

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“Agreement”) is made and entered into as of the ____ day of _____, 2010 by and between COOPER COMMUNICATIONS, LLC., a California limited liability company, (“Debtor”) and MILDRED D. COOPER, as Trustee of the COOPER FAMILY TRUST dated April 26, 2002, (“Secured Party”).

RECITALS

- A. Debtor and Secured Party are parties to that certain Redemption Agreement dated as of _____, 2010 pursuant to which Debtor has redeemed Secured Party’s membership interest in Debtor (the “Redemption Agreement”); and
- B. Debtor is the Licensee of Station KGEC-LP, and is subject to the Rules and Regulations of the Federal Communications Commission
- C. The consideration to Secured Party under the Redemption Agreement includes a promissory note in the total principal amount of \$490,000.00 executed by Debtor in favor of Secured Party and delivered concurrently herewith (the “Note”).

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Creation of Security Interest. Debtor hereby grants to Secured Party a present and continuing security interest in the collateral described in paragraph 2., below, to secure the due and punctual performance of each and every obligation described in paragraph 3., below.

2. Collateral. The collateral under this Agreement shall be (a) the business and all of the cash, accounts, accounts receivable, reserves, deposits, prepaid accounts, general intangibles, names, trade names, buildings, improvements, leasehold improvements, furniture, fixtures, towers, equipment, antennae, machinery, vehicles, supplies, inventory, work-in-process, contracts, contract rights, franchises and other assets of Debtor, of every kind and nature whatsoever, tangible and intangible, and wheresoever situated and all accessions or additions thereto and products thereof (collectively referred to as the “Collateral”), together with (b) whatever is receivable or received when any Collateral or proceeds are sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including without limitation (i) all accounts, contract rights, chattel paper, instruments, general intangibles proceeds from sale of any FCC licenses, and rights to payment of any kind now or hereafter arising from any such sale, lease, collection, exchange or other disposition of any of the Collateral or proceeds, (ii) all rights of payment, including returned premiums, with respect to

any insurance relating to any of the Collateral, and (iii) all rights to payment with respect to any cause of action affecting or relating to any of the Collateral or any proceeds (hereinafter collectively referred to as "Proceeds"). The parties recognize that under current law the FCC License cannot be included directly in the Collateral but intend that the FCC Licenses be included in the Collateral at such time as the law changes to so permit.

3. Obligations Secured. The obligations secured hereby consist of the following, including any future amendment, extension, renewal or supplement thereto, (sometimes referred to collectively as the "Secured Obligations"):

3.1. All obligations of Debtor under the Note;

3.2. All obligations of Debtor under the Redemption Agreement;

3.3. All obligations of Debtor under this Agreement;

3.4. All obligations of Debtor contained in any other document or agreement given by Debtor to Secured Party.

4. Covenants of Debtor.

4.1. Except for inventory sold or consumed in the ordinary course of business, Debtor shall not sell, transfer, lease or otherwise dispose of the Collateral, or any part thereof; without the prior written consent of Secured Party.

4.2. Debtor agrees that the Collateral and Proceeds (a) will be kept in good repair and condition, and will not be misused, abused, wasted or allowed to deteriorate, except for ordinary wear and tear resulting from its intended primary use; (b) will not be used for any unlawful purpose or in any way that would void any insurance required to be carried in connection therewith; (c) may be examined and inspected by Secured Party at any reasonable time and wherever located; and (d) will be insured for the full replacement cost thereof until this Agreement is terminated against all expected risks to which it is exposed and those that Secured Party may reasonably designate, with policies acceptable to Secured Party naming the Secured Party under a lender's loss payable clause.

4.3. Debtor will pay, prior to delinquency, all insurance premiums, license fees, registration fees, taxes, charges, liens and assessments against the Collateral and Proceeds, and upon Debtor's failure to do so, Secured Party at Secured Party's option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same.

4.4. Debtor represents and warrants to Secured Party that Debtor has good and

marketable title to the Collateral and the Proceeds, free and clear of all liens, encumbrances and other claims of third parties, except for those liens and encumbrances resulting from (a) the UCC-1 Financing Statement given by Debtor to Secured Party hereunder, and (b) as provided in the Redemption Agreement. Debtor shall not permit any other liens or encumbrances to be filed or recorded against the Collateral, the Proceeds, or any part of either, or any claims thereto or therein to be made or asserted by any third party.

4.5. Debtor will sign and execute alone or with Secured Party any financing statement, certificate of title, or other document or procure any document, and pay all connected costs necessary to perfect, protect and maintain the security interest under this Agreement against the rights and interest of third persons.

4.6. Debtor will indemnify, defend, protect and hold harmless Secured Party against loss or damage of any kind, including reasonable attorneys' fees, caused to or suffered by Secured Party by reason of Secured Party's interest in the Collateral or Proceeds.

4.7. Debtor will reimburse Secured Party for any loss, cost or expense (including, but not limited to, reasonable attorneys' fees and legal or arbitration expenses) incurred by Secured Party in connection with Secured Party's perfection, preservation, realization, enforcement and exercise of any right, power or remedy pursuant to the terms of this Agreement.

