

SECURITY AGREEMENT

This SECURITY AGREEMENT ("Agreement") is made on this ____ day of ____, 2004, by and between CALCOMM STATIONS OREGON, LLC, an Oregon Limited Liability Company (the "Debtor"), and ALC COMMUNICATIONS, a Washington general partnership (the "Secured Party"). Debtor and Secured Party are collectively referred to herein as the "Parties".

WITNESSETH

WHEREAS, Secured Party and Debtor are Parties to an ASSET PURCHASE AGREEMENT dated as of ____, 2004, (the "Purchase Agreement"), pursuant to which Debtor would acquire substantially all the assets used or useful in the operation of Radio Station KCBZ-FM, licensed to Cannon Beach, Oregon (the "Station");

WHEREAS, Debtor has executed in favor of Secured Party a SECURED PROMISSORY NOTE (the "Note") of even date herewith; and

WHEREAS, Debtor desires to grant to Secured Party a security interest in certain assets described hereinbelow to secure repayment of the Note.

NOW, THEREFORE, in consideration of the foregoing, the Parties agree as follows:

Section 1. Certain Definitions.

1.1 Defined Terms. Terms used herein shall have the respective meanings assigned to them in the Note, and in addition, the following terms shall have the following respective meanings:

(a) "Collateral" shall mean, collectively and specifically attributable to the Station:

(i) All tangible personal property and fixtures of the Debtor, whether now or hereafter existing or now or hereafter owned, and wherever located, of every kind and description tangible or intangible, absolute or contingent, legal or equitable, including inventory equipment, consumer goods, documents, instruments, accounts, chattel paper, and general intangibles used in or derived from the operation of the Station at the present or any future licensed location of the Station, and including, without limitation, the following, to the extent now or hereafter owned by the Debtor used or useful in the operation of the Station:

(1) All of the tangible personal property used or useful in connection with the operation of the Station, including without limitation all inventory, goods, merchandise, furniture, fixtures, office supplies, equipment, machinery, broadcasting and other studio equipment, recordings, amplifiers, transmitters, converters, and similar equipment, cables, antennae, earth stations, connections, towers and associated equipment, vehicles, and all other tangible personal property, described in Schedule A hereto;

(2) All construction, engineering, management, performer, employment, maintenance and related or similar contracts or binding commitments or understandings, with respect to the construction, installation, operation or maintenance of the Station;

(3) All programming, and other similar contracts and agreements with third parties for the transmission and delivery of programming to others in connection with the Station;

(4) All leases of property whether real, personal or mixed, to which the Debtor is a party or by which it or its properties or assets are bound or benefitted, to the extent permitted by the terms thereof;

(5) All accounts and other rights to receive the payment of money, including, without limitation, accounts and notes receivable and rights to receive the payment of money under present or future contracts, whether or not earned by performance;

(6) All copyrights and literary property rights and trademarks, trade names, service marks, service names and patents and applications in respect thereof, and right and licenses thereunder and all intellectual, proprietary, and intangible property;

(7) All of Debtor's currently existing and hereafter acquired or arising general intangibles and other intangible personal property used in the operation of the Station, including without limitation rights under all contract rights and all present and future authorizations, permits, licenses, franchises, government authorizations, including Debtor's rights under all present and future authorizations, permits and licenses issued or granted to Debtor by the Federal Communications Commission (each, an "*FCC License*") for the ownership and operation of the Station, and all rights incident or appurtenant to such authorizations, permits and licenses (but only to the extent it currently is, or hereafter may become, lawful to grant a security interest in such FCC License), together with the rights to receive all proceeds derived from or in connection with the sale, assignment or transfer of any FCC License.

(8) All cash on hand and in banks, and accounts with

banks or other financial institutions, rights in and to policies of insurance and the proceeds thereof, instruments, securities, documents, chattel paper, credits, claims, demands, investments, contract rights, business, going concern value, and general intangibles; and

(9) All books and records.

(ii) The proceeds, products and accessions of or to all of the items described in Paragraph (i) above.

