

## **ESCROW AGREEMENT**

**THIS ESCROW AGREEMENT** (the “Agreement”) is made and entered into as of this 27<sup>th</sup> day of January, 2010, by and among **REDWOOD BROADCASTING COMPANY, INC.**, a corporation organized under the laws of the State of California (“Seller”), and **LOST COAST COMMUNICATIONS, INC.**, a corporation organized under the laws of the State of California (“Buyer”), and **DAN J. ALPERT** (“Escrow Agent”).

### **RECITALS**

A. Pursuant to that certain Asset Purchase Agreement dated the January \_\_, 2010, by and between Buyer and Seller (the “Purchase Agreement”), Buyer has agreed to acquire from Seller, and Seller has agreed to sell to Buyer certain tangible and intangible assets of Seller used in connection with the operation of Stations KXGO(FM), Arcata, California, Facility No. 71700 and K233AW, Fortuna, California, Facility No. 138001 (the “Stations”).

B. It is a condition to the execution of the Purchase Agreement that Buyer, Seller and Escrow Agent execute and deliver this Agreement.

C. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Purchase Agreement.

In consideration of the recitals and of the respective agreements and covenants contained herein, and intending to be legally bound hereby, the parties agree as follows:

### **ARTICLE I** **DEPOSIT**

#### Section 1.1 Escrowed Funds.

(a) Pursuant to the provisions of the Purchase Agreement, Escrow Agent hereby acknowledges the receipt of the sum of Four Five Thousand Dollars (\$45,000.00) (the “Escrowed Funds”) in the form of immediately available funds. The Escrowed Funds shall be held by Escrow Agent for the benefit of Buyer and Seller as provided in this Agreement.

Section 1.2 Appointment as Escrow Agent. Seller and Buyer, by executing this Agreement, hereby appoint Escrow Agent, and Escrow Agent, by executing this Agreement, hereby accepts its appointment as Escrow Agent with respect to the Escrowed Funds and agrees to hold and deliver the Escrowed Funds in accordance with the terms of this Agreement.

Section 1.3 Disbursement of the Escrowed Funds. Escrow Agent shall discharge its duties under this Agreement upon: (i) compliance with joint written instructions signed by Buyer and Seller directing Escrow Agent to deliver the Escrowed Funds as specified in such instructions; (ii) compliance with a Final Determination (as hereinafter defined) directing Escrow Agent to disburse the Escrowed Funds; or (iii) deposit of the Escrowed Funds with the clerk of court in an interpleader action brought by Escrow Agent in accordance with the

provisions of Section 2.1 below. A “Final Determination” shall mean a determination by the Dispute Panel provided for in Section 19 of the Purchase Agreement. Escrow Agent, at its option, shall be entitled to seek and, if obtained, rely conclusively upon an opinion of legal counsel to the effect that the judgment delivered to Escrow Agent pursuant to this Section 1.3 is a Final Determination, as defined herein.

Section 1.4 Investment of Proceeds of the Escrowed Funds.

(a) Escrow Agent shall deposit the Escrowed Funds with a bank selected by it in an account in which the Escrow Agent shall be required signatory in order to release funds from the account. Escrow Agent shall hold and release the Escrowed Funds in accordance with the terms of this Agreement. Funds held in the bank account may be invested in Permitted Investments (as defined below) mutually agreed upon by the Escrow Agent in its discretion.

(b) “Permitted Investments” shall mean direct obligations of the U.S. government having maturities of 90 days or less or money market funds that invest solely in direct obligations of the U.S. Government. As and when the Escrowed Funds are to be released under this Agreement, Escrow Agent shall cause the Permitted Investments to be converted into cash. Escrow Agent shall not, under any circumstances, be liable for any loss of principal or income due to the choice of Permitted Investments in which the Escrowed Funds are invested, within the definition above, or the choice of Permitted Investments converted into cash pursuant to this subsection (b).

(c) All interest on the Escrowed Funds shall be the property of Buyer and shall be distributed by Escrow Agent to Buyer upon final distribution of the Escrowed Funds under Section 1.3 above.

**ARTICLE II**  
**ESCROW AGENT**

Section 2.1 Rights and Responsibilities of Escrow Agent.

(a) The duties and responsibilities of Escrow Agent shall be limited to those expressly set forth in this Agreement. Escrow Agent shall not be subject to or obligated to recognize any other agreement between, or direction or instruction of, the parties to this Agreement, unless such agreement, direction, or instruction is in writing and signed by authorized representatives of both Buyer and Seller, and delivered to Escrow Agent.

