

**Exhibit No. 2**

**Seller's \$200,000 Promissory Note to Buyer to evidence repayment  
obligation of down payment if Closing is not consummated**

# SECURED INSTALLMENT PROMISSORY NOTE

\$200,000.00

July 15, 2005

FOR VALUE RECEIVED, CLL, Inc., a Virginia non-profit corporation (hereinafter referred to as "**Maker**"), hereby promises to pay to the order of **Positive Alternative Radio, Inc.**, (hereinafter referred to as "**Payee**") (Payee or any subsequent holder hereof are hereinafter referred to as "**Holder**"), whose mailing address is P.O. Box 889, Blacksburg, Virginia 24063, or at such other place as Holder may designate to Maker in writing from time to time, the principal sum of TWO HUNDRED THOUSAND AND NO/HUNDREDTHS DOLLARS (\$200,000.00), in lawful money of the United States of America, which shall at the time of payment be legal tender in payment of all debts and dues, public and private.

This Note shall be payable in twelve (12) monthly installments, commencing one year from this date, in accord with the payment schedule attached hereto as Attachment No. 1. This Note may be prepaid in whole or in part, without the prior written consent of Holder, at any time without penalty, premium or additional interest.

This is a purchase money promissory note given as security for the performance of Maker's sale to Payee of Radio Station WTTX-FM at Appomattox, Virginia pursuant to that certain Asset Purchase Agreement (the "**Asset Agreement**") by and between Maker and Payee, dated July \_\_, 2005, the terms and provisions of which are incorporated herein and made a part hereof by reference. The indebtedness evidenced by this Note and the obligations created hereby are secured by that certain Security Agreement (hereinafter referred to as the "**Security Agreement**") entered into this day between Maker and Payee concerning the proceeds of the future sale of the Construction Permit or the Station. This Note and the Security Agreement are hereinafter referred to collectively as the "**Loan Documents**", and some of the Loan Documents are to be filed for record on or about the date hereof in the appropriate public records.

**This Note shall be forgiven and terminated by Payee if the sale of WTTX-FM from Maker to Payee is consummated within twelve months of the date of this Note.**

If any installment under this Note is not received by Holder within ten (10) calendar days after the installment is due, then Maker shall pay to Holder a Late Charge of two percent (2.0%) of such installment, such late charge to be immediately due and payable without demand by Holder.

Any one of the following occurrences shall constitute an event of default pursuant to this Note (collectively the "**Events of Default**"):

- (i) the failure of Maker to make any payment required pursuant to this Note within twenty (20) calendar days of the due dates thereof, which time includes the cure period;

(ii) the failure of Maker to perform or observe any other covenant or agreement required pursuant to this Note, the Security Agreement or any one or more of the Loan Documents, only after the expiration of any applicable grace or cure period; or

(iii) the occurrence of any default in any term or provision of the Loan Documents and the expiration of any applicable grace or cure period.

In case an Event of Default shall occur and be continuing, including, without limitation, a failure to make any payment provided for herein which failure shall continue for ten (10) days after written notice thereof from Holder to Maker (the "cure period"), the legal holder of this Note may declare the entire debt then remaining unpaid immediately due and payable, with such indebtedness subject to a simple interest at a rate of three percent (3%) per annum until paid.

Presentment for payment, demand, protest and notice of demand and dishonor, protest and non-payment and all other notices (except as expressly provided above) are hereby waived by Maker, and all sureties, guarantors, and endorsers hereof. No failure to accelerate the debt evidenced hereby by reason of default hereunder, acceptance of a past due installment, or indulgences granted from time to time shall be construed (i) as a novation of this Note or as a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of Holder thereafter to insist upon strict compliance with the terms of this Note, or (ii) to prevent the exercise of such right of acceleration or any other right granted hereunder or by the laws of the State of Virginia; and Maker hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part unless Holder agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

This note may be assigned by Maker provided Holder is afforded at least thirty (30) days advance written notice of the intended assignment, and Maker does not object to the qualifications of the Assignee.

This Note shall be construed and enforceable in accordance with the laws of the State of Virginia. Time is of the essence with respect to all obligations created by this Note. If from any circumstances whatsoever, fulfillment of any provision of this Note or of any other instrument evidencing or securing the indebtedness evidenced hereby, at the time performance of such provision shall be due, shall involve transcending the limit of validity

presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Note or under any other instrument evidencing or securing the indebtedness evidenced hereby, that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity.

In the event of commencement of suit to enforce payment of this Note, the undersigned, for himself, his heirs, successors and assigns, and his agents, agree to pay such additional sum as attorney's fees as the Court may adjudge reasonable.

As used herein, the terms "Maker" and "Holder" shall be deemed to include their respective heirs, successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law. In the event that more than one person, firm or entity is a Maker hereunder, then all references to "Maker" shall be deemed to refer equally to each of said persons, firms, or entities, all of whom shall be jointly and severally liable for all of the obligations of Maker hereunder.

IN WITNESS WHEREOF, Maker has caused this Note to be executed under seal by its duly authorized officer on the date first above written.