(b) "Liens" shall mean any and all mortgages, liens, charges, claims, pledges, security interests, and encumbrances whatsoever.

(c) "Secured Obligations" shall mean:

(i) The obligations of the Debtor under this Agreement and the Note, (including, without limitation, the obligation of the Debtor to repay any and all sums advanced by the Secured Party, at its option, in payment of taxes, assessments or other public charges and expenses, or to satisfy Liens, other than those created hereby, on or in the Collateral or an part thereof which, if not paid, might encumber the Collateral or any part thereof).

Section 2. Creation of Security Interest.

2.1 Creation of Security Interest. As security for the prompt payment and performance when due (whether at stated maturity, by acceleration, or otherwise) of the Secured Obligations and all costs and expenses incurred by Secured Party in collecting repayment due under the Note, Debtor hereby grants to the Secured Party a security interest in and a Lien upon the Collateral to the extent owned by the Debtor from time to time.

Section 3. Certain Covenants and Representations Of Debtor.

3.1 Perfection. At any time and from time to time, upon demand of the Secured Party, the Debtor will:

(a) If any Event of Default shall have occurred and shall be continuing, deliver and pledge (or cause to be delivered and pledged) to the Secured Party endorsed and/or accompanied by such further instruments of assignment and transfer in such form and substance as the Secured Party may reasonably request, any and all such equivalents (other than balances in bank accounts), instruments, securities, investments, documents and/or chattel paper included in or evidencing or otherwise relating to the Collateral owned by the Debtor as the Secured Party may specify in its demand;

(b) Cause notations of the Lien of the Secured Party to be made on certificates of title with respect to any Station vehicles owned by the Debtor.

(c) Execute and deliver to the Secured Party from time to time any further mortgage or other security instrument (satisfactory in form and substance to the Secured Party) creating a Lien in favor of the Secured Party securing the Secured Obligations on the real property (including without limitation, leasehold interests) of the Debtor or such portion thereof as may be specified by the Secured Party, and take such action as may be necessary to duly file and/or record such Liens in such public office or offices, and take such other actions (including the obtaining of consents and acknowledgments of landlords and other third parties) as may be necessary or desirable (in the opinion of the Secured Party), in order for such Liens to constitute valid and effective Liens on such real property as security for the Secured Obligations, subject to no equal or prior Liens.

(d) If and to the extent determined by the Secured Party to be desirable to protect the interests of the Secured Party after occurrence of an Event of Default, notify each obligor upon any credit or other obligation included in the Collateral at any time owing to the Debtor, in such manner as the Secured Party may specify; and

(e) Permit representatives of the Secured Party, during business hours upon two (2) business days' advance written notice, to inspect the Collateral of the Debtor and to inspect and make abstracts from its books and records pertaining to the Collateral.

3.2 Insurance. The Debtor will insure the Collateral owned or held by it, or will cause such Collateral which is tangible property to be insured, against such risks, including, but not limited to, damage, fire, theft, and other casualty, including collision, in an amount sufficient to protect the Secured Party against loss or damage to the Collateral (but in any event in an amount sufficient to prevent any co-insurance provision of any such policy or policies to apply), with responsible insurers authorized to do business in the State of Oregon. All policies of such insurance shall, unless otherwise specified by the Secured Party, be written for the benefit of the Debtor and the Secured Party as their interests may appear, and all such policies, or certificates evidencing the same, shall be furnished to the Secured Party. The Debtor will cause the carriers of its insurance to issue loss payee clauses in favor of the Secured Party with respect to such insurance and to cause such carriers to give not less than thirty (30) business days' prior notice to the Secured Party of the cancellation or non-renewal of any of such policies.

