

COMMERCIAL LEASE

THIS LEASE executed at Spokane, Washington, this \_\_\_\_\_ day of \_\_\_\_\_, 2002, by and between EARLE T. KAZMARK and BARBARA L. KAZMARK, husband and wife, hereinafter referred to as Lessors; and, 3 POINT MEDIA - WASHINGTON, LLC, a limited liability company, hereinafter referred to as Lessee, WITNESSETH:

As used herein: (1) the term Lessors and Lessee shall refer and apply equally to the singular term Lessors or Lessee, (2) he or his shall apply equally to she or her.

The Lessors hereby leases to the Lessee and the Lessee hires and leases from the Lessors for the purpose of conducting a business as a radio station, (including both offices and studio operations), those certain premises with appurtenances situate at 518 South Fir, Deer Park, Washington, more particularly described as follows:

That portion of the structure located at said address and presently used by KAZZ (FM) Radio, including common area and parking area. This lease does not include property described commonly as the upstairs apartment, access thereto, limited common area, and reasonable use of others for parking. Parking is limited to designated areas to include not less than six (6) exclusive parking stalls.

Attached hereto and incorporated by this reference as Exhibit "A, being a sketch of the premises.

1. TERM AND RENT: The term of this Lease shall be for a period of one (1) year commencing from the date of

closing of Lessee's purchase of KAZZ (FM) Radio, and ending at midnight, one-year later. Rental shall be paid from the Lessee to the Lessors at the rate of FIVE HUNDRED AND NO/100 (\$500.00) per month, in advance, commencing with the date hereof, and continuing on or before the same day of each and every month thereafter during the term.

If any monthly rental shall be paid more than ten (10) days late, Lessee shall in addition to rent due, pay the Lessors a late fee of \$50.00.

2. OPTION TO RENEW: The Lessors do hereby grant to the Lessee four (4) options to renew this Lease, each for a period of one (1) year, the first renewal term to immediately follow the expiration of the first period of this Lease, and subsequent renewal terms to immediately follow the expiration of the prior renewal term, each on the same terms and conditions as are contained in this Lease, except that the monthly rental shall be increased by the sum of TWO HUNDRED DOLLARS AND NO/100 (\$200.00) during the first renewal of said lease and an additional ONE HUNDRED DOLLARS AND NO/100 (\$100.00) during each of the three (3) renewal terms, if renewed. Stated otherwise, the monthly rental shall be increased to \$1,000.00 per month during the fifth and final year of said renewal period, \$900.00 per month for the preceding year, if renewed, \$800.00 per month for the next

preceding year, if renewed, and \$700.00 per month for the second year of said lease, if renewed.

As a condition precedent to renewal, Lessee shall notify Lessors, in writing, of Lessee's intent to renew not less than sixty (60) days prior to the date of expiration of this Lease. In the event that the Lessee shall not exercise this option to renew, Lessors may, at Lessors' sole discretion, place "for rent" or "for sale" signs on the demised premises within sixty (60) days of the expiration of this lease.

3. LIMITATION: It is understood and agreed that although said premises are provided with a water supply, Lessors, at Lessors' sole cost and expense, will also provide potable drinking water by container. The water supplied to the premises is from an existing shallow well. No known water quality problems exist. However, potable water is supplied separately as a precaution, and Lessee agrees to advise all occupants of the availability of potable container water for purposes of consumption.

As a further limitation on the use of property, Lessee is aware that the upstairs apartment will be utilized for residential living purposes. Lessee agrees that occupants of the office area will not create, loud, or excessive noise between the hours of 10:00 p.m. and 7:00 a.m. daily.

4. MAINTENANCE: Lessee shall at all times during this Lease, including renewal periods or any tenancy thereafter, and at Lessee's sole expense, maintain the interior of said premises and keep same in good repair. Lessee agrees to use all reasonable precautions to prevent waste, damage or injury to the leased premises and appurtenances and to keep the premises in a neat, clean, and sanitary condition, complying with all laws and regulations relating to the use of said property. Lessor shall have responsibility for compliance with the Americans with Disabilities Act, if such is determined in the future to be applicable. During the term of this lease, Lessors shall only be responsible for repairs to the roof and exterior walls, together with any repairs to said premises caused by the gross negligence of, or intentional misconduct of Lessors or the occupants of the residential portion of the property. Lessee shall have responsibility for all other repairs including broken windows which may occur. There shall be no alteration of the premises without the Lessors' express consent which consent shall not be unreasonably withheld or delayed. Lessee is not permitted to damage the exterior of said premises as such is of log construction. No holes are to be drilled there or the exterior logs damaged in any respect.

