set of circumstances or events that results or in Sellers' judgment could be expected to result in material adverse change or effect on the business, operations, properties, assets or conditions (financial or otherwise) or prospects of Buyer.

If an event of default is a payment default, the cure period shall be six (6) business days from the date such payment is due. If the event of default is other than a payment default and is otherwise reasonably subject to cure, the cure period shall be fifteen (15) days from the date Buyer first receives notice from Sellers; provided, however, that if Sellers determines the non-payment default is reasonably subject to cure and that Buyer is exercising reasonable efforts to cure the non-payment default, then Sellers, in its sole discretion, may extend such cure period for an additional period of time.

7. **Remedies.** Upon the occurrence of any Event of Default and the expiration of the applicable cure period, if any, at the sole option of the Sellers, the provisions of Section 8 hereof, the Sellers shall have all the rights, remedies, and privileges with respect to repossession, retention, and sale of the Collateral and disposition of the proceeds as are accorded to the Sellers by the applicable sections of the Uniform Commercial Code respecting "Default" in effect in any State where any of the Collateral is located, as of the date of this Security Agreement, including but not limited to:

(a) Declare all obligations secured hereby to be immediately due and payable, whereupon all unpaid principal of said indebtedness and other amounts declared due and payable shall be and become immediately due and payable.

(b) By means of a court-appointed Receiver, who shall thereafter take possession of all or any of the Collateral and exclude therefrom Buyer and all others claiming under Buyer, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions, and improvements to and exercise all rights and powers of Buyer with respect to the Collateral or any part thereof to include without limitation the following:

(i) Without notice to or demand upon Buyer, make such payments and do such acts necessary to protect Buyer's security interest in the Collateral, including without limitation, paying, purchasing, contesting, or compromising any encumbrance, charge, or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;

(ii) Foreclose this Security Agreement as herein provided or in any manner permitted by law, and exercise any and all of the rights and remedies conferred upon Sellers by any document executed by Buyer in connection therewith, either simultaneously or in such order as Sellers may determine; and sell or cause to be sold in such order as Sellers may determine, as a whole or in such parcels as Sellers may determine, the Collateral described in this Security

Agreement, without affecting in any way the rights or remedies to which Sellers may be entitled under any other instruments;

(iii) Sell, lease or otherwise dispose of the Collateral at public or private sale, without having the Collateral at the place of sale, and upon terms and in such manner as Sellers may determine (and Sellers may be a purchaser at any sale); or

(iv) Exercise all the rights and remedies available under this Security Agreement or at law or in equity, including, but not limited to, all rights available under the Montana Uniform Commercial Code and as applicable, all rights and remedies under the Purchase Agreement, and including, but not limited to, a right to seek monetary damages, with or without exercising Sellers' rights or remedies with respect to the Collateral. These rights and remedies shall be cumulative and may be exercised singly or concurrently with all other rights and remedies Sellers may have.

(c) Buyer shall be given not less than ten (10) business days' prior written notice of the time and place of any public or private sale of the collateral or other intended disposition thereof to be made. Such notice may be mailed to Buyer at the address set forth in Section 11 hereof. Buyer specifically agrees that any public or private sale held in accordance with the terms of the Security Agreement shall, for all other purposes, be deemed to have been conducted in a commercially reasonable manner and in good faith. Sellers shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Sellers may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The proceeds of any sale under this Security Agreement shall be applied as follows:

(i) To the discharge of all assessments, encumbrances, charges or liens, if any, on the Collateral prior to the liens hereof (except any taxes, assessments, encumbrances, charges, or liens subject to which such sale shall have been made);

(ii) To the payment of the whole amount then due and unpaid of the indebtedness of Buyer to Sellers (including principal and interest) referred to in Sub-section 1(a) above;

(iii) To the payment of other amounts (including principal) then secured hereby; and

(iv) The surplus, if any, shall be paid to Buyer or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(d) All rights and remedies granted under this Security Agreement shall be deemed cumulative and not exclusive of any other right or remedy available to Sellers. Sellers retains the right, upon giving notice to Buyer, to bring suit on the Note, to take possession of the Collateral and to sell, assign or otherwise dispose of the Collateral as permitted under Texas law. Sellers shall have the right to enforce one or more remedies hereunder, successively, or concurrently, and such action shall not operate to stop or prevent Sellers from pursuing any further remedy which it may have, and any repossession or retaking or sale of the Collateral, pursuant to the terms hereof, shall not operate to release Buyer until full payment of any deficiency has been made in cash.

