



## LOAN AGREEMENT

**THIS LOAN AGREEMENT** (this "Agreement") is made and entered into as of August 2<sup>nd</sup>, 2012, by and between **RAAD BROADCASTING CORPORATION**, a Puerto Rico Corporation ("RAAD"), and **AMOR RADIO GROUP, INC.**, a Puerto Rico Corporation ("AMOR").

### RECITALS

**WHEREAS**, Amor, as a winning bidder in Auction No. 88, was issued by the Federal Communications Commission ("FCC") a construction permit authorizing the construction of a new FM radio station for Santa Isabel, Puerto Rico, FCC File No. BPH-19950907MD, Facility ID Number 77881 to operate on FM Channel (the "Permit" or, when constructed, the "Station"); and

**WHEREAS**, as a condition of the allocation of FM Channel 251A to Santa Isabel, the channel on which the Station will operate (and in order to permit other radio stations to make desired changes in their operating channels or station facilities), other radio stations in Puerto Rico were required to change their operating channels. The FCC ordered that these changes be made in MM Docket 91-259, 10 FCC Rcd. 6673 (1995), affirmed, 12 FCC Rcd. 10055 (1997). It may be necessary for AMOR to contribute to the expense reimbursement of the moving stations in accordance with FCC policy; and

  
**WHEREAS**, following the construction of the Station in accordance with the Permit, and upon the filing by AMOR with the FCC of an acceptable application for license to cover the Permit (the "License Application"), the FCC shall in due course issue a license to AMOR for the Station (the "Station License,"); and

**WHEREAS**, RAAD has acquired and now possesses a 43% equity and voting interest in AMOR from the Estate of Osvaldo L. Dedos (deceased) and RAAD currently holds in the aggregate a total equity and voting interest in AMOR of 43%; and

**WHEREAS**, AMOR and RAAD have entered into a Local Programming and Marketing Agreement dated as of June 15, 2010, (the "LPMA"), pursuant to which AMOR has agreed, beginning on the date the Station commences operations pursuant to program test authority (the "PTA Date") to make available to RAAD airtime on the Station and accept for broadcast the programs of RAAD on the terms and conditions set forth in the LMA; and

**WHEREAS**, AMOR and RAAD, simultaneously with the execution of this Agreement, have entered into an irrevocable Option Agreement dated as of the date hereof (the "Option Agreement"), pursuant to which, should RAAD exercise the irrevocable option granted therein, AMOR will issue to RAAD and RAAD may purchase additional authorized shares of AMOR such that the number of issued and outstanding shares that RAAD will own, including all acquired shares, may total up to Seventy-Five

Percent (75%) of the issued and outstanding voting shares of AMOR, and RAAD could then possess a total of up to Seventy-Five Percent (75%) of the equity of AMOR; and

**WHEREAS**, RAAD has heretofore made certain loans to AMOR for the purpose of acquiring the construction permit for the Station, pursuant to that certain Loan Agreement dated June 15, 2010 (the "2010 Loan Agreement"), which loans were evidenced by a promissory note of AMOR dated August 15, 2010 (the "2010 Promissory Note") guaranteed by the personal guarantees of the principals of AMOR; and

**WHEREAS**, RAAD separate and apart from the 2010 Loan Agreement, has advanced monies to AMOR to pay for F.C.C., legal, engineering and other cost related to AMOR compliance with the F.C.C. Construction Permit, which constitute Other Loans as evidenced and listed in **Exhibit 1**.