4.8. Debtor will keep appropriate records and will give Secured Party any information Secured Party requires in connection with the Collateral and Proceeds. All information at any time supplied to Secured Party by Debtor (including, but not limited to, the value or condition of the Collateral and Proceeds, financial statements showing the existence and status of all accounts receivable constituting any part of the Proceeds, and financing statements) will be accurate and complete, and Debtor will notify Secured Party of any changes in such information which may adversely affect the interests of Secured Party.

5. Additional Obligations of Debtor. All advances, charges, costs, and expenses including reasonable attorneys' fees, incurred or paid by Secured Party in exercising any right, power, or remedy conferred by this Agreement, or in the enforcement thereof; shall become a part of the indebtedness secured hereunder and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the legal rate.

6. Default. Debtor shall be in default under this Agreement if any of the following occur (hereinafter "Events of Default"):

6.1. Any breach or default by Debtor of any payment or other obligation under the Note;

6.2. Any breach or default by Debtor under the Redemption Agreement;

- 6.3. Any breach or default by Debtor under this Agreement;
- 6.4. Any breach or default by James and Tracey Phillips under the Pledge Agreement;
- 6.5. The filing or recording of any lien or encumbrance against the Debtor's business;
- 6.6. The filing or recording of any lien or encumbrance against any of the Collateral or any other real or personal property of Debtor;
- 6.7. Any sale, transfer, assignment or other disposition, or attempted sale, transfer, assignment or other disposition of Debtor's business or any part thereof by Debtor or any membership interests in Debtor without Secured Party's prior written consent;
- 6.8. Any sale, transfer, assignment or other disposition, or attempted sale, transfer, assignment or other disposition of any of the Collateral or any other assets of Debtor's business, except in the ordinary course of business;
- 6.9. Any material adverse change in Debtor's business;
- 6.10. Any breach or default by Debtor of any other obligation to or agreement with Secured Party;
- 6.11. A change in control or ownership of Debtor or its business; or
- 6.12. Any breach or default under any amendment, modification, extension, renewal or supplement to any of the foregoing.

Secured Party shall provide Debtor with written notice of default pursuant to the terms of the Note, and Debtor shall have the period of time provided in the Note to cure the default, before Secured Party may exercise any remedy provided herein.

7. Remedies on Default. Upon the occurrence of any Event of Default, defined in paragraph 6. hereof, which has not been cured within ten (10) business days of receipt of actual written notice thereof by Debtor or to which Debtor has not responded to dispute the notice of default:

- 7.1. Secured Party may declare all or any of the Secured Obligations due and payable immediately irrespective of any agreed to or stated maturity.
- 7.2. Secured Party shall be entitled to exercise all rights and prosecute all

actions or proceedings to enforce payment and performance of the terms and conditions of the Secured Obligations, participate as necessary in accordance with the arbitration provisions of the Redemption Agreement, and to take such other action as Secured Party may deem desirable to protect Secured Party's interests with respect thereto. Secured Party or her successors may pursue her remedies hereunder only against Debtor or its assigns and not against James Phillips personally or his personal successors and assigns. Secured party need not commence arbitration as set forth in the Redemption Agreement as a precursor to exercise of Secured Party's rights under this Agreement.

7.3. Secured Party shall have any and all rights and remedies granted to a holder of a secured interest in personal property under the California Uniform Commercial Code (the "Code") and may exercise all of the remedies provided in the Code. In addition, Secured Party may: (a) require Debtor to assemble the Collateral or Proceeds and make it available to Secured Party at a place to be designated by Secured Party; (b) enter upon the premises where the Collateral or Proceeds may be located to take possession of, assemble and collect such Collateral or Proceeds or render it unusable; and (c) to the extent that the Proceeds shall consist of accounts receivable, insurance policies, instruments, chattel paper, choses in action or the like, demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose or realize upon such Collateral as Secured Party may deem proper.

7.4. (Omitted.)

7.5. Secured Party may sell the Collateral at a commercially reasonable sale in accordance with the provisions of Division 9, Chapter 6 of the Code, or as otherwise permitted by law, and if the Collateral is sold at public sale, Debtor shall be responsible for any deficiency (as provided in Code Section 9615). In the event of public sale, (i) Secured Party may buy at the public sale and (ii) the proceeds of disposition shall be applied in the order set forth in Code Section 9615; provided however, that in the event of a sale to Secured Party, the Note shall be deemed satisfied and the remaining balance of the Note shall be forgiven. The parties agree that a sale shall be commercially reasonable if the sale is advertised in the Redding Record Searchlight by a classified advertisement appearing for two periods of two days each, the last day of such advertising to be at least six days before the date of the sale. In the event that Secured Party sells the Collateral to herself in return for forgiveness of the Note, such sale shall be advertised as provided herein, and such sale shall receive the prior consent of the FCC, prior to consummation.

