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[Proposed] Attorneys for Debtor

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:
KHWY, INC.,
Debtor.

Case No: BK-S-17-
Chapter 11

**Hearing Date: OST REQUEST PENDING
Hearing Time: OST REQUEST PENDING**

**MOTION TO SELL ASSETS FREE AND CLEAR OF
LIENS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. §363(f)**

The Debtor, KHWY, INC., (“Debtor”), through its attorney, Matthew L. Johnson, Esq., of the law firm of JOHNSON & GUBLER, P.C., respectfully moves this Court for an Order (1) approving the sale of Radio Stations KHYZ, Channel 259B, Mountain Pass, CA (along with Booster Station KHYZ-FM2, Las Vegas, NV), and KRXV, Channel 251B, Yermo, California, and related assets to Educational Media Foundation (“EMF”) for \$525,000, free and clear of all liens pursuant to 11 U.S.C. §363(f), claims and encumbrances, with liens, claims and encumbrances attaching to the sale proceeds, subject to higher and better bids, and certain other conditions set forth in this motion, and (2) approving the sale of the Debtor’s remaining assets, including all assets used by the Debtor to operate other radio stations located throughout the Southwestern United States, free and clear of all liens, claims and encumbrances pursuant to 11

1 U.S.C. §363(f), with proceeds of the sale being distributed to secured creditors at closing, or as
2 otherwise agreed by the Debtor and applicable secured creditor, and otherwise held by the Debtor
3 to be distributed to pay administrative expenses, and if any funds remain, to distribute the balance
4 of any funds remaining to unsecured creditors through a Plan of Reorganization or as otherwise
5 directed by the court. The Debtor has brought this motion early in the case is to maximize the
6 value of the assets as the Debtor believes that the value of the assets will be best preserved if the
7 stations continue to operate and are sold, rather than cease operations. For these reasons, the
8 Debtor respectfully requests that the Court enter an Order granting this Motion.

9 This Motion is made and based on the attached Points and Authorities, the papers and
10 pleadings on file herein, the Declaration on file herein in support of the Motion, and any oral
11 argument and additional evidence that the Court may entertain at the time of any hearing on this
12 Motion.

13 **A. FACTS**

14 The Debtor, KHWY, Inc. (“Debtor” or “KHWY”), owns and operates several radio
15 stations under various call signs. These stations include “Highway Vibe”, (1) KHWY-FM, (2)
16 KRXV- FM, (3) KHYZ-FM, “Highway Country” (4) KIXW- FM, (5) KIXF-FM. Furthermore,
17 the Debtor owns the majority interests in The Drive, LLC (“Drive”), a California Limited
18 Liability Company, which owns and operates two additional stations, (6) KHDR-FM, and (7)
19 KHRQ-FM. Although the last two stations are owned by Drive, all of Drive’s operational income
20 and expense have always been directed through the Debtor. John Hearne with Point Broadcasting
21 owns a minority interest in Drive. The FCC has allocated licenses to each of the above stations,
22 and KWHY intends to sell and transfer its interests in those licenses and in the physical assets of
23 the radio stations. On January 31, 2017, the Debtor received an offer from EMF to purchase
24 stations KHYZ and KRXV, together with their related equipment, licenses, and other assets
25 required to operate those stations. The remaining assets that the Debtor desires to sell include,
26 among other assets, the remaining broadcasting equipment and licenses of the various stations

1 that are required to operate the stations, as well as the long standing agreements with the tower
2 owners for use of the various towers required to broadcast. The sale will be subject to approval of
3 the Court and as to the licenses, approval of the FCC. KHWY is the only radio station
4 serving the drive market between Los Angeles, Las Vegas and Kingman, Arizona. It has been
5 broadcasting for more than 30 years, and provides the only contiguous live media between those
6 markets. It provides traffic, weather, entertainment and emergency road information to
7 approximately 63 million motorists who travel those highways each year. It is the designated
8 Emergency Alert System interface between the Southwestern United States and the Central
9 United States as designated and licensed by the FCC and Homeland Security. It is unique as the
10 only broadcast entity licensed to approach a 100% mobile, automotive audience.

11 This motion seeks to sell to EMF (if the successful bidder) Radio Stations KHYZ and
12 KRXY and its related equipment, contracts, and assets, and sell to the highest bidder at an auction
13 to be scheduled by the Court all of the remaining assets of the Debtor, including its majority
14 interest in Drive. The Motion does not seek to sell the minority interest of John Hearne or Point
15 Broadcasting. A list of the assets the Debtor seeks to sell is attached as Exhibit 1. In addition to
16 this list, the Debtor seeks to sell its interest in The Drive, LLC.

17 Currently, no less than three entities/individuals have expressed an interest in purchasing
18 all or part of KHWY's assets. On January 31, 2017, the Debtor received an offer from EMF to
19 purchase Radio Stations KHYZ and KRXXV from the Debtor for \$525,000.00. Although EMF has
20 signed a letter of intent, A definitive asset purchase agreement has not been signed at the time of
21 the filing of this motion. No offers have been finalized regarding the Debtor's remaining assets,
22 but the Debtor believes that those assets have value, there are interested buyers, and definitive
23 offers will be received in advance of the contemplated auction.

