

## SECURITY AGREEMENT

THIS AGREEMENT is made on this \_\_\_\_\_ day of September 2011, by and between FLORIDA TALK RADIO, LLC, a Florida limited liability company ("Debtor") and SRQ RADIO, LLC, a Florida limited liability company ("Secured Party").

WHEREAS, Secured Party has sold to Debtor the assets described in that certain Asset Purchase Agreement, dated September 15, 2011 (the "Purchase Agreement") by and between Debtor and Secured Party; and

WHEREAS, pursuant to the Purchase Agreement, a portion of the purchase price due thereunder shall be paid by delivery of a Promissory Note to Secured Party at the Closing in the aggregate principal amount of \$2\_\_\_\_,\_\_\_\_.\_\_\_\_ (the "Note"); and

WHEREAS, in order to secure Debtor's performance under the Note, including but not limited to, Debtor's payment of the interest and any other amounts due and owing to Secured Party thereunder, and in order to also secure Debtor's performance of its obligations under the "Leases" (as that term is defined in Par. (f) of the Note, Debtor has agreed to grant a security interest to Secured Party in certain assets of Debtor described below. (The aforementioned obligations under the Note and the Leases shall hereinafter be referred to as the "Obligations").

NOW, THEREFORE, for valuable consideration, and to secure the payment and performance when due of the Obligations of Debtor to Secured Party, Debtor and Secured Party hereby agree as follows:

1. GRANT OF SECURITY INTEREST:

Debtor hereby grants and conveys to Secured Party a first priority continuing security interest in and lien on the Collateral (as defined below), together with all rights, remedies and privileges pertaining thereto, and all substitutions, replacements and proceeds thereof. The "Collateral" means:

(a) all accounts of Debtor, as that term is defined in Article 9 of the Uniform Commercial Code, now existing or hereafter arising, including, without limitation, all present and future rights to payment for goods sold or services rendered by Debtor that are not otherwise evidenced by instruments or chattel paper, whether or not such rights have been earned by performance;

(b) all furniture, fixtures, equipment, inventory, books and records, programming, music libraries, computer hardware and software, auxiliary and translator facilities, transmitting towers, transmitters, antennas, antenna line and other electronic equipment and parts, supplies, machinery, and vehicles, and other tangible and intangible personal property of Debtor relating to Station WSRQ(AM), Sarasota, Florida, FCC Facility Id. No. 27663 (the "AM Station"); and

(c) all furniture, fixtures, equipment, inventory, books and records, programming, music libraries, computer hardware and software, auxiliary and translator facilities, transmitting towers, transmitters, antennas, antenna line and other electronic equipment and parts, supplies, machinery, and vehicles, and other tangible and intangible personal property of Debtor relating to FM Translator Station W295BH, Sarasota, Florida, FCC Facility Id. No. 140532 (the "FM Station"); and

(d) to the extent permitted by law, any and all construction permits, licenses, and authorizations, including those for the AM Station and the FM Station (including successor variants thereof), issued or granted to Debtor by the Federal Communications Commission ("FCC") or any other governmental entity or otherwise in connection with the operation of the AM Station and the FM Station and any auxiliary broadcast or other facility associated therewith (the "Licenses"). The parties recognize that as of the date of this Agreement, there is a dispute as to whether the Communications Act of 1934, as amended, and the rules and regulations of the FCC, permit a security interest to extend to a station's FCC construction permits, licenses, and authorizations, and they recognize that courts have held that security interests are permitted to extend to the proceeds of the sale, transfer, or other disposition of such FCC construction permits, licenses, and authorizations, and the parties agree that if this security interest is not permitted to Debtor's FCC construction permits, licenses, and authorizations, that the security interest shall extend to the proceeds of the sale, transfer, or other disposition of such FCC construction permits, licenses, and authorizations. If the law in this regard is subsequently changed, in whole or in part, then all of the right, title, and interest of Debtor in and to any FCC construction permits, licenses, and authorizations, whether now held or hereafter acquired, shall automatically and immediately become subject to the Secured Party's security interest to the maximum extent permitted by law as then in force and effect.

## 2. WARRANTIES AND COVENANTS:

Debtor warrants, covenants and agrees as follows:

(a) Payment. To pay and perform all of the Obligations secured by this Agreement in accordance with their respective terms;

(b) Defend. To defend the title to the Collateral against all persons and all claims and demands whatsoever. Debtor agrees not to transfer legal or equitable title to the Collateral to any other party without Secured Party's prior written consent, provided, however, that as long as Debtor is not in default under this Agreement, it may collect its accounts in the normal and ordinary course of its business and replace its equipment due to depreciation and obsolescence with new equipment, which new equipment will be subject to the security interest granted hereunder.