3.3 No Other Liens. The Debtor will not, without the prior written consent of the Secured Party, which may be withheld in its sole discretion:

(a) Permit any of the Collateral owned or held by it to be levied upon under legal process or be subject to any Lien of whatsoever nature (except for those created hereby and purchase money liens for after-acquired property); or

(b) Cause or permit anything to be done which may impair the value of the Collateral (other than normal wear and tear with respect to property and fixtures included in the

Collateral and dispositions permitted hereby) or the Liens granted and/or intended to be granted hereby; or

(c) Sell, lease, transfer, assign (including by virtue of assignments by operation of law), mortgage, pledge, or otherwise dispose of or encumber any of the Collateral (other than, at any time at which no Event of Default has occurred and is continuing, the assignment in the ordinary course of business, for collection, of past-due accounts receivable) owned or held by it except for the dispositions or encumbrances in accordance with the terms hereof, and except for immaterial dispositions in the ordinary course of business or except in connection with the replacement of such Collateral with property of similar value and utility, or permit any party other than the Secured Party to perfect any security interest except as permitted hereby. Notwithstanding the provisions of this Paragraph, the sale of the Collateral to an entity fully owned by Debtor, will not constitute an acceleration of this Note.

3.4 Books and Records: Location of Collateral. The Debtor hereby represents and warrants to the Secured Party that its chief place of business and the place where it keeps its books and records is specified beneath its signature hereto and that the name under which it conducts its business is the name indicated above its signature hereto. The Debtor agrees that it will not change the place at which it maintains its books and records or its chief place of business or any additional place of business or the name under which it conducts its business or the location of any Collateral without giving the Secured Party ten (10) business days' prior written notice thereof. The Debtor will not cause or permit any of the equipment used or useful in connection with the operation of the Station, including without limitation its towers, antennae, studio equipment or computer equipment, whether now owned or hereafter acquired, to be moved outside of Clatsop County, Oregon, without the prior consent of the Secured Party (which consent will not be unreasonably be withheld).

3.5 Notations. The Debtor will keep and stamp or otherwise mark any and all documents and chattel paper and its individual books and records relating to the Collateral in such manner as the Secured Party may reasonably require indicating the existence of the Liens hereunder.

3.6 Representations And Warranties. The Debtor hereby represents, warrants and covenants to the Secured Party that:

(a) Repetition. The provisions of Paragraph 9 of the Asset Purchase Agreement shall apply to this Agreement and each of the representations and warranties made by the Debtor and set out therein are hereby made and repeated by the Debtor in respect of this agreement and its rights and obligations hereunder as though the same were set out herein in full.

(b) Approval of Regulatory Authorities. No approval or consent of, or filing or registration with, any state or federal commission or federal, state or local regulatory authority (except for approvals, consents, filings or registrations which have been heretofore obtained or

made, which are in full force and effect and copies of which have heretofore been furnished to the Secured Party) is required in connection with the execution, delivery and performance by the Debtor of this Agreement.

(c) Ownership. The Debtor has good title to all Collateral free and clear of all Liens, except for the Liens created in favor of the Secured Party hereunder. No financing statement covering the Collateral is on file in any public office.

3.7 After-Acquired Property. The Debtor shall use reasonable efforts to assure that any items of Collateral hereafter acquired, to the extent permitted by applicable law, shall contain no restrictions on the granting of any Lien thereon or therein to the Secured Party nor any other term or provision which would materially adversely affect the ability of the Secured Party to rely on such items of Collateral or to exercise fully its rights hereunder.

3.8 Fixtures. It is the intention of the Debtor and the Secured Party that none of the Collateral which does not form part of any real property owned or leased by the Debtor as proprietor shall be or become fixtures, and without limiting the generality of the foregoing, the Debtor agrees that it will, except with respect to the items listed in Schedule A hereto, if requested by the Secured Party, use its best efforts to obtain waivers, releases and disclaimers of Liens and claims, in a form satisfactory to the Secured Party, from each lessee, landlord, mortgagee, co-owner, encumbrancer and other party in interest with respect to real property on which any of the Collateral is or is to be located and, if so requested, a legal description of such property together with a reasonably detailed description of the Collateral attached thereto or otherwise located thereon.

