

SECURITY AGREEMENT

This Security Agreement (the “**Agreement**”) is made as of _____, 200__ between North Star Broadcasting, Ltd., a Minnesota corporation (the “**Secured Party**”) and Twin Hearts Media, Inc., a Minnesota non-profit corporation (the “**Debtor**”).

Recitals

A. The Secured Party has extended financial accommodations to the Debtor pursuant to the terms of a Promissory Note of even date herewith in the aggregate face amount of \$425,000.00 (as amended, renewed, restated, replaced, consolidated or otherwise modified from time to time, the “**Note**”). Capitalized terms used and not defined in this Agreement have the meanings given to them in the Note.

B. To induce the Secured Party to extend financial accommodations to the Debtor, the Debtor has agreed to grant to the Secured Party a security interest in all of its existing and future property related to AM Broadcast Station KSMM, Shakopee, Minnesota (the “**Station**”) to secure all of its existing and future obligations to the Secured Party, including, without limitation, all of its obligations under the Note.

NOW, THEREFORE, to induce the Secured Party to extend credit to the Debtor, and in recognition that the Secured Party would not extend credit to the Debtor but for the Debtor’s promises hereunder, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor and the Secured Party agree as follows:

1. **Grant of Security Interest.** The Debtor grants to the Secured Party a security interest in all of the Debtor’s right, title and interest in and to the following property relating to the Station, wherever located, whether such property or right, title or interest therein or thereto is now owned or existing or hereafter acquired or arising (collectively, the “**Collateral**”):

Accounts. All accounts (as defined in the Code), including, without limitation, all accounts receivable and all rights to receive money or property in connection with the sale or other transfer of goods or the rendering of services by the Debtor;

Equipment. All equipment (as defined in the Code), including, without limitation, all machinery, tools, fittings, furniture and fixtures, and all parts and accessions relating to any of the foregoing;

General Intangibles. All general intangibles (as defined in the Code), including, without limitation, all contract rights, tax refunds, insurance proceeds, rights to receive money or property generally and, in particular, any and all proceeds from the sale of the license of Station KSMM(AM);

Instruments. All instruments (as defined in the Code), including, without limitation, all promissory Note, and any other writings which evidence a right to the payment of money;

Chattel Paper. All chattel paper (as defined in the Code), including, without limitation, all writings which evidence both a monetary obligation and a security interest in or a lease of specific goods;

Deposit Accounts and Certificates of Deposit. All deposit accounts (as defined in the Code), including, without limitation, any demand, time or like account with a financial institution; and all certificates of deposit;

Records and Related Property. All books, records (in whatever form maintained by or on behalf of the Debtor, including the Station's Public Inspection files), drawings, copyrights, plans, specifications, trade names, trademarks, service marks, goodwill, licenses, franchises, trade secrets, computer programs, object codes, source codes, manuals, know-how, inventions, designs, patents, patent applications, and all other intellectual property of any nature or description whatsoever.

Other Property. All property (other than that described above) in which a security interest may now or hereafter attach or otherwise be created under the Code or other applicable law; and

Products and Proceeds. All products and proceeds of the property described above and, to the extent not otherwise included, all payments under any insurance policy (whether or not the Secured Party is the loss payee thereof) and under any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

The term "Code," as used herein, means the Uniform Commercial Code as in effect in the State of Minnesota from time to time.

2. **Security for Obligations.** This Agreement secures the payment and performance of (collectively, the "***Obligations***"): (a) all existing and future obligations of any nature whatsoever of the Debtor to the Secured Party under the Note or this Agreement (in each case whether for principal, interest, fees, expenses or otherwise); (b) any other obligations of any nature whatsoever of the Debtor to the Secured Party, whether monetary, nonmonetary, direct, indirect, acquired, joint, several, joint and several, liquidated, unliquidated, contractual, noncontractual, existing, future, contingent or otherwise; and (c) any replacements, renewals, restatements, extensions, consolidations and any other modifications of any of the obligations described in subparts (a) and (b) above, together with any interest, fees, expenses and other charges thereon, and any amounts expended by or on behalf of the Secured Party for the protection and preservation of the security interest granted hereby the Debtor to the Secured Party.