24 The Debtor has had several financial challenges and has been unable to operate at a profit.
25 Initially, in December 2016, the Debtor filed a Chapter 7 petition to allow a Trustee to sell the
26 assets at, what the Debtor believed, would be a lower administrative cost than if a sale were

1 conducted under Chapter 11. However, for the stations to maintain their value, they must remain
 2 on the air. The Trustee assigned to the Chapter 7 case determined that the risk in operations was
 3 too great to continue operations, and that the assets may be encumbered, and agreed to dismissal
 4 of the case so that the Debtor could continue to operate the stations and maintain their value while
 5 attempting to negotiate one or more sales of the assets. Furthermore, the Debtor's only secured
 6 creditor, What's On Las Vegas ("WOLV"),¹ has no objection to the sale efforts occurring as part
 7 of a chapter 11 case and the Debtor's use of its cash collateral, subject to court approval of the
 8 terms of the proposed cash collateral stipulation filed by the Debtor with the court on February 8,
 9 2017.² ARGUMENT

10 **1. This Court Should Authorize The Debtor To Sell The Debtor's Assets Free**
 11 **And Clear Of All Liens And Encumbrances.**

12 The Debtor cannot continue to operate the stations at a profit under its current revenue
 13 stream. However, the Debtor's assets are significantly more valuable if the stations are operating
 14 than if the stations "go dark." The recent offer received from EMF to purchase the assets relating
 15 to just two stations for \$525,000 are evidence of this fact. The Debtor has been negotiating the
 16 sale of its assets for several months, and has at least three interested parties. The Debtor has filed,
 17 _____

18 ¹ **Error! Main Document Only.** Balboa Capital, entered into a "lease" agreement with the
 19 Debtor for certain broadcasting equipment required for operation of the radio stations. This
 20 included a transmitter, broadcast processing systems, and studio broadcasting equipment. The
 21 term of the "lease" has been satisfied and the Debtor is no longer required to make payments
 22 under the agreement. However, under the agreement, the Debtor may either (1) continue to make
 23 payments until a certain amount has been paid to Balboa Capital, (2) return the equipment to
 Balboa Capital, which has shown no interest in receiving it, or (3) refinance the amount required
 to satisfy Balboa Capital in full. The Debtor believes that this is not a bona fide lease, but instead
 a quasi purchase agreement since the Debtor has the ability to own the equipment once the
 diminishing balance is paid in full either through monthly payments or depreciation. To date, the
 balance required to satisfy Balboa Capital is approximately \$42,000.00. Thus, Balboa Capital
 may also be a secured creditor and not simply a lessor under this agreement.

24 ² **Error! Main Document Only.** The loan was issued from What's On Las Vegas, LLC, a
 25 magazine publisher in Las Vegas, Nevada, which was wholly owned by Kellog Media Holdings.
 26 Kellog's lender, Brooks Houghton then foreclosed on its assets. On information and belief,
 Kellog Media is no longer operating, and the interest in the loan from What's On has been
 assigned to Brooks Houghton.

1 contemporaneous with this Motion, an application to employ the Debtor's broker, and desires to
2 sell the Debtor's assets, including its call names and equipment, free and clear of all liens and
3 encumbrances, with the proceeds being used first, to pay the secured creditor, subject to any court
4 approved "carveout" and then administrative expenses. In the event any funds remain thereafter,
5 the remaining balance would be used to satisfy the claims of unsecured creditors through a Plan
6 of Reorganization or as otherwise ordered. Although there are no current offers for the assets
7 other than the offer from EMF for assets relating to two stations, the Debtor has been involved in
8 discussions and believes that the additional stations may be sold for in excess of the Debtor's
9 secured debt obligations.

10 Under 11 U.S.C. §363(b) and (f), a debtor in possession "may sell property . . . free and
11 clear of any interest in such property of an entity other than the estate . . . if . . . such interest is a
12 lien and the price at which such property is to be sold is greater than the aggregate value of all
13 liens on such property." Such a sale is appropriate, especially if the sale is in the best interests of
14 the estate. *See In re The Huntington Limited*, 654 F.2d 578, 589 (9th Cir. 1981) ("If a Chapter 11
15 proceeding is filed in good faith with the intention of restructuring the debtor's ailing financial
16 situation, and if it subsequently appears that a sale of assets is in the best interests of the estate, it
17 is within the power of the bankruptcy court to authorize such a sale." (Citations omitted)). *See*
18 *also In re Investors Funding Corp. Of New York*, 592 F.2d 134, 135 (2nd Cir. 1979) ("Generally,
19 a sale free of encumbrances is disfavored if the aggregate of the encumbrances is greater than the
20 proceeds of the sale but favored if the estate has an equity in the property and the sale is in the
21 best interest of the estate." (Citations omitted)). Furthermore, if the sale is less than the amount
22 owing to the secured creditor, a sale is appropriate if the secured creditor consents.

23 In this case, 11 U.S.C. §363(f)(3), allows the Debtor to sell its assets free and clear of
24 liens and encumbrances. The Debtor owes its secured Creditor, WOLV Las Vegas, LLC,
25 approximately \$544,000.00, as of October 30, 2016. Interest, fees and expenses have continued
26 to accrue since that date. The Debtor believes that by continued operation of the stations, the

1 amount that will be received through the sale will exceed the amount owing to WOLV. As part
2 of the sale to EMF, the Debtor will also sell its interest in the agreement with Balboa Capital, and
3 EMF (or any other successful buyer) will have the right to step into the Debtor's shoes regarding
4 that agreement and either pay Balboa Capital the amount remaining, to continue using the
5 equipment and making monthly payments, or simply return the equipment to Balboa Capital³. As
6 a condition precedent, EMF, or the successful bidder must accept any liabilities of the Balboa
7 Capital agreement, which is attached to this Motion as "Exhibit 1" to "Exhibit 2". The Debtor
8 requests that the Court approve a sale of KHYZ and KRXV to EMF pursuant to 11 U.S.C.
9 §363(f), approve payment of a commission to the Debtor's broker as set forth in the application,
10 and approve a sale of the remaining assets and schedule an auction date within 30-60 days of
11 approval of this Motion.