3.9 Assessments. Debtor shall pay prior to delinquency, all taxes, charges, liens and assessments assessed against the Collateral. Debtor shall defend the Collateral, at its own expense, against all claims and demands made by any person against the Collateral or any interest therein. Debtor shall not use the Collateral in violation of any statute, ordinance or regulation.

3.10 Upkeep. Debtor shall safeguard the Collateral and, in the case of broadcast equipment, shall keep such equipment in substantially the same condition as when purchased. Debtor shall not permit any waste to occur with respect to the Collateral or any part thereof.

Section 4. Further Assurances.

4.1 Further Assurances, Etc. The Debtor will, from time to time and at its own expense promptly execute, acknowledge, witness and deliver and file and/or record, or cause the execution, acknowledgment, witnessing, and delivery and the filing and/or recordation of, financing statements and such specific and further assignments of Collateral and such other document or instruments, and shall take or cause to be taken such other action as the Secured Party may reasonably request for the perfection against the Debtor and all third parties whomsoever of the Liens created hereby, or for the continuation and protection thereof, and promptly furnish to the Secured Party evidence satisfactory to the Secured Part of such action.

Without limiting the generality of the foregoing, the Debtor promptly, upon the execution and delivery of this Agreement, and at any time and from time to time thereafter upon the request of the Secured Party, will execute, acknowledge, witness and deliver such financing and continuation statements and notices, make such notations on its records, and take such other action as the Secured Party may reasonably request for the purpose of so perfecting, maintaining and protecting such Liens and shall cause this Agreement, any amendment or supplement hereto or thereto and each such financing and continuation statement and notice to be filed and/or recorded in such manner and in such places as may be required by applicable law or as the Secured Party may reasonably request for such purpose. The Debtor hereby authorizes the Secured Party to effect any filing and/or recording which the Secured Party has requested pursuant to this Section 4 without the signature of the Debtor, to the extent permitted by applicable law.

Section 5. Actions by the Secured Party.

5.1 Exchange of Collateral. The Debtor agrees that the Secured Party shall have the power, at any time to exchange any of the Collateral for other property upon any reorganization, recapitalization or other readjustment and in connection therewith to deposit any of the Collateral with any committee or depository upon such terms as it may determine all without notice and without liability (other than for gross negligence or willful misconduct) except to account for property actually received by the Secured Party.

5.2 Performance by the Secured Party. The Secured Party may, at any time and from time to time, at its option, after having given notice of its intention to do so to the Debtor, perform any act which is undertaken by the Debtor to be performed by the Debtor hereunder but which the Debtor shall have failed to perform, and the Secured Party may take any other action which the Secured Party may deem necessary for the maintenance, preservation or protection of any of the Collateral or the Liens therein, and the Secured Party is hereby irrevocably appointed attorney-in-fact of the Debtor for this purpose. All monies advanced by the Secured Party in connection with any of the foregoing, together with interest thereon at the Default Rate from the date of such advance to the date of the repayment thereof, shall be repaid by the Debtor to the Secured Party upon demand, and shall constitute additional Secured Obligations secured hereby. The making of any such advance by the Secured Party shall not, however, relieve the Debtor of liability for any default hereunder until the full amount of all such monies so advanced and such interest thereon shall have been repaid by the Debtor to the Secured Party and such default shall have otherwise been cured.

Section 6. Events of Default.

6.1 Default. The occurrence of any of the following events ("Event(s) of Default") shall constitute default under this Agreement and the Note:

(a) Any Event of Default under the Note and the expiration of any applicable grace period.

(b) Any failure by Debtor to perform any of its obligations under this Agreement if such failure continues for ten (10) days after written notice thereof from Secured Party to Debtor.

(c) Except as created hereby, the placement or issuance of any levy, Lien, writ of attachment, writ of garnishment, writ of execution or similar process against Debtor or the Collateral, provided that the same is not removed or satisfied within sixty (60) days or a bond furnished or sum placed in escrow in sufficient amounts to satisfy the same.

Section 7. Power Upon Default.