3. **Provision Regarding the Station's FCC License.** The Collateral in which the Debtor grants the Secured Party a security interest includes, without limitation, to the extent permitted by, and in accordance with, applicable law, all of the Debtor's right, title and interest, now or hereafter, in and to the following (collectively, the "License Rights"):

- (a) all licenses, permits and similar rights or other broadcast or transmission rights, including, without limitation, all licenses, permits and similar rights relating to the Station (collectively, the "Licenses Proper");

(b) all cash and non-cash proceeds of any nature whatsoever generated from the sale, exchange, disposition or other transfer of the Licenses Proper or any part thereof (collectively, the "*License Proceeds*"), including, without limitation, any such sale, exchange, disposition or other transfer of the Licenses Proper or any part thereof to any person or entity pursuant to any sale, exchange, disposition or other transfer approved at any time by the Federal Communications Commission ("*FCC*") or any other governmental agency.

Notwithstanding the proceeding sentence or anything else to the contrary in this Agreement, if any law, rule, regulation or policy, including, without limitation, any law, rule, regulation or policy of the FCC or any other governmental agency, at any time on or after the date of this Agreement prohibits or limits the scope of the Secured Party's security interest in the Collateral or the Secured Party's rights or remedies in respect thereof, then, for the duration of such prohibition or limitation, the Secured Party's rights and remedies under this Agreement or at law or in equity shall be limited to the extent, but only to the extent, of such prohibition or limitation, in each case without impairing the Secured Party's other rights and remedies which have not been prohibited or limited. If, and to the extent, the Secured Party's security interest in the Licenses Proper or any part thereof is prohibited or otherwise limited by applicable law, rule, regulation or policy, such prohibition or other limitation shall not impair the Secured Party's security interest in the License Proceeds, which security interest is granted by the Debtor to the Secured Party on the date of this Agreement as original collateral and not merely as proceeds of other collateral in which the Secured Party has a security interest.

4. Further Assurances.

The Debtor agrees that from time to time, at the sole expense of the Debtor, the Debtor shall promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable, or that the Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Debtor shall: (i) if any Collateral is or shall become evidenced by any promissory Note or other instrument or any certificate or document of title or the like, deliver and pledge to the Secured Party such Note, instrument, certificate or document duly endorsed with recourse by the Debtor, and accompanied by duly executed instruments of transfer or assignment, all in form and content satisfactory to the Secured Party; and (ii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may request, in order to perfect and preserve the security interests granted or purported to be granted hereby.

The Debtor hereby authorizes the Secured Party to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral, without the signature of the Debtor to the extent permitted by law. A copy of this Agreement shall be sufficient as a financing statement to the extent permitted by law.

The Debtor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the

Collateral as the Secured Party may reasonably request from time to time, all in reasonable detail.

Debtor shall keep the Collateral insured in such amounts and with such coverages as reasonably required by Secured Party from time to time. Debtor shall not remove the Collateral from its current location without the prior written consent of the Secured Party and Debtor shall not allow any lien, encumbrance, security interest or other charge to be created and/or filed against the Collateral other than the lien of the Secured Party created hereunder. Debtor will not sell, dispose of, or otherwise transfer the Collateral or any interest therein without the prior written consent of the Secured Party. Debtor will keep the Collateral in good order and repair and will maintain in full force and effect the FCC license for the Station.

5. **The Secured Party's Duties.** The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for monies actually received by it hereunder, the Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against other parties or any other rights pertaining to any Collateral.