Additionally, Lessee at Lessee's sole cost and expense is

responsible for the clearing of snow from all sidewalks and driveways. Lessors have advised Lessee that snowfall in the area of the premises varies significantly from year to year. Historically, the cost of snow removal has ranged from between \$0.00 to \$400.00 per year. Additionally, Lessee is solely responsible for maintaining the surrounding yard and landscaping at its sole cost provided however that yard maintenance, exclusive of snow removal, shall not exceed \$600.00 per year. In the event Lessee fails to maintain said premises accordingly, Lessors, may after ten (10) days notice to Lessee, conduct such maintenance themselves, and Lessee shall be obligated to the Lessors for the full cost thereof subject to the foregoing limitation of \$600.00 per year relating to yard maintenance.

5. REAL ESTATE TAXES AND ASSESSMENTS: Lessors shall be responsible for the payment of any such real estate taxes and assessments as are levied against the real property during the term of this Lease, or any extended terms. Lessors have no liability to pay Lessee's personal property taxes.

6. UTILITIES: All utilities, including, but not limited to, electricity, heating, lights, air conditioning, water and garbage service shall be supplied and paid for by the Lessee during the term of this Lease. Lessee agrees to pay such utility charges without delinquency. It is affirmed

by Lessors that all utilities will be separately metered to said premises prior to the commencement of this lease.

7. INSURANCE: Lessors shall maintain such insurance policy or policies as Lessors shall elect, insuring the Lessors only against loss by fire, acts of God, and the like, such coverage to run to the benefit of the Lessors, its mortgagees or beneficiaries, but not to the benefit of the Lessee. Lessee hereby releases the Lessors from any liability for any and all damage, regardless of cause, which may occur to equipment, inventory, machinery, interior furnishings, and any and all other personal property of the Lessee located or stored on the demised premises.

Lessee agrees to maintain such policy or policies of liability insurance as the Lessors and the Lessee shall, from time to time, agree insuring against personal injury or property damage, which insurance shall name the Lessors as an additional insured, and which insurance shall run both to the benefit of the Lessee and Lessors. The amount of liability insurance shall not be less than \$2 million dollars. The Lessee shall hold the Lessors free and harmless for all loss due to injuries arising out of any accident or other occurrence suffered by any person due directly or indirectly to the use of the demised premises, and shall also hold the Lessors free and harmless of any and all liability that may

arise directly or indirectly from property damage occurring on the premises except for any liability resulting from Lessors' gross negligence or intentional misconduct. Notwithstanding anything to the contrary contained herein, Lessors and Lessee hereby expressly waive any and all claims one may have against the other to the extent that such claims are covered by any insurance policies required hereunder, or would have been covered if such insurance policies had been placed in effect.

8. DESTRUCTION: In the event said premises shall be partially destroyed by fire or act of God, the Lessors shall have the option to repair the building, and the rental therefor shall be suspended during the period in which said premises cannot be used for the business of the Lessee, and in which event, if the Lessors elects to repair, then the terms of this Lease shall not terminate, provided, however, that if the repairs necessary to restore the building to its former condition will require in excess of thirty (30) days to complete, the Lessee shall have the option to terminate this Lease and the Lease shall be effectively terminated as of the date written notice of such election is delivered to the office of the Lessors, and any amounts paid by the Lessee as and for rental for any period during which the premises have not been occupied shall be refunded to the Lessee.

In the event of election to repair by the Lessors, if

the building be fit for partial occupancy and occupied by the Lessee, the rental which they shall pay thereafter during the period while the repairs are being made until it shall be fit for occupancy throughout, shall be an amount agreed upon between the parties based upon a percentage of the undamaged premises to that of the total space demised.

9. ASSIGNMENT OR SUBLEASE: The Lessee shall not assign this Lease or any interest therein nor sublet the premises nor any part thereof, without the written consent of the Lessors obtained in advance. Notwithstanding anything herein to the contrary, Lessee may assign this Lease without Lessors's prior written consent to: (i) any corporation, partnership or other entity which controls, is controlled by or is under common control with Lessee; (ii) any corporation or other entity resulting from the merger or consolidation of Lessee; (iii) any corporation, partnership or other entity, or person which acquires all or substantially all other assets of Lessee; or (iv) any corporation, partnership or other entity or person which acquires the FCC licenses of the broadcast stations operating under and/or benefitting from the terms of this Lease.

10. INSPECTION: The Lessors reserves the right for itself and its agents to enter upon the premises for the purpose of inspecting same during business hours except in the

case of an emergency.