7.1 Rights And Remedies Generally. Upon the occurrence of any Event of Default, Secured Party shall have all of the rights, powers and remedies set forth in, the Note, this Agreement, and any other instrument or other evidence of any of Debtor's Liabilities secured hereby, together with the rights and remedies of a secured party under the Uniform Commercial Code of the jurisdictions where the Collateral is located, including without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral, and to take possession of the Collateral, and for that purpose Secured Party may enter peaceably any premises on which the Collateral or any part thereof may be situated and remove the same therefrom and Debtor will not resist or interfere with such action. Any and all actions which may be taken pursuant to the provisions of this Paragraph 7.1 are subject, in every instance, to the receipt of any prior consents of the FCC which may be required under applicable law.

7.2 Specific Rights and Remedies. Without limiting the generality of the foregoing:

(a) At any time after an Event of Default shall have occurred and while it shall be continuing, the Debtor will at the request of the Secured Party cause all payments made under or in respect of accounts or other obligations owed to the Debtor and constituting part of the Collateral to be paid directly to the Secured Party. The Secured Party shall hold all such payments as additional collateral hereunder.

(b) The Debtor hereby constitutes the Secured Party its true and lawful attorney, irrevocably and with full power of substitution, in the name of the Debtor or otherwise, upon the occurrence and during the continuance of any Event of Default,

(i) To give notice at any time to each account debtor or other obligor of the fact of assignment of the respective account or other obligation under this Agreement;

(ii) To demand, receive compromise, sue for, and give acquittance for, any and all monies and claims for money due and to become due under or arising out of such accounts and other obligations;

(iii) To endorse any checks or other instruments or orders in connection therewith;

(iv) To file any claims or take any actions or institute any proceedings which the Secured Party may deem to be necessary or advisable in its sole and complete discretion and to compromise, litigate or settle the same; and

(v) To take any other action that by the terms of this Agreement is to be taken by the Debtor. Anything herein contained to the contrary notwithstanding, neither the Secured Party nor any of its nominees or assignees shall have any obligation or liability by reason of or arising out of this Agreement to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amounts to which it may be entitled at any time or times by virtue of this Agreement.

(c) Upon the occurrence and during the continuance of any Event of Default, but subject always to any mandatory requirements to applicable law then in effect, including those referred to in Section 11.12 hereof, the Secured Party, may at its option, do any one or more of the following acts, as the Secured Party in its sole and complete discretion may then elect and at such time or times as the Secured Party in its complete and sole discretion may determine:

(i) Exercise all the rights and remedies in foreclosure and otherwise granted to mortgagees and secured parties under the provision of applicable law, provided any and all actions which may be taken pursuant to the provisions of this Paragraph 7.2 are subject, in every instance, to the receipt of any prior consents of the FCC which may be required under applicable law.

(ii) Institute legal proceedings for the specific performance of any covenant or agreement herein undertaken by the Debtor, or for aid in the execution of any power or remedy herein granted;

(iii) Institute legal proceedings to foreclose upon and against any of the Liens created hereby;

(iv) Institute legal proceedings for the sale, under a judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(v) Institute legal proceedings for the appointment of a receiver or receivers pending foreclosure hereunder or the sale of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;

(vi) Subject to the receipt of any prior consents of the FCC which may be required under applicable law, personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be situated and take possession of all or any part thereof or render it unusable; and, without being responsible for loss or damage, hold, store, and keep idle, or operate, lease, or otherwise use or permit the use of the same or any part thereof, for such time and upon such terms as the Secured Party in its complete and sole discretion may deem to be in its best interest and demand, collect, and retain all earnings and all other sums due and to become due in respect of the same from any party whomsoever, accounting only for net earnings, if any, arising from such use, after charging against all receipts from the use of the same and from any subsequent sale thereof, by court proceedings or pursuant to sub-clause (vii) of this Section 7.2(c), all reasonable costs and expenses of, and damages or losses by reason of, such use and/or sale; or