12 The Debtor has been marketing the sale of these assets, through a broker, for
13 approximately six (6) months pre-petition, and believes that although there may be other
14 interested parties, the assets have been appropriately marketed to obtain the highest possible price
15 for the assets. This is evidenced by the recent offer from EMF of \$525,000 for two of the stations
16 operated by the Debtor.

17 2. The Sale Should Be Governed By Certain Sale Procedures

18 The Debtor requests that the Court set the following sale procedures to govern the sale.
19 First, the Debtor requests that the Court approve the sale of Radio Stations KHYZ and KRXV to
20 EMF for \$525,000.00, with a 10% commission being paid to the Debtor's broker from the sale
21 proceeds, subject to the court's approval of the Debtor's employment of the broker, Spectrum
22 Media, LLC. The sale to EMF would include Stations KHYZ and KRXV, broadcast equipment
23 and all assets related to the Stations' tower sites, as well as the assignment and assumption of the

24 ³ **Error! Main Document Only.** To date, Balboa Capital has not responded to various inquiries by
25 the Debtor or counsel regarding this matter. The Debtor has not returned the equipment because
26 (1) it is necessary to continue operation of the stations, and (2) among the Balboa equipment is a
large, heavy broadcast transmitter located high on a mountain in California, and the cost to
retrieve it and return it to Balboa is more than the Debtor can reasonably afford.

1 Balboa Master Lease Agreement, a copy of which is attached as Exhibit "1" to this Motion. A
2 copy of the Assignment and Assumption Agreement to be signed as a condition of the sale to
3 EMF is attached as Exhibit "2". Within five (5) days of approval of this Motion, EMF must
4 deposit with the Trust Account of JOHNSON & GUBLER, P.C. 5% of the purchase price, or
5 \$26,250.00, which amount will remain in the Trust Account of JOHNSON & GUBLER, P.C.
6 until further Order of the Court. The sale will close within ten (10) days of final approval of the
7 transfer of the licenses by the FCC.

8 All remaining assets will be sold at an auction to be set by this Court. All bidders must
9 comply with all of the terms set forth in this Motion⁴, including but not limited to the following:
10 (1) a bid in an amount no less than \$100,000.00, which amount must be used first to pay
11 administrative expenses including (a) a payment to the broker in the amount of 10% of the sales
12 price, (b) payment of attorney's fees and costs to JOHNSON & GUBLER, P.C. and to Marissa
13 Repp, the attorney who will prepare the FCC transfer documents to the successful bidder, (c)
14 payment to Steve Aronson, the Debtor's accountant for all tax and accounting costs associated
15 with the sale transaction, (d) payment of all U.S. Trustee's fees incurred as a result of the sale,
16 and (e) any other administrative expenses incurred while the case is pending. The balance of the
17 sale proceeds shall be paid to satisfy any remaining claim of WOLV up to the satisfaction of its
18 claim (believed to be approximately \$544,000.00). In the event that there are any other amounts
19 left over, those amounts shall be paid to unsecured creditors on a pro-rata basis through a Plan of
20 Reorganization. In order to qualify to bid at the auction, all interested bidders shall place into the
21 trust account of JOHNSON & GUBLER, P.C. a minimum of two (2) business day prior to the
22 Auction a deposit in the amount of \$10,000.00. Any bidder who is not the Successful Bidder will
23 have the deposit returned to them after the conclusion of the auction, in the ordinary course.

24 _____
25 ⁴ **Error! Main Document Only.** Although the sale could be brought in a Plan, the Debtor has
26 elected to sell through this section 363(f) motion to save the significant costs of administrative
expenses. The costs of operating the Debtor while a Plan is properly noticed, voted on, and
confirmed would significantly cut into the amount to be received by the creditors.

1 The sale shall be subject to the Successful Bidder being approved for licensing by the
2 Federal Communications Commission (“FCC”). It is anticipated that this process may take up to
3 120 days from the date of the auction. The sale proceeds shall be held in the Trust Account of
4 JOHNSON & GUBLER, P.C. until such time as the sale closes, meaning that the sale proceeds
5 have been paid and the FCC has granted final approval of the transfer of the licenses. In the event
6 that the Closing does not occur by August 31, 2017 because of the failure or refusal of the FCC to
7 transfer the licenses, either party has the right to cancel the Escrow by written notice to that party,
8 to the Debtor, and to JOHNSON & GUBLER, P.C.