(b) If any controversy arises between the parties to this Agreement, or with any other party, concerning the subject matter of this Agreement, its terms or conditions, Escrow Agent will not be required to determine the controversy or to take any action regarding it. Escrow Agent may hold all documents and funds and may wait for settlement of any such controversy by final appropriate legal proceedings or other means as, in Escrow Agent’s discretion, Escrow Agent may require, despite what may be set forth elsewhere in this Agreement. In such event, Escrow Agent will not be liable for interest or damage or any other funds. Furthermore, Escrow Agent, at its option, may file an action of interpleader requiring the

parties to answer and litigate any claims and rights among themselves. Escrow Agent is authorized to deposit with the clerk of the court all documents and funds held in Escrow. All costs, expenses, charges and reasonable attorney fees incurred by Escrow Agent due to the interpleader action shall be paid one-half by Buyer and one-half by Seller. Upon initiating such action, Escrow Agent shall be fully released and discharged of and from all obligations and liabilities imposed by the terms of this Agreement.

(c) In performing any duties under this Agreement, Escrow Agent shall not be liable to any party for damages, losses, or expenses, except as a result of willful misconduct on the part of Escrow Agent. Escrow Agent shall not incur any such liability for any action taken or omitted in reliance upon any instrument, including any written statement or affidavit provided for in this Agreement, that Escrow Agent shall in good faith believes to be genuine, nor will Escrow Agent be liable or responsible for forgeries, fraud, impersonations, or determining the scope of any representative authority. In addition, Escrow Agent may consult with legal counsel in connection with Escrow Agent's duties under this Agreement and shall be fully protected in any act taken, suffered, or permitted by it in good faith in accordance with the advice of counsel. Escrow Agent is not responsible for determining and verifying the authority of any person acting or purporting to act on behalf of Buyer or Seller.

(d) The Escrow Agent, and any successor Escrow Agent(s), may resign at any time by giving at least 30 days' prior written notice to Seller and Buyer. Upon such resignation and the appointment of a successor Escrow Agent, the resigning Escrow Agent shall be absolved from any and all further liability in connection with the exercise of its powers and duties as Escrow Agent hereunder, except for liability arising in connection with its own willful misconduct. Upon their receipt of notice of resignation from an Escrow Agent, Buyer and Seller shall use reasonable efforts jointly to designate a successor Escrow Agent. In the event Buyer and Seller do not agree upon a successor Escrow Agent within 30 days after the receipt of such notice, the Escrow Agent so resigning may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent or other appropriate relief and any such resulting appointment shall be binding upon all parties hereto. An Escrow Agent or successor Escrow Agent(s) shall continue to act as Escrow Agent until a successor is appointed and qualified to act as an Escrow Agent.

Section 2.2 Expenses of Escrow Agent. Escrow Agent shall serve as escrow agent at no charge. Notwithstanding the foregoing, Escrow Agent shall be entitled to reimbursement for its reasonable expenses (including the reasonable fees and disbursements of its legal counsel) actually incurred by it in connection with its duties under this Agreement (the "Escrow Agent Expenses"). Except as otherwise provided herein, all Escrow Agent Expenses shall be invoiced periodically by Escrow Agent and shall be an equally shared obligation of Buyer and Seller.

Section 2.3 Indemnification of Escrow Agent. Buyer and Seller, and their respective successors and assigns, agree to indemnify and hold Escrow Agent harmless against any and all losses, claims, damages, liabilities, and expenses that may be imposed on Escrow Agent or incurred by Escrow Agent in connection with the performance of its duties under this Agreement, including, but not limited to, any litigation arising from this Agreement or involving its subject matter; *provided, however*, neither Buyer, Seller nor their successors and

assigns shall be obligated to indemnify Escrow Agent for any loss, claim, damage, liability or expense caused by Escrow Agent's willful misconduct.

Section 2.4 Escrow Agent's Representation of Seller and Buyer. Buyer and Seller acknowledge that attorney serving as Escrow Agent is providing legal services to Seller with regard to this transaction, and Escrow Agent is providing its services under this Agreement at the request of, and as an accommodation to, the parties. Buyer and Seller agree that the provision of services by Escrow Agent under this Agreement does not create any attorney-client relationship or otherwise bar or limit the ability of the Escrow Agent to represent Seller in connection with the transactions contemplated under this Agreement and its consummation, or in any litigation or other proceedings that might arise, provided, however, that in the event of such litigation or proceedings, Escrow Agent shall proceed in accordance with Section 2.1(b) above.