8. **FCC Approval.** Notwithstanding anything to the contrary contained in this Security Agreement, the Sellers shall not, without first obtaining the approval of the Federal Communications

Commission (“FCC”), take any action pursuant to this Security Agreement that would constitute or result in an assignment of any FCC license held by Buyer or any change of control of the Buyer if such assignment or change in control would require, under the Communications Act of 1934, as amended (the “Communications Act”), the prior approval of the FCC, and voting rights in any Collateral representing control of any license, permit or other authorization of the FCC shall remain in the FCC-authorized holder thereof until all such necessary consents shall have been obtained. Buyer agrees to take, upon the occurrence and during the continuance of an event of default, any action that Sellers may reasonably request in order to obtain from the FCC or any other governmental authority such approval as may be necessary to enable the Sellers to assign or transfer control of the any FCC Licenses pursuant to this Security Agreement, and each other agreement, instrument and document delivered to the Sellers in connection herewith, including specifically, at the expense of the Buyer, the use of Buyer’s commercially reasonable efforts, consistent with the rules, regulations and published policies of the FCC, to assist in obtaining approval of the FCC or any other governmental authority for any action or transaction contemplated by this Security Agreement for which such approval is or shall be required by law, and specifically, without limitation, upon request, to prepare, sign and file with the FCC or such other governmental authority, as the case may be, the assignor’s or transferor’s portion of any application or applications for consent to the assignment of any license or transfer of control necessary or appropriate under the FCC’s rules and regulations and under the Communications Act or other applicable law for approval of any sale or sales by or on behalf of Sellers or any assumption by Sellers of voting rights relating thereto effected in accordance with the terms of this Security Agreement for purposes of facilitating a public or private arm’s-length sale for the benefit of Sellers.

For purposes of facilitating an arms’ length sale to enforce the provisions of this Section 8 and the other provisions of this Security Agreement, after an event of default shall have occurred and be continuing, Sellers is empowered to request, and the Buyer agrees to authorize, the appointment of a receiver or trustee from any court of competent jurisdiction. Such receiver or trustee shall be instructed to seek from the FCC (and any other governmental body), its consent to or approval of any assignment of any FCC licenses and assets of, or transfer of control of any or all of the licenses held by Buyer, or any other Collateral that is subject to this Security Agreement, to the extent required for such trustee or receiver to assume such control for the purpose of seeking a bona fide purchaser to whom such licenses ultimately will be assigned or control of such entity ultimately will be transferred. Buyer agrees, at Buyer’s own cost and expense, to cooperate with any such purchaser and with Sellers in the preparation, execution and filing of any applications and other documents and providing any information that may be necessary or helpful in obtaining the FCC’s consent to the assignment or transfer to such purchaser of the Collateral or any of the licenses. To the fullest extent permitted by applicable law, Buyer hereby agrees to consent to and authorize any such transfer of control or assignment upon the request of the Sellers after and during the continuation of an event of default and, without limiting any rights of the Sellers under this Security Agreement, to authorize Sellers to nominate a trustee or receiver to assume control of the Collateral, subject only to any required consents, approvals or orders of courts of competent jurisdiction, the FCC or other governmental body, for the purpose of effectuating the transactions contemplated in this Section 8 and the other provisions of this Security Agreement. Such trustee or receiver shall have all the rights and powers as provided to it by law, court order or the Sellers under this Security Agreement. Buyer shall cooperate fully and use its best reasonable efforts in obtaining the consent of the FCC and the approval or consent of each other governmental body required to effectuate the foregoing.

Buyer hereby acknowledges and agrees that the Collateral is a unique asset and that a violation of Buyer’s covenant to cooperate with respect to the obtaining of any regulatory consents would result in irreparable harm to Sellers for which monetary damages are not readily ascertainable.

Buyer further agrees that, because of the unique nature of Buyer's undertakings in this Section 8 and other provisions of this Security Agreement, the same may be specifically enforced, and Buyer hereby waives, and agrees to waive, any claim or defense that Sellers would have an adequate remedy at law for the breach of such undertakings and any requirement for the posting of bond or other security. This section shall not be deemed to limit any other rights of Sellers available under applicable law and consistent with the Communications Act and the FCC's rules and regulations.

Without limiting the obligations of Buyer in any respect, Buyer further agrees that if Buyer, upon or after the occurrence of an event of default, should fail or refuse to execute any application or other document necessary or appropriate to obtain any governmental consent necessary or appropriate for the exercise of any right of Sellers hereunder, then, to the full extent permitted by the Communications Act and the FCC's rules and regulations, such application or other document may be executed on Buyer's behalf by the clerk of any court or other forum in any competent jurisdiction without prior notice to Buyer.

9. **Termination of Security Agreement.** At such time as Buyer shall completely satisfy all of the Obligations, this Security Agreement shall terminate. At that time, Sellers shall deliver the Note and any other instruments necessary to release Sellers' interests in the Collateral to Buyer, including termination statements under the uniform commercial code.