9 The Court may approve the sale to the highest qualified bidder, and may accept backup
10 bids in the event that the highest qualified bidder fails to perform. The Successful Bidder’s
11 deposit shall become non-refundable upon the adjournment of the Auction, unless the Sale fails to
12 close as a result of the Debtor’s failure to comply with any condition precedent to the Sale, the
13 Debtor breaches its obligations under the Order or applicable purchase and sale agreement, or the
14 FCC fails or refuses to transfer the licenses to the Successful Bidder by August 31, 2017.
15 Bid increments will be \$5,000 or in such other incremental amount determined by the Court. In
16 the event that the Successful Bidder does not pay to the Trust Account of JOHNSON &
17 GUBLER, P.C. the amount of the Successful Bid within ten (10) days of the Auction, the Debtor
18 has the right to cancel the sale and the deposit paid by the Successful Bidder shall be forfeited to
19 the Debtor and the Debtor may then accept backup bids. Any backup bidder shall deposit the
20 Accepted Backup Bid price in the Trust Account of JOHNSON & GUBLER, P.C. within ten (10)
21 days of written notice of acceptance of the backup bid. If either party defaults in their obligations,
22 the non-defaulting party may cancel the sale. The defaulting party shall pay all costs of
23 cancellation. If there is no bidder, the sale will be cancelled and the Debtor may return the leased
24 equipment to Balboa Capital.

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CERTIFICATE OF SERVICE

I hereby certify that on February 8, 2017, I sent a true and correct copy of the foregoing MOTION TO SELL ASSETS FREE AND CLEAR OF LIENS AND ENCUMBRANCES ON AN ORDER SHORTENING TIME, via electronic service, to the following:

See Master Service List

I further certify that on the same date I mailed a true and correct copy of the Motion on the following:

WOLV Las Vegas, LLC
c/o Sara L. Chenetz, Esq.
PERKINS COIE, LLP
1888 Century Park East, Suite 1700
Los Angeles, CA 90067-1721

Balboa Capital Corporation
2010 Main Street, 11th Floor
Irvine, CA 92614

/s/ Suzanne Alexander
An Employee of JOHNSON & GUBLER, P.C.

Exhibit 1 to Motion to Sell

2016 Inventory List

Purchase Date	Tag #	Description	Location	Value
	29	CD Link STL Transmitter CDL-950T	Barstow	\$700
	166	Medium Wood CD Rack	Barstow	\$70
	168	Large Wood CD Rack	Barstow	\$90
	172	Cisco Systems SR224G LAN Distribution Switch	Barstow	\$150
	173	Cisco Systems RV0041 Internet Fire Wall Router	Barstow	\$150
	174	Yamaha Receiver TX492	Barstow	\$100
	175	Barix EX Streamer 500	Barstow	\$240
	176	Yamaha Receiver TX492	Barstow	\$100
	177	Crescend STL Amplifier LPA-900	Barstow	\$450
	178	Tripp Lite UPS	Barstow	\$50
	179	HP Compact Computer "Studio C"	Barstow	\$400
	180	The Match Box 2 Direct Coupler	Barstow	\$80
	181	Wood Desk Over Bridge	Barstow	\$40
	182	Numark CD Player	Barstow	\$80
	201	Harris RAK-85 Equipment	Barstow	\$100
	224	Basic Rack Assy	Barstow	\$200

	225	Basic Rack Assy	Barstow	\$200
	234	Basic Rack Assy	Barstow	\$200
	249	Work Bench w/2 Cabinets	Barstow	\$160
	287	Kitchen Table	Barstow	\$40
	295	4' Ladder	Barstow	\$75
	296	Metal Cabinet	Barstow	\$100
	300	Black Boling Wood Chair	Barstow	\$45
	308	Wood Desk	Barstow	\$100
	309	Desk Extension	Barstow	\$80
	313	Boling Blue/Wood Chair	Barstow	\$45
	314	Wood End Table	Barstow	\$40
	317	Blue Boling Chair w/casters	Barstow	\$45
	318	Blue Boling Chair w/casters	Barstow	\$45
	319	Blue Boling Chair w/casters	Barstow	\$45
	321	Blue Boling Chair w/casters	Barstow	\$45
	322	Lg. China Blue Fluted Lamp	Barstow	\$25
	324	Wood End Table	Barstow	\$40
	325	Credenza wood 4dr.	Barstow	\$200
	326	Wood Coat rack	Barstow	\$15
	327	Custom Mirror 30 x 40	Barstow	\$35
	328	End Table #453-T	Barstow	\$40
	329	Fire Extinguisher	Barstow	\$25
	341	Oxford Dessage File metal	Barstow	\$45
	343	Fire Extinguisher	Barstow	\$25
	344	Fire Extinguisher	Barstow	\$25

	345	Fire Extinguisher	Barstow	\$25
	348	Executive Desk 6dr.	Barstow	\$175
	351	Metal R2D2 with wings	Barstow	\$35
	354	Picture Siler City Stage	Barstow	\$100
	355	Minotaur Galleries Picture Indians	Barstow	\$100
	356	Minotaur Galleries Antique Print Collection	Barstow	\$100
	382	Fire Extinguisher	Barstow	\$25
	395	2 DR. Wood File Cabinet	Barstow	\$55
	403	Bulk Tape Erasure	Barstow	\$5
	727	Boling Wood/Blue Loveseat	Barstow	\$145
	803	Wood Computer Desk	Barstow	\$100
	804	Wood Computer Shelves	Barstow	\$45
	821	Wood Computer Desk	Barstow	\$145
	822	Wood Left Return	Barstow	\$25
	823	Wood Printer Stand	Barstow	\$40
	841	4 Dr. Devon File Brown Metal	Barstow	\$50
	842	4 Dr. Premier File Grey Metal	Barstow	\$50
	846	Brown wood chair	Barstow	\$20
	849	2 Dr. Metal File Cabinet	Barstow	\$40
	850	Large Wooden Cabinet 5'x5'	Barstow	\$100
	852	Wood Mail Cabinet	Barstow	\$100
	862	Pioneer PDM603 CD Player	Barstow	\$155