(vii) Personally, or by agents or attorney, enter upon and into any place wherein the same may then be located, and take possession of any part of all of the Collateral, with or without process of law and without being responsible for loss or damage (except such as results from Secured Party's gross negligence or willful misconduct), and sell, lease or otherwise dispose of all or any part of the same, free from any and all claims of the Debtor at law, in equity, or otherwise, at one or more public or private sales, in such place or places, at such time or times for cash for credit and upon such terms as the Secured Party may determine, with or without any previous demand or notice to the Debtor or advertisement and demand, any right or equity of redemption otherwise required by law is hereby waived by the Debtor to the fullest extent permitted by applicable law. The power of sale hereunder shall not be exhausted by one or more sales, and the Secured Party may from time to time adjourn any sale to be made pursuant to this Section 7.

(d) If the Secured Party shall demand possession of the Collateral or any portion thereof pursuant hereto at any time at which any Event of Default shall have occurred and be continuing, the Debtor will, at its own expense, forthwith cause the Collateral or any part thereof designated by the Secured Party to be assembled and made available and/or delivered to the Secured Party at any place reasonably designated by the Secured Party.

(e) In the event that any mandatory requirement of applicable law shall obligate the Secured Party to give prior notice to the Debtor of any of the foregoing acts, the Debtor agrees that a notice sent to it in writing by certified U.S. mail, return receipt request, at least fifteen (15) (or such longer period of time as may be required by applicable law) business days before the date of any such act, at its address specified beneath its signature hereto) or such other address as shall have been notified to the Secured Party in writing), shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of

any public sale hereunder and reasonable notification of the time after which any private sale or other intended disposition to be made hereunder is to be made.

(f) The Secured Party shall apply the proceeds from the sale or other disposition of the Collateral pursuant to the provisions of this Section 7.2 and any other amounts held by it as Collateral hereunder in the following order:

(i) To the payment of its costs and expense, if any (including reasonable attorneys' fees), in preserving its interests in the Collateral or in enforcing any remedies granted hereby or otherwise available to the Secured Party (or realizing against the security of this Agreement) and any disbursements by the Secured Party under Section 4 hereof or otherwise hereunder and any other amounts owing to the Secured Party under Section 9 hereof;

(ii) To the payment of the Secured Obligations then due and payable (whether at stated maturity, by acceleration or otherwise), and then in such order as between interest, principal and other amounts and the Secured Party in its sole discretion shall determine; and

(iii) After the payment in full of all of the Secured Obligations, to the payment to the Debtor of any surplus then remaining from such proceeds or otherwise as a court of competent jurisdiction may direct.

(g) No sale or other disposition of all or any part of the Collateral by the Secured Party pursuant to this Section 7.2 shall be deemed to relieve the Debtor of its obligations in respect of any Secured Obligations except to the extent the proceeds thereof are applied by the Secured Party to the payment of Secured Obligations.

7.3 Purchase by the Secured Party. At any public or private sale pursuant to Section 7.2(c) hereof, the Secured Party or its agents may to the extent permitted by applicable law bid for and purchase the Collateral offered for sale and, upon compliance in full with the terms of such sale, may hold, retain, and dispose of such property without further accountability therefore to either Debtor or any other party.

7.4 Appointment of Receiver.

(a) Upon the occurrence of an Event of Default, Secured Party may apply to any court of competent jurisdiction for the appointment of a receiver for the benefit of the creditors of Debtor. In such receivership application, Secured Party shall only need to prove to the court that an Event of Default shall have occurred and be continuing, and Debtor agrees not to object to the appointment of a receiver or otherwise oppose such application. In the event that the court grants the application for receivership, such receiver shall be instructed to immediately seek from the FCC consent to an involuntary transfer of control of Debtor. Subject to the receipt

of prior FCC approval, the receiver shall have the power to dispose of the Station's FCC Licenses, permits, and other authorizations (the "FCC Authorizations") and the Collateral in any manner lawful in the jurisdiction in which his or her appointment is confirmed, including the power to conduct a public or private sale of the FCC Authorizations and the Collateral. Secured Party may bid at any such public or private sale.