10. **Further Assurances.** Each party agrees to take any additional actions and to make, execute and deliver any additional written instruments that may be reasonably required to carry out the terms, provisions, intentions and purposes of this Security Agreement.

11. **Miscellaneous Provisions.**

(a) *Modifications.* This Security Agreement may not be changed orally. For a modification of this Security Agreement to be effective, it must be in writing and have been signed by each party. Every right or remedy granted by this Security Agreement may be exercised as often as shall be deemed expedient by Sellers.

(b) *Assignability and Binding Effect.* Buyer may not transfer or assign its rights, duties or obligations under this Security Agreement without the prior written consent of Sellers. This Security Agreement and the duties set forth herein shall bind Buyer and its successors and assigns. All rights and powers established in this Security Agreement shall benefit Sellers and its successors and assigns.

(c) *Governing Law and Venue; Waiver of Jury Trial.* This Security Agreement will be construed, and the rights, duties, and obligations of the parties will be determined in accordance with, the laws of the State of Texas, including the Texas Uniform Commercial Code, and the federal laws of the United States of America.

(d) *Headings.* Headings used in this Security Agreement have been included for convenience and ease of reference only and will not influence the construction or interpretation of any provision of this Security Agreement.

(e) *Waiver.* No right or obligation under this Security Agreement will be deemed to have been waived unless evidenced by a writing signed by the party against whom the waiver is asserted, or by the party's duly authorized representative. Any waiver will be effective only with respect to the specific instance involved and will not impair or limit the right of the waiving party to

insist upon strict performance or the right or obligation in any other instance in any other respect or at any other time. No failure on the part of Sellers to exercise, and no delay in exercising, any right or obligation under this Security Agreement shall operate as a waiver thereof.

(f) *Severability.* The parties intend that this Security Agreement be enforced to the greatest extent permitted by applicable law. Therefore, if any provision of this Security Agreement, on its face or as applied to any person or circumstance, is or becomes unenforceable to any extent, the remainder of this Security Agreement and the application of that provision to other persons, circumstances, or extent, will not be impaired.

(g) *References.* Except as otherwise specifically indicated, all references to numbered or lettered sections or subsections refer to sections or subsections of this Security Agreement, and all references to this Security Agreement include any subsequent amendments to this Security Agreement.

(h) *Attorneys' Fees.* If any litigation or other dispute resolution proceeding is commenced between parties to this Security Agreement to enforce or determine the rights or responsibilities of the parties, the prevailing party or parties in the proceeding will be entitled to receive, in addition to any other relief granted, its reasonable attorneys' fees, expenses and costs. Such fees, expenses and costs shall include all statutory costs and disbursements, all costs associated with discovery depositions and expert witness fees, and all out-of-pocket costs incurred by the prevailing party in the prosecution or defense of the action. For purposes of this section, the phrase "litigation or other dispute resolution" shall be deemed to include any proceeding commenced in any court of general or limited jurisdiction, any arbitration or mediation, any proceeding commenced in the bankruptcy courts of the United States, and any appeal from any of the foregoing.

(i) *Notices.* All notices required by or given under this Agreement shall be in writing and personally delivered, faxed, sent by overnight courier or mailed by certified or registered mail with return receipt requested to the addresses or numbers set forth as follows:

If intended for Sellers, to:

Mr. Gregory J. Herman  
855 Harbor Court  
Southlake, TX 76092  
Telephone: 503-819-0500

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

Kathleen Victory  
Fletcher, Heald & Hildreth, PLC  
1300 North 17th Street, Suite 1100  
Arlington, VA 22209  
Tel.: 703-812-0473

If intended to Buyer, to:

Ruralink Broadband USA, LLC  
14241 Northeast Woodinville Duvall Road  
No. 124

Woodinville, WA 98072  
Attn: Vernon L. Fotheringham, Managing Member  
Telephone: (425) 442-4065

Notices that are personally delivered, faxed or given by overnight courier shall be effective on delivery. Notices that are mailed shall be deemed effective on the third (3rd) day after deposit with the U.S. Post Office, as evidenced by the official postmark. Buyer or Sellers may change its address for notices by at least five (5) days' advance written notice to the other.

(j) *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Security Agreement, facsimile signatures or signatures delivered in PDF format shall be treated the same as original signatures.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, and intending to be legally bound hereby, the parties have duly executed this this Security Agreement as of the day and year first above written.

**BUYER:**

RURALINK BROADBAND USA, LLC

By: \_\_\_\_\_  
Vernon L. Fotheringham  
Managing Member

**SELLERS:**

WATCHTV, INC.  
SPECTRUM EVOLUTION, INC.  
GREGORY J. HERMAN, INDIVIDUALLY

By \_\_\_\_\_  
Gregory J. Herman  
President/Individual