	1012	Belar RF Amp RFA-4	Barstow	\$200
	1013	Belar FM Mod. Monitor FM2	Barstow	\$200
	1015	Broadcast Tools 8X2 Stereo Switcher	Barstow	\$100
	1016	Air Sentry Silence Sensor	Barstow	\$125
	1021	Hewlett Packard ScanJet 5P	Barstow	\$40
	1025	Grey Chair w/Casters	Barstow	\$25
	1029	Sage Alerting System EAS	Barstow	\$1,200
	1031	360 Audio Editor System	Barstow	\$100
	1051	Crown D75 Power Amp.	Barstow	\$130
	1062	Cherry Wood Desk	Barstow	\$200
	1064	Cherry Wood Cerdenza	Barstow	\$200
	1067	Globe 4 dr. Metal File Cabinet	Barstow	\$100
	1122	Compatible Systems Micro Router 1250	Barstow	\$100
	1127	Logitek PWR-30 Audio Power Amplifier	Barstow	\$160
	1131	Electrovoice RE20 Microphone	Barstow	\$250
	1139	Tascam Reel to Reel BR20	Barstow	\$1.00
	1154	Burk ARC-16 Remote Control	Barstow	\$500
	1158	Electro-Voice Mic RE20	Barstow	\$250
	1160	Symetrix Power Amp	Barstow	\$100
	1165	Tappan Refrigerator	Barstow	\$150
	1168	Pioneer SX253 Receiver	Barstow	\$100
	1184	HP 4000 Laser Jet Printer	Barstow	\$50

	1188	HP 812 Printer	Barstow	\$25
04/08	1211	Telos 1x6 Phone Hybrid Head Unit	Barstow	\$1,000
04/08	1212	Telos Phone Key Pad	Barstow	\$245
	1215	HP CPU Tower "Kevin"	Barstow	\$200
	1216	HP CPU Tower "Sales"	Barstow	\$350
	1219	360 System Short Cut	Barstow	\$145
	1220	Numark CDN25 CD Player	Barstow	\$120
	1223	Carvin DCM150 Power Amp.	Barstow	\$50
	1224	CPU Tower "Engineer"	Barstow	\$400
	1227	CPU Tower Studio C "Production"	Barstow	\$400
	1228	HP Laser Jet 4250n Printer	Barstow	\$50
	1230	CPU Tower Admin "Erin"	Barstow	\$400
	1231	CPU Tower "BARSPD3"	Barstow	\$400
	1232	CPU Tower	Barstow	\$200
	1233	CPU Tower "BARSPD2"	Barstow	\$400
	1234	CPU Tower Dell "Server"	Barstow	\$600
	1235	Powerware 9120 UPS	Barstow	\$200
	1237	CPU Tower "BARSPD1"	Barstow	\$400
09/08	1243	BTOOLS 12 Channel Board Promix12	Barstow	\$350

04/08	1244	TFT EAS 940A	Barstow	\$300
	1245	Staples Shredder SPL-S302D	Barstow	\$90
	1246	Staples Shredder SPL-S302D	Barstow	\$90
	1247	Tripp Light UPS	Barstow	\$50
	1248	Carvin HD 1000 Power Amp	Barstow	\$400
	1249	APC - UPS	Barstow	\$200
	1253	FM Antenna	Barstow	\$20
	1255	FM Antenna	Barstow	\$20
	1256	4' Mark STL Antenna	Barstow	\$200
	1258	HF Antenna	Barstow	\$100
	1260	AM Antenna	Barstow	\$20
	1266	Powerware 9120 UPS	Barstow	\$300
	1270	Mosley SL9003Q STL	Barstow	\$3,300
	1273	Audio Science BOB 1024 Breakout Box	Barstow	\$100
	1274	Audio Science BOB 1024 Breakout Box	Barstow	\$100
	1275	Audio Science BOB 1024 Breakout Box	Barstow	\$100
	1276	Audio Science BOB 1024 Breakout Box	Barstow	\$100
	1277	Audio Science BOB 1024 Breakout Box	Barstow	\$100
	1278	Mosley SL9003Q STL	Barstow	\$3,300

	1280	CPU Tower "The Drive"	Barstow	\$400
	1292	CPU Tower "The Highway"	Barstow	\$400
	1293	CPU Tower "Highway Country"	Barstow	\$400
	1294	CPU Tower "Production"	Barstow	\$400
	1295	CPU Tower "Admin/Server"	Barstow	\$400
	1296	CPU Tower "DRR1"	Barstow	\$400
	1298	CPU Tower "Eudora"	Barstow	\$400
	1300	CPU Tower Dell	Barstow	\$200
	1317	Conference Table	Barstow	\$300
	3204	DeltaTelos 100 Phone Coupler	Barstow	\$300
	3206	Hon 4 dr. Metal File Cabinet	Barstow	\$40
	1370	4 dr. Cherry Wood Cadenza /File Cabinet	Barstow	\$200
	3064	Holga 3-Level Desk/Cabinet	Barstow	\$140
	3065	Holga 3-Level Desk/Cabinet	Barstow	\$140
	3067	Holga Counter Top	Barstow	\$50
	3095	Brass Picture Caesars	Barstow	\$100
	3207	DeltaTelos 100 Phone Coupler	Barstow	\$300
	3122	Metal Etching Picture "Globe"	Barstow	\$100
	3123	Metal Etching Picture "Ship"	Barstow	\$100
	3208	DeltaTelos 100 Phone Coupler	Barstow	\$300