6. **Debtor Remains Liable.** Notwithstanding anything herein to the contrary, (a) the Debtor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party of any of its rights hereunder shall not release the Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) the Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

7. **Remedies.** If any Event of Default shall have occurred and be continuing:

The Secured Party shall have the right to take immediate possession of the Collateral, and (i) to require the Debtor to assemble the Collateral, at the Debtor's expense, and make it available to the Secured Party at a place designated by the Secured Party which is reasonably convenient to both parties, and (ii) to enter any of the premises of the Debtor or wherever any of the Collateral shall be located, and to keep and store the same on such premises until sold or otherwise realized upon (and if such premises are the property of the Debtor, the Debtor agrees not to charge the Secured Party for storage thereof).

The Secured Party shall have the right to sell or otherwise dispose of all or any Collateral at public or private sale or sales, with such notice as may be required by law, all as the Secured Party, in its sole discretion, may deem advisable. The Debtor agrees that ten (10) days written notice to the Debtor of any public or private sale or other disposition of such Collateral shall be reasonable notice thereof, and such sale shall be at such locations as the Secured Party may designate in such notice. The Secured Party shall have the right to conduct such sales on the

Debtor's premises, without charge therefor. All public or private sales may be adjourned from time to time in accordance with applicable law. The Secured Party shall have the right to sell, lease or otherwise dispose of such Collateral, or any part thereof, for cash, credit or any combination thereof, and the Secured Party may purchase all or any part of such Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Obligations.

The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, under the Credit Agreement or under the other Credit Documents, all the rights and remedies of a secured party on default under the Uniform Commercial Code as in effect in the State of Minnesota, or as in effect in any other State where the Collateral is located, or otherwise available at law or in equity.

The Secured Party shall be entitled to appoint or cause the appointment of, and the Debtor consents to the appointment of and authorizes, a receiver or other Person selected by the Secured Party or any court of competent jurisdiction, acting individually or through the use of one or more employees, agents, contractors or other parties (collectively, a "*Receiver*"), and the Receiver shall have the authority, to take possession of, operate, manage, repair, improve and otherwise generally deal with, and to sell, exchange, dispose of or otherwise transfer, all or any part of the Collateral, including, without limitation, that Collateral which is used or is usable in connection with or which otherwise relates to any one or more radio Station or other broadcast rights, in each case to the extent so directed by the Secured Party or such court, as the case may be, and in each case to the extent not inconsistent with, and subject to such approvals as may be required under, applicable laws, rules and regulations, including, without limitation, those of the FCC. The Debtor further agrees that, insofar as any sale, exchange, disposition or other transfer of certain of the Collateral is or may be subject to prior FCC or other governmental approval, any such sale, exchange, disposition or other transfer of all or any part of the Collateral by or on behalf of a Receiver pursuant to any court- or FCC-approved sale, exchange, disposition or other transfer shall constitute a commercially reasonable sale thereof for purposes of Section 9-504 of the Code and other applicable law, and the same shall be the case notwithstanding that the sale, exchange, disposition or other transfer of a portion of the Collateral included in any such sale, exchange, disposition or other transfer is not subject to FCC or other governmental approval. The Debtor agrees to reimburse the Receiver for, and indemnifies the Receiver from and against, all liabilities, damages, losses, expenses and other liabilities of any nature whatsoever incurred or suffered by the Receiver in connection with any activities contemplated by this subsection or otherwise authorized by any court of competent jurisdiction in connection with the enforcement of any of the Secured Party's rights or remedies under this Agreement or applicable law, except to the extent any such liabilities, damages, expenses or other losses result from the gross negligence or willful misconduct of the Receiver.