11. BREACH OF LEASE: If default be made by Lessee in payment of rent or in the observance, payment, or performance of any of the other material provisions, terms or conditions of this Lease, or if any conduct of the Lessee, its employees, agents, or invitees shall obstruct or interfere with the rights of others, or commit or suffer any illegal or immoral act to be committed in or about the premises, the Lessors may, at Lessor's sole option, terminate this Lease in the following manner. The Lessors shall serve upon the Lessee by registered or certified mail at Lessee's last known address, a notice in writing that the Lessee has breached the Lease, which notice shall give a detailed description of the unpaid payments or the other actions or inactions of the Lessee constituting a breach of the Lease. From and after the mailing of said notice, the Lessee shall have ten (10) days within which to bring all payments current, or remedy any other conditions itemized in the notice. Failure of the Lessee to remedy said breach or breaches within said period shall result in Lessee's total forfeiture of all of its right, title and interest under this Lease, and the Lessors shall have the right to enter into said premises and remove the Lessee and its property therefrom. In the event that the Lessee shall vacate and abandon the property before the end of

the term, leaving the same unoccupied, the Lessors may take immediate possession for the purpose of protecting said property, but such possession shall not be construed as a waiver of the Lessor's rights under this Lease.

In the event of a forfeiture as above provided, or an abandonment of the property by the Lessee, then the Lessors may, at Lessor's option, cancel this Lease in its entirety and relet the premises and apply the rent so received on the rent hereby reserved and collect the difference of said rent from the Lessee.

12. ATTORNEY FEES: In the event of a breach of this agreement by either the Lessors or the Lessees, and one of the parties shall commence an action to enforce any of the terms of this lease, or to cancel same, having just cause, then the prevailing party shall be entitled to a judgment against the other for reasonable attorney fees and costs incurred in the enforcement action.

13. EMINENT DOMAIN: In case the whole of the leased premises are taken by right of eminent domain or other authority of law during the period of this Lease, or any extension thereof, this Lease shall terminate. In case a part of the leased premises are taken by right of eminent domain, or other authority of law, this Lease may be terminated by either party but provided that the physical improvements of

the premises be actually impacted.

If part of the premises are taken by the right of eminent domain and no party elects to terminate the Lease, the rent herein stipulated shall be decreased proportionately according to the value of that part of the premises taken. If the entire premises are taken, or if a part of the leased premises are taken and the no party elects to terminate the Lease, then all compensation paid for the taking shall belong to the Lessors.

14. SURRENDER OF PREMISES: At the end of the term of this lease, Lessee shall surrender said premises to the Lessors the property and that said premises is in a clean and sanitary condition, wear and tear excepted. Notwithstanding anything to the contrary contained herein, upon the expiration or earlier termination of this Lease, Lessee may remove any of Lessee's machinery or equipment used in the operation of the radio stations and located in, on or about said premises or otherwise at said property. Lessee shall repair, at Lessee's expense, any damage to said premises or said property caused by the removal of any such machinery or equipment. Lessors hereby expressly acknowledge and agree that Lessee's antennas, transmitters, satellite dishes, transmission lines, generators and similar broadcasting equipment shall not be deemed fixtures, but rather shall be treated as Lessee's personal

property.

15. BROKERS/FINDERS. Lessee represents and warrants that no broker was instrumental in submitting, showing, or leasing said premises to Lessee, and agrees to indemnify and hold Lessors, and their agents and beneficiaries, harmless from any claim related to Lessee's lease of said premises asserted against Lessors by any broker claiming by, through or under Lessee. Lessors represent and warrant that no broker was instrumental in submitting, showing, or leasing said premises to Lessee, and agrees to indemnify and hold Lessee, and its agents and beneficiaries, harmless from and against any claim related to Lessee's lease of said premises asserted against Lessee by any broker claiming, by, through or under Lessee.

16. RADIO EQUIPMENT. Notwithstanding anything to the contrary contained herein, Lessors hereby represent and warrant that: (i) said premises is currently used for the operation, maintenance and broadcasting of radio stations, and that such use does not violate any law or other covenant, condition or restriction affecting said property or said premises or the certificate of occupancy issued for said property or said premises as presently used. Lessors acknowledge and agree that in order to broadcast/operate Lessee's radio stations from said premises, Lessee may need to

install and maintain at said premises various STL microwave links, antennas, towers, satellite dishes, receivers, transmitters, generators and other related equipment, all in accordance with applicable law and provided that such is permitted; provided, however, that without the express consent of Lessors, no equipment may be installed on the roof of said premises. It is agreed that presently existing on the premises is an approximate 65 foot tower for use of STL. Any such equipment so installed by Lessee shall not be deemed to be fixtures, but rather shall be the personal property of Lessee and Lessors hereby waive any liens it may have against the personal property of Lessee except as presently existing between Lessors and Lessee and resulting from the sale of KAZZ (FM). Lessee shall upon the expiration or earlier termination of this Lease be obligated to remove, at its expense, all equipment installed by Lessee and to repair and/or restore the affected areas of said property to their state of repair and condition as existed at the commencement of this Lease.