	3209	DeltaTelos 100 Phone Coupler	Barstow	\$300
	3210	DeltaTelos 100 Phone Coupler	Barstow	\$300
	3211	DeltaTelos 100 Phone Coupler	Barstow	\$300
	3212	Pacific Research & Engineering Airwave Digital Board 17-ch	Barstow	\$3,500
	3213	Pacific Research & Engineering Airwave Digital Board 16-ch	Barstow	\$3,500
	3215	Symetric 528E Voice Processor	Barstow	\$400
	3216	Broadcast Tools 6X1 Stereo Switcher	Barstow	\$200
	3217	Broadcast Tools 6X1 Stereo Switcher	Barstow	\$200
	3221	Tascam 122mkII CassetteDeck	Barstow	\$100
	3222	Custom Cabinet Counter Top Control Room	Barstow	\$200
	3223	Custom Equipment Cabinet Control Room	Barstow	\$100
	3224	Custom Equipment Cabinet Production Room	Barstow	\$100
	3225	Custom Equipment Cabinet Production Room	Barstow	\$200
	3226	Custom Cabinet Counter Top Production Room	Barstow	\$200
	3232	Custom Equipment Cabinet	Barstow	\$140

		News Room		
	3233	Custom Counter Cabinet News Room	Barstow	\$200
	3236	Gemsound DJL-1150II Turntable	Barstow	\$50
	3240	Sony CFD CD/Cass./Radio ZW770	Barstow	\$45
	3242	4 dr. File Cabinet	Barstow	\$50
	3243	Large Lateral 4dr. File	Barstow	\$50
	3245	FE Series Best Ups	Barstow	\$30
	3250	Tascam CD-RW2000 CD Recorder	Barstow	\$200
	3252	AudioTechnics 528E Voice Processor	Barstow	\$400
	3253	AudioTechnics DA 1600b Distribution Amp.	Barstow	\$350
	3254	Endec EAS 101 Harris	Barstow	\$200
	3255	AudioTechnics DA 1600b Distribution Amp.	Barstow	\$350
	3256	AudioTechnics DA 1600b Distribution Amp.	Barstow	\$350
	3257	AudioTechnics DA 1600b Distribution Amp.	Barstow	\$350
	3258	Fostex 6301B Powered Monitor	Barstow	\$125
	3259	Fostex 6301B Powered Monitor	Barstow	\$125
	3261	Electro-Voice RE20 Mic	Barstow	\$250
	3262	Electro-Voice RE20 Mic	Barstow	\$250
	3263	JBL 4408A Studio Monitor	Barstow	\$200

	3264	JBL 4408A Studio Monitor	Barstow	\$200
	3265	Tascam 122mkIII Cassette Deck	Barstow	\$100
	3284	Altec Computer Speakers	Barstow	\$70
	3285	Weather Station 433mHz Cable Free	Barstow	\$150
	3328	Executive Chair	Barstow	\$45
	3329	Large Wood CD Rack	Barstow	\$100
	3331	Wood L-Shaped Desk	Barstow	\$300
	3332	Wood L-Shaped Desk	Barstow	\$300
	3333	1 dr. Wood File w/Casters	Barstow	\$20
	3334	1 dr. Wood File w/Casters	Barstow	\$20
	3354	Denon Pro CD Recorder DN-C55oR	Barstow	\$225
	3355	Cybex PC-Extender	Barstow	\$40
	3356	Cybex PC-Companion	Barstow	\$40
	3366	360 System Short Cut	Barstow	\$150
	3369	Wood Desk 3 dr.	Barstow	\$100
	3370	Labtec Computer Speakers	Barstow	\$50
	3371	RCA Speaker	Barstow	\$20
	3372	RCA Speaker	Barstow	\$20
	3373	HON Lateral File 3dr.	Barstow	\$80
	3386	Broadcast Tools 8 x 1 Digital Audio Switcher	Barstow	\$220
	3415	Tascam TU-690 Receiver	Barstow	\$115
	3417	Symetrix 581E Distribution Amp	Barstow	\$240
01/05	3418	Symetrix 581E Distribution	Barstow	\$240

		Amp		
	3419	Aphex Compellor Model 320D	Barstow	\$600
	3425	E/V RE27 Mic	Barstow	\$250
	3426	Broadcast Tools Silence Monitor III	Barstow	\$125
	3426	Broadcast Tools Silence Monitor III	Barstow	\$125
	3427	Broadcast Tools Silence Monitor III	Barstow	\$125
	3428	Broadcast Tools Silence Monitor III	Barstow	\$125
	3429	Broadcast Tools Silence Monitor III	Barstow	\$125
	3430	Broadcast Tools Silence Monitor III	Barstow	\$125
	3431	Broadcast Tools Silence Monitor III	Barstow	\$125
	3432	528E Voice Processor	Barstow	\$400
03/06	3435	Marantz Hand Held Compact MRZPMD660	Barstow	\$200
	3440	External Hard Drive Production	Barstow	\$450
01/06	3457	Comrex Access Mixer	Barstow	\$1,000
01/06	3458	Comrex Access Portable Head Unit	Barstow	\$3,000.00
		Mark 6' STL Dish To Calico Parabolic Grid dish	Barstow	\$600