**WHEREAS**, RAAD will be called upon hereafter to make additional loans to AMOR in order to finance construction of the Station; for purposes of paying the relocation expenses of other stations pursuant to the FCC's Docket 91-259; and for initial operating costs and expenses and is ready, willing and able to do so in consideration of this Agreement; the Option Agreement; the Lease Agreement and the LMA;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth and the terms of the other Agreements between the parties hereto referenced hereinabove, and intending to be legally bound, the parties to this Agreement hereby agree as follows:

1. RAAD will, as necessary, make additional loans to AMOR, when and as necessary, up to a maximum Total Loan Amount of \$475,000 (inclusive of the amounts previously loaned to AMOR as of the date of this Agreement (as more particularly listed in **Exhibit 2** hereto), the proceeds of which will be utilized for the following purposes and for no other purpose:

1.1. The purchase of equipment, and for construction and initial operating expenses of the Station;

1.2. The reimbursement (at the discretion of RAAD and as necessary per any agreement into which AMOR may become a party, or as ordered by the FCC after exhaustion of any administrative or judicial appeals or remedies thereof) of station licensees of reasonable, prudent and necessary expenses in channel relocation pursuant to MM Docket No. 91-259;

1.3. FCC, or legal or engineering expenses incurred by AMOR relative to the station's construction or initial operation, subject to the prior approval of RAAD; and

1.4. Promotional expenses or costs, music license fees, rents, royalties and other necessary and prudent incidental expenses of the Station's construction and operation.

2. The amount specified in Paragraph numbered 1 above is *inclusive* of the amount already loaned to AMOR by RAAD as evidenced by the 2010 Loan Agreement and the 2010 Promissory Note. Upon execution of this Agreement, RAAD and AMOR will cancel the 2010 Promissory Note and the 2010 Loan Agreement and the individual guarantors of the 2010 Promissory Note will be released from their guaranty obligation.

3. Should RAAD elect not to exercise its rights under the Option Agreement, and in any case until RAAD makes this election, AMOR will execute a Promissory Note (in a form acceptable to RAAD) for the Total Loan Amount specified herein (plus interest at the rate of 6% per annum until paid), which Promissory Note shall be guaranteed by a Security Agreement in the form set forth in **Exhibit 3** hereto. The Security Agreement will include as collateral all of the assets of AMOR and all of the issued and outstanding stock of AMOR not now owned by RAAD or its principals. Should RAAD elect to exercise the Option Agreement, the loan amount set forth hereinabove shall be applied to the purchase price for the additional shares to be acquired by RAAD pursuant to the Option Agreement, totalling up to Seventy-Five Percent (75%) of the issued and outstanding voting shares of AMOR, so that RAAD could then possess a total of up to Seventy-Five Percent (75%) of the equity of AMOR, at which point the Promissory Note and Security Agreement will be cancelled.

*Ali.*  
*Forty (45) %*  
4. Any other current shareholder of AMOR may, at any time prior to a date sixty (60) days after the date of this Agreement, offer to serve as lender to AMOR under the same terms and conditions of this Agreement as are applicable to RAAD hereunder. Any such offer must be accompanied by a showing of available net liquid assets available for funding AMOR as called for by the terms of this Agreement. Should such an offer be made by any shareholder (s) other than RAAD, AMOR will hold a meeting of shareholders and a vote will be taken to determine whether RAAD or any other shareholder of AMOR shall serve as lender on the same terms and conditions specified herein. If such an offer is accepted the shareholder (s) will be able to make loans to AMOR in proportion to their existing ownership participation if all three shareholders decide to participate and in proportion to each others initial shares if two out of the three shareholders decide to participate. Shares not bought by a shareholder under these rules will be available to the other shareholder (s) in proportion to each shareholder initial shares if more than one shareholder is interested, or to the only interested shareholder if that is the case. **See Exhibit 4** Only an AMOR shareholder as of the date of this Agreement can make such an offer, and lender status is not transferable or assignable.

*7/20/11*  
5. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns. Notwithstanding the foregoing, no party may assign its rights or obligations under this Agreement without prior written consent of the other party. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the parties hereto and their permitted assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement.