(b) Upon the occurrence of an Event of Default, Secured Party shall have the right to require that Debtor join with the successful bidder or other purchaser at a foreclosure sale regarding the Collateral in seeking from the FCC all applicable prior approvals of the assignment of the FCC Authorizations to such bidder or other purchaser. In that regard, Debtor agrees to execute and deliver all applications, certificates, instruments, assignments and other documents and papers that may be required to obtain any necessary FCC consent, approval or authorization. It is expressly understood that such sale shall be subject to all applicable consents and prior approvals of the FCC.

8.1 Possession Until Default. Until an Event of Default shall occur, except as otherwise provided in this Agreement or in the other documents referred to herein, the Debtor will have the right to the possession and quiet enjoyment of the Collateral owned or held by it subject to and upon the terms of this Agreement.

Section 9. Waiver by Debtor.

9.1 Waiver by Debtor. To the fullest extent it may lawfully so agree, the Debtor agrees that it will not at any time insist upon, claim, plead, or take any benefit or advantage of any appraisement, valuation, stay, extension, moratorium, redemption or similar law now or hereafter in force in order to prevent, delay, or hinder the enforcement hereof or the absolute sale of any part of the Collateral or the possession thereof by any purchaser at any sale pursuant to Section 7.2(c) hereof; and the Debtor, for itself and all who claim through it, as far as it or they now or hereafter lawfully may do so, hereby waives the benefit of all such laws, and all right to have the Collateral marshaled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose this Agreement may order the sale of the Collateral as an entirety. Without limiting the generality of the foregoing, the Debtor hereby:

(i) Authorizes the Secured Party, in its sole discretion and without notice to or demand upon the Debtor and without otherwise affecting the obligations of the Debtor hereunder or in respect of the Secured Obligations, from time to time to receive and hold other collateral (in addition to the Collateral) for payment of the Secured Obligations, or any part thereof, and to exchange, enforce or release such other collateral or any part thereof and to accept and hold any endorsement or guarantee of payment to the Secured Obligations or any part thereof and to release or substitute any endorser or guarantor or any other person granting security for or in any other way obligated upon any Secured Obligations or any part thereof and/or to modify or

terminate the terms of subordination of any Indebtedness subordinated to any of the Secured Obligations; and

(ii) Waives and releases any and all right to require the Secured Party to collect any of the Secured Obligations from any specific item or items of the Collateral, from any other person liable as guarantor or in any other manner in respect of any of the Secured Obligations or from any other collateral.

Section 10. Indemnity.

10.1 Indemnity. The Debtor hereby agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless the Secured Party and its agents and servants, from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, and reasonable costs and expenses (including, without limitation, those referred to in Section 6.2(c) hereof), of whatsoever kind or nature, imposed on, incurred by or asserted against the Secured Party or its agents and servants, in any way relating to or arising out of this Agreement, (other than by reason or the Secured Party's negligence or willful misconduct or by reason of any ownership or other interest of Secured Party prior to the date hereof). Without limiting the generality of the foregoing, the Debtor hereby agrees to reimburse the Secured Party for all costs, liabilities or expenses reasonably incurred by it pursuant to any of the duties hereby created or in the exercise of any duty, right, remedy or power herein imposed or conferred upon it (other than any such costs, liabilities and expenses resulting from the Secured Party's gross negligence or willful misconduct or by reason of any ownership or other interest of Secured Party prior to the date hereof).

Section 11. Miscellaneous.

11.1 Severability. In the event that any one or more of the provisions contained herein are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

11.2 Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the granting of a security interest in the Collateral to Secured Party; and any agreement modifying this Agreement shall be effective only if such agreement is in writing and signed by the Party against whom such modification is sought to be enforced.

11.3 Assignment. This Agreement may not be assigned by Debtor without the prior written consent of the Secured Party. Secured Party shall have the unconditional right to assign this Agreement and shall notify Debtor of any such action in writing within ten (10) business days of such assignment.