TOTAL: \$54,086

2016 Inventory List

Purchase Date	Tag #	Description	Location	Value
	DR28	Audio Signal Filter	Calico	\$500
	202	Control Rack	Calico	\$200
	203	Control Rack	Calico	\$200
	365	Sola 23-25-175	Calico	\$500
	368	Bandpass Cavity	Calico	\$500
	371	Andrew 858C Nitrogen Kit	Calico	\$100
	372	Work Bench	Calico	\$50
	730	Burk Remote Control Unit Arc-16	Calico	\$1,000
	732	PT-2 FM Main Transmitter 98.1 – 2.2kw	Calico	\$6,000
	734	Burk Relay Panel	Calico	\$150
	740	Exhaust Fan	Calico	\$50
	744	Marti Base Antenna	Calico	\$150
	952	Omnia One Processor	Calico	\$1,500
	1146	Bandfast Cavity	Calico	\$500
	1271	Omnia One Processor	Calico	\$1,500
	3025	Transmitter Building 98/99	Calico	\$5,000
	3201	Marti Transmitter STL-15C For Highway Country to Turquoise	Calico	\$1,000
	3357	Marti Transmitter STL-15C For Highway Country to Ludlow	Calico	\$1,000
	3358	GE Air Conditioner	Calico	\$200
	3392	Marti Transmitter STL-15	Calico	\$1,000

	3443	Bird Trueline Watt Meter #6210-230	Calico	\$400
	3456	Telular Phone GSM FAX Terminal 850/1900 Mhz	Calico	\$100
05/09	953	Omnia ONE Processor	Calico	\$1,500
05/07	3479	Omnia Stereo Generator	Calico	\$800
05/07	3480	Mosley SL9003Q RX4 STL	Calico	\$3,300
	3481	Mosley SL9003Q TX4 STL	Calico	\$3,300
05/07	3482	Mosley LanLink HS	Calico	\$2,000
	3483	Mosley LanLink HS	Calico	\$2,000
	3484	Modulation Science Inc.	Calico	\$250
		Digit CD - Exciter	Calico	\$2,000
		BEXT FR-500 Transmitter	Calico	\$2,900
		2-Element (Bay) ERI FM Antenna – Main 98.1 Freq.	Calico	\$80.00 Scrap metal
		2-Element (Bay) ERI FM Antenna – Aux 98.1 Freq.	Calico	\$4,000
		Mark 6' STL Dish From Studio Parabolic Grid dish	Calico	\$600
		Mark 8' STL Dish To Turquoise Peak Parabolic Grid dish	Calico	\$700
		LDF-7 Feedline	Calico	\$250
		Mark 10' STL Dish To Mt. Pass Parabolic Grid dish	Calico	\$900

2016 Inventory List

Purchase Date	Tag #	Description	Location	Value
	441	Rack Assy/Side Panel Kit	Goffs	\$200
	442	Belar FMM-2 Monitor (FM)	Goffs	\$300
	443	Belar FMS-2 Mod. Monitor	Goffs	\$500
	444	Burk Tech Remote Control	Goffs	\$1,000
	445	Moseley 6020 Receiver	Goffs	\$900
	448	Nitrogen Regulator Kit	Goffs	\$100
	449	Mark 6' STL Dish FGrom Mtn. Pass Parabolic Grid dish	Goffs	\$600
	450	ERI – Bay FML-3FM Ant. Aux 98.9	Goffs	\$1,000
	453	EFI- Voltage Spike Protector	Goffs	\$1,000
	457	Thermostat/Contactor	Goffs	
	458	Exhaust Fan	Goffs	\$50
	475	Mark 4' STL Dish	Goffs	\$400
	721	Burk Relay Panel	Goffs	\$150
	725	Motorized Damper	Goffs	\$50
	3039	Transfer Switch	Goffs	\$400
	3040	40KW Generator	Goffs	\$6,000
	3130	Rolls Quartz Digital Tuner	Goffs	\$100
	3396	Telular Phone Cell-SX	Goffs	\$200
	3460	Harris Z7.5CD Transmitter 98.9mHz	Goffs	\$30,000
	3461	Boostek Phase Converter	Goffs	\$2,000
		ERI - 3 Bay FM Antenna Main 98.9	Goffs	\$3,000
		FanFare Receiver FT-1AP FM Monitor	Goffs	\$100

2016 Inventory List

Purchase Date	Tag #	Description	Location	Value
2000	3127	Carvin HD 1000 Power Amp	Hwy Van	\$300
2000	3128	Rane Graphic Equalizer	Hwy Van	\$100
2000	3132	Mackie – 14ch Mixer 1402VLZ Pro	Hwy Van	\$200
2000	3133	Shure Wireless Mic Base Unit SL4	Hwy Van	\$250
2000	3134	Shure Wireless Mic Base Unit SL4	Hwy Van	\$250
2000	3135	Custom Equipment Rack	Hwy Van	\$50
2000	3136	Pro Sine 1000 Power Inverter	Hwy Van	\$100
2000	3137	Reader Board Brain	Hwy Van	\$200
2000	3138	Onan - Remote Genset	Hwy Van	\$1,200
2000	3139	Acer – Reader Board Key Pad	Hwy Van	\$200
2000	3140	Custom Cabinets	Hwy Van	\$200
2000	3141	Ford F-250 Van	Hwy Van	\$2,500