The Debtor agrees after the occurrence of any Event of Default to take any action which Secured Party may reasonably request, at the Debtor's own cost and expense, in order to obtain approval of the FCC and all other governmental agencies to transfer the License Rights to the holder or purchaser of the Collateral and specifically, without limitation, upon request, to prepare, sign and file with the FCC the assignor's or transferor's portion of any application or applications for consent to the assignment of license or transfer of control necessary or appropriate under the FCC's rules and regulations with respect to the License Rights and to

prosecute such applications in good faith and with due diligence. In the case of Debtor's non-performance or breach of the agreements contained in this paragraph, Debtor shall be subject to a decree of specific performance in addition to a judgment for money damages, it being agreed that the License Rights are an integral part of the value of the Collateral and the Station and that Secured Party will be irreparably harmed by a failure to realize the full value thereof. In the event of an Event of Default hereunder Secured Party may apply to any court of competent jurisdiction for the appointment of a receiver or itself as an attorney in fact for the benefit of Secured Party and any other creditors of Debtor. In any suit or application for specific performance, attorney in fact or receivership, 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 requirement of equitable relief or the appointment of a receiver or otherwise oppose such application. In the event that the court grants an application for receivership or attorney in fact, such receiver or attorney in fact shall be instructed immediately to seek from the FCC consent to an involuntary transfer of control of Debtor. Subject to the receipt of prior FCC approvals, the receiver or attorney in fact shall have the power to dispose of the License Rights and the Collateral in any commercially reasonable manner, including the power to conduct a public or private sale of the License Rights and the Collateral. Secured Party may bid at any such public or private sale.

8. Indemnity and Expenses.

The Debtor agrees to indemnify the Secured Party from and against any and all claims, losses and liabilities arising out of or relating to this Agreement and/or any of the Obligations (including, without limitation, enforcement of this Agreement and the Secured Party's exercise of its rights and remedies hereunder).

The Debtor shall upon demand pay to the Secured Party the amount of any and all expenses, including, without limitation, the reasonable fees and disbursements of its counsel and of any experts and agents, which the Secured Party may incur following Borrower's default in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Secured party hereunder, and/or (iv) the failure by the Debtor to perform or observe any of the provisions hereof. All such fees, expenses and disbursements shall be deemed Obligations secured by this Agreement.

9. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MINNESOTA; *provided, however,* that if any of the Collateral is located in any jurisdiction other than Minnesota, then the laws of such jurisdiction shall govern the method, manner and procedure for foreclosure of the Secured Party's security interest in such Collateral and the enforcement of the Secured Party's other remedies in respect of such Collateral to the extent that the laws of such jurisdiction are different from or inconsistent with the laws of Minnesota.

10. Collateral Representations; UCC Filing Offices. The Debtor represents and warrants to the Secured Party that:

the Debtor is a corporation organized under the laws of the State of Minnesota;

the Debtor's chief executive office is located at Shakopee, Minnesota; and

all of the Collateral consisting of inventory, equipment or other tangible personal property is located in only the following counties (the "*UCC Filing Jurisdiction*"):

Carver County, Minnesota

Scott County, Minnesota

If the Debtor changes the address of its chief executive office, or if the Debtor changes its name, identity, corporate structure or state of incorporation, or if any Collateral is hereafter located in any county other than the UCC Filing Jurisdiction, then, in each case, the Debtor shall give the Secured Party not less than ten (10) business days prior written notice thereof and shall execute and deliver such Uniform Commercial Code financing statements or amendments thereto as the Secured Party may request.

11. **Miscellaneous**. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Debtor herefrom, shall in any event be effective unless the same shall be in writing and signed by the party against whom enforcement of such amendment, waiver or consent is sought, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The paragraph and section headings herein are solely for convenience and shall not be deemed to limit or otherwise affect the meaning or construction of any part of this Agreement. This document shall be construed without regard to any presumption or rule requiring construction against the party causing such document or any portion thereof to be drafted. If any provision or provisions of this Agreement shall be unlawful, then such provision or provisions shall be null and void, but the remainder of the Agreement shall remain in full force and effect and be binding on the parties. This Agreement may be validly executed and delivered by fax or other electronic transmission and in one or more counterpart signature pages by different signatories thereto. Any notice to be given hereunder shall be given in accordance with the terms of the Note.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement by their respective duly authorized representatives as of the date first above written.

NORTH STAR BROADCASTING, LTD.

By_____

TWIN HEARTS MEDIA, INC.

By_____