7.5. The sale and delivery of the Collateral by Secured Party under paragraph 7.3., above, shall not prevent Secured Party from exercising Secured Party's rights, prosecuting all actions, suits or proceedings either to enforce the Secured Obligations, or to recover damages for breach thereof.

7.6. All rights and remedies of Secured Party shall be cumulative, may be

exercised successively or concurrently and without impairing Secured Party's security interest in the Collateral, and may be exercised by Secured Party.

8. Waivers.

8.1. Debtor waives any right to require Secured Party to: (a) proceed against Debtor in any order of priority or any other person; (b) proceed against or exhaust any other security given by Debtor or any other person (including, but not limited to, any personal guarantees given to Secured Party by such persons and/or entities); (c) give notice of the terms, time and place of any public or private sale of personal property held from Debtor or any other person, or otherwise comply with any other provisions of Section 9610 et. seq. of the Code; (d) pursue any other remedy in Secured Party's power; or (e) make any presentments or demands for performance, or give any notices of nonperformance, protests, notices of protest or notices of dishonor in connection with any obligations or evidences of indebtedness held by Secured Party as security for any Secured Obligations, in connection with any obligations or evidences of indebtedness which constitute in whole or in part the Secured Obligations, or in connection with the creation of new or additional obligations.

8.2 Without limiting the generality of the foregoing or any other provision of this Agreement, Debtor expressly waives all benefits that might otherwise be available to Debtor under California Civil Code §2899 and 3433.

8.3. If any of the waivers set forth above is determined to be contrary to any applicable law or public policy, such waiver shall be effective to the extent permitted by law.

9. Termination. Upon payment in full of all amounts required to be paid to Secured Party and full performance of all obligations to be performed by Debtor under the Secured Obligations, Secured Party shall release the Collateral and Proceeds from the lien of this Agreement and return to Debtor so much of the Collateral and Proceeds as are in the Secured Party's possession, and thereupon this Agreement and the security interest hereunder shall terminate and cease to be of any further force and effect.

10. Debtor's Cooperation. In the event of default by Debtor and a sale of the Collateral as provided for hereinabove, Debtor will without compensation cooperate with the Secured Party and/or purchaser of the Collateral in promptly preparing and filing and diligently prosecuting all necessary documents for conveyance of the Collateral as well as applications before the Federal Communications Commission ("FCC") for the assignment of the license together with any construction permit and other FCC authorizations of the Station to the purchaser of the Collateral. In the case of Debtor's non-performance or breach of its obligation contained in this paragraph 10, Debtor shall be subject to a decree of specific performance in addition to a judgment for money damages.

11. Waiver. Irrespective of default, Secured Party may delay or omit to exercise any

right or remedy under this Agreement without waiving any right or remedy, unless Secured Party gives Debtor a signed waiver in express terms.

12. Notices. Any notice or other communication hereunder must be given in writing and either (a) delivered in person, or (b) mailed by certified or registered mail, return receipt requested, postage prepaid, as follows: if to Secured Party, addressed to: Mildred D. Cooper, Trustee, 6931 Terra Linda Way, Redding, California 96003 if to Debtor, to James Phillips c/o Cooper Communications, LLC, 215 Lake Boulevard, Suite 26, Redding, California 96003 or such other address or to such other person as either party shall have last designated by such notice to the other party. Each such notice or other communication shall be effective (i) if given by mail, when such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid, or (ii) if given by personal delivery or overnight, when actually received at such address.

13. Assigns. This Agreement shall inure to the benefit of Secured Party's heirs, personal representatives, successors and assigns and shall bind the Debtor's successors and assigns.

14. Entire Agreement. This Agreement, and the documents, instruments and agreements referred to herein, constitute the entire agreement between the parties relating to the subject matter hereof, and supersede any and all prior or contemporaneous agreements, representations, and understandings of the parties, whether written or oral. No modification or amendment of this Agreement or waiver of any of the terms or provisions hereof shall be valid unless in writing and signed by both parties.

15. Governing Law. This Agreement has been executed and will be consummated in the State of California and shall be governed by and interpreted under the laws of such State as the same are applied to contracts entered in to and to be performed in that state between residents thereof.

16. Severability. If any provision hereof is determined to be illegal or unenforceable, such determination shall not affect the validity or enforceability of the remaining provisions hereof, all of which shall remain in full force and effect.

17. No Party Deemed Drafter. In the event of a dispute between any of the parties hereto over the meaning of this Agreement, no party shall be deemed to have been the drafter hereof, and the principle of law that contracts are construed against the drafter does not apply.

18. Attorneys Fees. In the event of any legal action, arbitration or other proceeding arising out of this Agreement, the prevailing party shall be entitled to its reasonable attorneys fees and costs in addition to any other relief to which it may be entitled.

[Signature Page, Security Agreement]

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

“SECURED PARTY”:

Mildred D. Cooper, Trustee

“DEBTOR”

COOPER COMMUNICATIONS, LLC.,
a California limited liability company

By: _____
James Phillips, Joint Member

By: _____
Tracey Phillips, Joint Member