**ARTICLE III**  
**MISCELLANEOUS**

Section 3.1 Notices. All notices, requests, consents or other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given or delivered by any party (a) when received by such party if delivered by hand, (b) upon confirmation of delivery after being sent by recognized overnight delivery service, or (c) five (5) business days after being mailed by first-class mail, postage prepaid, and in each case addressed as follows:

- (i) In the case of Seller:
- Mr. Pattison Christensen  
Chairman  
Redwood Broadcasting Company  
603 F St.  
Eureka, CA 95501  
Email: pattison@thecarringtoncompany.com
- cc:
- David Tillotson, Esq.  
The Law Office of David Tillotson  
4606 Charleston Terrace, N.W.  
Washington, DC 20007  
Email: dtlaw@starpower.net
- (ii) In the case of Buyer:
- Mr. Patrick Cleary  
President  
Lost Coast Communications, Inc.  
P.O. Box 25  
Ferndale, CA 95536  
Email: clearpat@gmail.com
- (iii) In the case of Escrow Agent:

Dan J. Alpert, Esq.  
The Law Office of Dan J. Alpert  
2120 N. 21<sup>st</sup> Rd.  
Arlington, VA 22201

Any party by written notice to the other parties pursuant to this Section 3.1, may change the address or the persons to whom notices or copies thereof shall be directed.

Section 3.2 Assignment. This Agreement and the rights and duties hereunder shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of each of the parties to this Agreement. No rights, obligations or liabilities hereunder shall be assignable by any party without the prior written consent of the other parties, except that Buyer may assign its rights under this Agreement without obtaining the prior written consent of the other parties hereto, to any person or entity to whom, pursuant to this Agreement, Buyer is permitted to assign all or any portion of its rights under this Agreement; *provided, however*, that any such assignee duly executes and delivers an agreement to assume Buyer's obligations under this Agreement.

Section 3.3 Amendment. This Agreement may be amended or modified only by an instrument in writing duly executed by Escrow Agent, Buyer and Seller.

Section 3.4 Waivers. Any waiver by any party hereto of any breach of or failure to comply with any provision of this Agreement by any other party hereto shall be in writing and shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement.

Section 3.5 Construction. This Agreement shall be construed and enforced in accordance with and governed by the laws of the Commonwealth of Virginia without giving effect to the choice of law provisions thereof that may direct the application of the laws of another jurisdiction. Any proceedings to enforce this Agreement shall be commenced in a court of competent jurisdiction in the Commonwealth of Virginia. The parties agree not to assert or interpose any defenses, and do hereby waive the same, to the conferral of personal jurisdiction and venue by such court in any suit, action or proceeding. The headings in this Agreement are solely for convenience of reference and shall not be given any effect in the construction or interpretation of this Agreement. Unless otherwise stated, references to Sections and Exhibits are references to Sections and Exhibits of this Agreement.

Section 3.6 Third Parties. Nothing in this Agreement is intended, or shall be construed, to confer upon or give any person or entity other than Buyer, Seller and Escrow Agent, and their respective successors and assigns, any rights or remedies under, or by reason of, this Agreement.

Section 3.7 Waiver of Offset Rights. Escrow Agent hereby waives any and all rights to offset that it may have against the Escrowed Funds including, without limitation, claims arising as a result of any claims, amounts, liabilities, costs, expenses, damages, or other losses that Escrow Agent may be otherwise entitled to collect from any party to this Agreement.

Section 3.8 Attorneys Fees/Costs of Suit. If any party institutes a legal action against the other with respect to the Escrowed Funds, the prevailing party shall be entitled to its attorneys' fees and costs of suit, including the cost of any appeals.

Section 3.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed any original and all of which together shall constitute a single instrument.

[Remainder of page intentionally left blank—signature page follows.]

[Signature page to Escrow Agreement.]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first written above.

**SELLER:**

**REDWOOD BROADCASTING  
COMPANY, INC.**

By: \_\_\_\_\_

Pattison Christensen  
Chairman

**BUYER:**

**LOST COAST COMMUNICATIONS,  
INC.**

By: \_\_\_\_\_

Patrick Cleary  
President

**ESCROW AGENT:**

**DAN J. ALPERT, ESQUIRE**

\_\_\_\_\_  
Dan J. Alpert