(c) Assurance of Perfection. On demand of Secured Party, to do the following: furnish further assurance of title; execute any written agreement or do any

other acts necessary to effectuate the purposes and provisions of this Agreement; execute any instrument or statement required by law or otherwise in order to perfect the security interests granted to Secured Party herein; and continue or terminate the security interest of Secured Party in the Collateral;

(d) Possession. To retain possession of the Collateral during the existence of this Agreement and not to sell, exchange, assign, deliver, mortgage or otherwise dispose of same without the prior written consent of Secured Party, which Secured Party may grant or deny in its sole discretion;

(e) Liens. To keep the Collateral free and clear of all liens, charges, encumbrances, taxes and assessments;

(f) Taxes etc. To pay, when due, all taxes, assessments and license fees and premiums relating to the Collateral;

(g) Name, State of Incorporation, Notice of Changes. Debtor's name as shown above is accurate and complete, Debtor is a limited liability company organized under the laws of the State of Florida, and Debtor shall obtain the prior written consent of Secured Party before any change in the name or corporate structure of Debtor;

(h) No Commingling. Unless waived by Secured Party, all proceeds from any disposition of the Collateral shall be held in trust for Secured Party; provided however, this requirement shall not constitute consent by Secured Party to any sale or other disposition;

(i) Account Representations. Each account and each invoice representing any account will (i) cover a bona fide sale or lease and delivery of merchandise sold or leased in the ordinary course of business of the Debtor or cover the rendition by the Debtor of services to customers in the ordinary course of business, (ii) be for a liquidated amount, maturing as stated in the invoice covering said sale, and (iii) other than Secured Party's security interest therein, not be subject to any other lien or to any offset, deduction, or counterclaim other than those asserted by the applicable customer in the ordinary course of business or those created by law. Invoices shall not be backdated, postdated, or redacted, unless required by applicable law, regulations, or government authorities, and Debtor shall not make any sales on extended credit terms other than in accordance Debtor's past practices; and

(j) Full Performance. To perform and comply in all material respects with all obligations in respect of the accounts and under all other contracts and agreements to which Debtor is a party or by which it is bound relating to the Collateral where failure to so comply would result in a material adverse effect on the Collateral, unless the validity thereof is being contested in good faith by appropriate proceedings and such proceedings do not involve the material danger of the sale, forfeiture, or loss of the Collateral which is the subject of such proceedings or the priority of the lien in favor of Secured Party thereon.

### 3. GENERAL PROVISIONS:

(a) Financing Statement Filing. Debtor hereby authorizes Secured Party to file, without a signature of Debtor, a financing statement with any governmental authority, to perfect or continue the security interest granted by Debtor to Secured Party under this Agreement, or to file a photographic or other reproduction of this Agreement for use as a financing statement.

(b) Non-Waiver. Waiver of or acquiescence in any default by the Debtor, or failure of the Secured Party to insist upon strict performance by the Debtor of any warranties or agreements in this Agreement, shall not constitute a waiver of any subsequent or other default or failure.

(c) Notices. Notices to any party shall be in writing and shall be delivered personally or by mail, postage prepaid, addressed to the party at the address set forth below or otherwise designated in writing:

If to Secured Party: SRQ RADIO, LLC  
2127 Ringling Blvd.  
Suite 101  
Sarasota, FL 34237  
(941) 955-9550

with a copy (which  
shall not constitute  
notice) to: Smithwick & Belendiuk, P.C.  
5028 Wisconsin Avenue, NW  
Suite 301  
Washington, DC 20016  
Attn: Gary S. Smithwick, Esq.  
Phone: (202) 363-4560  
Fax: (202) 363-4266

AND

Tucker & Pretschner, P.A.  
2127 Ringling Blvd., Suite 102  
Sarasota, FL 34237  
Attn : Thomas M. Tucker, Esq.  
Phone: (941) 954-2121  
Fax : (941) 954-2123

If to Debtor: FLORIDA TALK RADIO, LLC  
Attn. Lauren Rudd, CEO  
5561 Siesta Estates Court  
Sarasota, FL 34242

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

Erwin G. Krasnow, Esq.  
Garvey Schubert Barer  
1000 Potomac Street NW  
Washington, DC 20007

(d) Law Applicable. The laws of the State of Florida shall govern the rights, duties and remedies of the parties and enforcement of this Agreement. Any provisions herein declared invalid under any law shall not invalidate any other provision of this Agreement.