6. No modification of any provision of this Agreement shall be effective unless in writing and signed by all parties. No failure or delay on the part of AMOR or RAAD in exercising any right or power under this Agreement shall operate as a waiver of such right or power, nor shall any single or partial exercise of any such right or power or the exercise of any other right or power. Except as otherwise provided in this Agreement, the rights and remedies provided in this Agreement are cumulative and are not exclusive of any other rights or remedies which a party may otherwise have.

7. The construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Puerto Rico without giving effect to the choice of law provisions thereof. Any action, suit or proceeding brought by any party to this Agreement relating to or arising out of this Agreement or any other agreement, instrument, certificate or other document delivered pursuant hereto (or the enforcement hereof or thereof) must be brought and prosecuted as to all parties in, and each of the parties hereby consents to service of process, personal jurisdiction and venue in, the courts of general jurisdiction located in Puerto Rico.

8. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, including by facsimile, and shall be deemed to have been duly delivered and received on the date of personal delivery, on the third day after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt requested, on the day after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery or when dispatched by facsimile transmission (with the facsimile transmission confirmation being deemed conclusive evidence of such dispatch) and shall be addressed to the following addresses, or to such other address as any party may request, in the case of AMOR, by notifying RAAD, and in the case of RAAD, by notifying AMOR:

To AMOR:

AMOR Radio Group, Inc.  
P.O. Box 263  
Mercedita, Puerto Rico 00715-0263  
Attention: Hilda Nazario, Vice President  
Fax:

With copies (which shall not constitute notice) to:

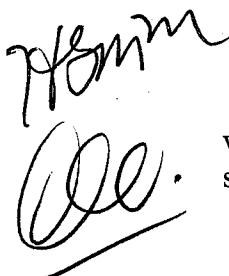
Frank R. Jazzo, Esq.  
Fletcher, Heald & Hildreth, PLC  
1300 North 17<sup>th</sup> Street, 11<sup>th</sup> Floor  
Arlington, VA 22209  
Fax: 703-812-0486

To RAAD:

RAAD Broadcasting Corporation  
HC-71, Box 15390  
Bayamon, Puerto Rico 00956-9535  
Attention: Roberto Davila Rodriguez, President  
Fax: 787-785-9377

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

Booth, Freret, Imlay & Tepper, P.C.  
14356 Cape May Road  
Silver Spring, MD 20904-6011  
Attention: Christopher D. Imlay, Esq.  
Fax: (301) 384-6384

 9. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

10. The parties agree that if one or more provisions contained in this Agreement shall be deemed or held to be invalid, illegal or unenforceable in any respect under any applicable law, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted, and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

11. Should any shareholder derivative suit or any other similar shareholder action be filed by any shareholder other than RAAD making any allegations against RAAD or its principals, all obligations to RAAD under any promissory note made by AMOR and then outstanding will immediately become due and payable and all collateral subject to the Security Agreement, including the shares of AMOR pledged as security for such obligations will be available to RAAD pursuant to the terms of said Security Agreement.

12. This Agreement and the other agreements referenced herein, embody in the aggregate the entire agreement and understanding of the parties hereto, and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein.

*Handwritten signature*  
*Dec.*

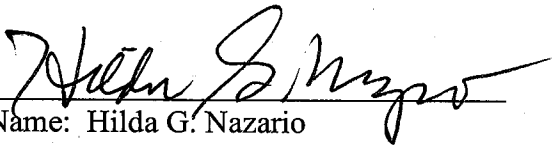
SIGNATURE PAGE TO LOAN AGREEMENT

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date and year first above written.

AMOR:

**AMOR RADIO GROUP, INC.**

By:



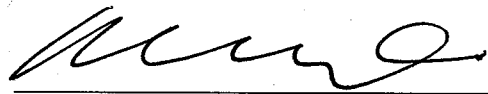
Name: Hilda G. Nazario

Title: Vice President

RAAD:

**RAAD BROADCASTING  
CORPORATION**

By:



Name: Roberto Davila Rodriguez

Title: President