

## **NEGOTIABLE PROMISSORY NOTE**

\_\_\_\_\_, 2016

\$15,000.00

**For Value Received, STARLIGHT BROADCASTING LLC**, a limited liability company organized in the State of Oregon (“Maker”) promises to pay to the order of **HARNEY COUNTY RADIO, LLC**, a corporation organized under the laws of the State of Oregon (“Holder”), the principal amount of **FIFTEEN THOUSAND DOLLARS** (\$15,000.00), together with interest, in the amount of 5.0% per year.

Payment shall be made in 18 monthly payments (“Payment”), due on the 5th day of each month, consisting of 17 monthly payments of \$866.71 and a final payment of \$863.11. The first payment shall be due no sooner than 25 days after the date first written above.

1. Events of Default. Upon the occurrence of one or more defaults that have not been timely cured, as defined below, the Holder shall have the option of declaring immediately due and payable the entire unpaid principal of this Note plus accrued interest thereon. The following shall be events of default:

(a) If the Maker shall default in any payment of principal or interest and such default shall continue for a period of ten (10) business days following written notice to Maker;

(b) If a receiver, conservator, custodian, liquidator, or trustee of Maker, or of all or any substantial part of Maker's assets, is appointed by court order and such order remains in effect for more than 60 days; or an order for relief is entered under the federal bankruptcy laws with respect to Maker; or any of the material amount of Maker's assets is sequestered by court order and such order remains in effect for more than 60 days; or a petition is filed against Maker under the bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days after such filing;

(c) If Maker files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment or debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against Maker under any such law, and such remains in effect for more than 60 days; and

(d) If Maker makes an assignment for the benefit of its creditors, or admits

in writing its inability to pay, or in fact does not pay, its debts generally as they become due, or consents to the appointment of a receiver, conservator, custodian, liquidator, or trustee of Maker, or of all or any substantial part of its assets.

2. Covenants of the Maker of this Note. As long as this Note shall remain outstanding, the Maker of this Note warrants, covenants, and agrees as follows:

(a) That following Closing, Maker is the licensee of Stations KBNH(AM), FCC Facility ID No. 62265, licensed to Burns, Oregon; and KORC(FM), FCC Facility ID No. 62264, licensed to Burns, Oregon (collectively the “Stations”), and owns the assets used in the operation of the Stations, free from any lien, encumbrance, or security interest of greater or equal seniority to that of Holder, and that Maker will defend the Stations and its current or future assets against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) That Maker will not sell or otherwise transfer any of the material assets used in the operation of the Stations or any interest therein other than in the ordinary course of business unless such assets are replaced by property of at least equal value.

(c) That Maker shall promptly pay when due all taxes and assessments that may be levied against the Stations’ property and that Maker is not contesting in good faith. If Maker fails to do so, Holder has the option, but is not obligated, to make payments at Maker’s expense.

(d) Holder has the option, but is not obligated, to pay and discharge other liens, encumbrances or security interests upon the Stations’ property.

3. Notices. All notices and other communications to be delivered hereunder shall be in writing and shall be sent by registered or certified mail, return receipt requested, at the following respective addresses, or at such other respective addresses as may be furnished by the respective parties:

If to the Maker of the Note:

Starlight Broadcasting LLC  
138 East C St.  
Burns, OR 97720

If to the Holder of this Note:

Harney County Radio, LLC  
c/o Dan J. Alpert, Esq.  
The Law Office of Dan J. Alpert  
2120 N. 21<sup>st</sup> Rd.  
Arlington, VA 22201  
Email: [dja@commlaw.tv](mailto:dja@commlaw.tv)  
Facsimile: (703) 539-5418

4. Default Remedies. If an event of Default shall occur that has not been timely

cured, the Holder may exercise any right, power, or remedy permitted to such holder by law, and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal and all interest accrued on this Note to be, and the Note shall forthwith become, due and payable, without any presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived and the holder of the Note may proceed (subject to the rules and regulations of the FCC) to protect and enforce its rights either by suit or in equity and/or by action at law or proceed to obtain judgment or any other relief whatsoever appropriate to the action or proceeding, or proceed to enforce any other legal or equitable right of any holder of the Note. The Holder of this Note shall be entitled to recover the costs and expenses, including, but not limited to, reasonable attorneys' fees actually incurred by such holder in collecting any sums due under the Note or in otherwise enforcing any of its rights and the costs and expenses incurred by such holder pursuant to Paragraph 2(c) and (d) hereof. In addition to the foregoing remedies, all overdue payments shall bear interest at the lesser of eighteen percent (18%) per annum or the maximum rate allowable under law, which amounts shall be added to the outstanding balance hereof.