(e) Default. The following shall constitute an Event of Default by Debtor:

- (i) Non-Payment. Failure of Debtor to make any payment due under the Obligations within 10 business days of the date such payment is due;
- (ii) Violation. Failure of Debtor, within ten (10) days after receipt from Secured Party of notice of non-compliance, to comply with or perform any provision of this Agreement or any other documents evidencing the Obligations;
- (iii) Sale or Transfer of Collateral. Except in the ordinary course of business, Sale or transfer by Debtor of any portion of the Collateral without Secured Party's prior written consent, as specified herein;
- (iv) Misrepresentation. Any material representation or warranty made or given by Debtor in connection with this Agreement should be materially false;
- (v) Levy. Subjection of the Collateral to levy of execution or other judicial process, wherein the amount of the underlying judgment or indebtedness exceeds \$25,000;
- (vi) Insolvency. Commencement of any insolvency proceeding by or against Debtor (except that an involuntary proceeding shall not constitute a default if it is discharged or dismissed within 60 days after filing); or
- (vii) Termination of Business Activities. The cession by Debtor of its business activities for more than 30 days.

(f) Remedies on Default. Upon the happening of any Event of Default, at the sole option of Secured Party, Secured Party shall have all the rights, remedies and privileges with respect to repossession, retention and sale of the Collateral and

disposition of the proceeds as are accorded to a secured party by the applicable sections of the Uniform Commercial Code respecting "Default" in effect in the State of Florida as of the date of this Agreement.

(g) Attorneys' Fees Etc. Secured Party's reasonable attorneys' fees, costs of collection and the legal and other expenses for pursuing, searching for, receiving, taking, and selling the Collateral shall become a part of the Obligations secured hereby and shall be immediately chargeable to Debtor.

(h) Deficiency. Debtor shall remain liable for any deficiency resulting from a sale of the Collateral for less than the value of the Obligations and shall pay any such deficiency forthwith to Secured Party upon demand.

(i) Possession of Collateral. Upon the happening of any Event of Default, the Secured Party, in its sole discretion, may: (1) enter upon Debtor's premises peaceably, by the Secured Party's own means or with legal process, and take possession of the Collateral, or dispose of the Collateral on Debtor's premises and Debtor agrees not to resist or interfere; (2) require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party reasonably convenient to both parties (Debtor agrees that Secured Party's address as set forth herein is a place reasonably convenient for such assembling); (3) unless the Collateral is likely to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice will be met if such notice is mailed, postage prepaid, to the address of Debtor shown herein, at least thirty (30) days before the time of sale or disposition. Notwithstanding the foregoing, Debtor shall, in all instances, give no less than thirty (30) days prior written notice to Secured Party of any sale or transfer of the Licenses. Subject to applicable law, Debtor waives all rights to require marshaling of assets by Secured party in Secured Party's exercise of its rights hereunder. Secured Party may apply, *ex parte*, to any federal or state court to appoint a receiver to take charge of the Collateral, and to apply to the FCC for consent to involuntary assignment of the Licenses to Secured Party, or its designee, and Debtor shall not contest any action or actions by Secured Party to seek such relief or file such applications (this right shall be enforceable by decree of specific performance). Debtor shall take all actions in order to maintain the Licenses as valid authorizations for the operation of the Station and shall refrain from taking any adverse action or actions that might result in the Licenses being revoked, suspended, canceled, rescinded or terminated or from expiring.

(j) Power of Attorney. Debtor hereby appoints Secured Party as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following, but only upon the happening of any Event of Default: (a) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (b) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in

payment for the Collateral; (c) to settle or compromise any and all claims arising under the Collateral, and, in the place and stead of Debtor, to execute and deliver releases and settlements for the claim; (d) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Debtor, or otherwise, which in the discretion of Secured Party may seem to be necessary or advisable; and (e) to file any applications as necessary with the FCC under Section 3(i) hereof. This power is given as security for the Obligations, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Secured Party.

(k) Indemnity. Debtor shall indemnify and hold harmless Secured Party, and its members, officers, employees, and affiliates, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, and disbursements of any kind or nature whatsoever including, without limitation, reasonable attorneys' fees and settlements costs, which may be imposed on, incurred by, or asserted against Secured Party, or its members, officers, employees, or affiliates, in connection with any investigative, administrative, or judicial proceeding (whether Secured Party is or is not designated as a party thereto) directly or indirectly relating to or arising out of this Agreement or the Obligations, or any actual or proposed use of proceeds thereunder, except that neither Secured Party, nor any of its directors, officers, employees, or affiliates, shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(l) Assignment. Secured Party may assign this Agreement to any person to whom the Obligations are validly assigned, and if assigned the assignee shall be entitled, upon notifying Debtor, to all of the rights and remedies of Secured Party hereunder.