**MAKER:**

**CLL, INC.**

By: Terry L. Cook  
Terry L. Cook  
President

**Attachment No. 1  
(Payment Schedule)**

**Repayment within 1 year at \$17,166.66 starting one year from date of note.**

**Exhibit No. 3**

**Security Agreement for \$200,000 Promissory Note**

## SECURITY AGREEMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **CLL, Inc.**, hereinafter referred to as the "DEBTOR", hereby grants and transfers to **Positive Alternative Radio, Inc.**, hereinafter referred to as the "SECURED PARTY", a security interest in the following:

The proceeds of the future sale of the broadcast assets and permits and licensing authorizations issued by the Federal Communications Commission for Radio Station WTTX-FM at Appomattox, Virginia

all of which are hereinafter referred to as the "COLLATERAL", to secure the payment of Two Hundred Thousand Dollars (\$ 200,000.00) with interest, as provided in the Secured Installment Promissory Note (the "Note") of DEBTOR of even date herewith, and any and all other liabilities, indebtedness and obligations of DEBTOR to SECURED PARTY presently existing or hereafter arising, now due or to become due, absolute or contingent, liquidated or unliquidated, direct or indirect, primary or secondary, related or unrelated to the COLLATERAL or proceeds of DEBTOR's acquisition or financing thereof, and any and all full extensions or renewals of such indebtedness and obligations, all of which are hereinafter referred to as the "OBLIGATIONS".

### COVENANTS AND WARRANTIES OF DEBTOR

DEBTOR hereby covenants and warrants that:

1. Except for the security interest hereby transferred, DEBTOR is, or, to the extent of the after-acquired property covered, will be, the owner of the COLLATERAL, free from any and all liens, encumbrances, charges or claims of any nature or kind whatsoever; DEBTOR has not done or suffered, nor will he do, anything to prejudice, frustrate, or destroy the SECURED PARTY'S security interest; and, DEBTOR will defend the COLLATERAL and every part thereof against any and all claims and demands of all persons claiming the same or any interest therein, at any time.

2. No Financing Statement, Security Agreement, or other instrument required or permitted to be filed or recorded, covering or affecting any COLLATERAL, is on file or recorded in any public office or place; DEBTOR will execute one or more Financing Statements, in accordance with the Uniform Commercial Code, in form satisfactory to SECURED PARTY, and will pay the cost of filing the same or filing or recording this agreement in all public offices or places in which SECURED PARTY deems filing or recording necessary or desirable; and DEBTOR will likewise pay the cost of filing any

continuation statement or statements which SECURED PARTY deems necessary or desirable.

3. DEBTOR agrees to maintain all records concerning the COLLATERAL and proceeds in such manner as will enable SECURED PARTY, at any time, to determine the status of the COLLATERAL and the proceeds.

4. At his option, SECURED PARTY may discharge taxes, liens, security interests, or other encumbrances at any time levied or placed upon the COLLATERAL or proceeds, may pay for the maintenance and preservation of the COLLATERAL, may procure and/or pay for insurance on the COLLATERAL, and may pay any indebtedness or other OBLIGATIONS of DEBTOR with regard to said COLLATERAL.

#### **RIGHTS AND REMEDIES OF PARTIES**

5. If, at any time, SECURED PARTY in good faith believes that the prospect of payment or performance of any of the indebtedness is impaired by insufficiency of the value of the COLLATERAL or by any other condition or event, SECURED PARTY may require DEBTOR to furnish such additional security as SECURED PARTY deems sufficient, and DEBTOR shall have the obligation to do so.

6. In the event DEBTOR defaults in the payment of the Note or obligations to the SECURED PARTY secured hereby, or in any other provisions hereof, or if a proceeding in bankruptcy, receivership or insolvency is instituted by or against the DEBTOR, then the SECURED PARTY may declare the full amount of the Indebtedness secured hereby immediately due and payable, without notice or demand, and shall have all of the remedies of a SECURED PARTY under the Delaware Uniform Commercial Code and any other applicable laws.

7. DEBTOR agrees to pay SECURED PARTY on demand, any and all expenses, including reasonable attorneys' fees and legal expenses, paid or incurred by SECURED PARTY in protecting and enforcing the rights of and OBLIGATIONS to SECURED PARTY under any provision of this Agreement.

#### **GENERAL**

8. This Security Agreement shall become fully effective when signed by the DEBTOR.

9. No delay on the part of SECURED PARTY in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by SECURED PARTY of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

10. All rights of the SECURED PARTY hereunder shall inure to the benefit of his heirs, next of kin, personal representatives, successors and assigns, and the OBLIGATIONS of DEBTOR shall bind and be enforceable against his heirs, next of kin, personal representatives, successors and assigns.

#### STATE LAW

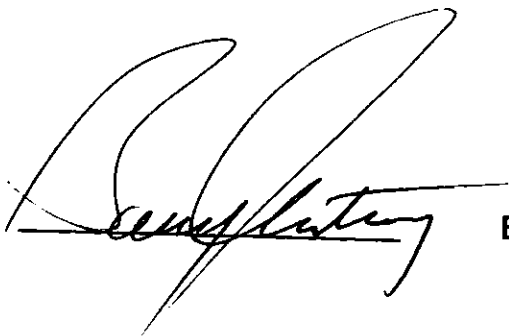
11. This Security Agreement shall be construed in accordance with the laws of the State of Virginia, and all terms used herein, unless otherwise defined or the context otherwise requires, shall have the meanings given to them by the Virginia Uniform Commercial Code.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the 31<sup>st</sup> day of July, 2005.


**WITNESS:**

**DEBTOR:**

CLL, INC.

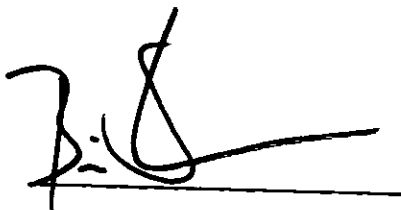


By:


  
Terry L. Cook  
President

**SECURED PARTY:**

POSITIVE ALTERNATIVE RADIO, INC.



By:

  
Edward A. Baker  
President