11.4 Survival. The representation and warranties set forth in this Agreement shall survive the consummation hereof.

11.5 Amendment And Waiver. Any amendment to this Agreement, waiver of compliance with any provision or condition hereof or delivery of any consent contemplated herein shall be effective only if evidenced by an instrument in writing signed by the Party giving such amendment, waiver or consent. The delay or waiver by either Party hereto of any matter provided for herein shall not be deemed to be a waiver of any other such matter.

11.6 Attorneys' Fees. In the event of commencement of a suit by either Party to enforce the provisions of this Agreement, the prevailing Party shall be entitled to receive such attorneys' fees and costs as a court may adjudge reasonable in addition to any other relief granted.

11.7 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, successors and assigns.

11.8 No Representations: Etc. Anything herein contained to the contrary notwithstanding, neither the Secured Party nor any of its nominees or assignees shall have any obligation or liability by reason of or arising out of this Agreement to make any inquiries to the nature or sufficiency of, to present or file any claim with respect to or to take any action to collect or enforce the payment of, and amounts to which it may be entitled at any time or times by virtue of this Agreement. The Secured Party makes no representations or warranties hereunder with respect to the Collateral or any part thereof, and the Secured Party shall not be chargeable with any obligations or liabilities of the Debtor or any other person with respect thereto by virtue of this Agreement. The Secured Party shall have no liability or obligation rising out of any claims with respect to the Collateral settled by the Secured Party (subject to the rights of the Secured Party under Section 6.2(b) hereof and the provisions of the Asset Purchase Agreement).

11.9 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the Parties hereto may execute this Agreement by signing any such counterpart.

11.10 Governing Law. This agreement shall be construed in accordance with and governed by the law of the State of Oregon.

11.11 Headings. The section headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

11.12 Regulatory Approvals. Notwithstanding anything to the contrary contained herein, any foreclosure on, sale, transfer or other disposition of any Collateral or any other action taken or proposed to be taken hereunder that would affect the operational, voting, or other control of Debtor or affect the ownership of the FCC Authorizations, shall be pursuant to Section 310(d) of the Communications Act of 1934, as amended (the "Communications Act"), and to the applicable rules and regulations of the FCC and, if and to the extent required thereby, subject to

the prior consent to the FCC and any other applicable governmental authority. Notwithstanding anything to the contrary contained herein, Secured Party will not take any action pursuant hereto that would constitute or result in any assignment of the FCC Authorizations if such assignment of license would require under then existing law (including the Communications Act), the prior approval of the FCC, without first obtaining such approval of the FCC and notifying the FCC of the consummation of such assignment (to the extent required to do so).

The Debtor agrees that upon request from time to time by the Secured Party it will use its best efforts to obtain any governmental, regulatory, or other party consents, approvals, or authorizations referred to in this Agreement. Prior to the exercise by the Secured Party of any power, right, privilege or remedy pursuant to this Agreement which requires any such consent, approval, or authorization or any other consent, approval, authorization, registration or qualification of any governmental authority or instrumentality, the Debtor will execute and deliver, or will cause the execution and delivery of, all applications, certificates, instruments and other documents and papers that the Secured Party may be required to obtain for such governmental consent, approval, registration, qualification or authorization.

11.13 Termination. When all Secured Obligations shall have been paid in full, the Secured Party shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof then held by the Secured Party, to or on the order of the Debtor and execute and deliver to the Debtor appropriate termination statements with respect to the security interests in the Collateral, and this Agreement shall thereupon terminate.

IN WITNESS WHEREOF, the Parties hereto have caused this Security Agreement to be duly executed as of the day and year first above written.

DEBTOR
CALCOMM STATIONS OREGON, LLC

BY: _____
Cal Brady, Member

BY: _____
Johanne L. Miller, Member

SECURED PARTY
ALC COMMUNICATIONS

BY: _____
Chris Gilbreth, Partner

BY: _____
Thomas D. Hodgins