(m) Captions. The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement nor the intent of any provision thereof.

(n) Books and Records. Debtor shall at all times maintain proper books of record and account and will permit Secured Party or its authorized officers or agents to have access to such books and records at all reasonable times.

(o) Collection of Receivables. If at any time Secured Party shall elect upon the happening of an Event of Default under this Agreement, Secured Party shall be entitled, in its own name or in the name of Debtor, to collect, demand, receive, sue for or compromise any and all of the Collateral and to give good and sufficient releases therefor, to endorse any checks, drafts or other orders for the payment of monies payable to Debtor in payment thereof, and to file any claims or take any action or proceeding, either in its own name or in the name of Debtor, which Secured Party may deem necessary or advisable. It is expressly understood and agreed, however, that Secured Party shall not be required or obligated in any manner to make any inquiries as to the

nature or sufficiency of any payment received by it or to present or file any claims or take any other action to collect or enforce a payment of any amounts which may have been assigned to it or to which it may be entitled to hereunder at any time or times.

(p) Possession of Collateral by Secured Party. If Secured Party at any time has possession of any Collateral, whether before or after an Event of Default, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Secured Party takes such action for that purpose as Debtor shall request or as Secured Party, in Secured Party's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Debtor shall not of itself be deemed to be a failure to exercise reasonable care.

(q) Successors and Assigns. The terms, warranties and agreements herein contained shall be jointly and severally binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(r) Gender and Number. The gender and number used in this Agreement are used as a reference term only and shall apply with the same effect whether the parties are of the masculine or feminine gender, corporate or other form, and the singular shall likewise include the plural.

(s) No Oral Change. This Agreement may not be changed orally.

(t) FCC Compliance. Notwithstanding any other provisions of this Agreement, any foreclosure on, sale, transfer or other disposition of, or the exercise of any right to vote or consent with respect to, any of the Collateral as provided herein or any other action taken or proposed to be taken hereunder which would affect the operational, voting or other control of any entity holding a license issued by the FCC shall be made in accordance with the Communications Act of 1934, as amended, the terms of such license, and any applicable rules and regulations of the FCC, including, to the extent applicable under the rules and regulations of the FCC in effect at the time of an Event of Default, any requirement that there be a public or private sale. Notwithstanding anything to the contrary contained in this Agreement, the Secured Party shall not, without first obtaining the consent or approval of the FCC, take any action pursuant to this Agreement which would constitute or result in any change of control of the licensee of a license issued by the FCC if any such change in control would require, under then existing law, the prior consent or approval of the FCC.

(u) Waiver of Claim of Offset. Secured Party previously held a construction permit for AM Station (FCC File No. BP-20060720AAL), which expires on December 16, 2011 (the "Permit"), which Permit has been assigned to Debtor on even date herewith. Debtor acknowledges its agreement that it shall be solely responsible for constructing the facilities described in the Permit after closing on that certain Asset Purchase Agreement between the parties dated September 15, 2011, and that Secured Party shall have no responsibility whatsoever for such construction. Debtor further acknowledges that the "Purchase Price" (as that term is defined in said Asset Purchase

Agreement) reflects the agreed value of the "Station Assets" (as that term is defined under said Asset Purchase Agreement), without regard for any additional value, which may be realized from the construction of the improvements covered by the Permit. Accordingly, Debtor hereby acknowledges its full and complete understanding of the terms and conditions applicable to said Permit, including, but not limited to, the fact that said permit has an expiration date of December 16, 2011 AND the requirement for obtaining and satisfying the conditions relating to additional local building permits and authorizations. Furthermore, Debtor hereby waives any claim of offset relating in any way to Debtor's inability to complete the improvements covered by the Permit and said local building permits or authorizations.

IN WITNESS WHEREOF, the parties hereto have respectively signed and sealed these presents, all on the day and year first above written.

**SRQ RADIO, LLC**, a Florida limited liability company

By: \_\_\_\_\_  
Donald E. Murphy, as its Manager and Member

By: \_\_\_\_\_  
Lisa M. Murphy, as its Manager and Member

By: \_\_\_\_\_  
Richard M. Fischer, as its Manager and Member

**FLORIDA TALK RADIO, LLC**, a Florida limited liability company

By: \_\_\_\_\_  
Lauren Rudd, as its Manager and Member

By: \_\_\_\_\_  
Susan Nilon, as its Manager and Member

By: \_\_\_\_\_  
Kent William Kirschner, as its Member

By: \_\_\_\_\_  
Jim Lampl, as its Member