17. LESSOR'S ESTOPPEL CERTIFICATE. Lessors agree within ten (10) days after written request thereof by Lessee to execute, acknowledge and deliver a statement certifying: (i) that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease as so modified, is in full force

and effect (or if this Lease is claimed not to be in force and effect, specifying the ground thereof); (ii) the Commencement Date of this Lease; (iii) that all base rent and additional rent, if any, and other obligations are paid currently or specify if any amounts which may be due or unpaid; (iv) any dates to which base rent has been paid in advance; and (v) that there are no uncured defaults, or specifying such defaults if any are claimed. Nothing herein shall modify or abridge any rights between the Lessors and Lessee as to security interests and financing statements resulting from the sale of the radio station presently known as KAZZ (FM).

18. LEASEHOLD TITLE COMMITMENT. Lessee may at their sole discretion and expense obtain title insurance on its leasehold interest in said premises. Landlord shall cooperate by executing any commercially reasonable documentation required by the title insurance company to issue such leasehold title insurance.

19. LESSEE'S FINANCING ARRANGEMENTS. Lessors acknowledge that Lessee may enter into a financing arrangement including promissory notes and financial and security agreements for the financing of the acquisition of Lessee's radio stations and broadcasting equipment with a third party financing entity (and may in the future enter into additional financing arrangements with other financing entities). In

connection therewith, Lessors: (i) waive any lien rights it may have concerning the radio broadcasting equipment located in, on or about said premises which are hereby deemed Lessee's personal property and not fixtures, and Lessee has the right to remove the same from said premises at any time without Lessor's consent; and (ii) agree to execute a commercially reasonable form of Landlord Waiver and Consent, if Lessee's lender requests. Nothing herein shall modify or abridge any rights between the Lessors and Lessee as to security interest and financing statement resulting from the sale of the radio station presently known as KAZZ (FM).

20. INTERFERENCE. Lessors shall not permit themselves, their lessees or licensees to install equipment in or on said property or use or operate any portion of said property, if such equipment, use and/or operation is likely to cause interference with Lessee's radio broadcasting operations at said premises. Such interference shall be deemed a material breach by Lessors hereunder. In the event such interference occurs, Lessors agree to take all action necessary, at its sole cost and expense, to immediately eliminate such interference. In the event Lessors fail to comply with this section, Lessee may immediately terminate this Lease, and/or pursue any other remedies available under this Lease, at law, and/or at equity.

21. LESSEE'S TERMINATION RIGHTS. In addition to any other termination rights contained in this Lease, this Lease may be terminated without further liability on ninety (90) days prior written notice if Lessee is unable to occupy and utilize said premises for the operation of its radio stations due to an action of the Federal Communications Commission, including, without limitation, a take back of its radio stations or change in frequencies.

22. NOTICE: Whenever in this Lease it shall be required that notice or demand be given or served by either party, said notice or demand shall be given or served by registered or certified mail and delivered to the other party at the address appearing below their signatures. Lessors or Lessee may change their place of address by notice to the other party mailed to the address stated herein, postage prepaid.

23. TIME OF ESSENCE: Time is hereby declared to be of the essence in all provisions of this Lease.

24. RECORDING OF NOTICE: A memorandum of this lease may be recorded by either party with the Spokane County Auditor.

IN WITNESS WHEREOF, Lessors and Lessee have executed this Lease the day and year appearing in their respective acknowledgments, below.

LESSORS:

LESSEE:

3 POINT MEDIA - WASHINGTON, LLC

\_\_\_\_\_  
By \_\_\_\_\_  
EARLE T. KAZMARK

\_\_\_\_\_  
By \_\_\_\_\_  
BARBARA L. KAZMARK

ADDRESS:

ADDRESS:

PO Box 1369  
Deer Park, WA 99006  
  
Ste. 1880  
  
60611

518 South Fir  
Deer Park, WA 99006

AND TO: 980 N. Michigan Avenue,  
  
Chicago, IL

STATE OF WASHINGTON )  
  
County of Spokane )

) ss.

On this day personally appeared before me EARLE T. KAZMARK and BARBARA L. KAZMARK, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State

of Washington, residing at Spokane  
Commission Expires:

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 2002, before me,  
the undersigned, a Notary Public in and for the State of  
\_\_\_\_\_, duly commissioned and sworn,  
personally appeared \_\_\_\_\_ and  
\_\_\_\_\_, to me known to be Members of 3 Point  
Media - Washington, LLC, the limited liability company that  
executed the foregoing instrument, and acknowledged the said  
instrument to be the free and voluntary act and deed of said  
corporation, for the uses and purposes therein mentioned, and  
on oath stated that they are authorized to execute the said  
instrument.

Witness my hand and official seal hereto affixed the  
day and year first above written.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State  
of \_\_\_\_\_, Residing at

\_\_\_\_\_