It is acknowledged that under current FCC policy Holder cannot have a security interest in the FCC authorizations. Nevertheless, Maker hereby grants to Holder a continuing security interest in the Collateral (as defined below) to secure prompt payment and performance by Maker. The term Collateral means and includes:

(a) All accounts, accounts receivable, contract right, and general intangibles, all other forms of payment, all present and future incomes, rents, revenues, contributions, issues and profits, goodwill, licenses and license rights (subject to subsection (c) below) bailment or leasehold interests, whether as lessor or lessee;

(b) All tangible personal property acquired in conjunction with the purchase of the Stations from Holder; and;

(c) To the maximum extent permitted by below, and subject to FCC approval where necessary: (i) all buildings and structures located on the real property encumbered by the Mortgage, including those in or on which the Stations is located; (ii) any proceeds, products, offspring, accessions, rents, profits, income, or benefits associated with the sale of the Authorizations (unless such proceeds, products, offspring, accessions, rents, profits, income, or benefits would constitute an Authorization to the extent that any law applicable thereto, including the Act and the rules, regulations and policies of the FCC prohibits the creation of a security interest therein); and (iii) the rights to receive the proceeds necessary to satisfy the monies owed by Maker to Holder derived from or in connection with the sale, assignment, or transfer of such Authorizations, subject to FCC approval.

(d) In the event the FCC policies permit it in the future, the FCC Authorizations.

Holder shall be permitted to file a UCC-1 to secure Holder's security interest as described above. Notwithstanding the forgoing, upon the occurrence of a Default that is not cured pursuant to the time periods set forth above, Holder also shall have the right to:

(a) Collect the Collateral (upon notification, if so required) and apply the Collateral, including proceeds, against the outstanding amount owed (crediting Maker for any amounts previously paid to Holder pursuant to this Promissory Note or the Purchase Agreement, including any payments of principal paid pursuant to this Note);

(b) Retain a broker for the purpose of listing the Assets to be marketed to members of the public. Maker shall cooperate in any necessary marketing of the Assets, including but not limited to allowing prospective buyers to have reasonable access to the Stations' facilities, books and records at mutually convenient times. Maker also shall cooperate as necessary with the preparation and filing of any application at the FCC for the assignment of the Authorizations to any party;

(c) Collect from Maker on demand any deficiency remaining after exercise of the above remedies. Any monies remaining in excess of the amounts owed to Holder under this Promissory Note or the Purchase Agreement shall be credited exclusively to Maker.

Holder and Maker agree not to take any action that would constitute or result in an assignment or transfer of control of such Authorization if such assignment or transfer of control would require under then-existing laws (including FCC rules) the prior approval of the FCC, without first obtaining such approval of the FCC.

5. Prepayment and Application of Payments Made. Prepayment of this Note may be made at any time without prior written consent of the Holder without premium or penalty. All payments received in any given month will be applied first to accrued but unpaid interest and then to a reduction of the outstanding principal balance.

6. Miscellaneous. Maker hereby waives all notices, presentment for payment, demand, protest, notice of protest, and notice of dishonor and agrees to remain bound until the principal and any interest are paid in full, notwithstanding any extension of time for payment that may be granted even though the period or periods of extension be indefinite and notwithstanding any inaction by, or failure to assert any legal rights available to, the Holder of this Note. Time is of the essence in the performance of this Note.

7. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Oregon, without regard to its conflict of laws principles.

ATTEST:

**STARLIGHT BROADCASTING LLC**

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

Christopher Pruett  
Title: Manager