2016 Inventory List

	Tag #	Description	Location	Comments
	140	Royal Calculator	Las Vegas	\$10
	605	Brass Lamp	Las Vegas	\$20
	610	Brass Trash Can	Las Vegas	\$10
	619	4 Level Book Shelve	Las Vegas	\$20
	621	Wood hat Rack	Las Vegas	\$250
	633	Green/Brass Lamp	Las Vegas	\$10
	634	Large 3-Hole Punch	Las Vegas	\$5
	1239	3 Dr. File Cabinet w/wheels	Las Vegas	\$40
	1240	2 Cabinet Desk Hutch	Las Vegas	\$100
	1241	2 Cabinet Desk Hutch	Las Vegas	\$100
	1302	Ex. Desk 8dr. Glass Top	Las Vegas	\$200
	1303	7 dr. Armour/File Cabinet	Las Vegas	\$200
	1307	Red/Brass Lamp	Las Vegas	\$10
	1319	Boling Chair Blue w/Casters	Las Vegas	\$25
	1321	Boling Chair Blue w/Casters	Las Vegas	\$25
	1329	4 dr. Wood Desk	Las Vegas	\$150
	1330	3 dr. Desk Extension	Las Vegas	\$80
	1348	Small Refrigerator	Las Vegas	\$100
	1354	Brass Plant Stand	Las Vegas	\$20
	1366	5 Level Book Shelve	Las Vegas	\$40
	1368	Oval Wood Desk Glass Top	Las Vegas	\$250

	1369	Cherry Wood/Black Leather Executive Chair	Las Vegas	\$30
	3078	Computer Speaker System	Las Vegas	\$40
	3079	5 Shelve Cabinet	Las Vegas	\$10
	3082	Maxtech Internet Junction	Las Vegas	\$90
	3083	Comport Com21	Las Vegas	\$80
	3087	2 dr. Cherry Wood File Cabinet	Las Vegas	\$120
	3088	QC Computer Speaker System	Las Vegas	\$50
	3100	2 Level Book Shelve	Las Vegas	\$50
	3103	Large Dry-Erase Felt Board	Las Vegas	\$10
	3105	2 dr. File Cabinet	Las Vegas	\$40
	3109	4 dr. Desk	Las Vegas	\$125
	3110	Executive Chair	Las Vegas	\$35
	3126	Brass Umbrella Stand	Las Vegas	\$25
	3342	3 Dr. Corner Desk	Las Vegas	\$150
	3343	2 Dr. Lateral File/Desk	Las Vegas	\$100
	3433	Sennheiser Shotgun Mic	Las Vegas	\$150
	3434	Marantz Recorder PMD660	Las Vegas	\$300
	3447	8' 5-Shelve Cabinet	Las Vegas	\$110
	3448	3' 2-Shelve Cabinet	Las Vegas	\$70
	3450	3' 2-Shelve Cabinet	Las Vegas	\$70
	3451	4 dr. Cabinet	Las Vegas	\$180
	3452	Sharp Carousel Microwave	Las Vegas	\$50
	3454	Corner Desk	Las Vegas	\$170
	3455	3 dr. File Cabinet	Las Vegas	\$85
		Computer - Kirk	Las Vegas	\$150
		Computer - Heidi	Las Vegas	\$150
		Computer - Lorie	Las Vegas	\$150
		Computer - Brandon	Las Vegas	\$150

2016 Inventory List

Purchase Date	Tag #	Description	Location	Value
4/09	1261	Behringer Studio Monitor B2031P	L.V. Studio	\$75
4/09	3485	Arrakis Marc-15 Broadcast Console	L.V. Studio	\$2,500
4/09	3488	Tascam CD-RW 901SL	L.V. Studio	\$300
4/09	3489	Furman Power Conditioner PL-Plusc	L.V. Studio	\$50
4/09	3490	Furman Power Conditioner PL-Plusc	L.V. Studio	\$50
4/09	3491	Tascam FM Receiver TU-90	L.V. Studio	\$100
4/09	3495	dbx 286A Mic Preamp/Processor	L.V. Studio	\$75
4/09	3496	dbx 286A Mic Preamp/Processor	L.V. Studio	\$75
4/09	3497	dbx 286A Mic Preamp/Processor	L.V. Studio	\$75
4/09	3498	Thermal UQFP-4 Quad Fan	L.V. Studio	\$50
4/09	3499	Behringer Studio Monitor B2031P	L.V. Studio	\$75
4/09		Shure SM7B Mic	L.V. Studio	\$190
4/09		Shure SM7B Mic	L.V. Studio	\$190
4/09		Shure SM7B Mic	L.V. Studio	\$190
4/09		Custom Studio Furniture U-GS	L.V. Studio	\$1,500

2016 Inventory List

Purchase Date	Tag #	Description	Location	Cost & Vendor
	00004	Andrew Dryline MTO50	McCorkle - DR	\$100
	00005	Burk Relay Panel	McCorkle - DR	\$200
	00006	TXRX System Filter	McCorkle - DR	\$200
	00037	Harris Z2CD 2.5kw Transmitter 96.9mHz	McCorkle - DR	\$8,000
	3351	Harris Digit CD Exciter	McCorkle - DR	\$2,100
Balboa Lease	3471	Omnia ONE Processor	McCorkle - DR	\$1,200
		4' STL Dish	McCorkle - DR	\$300
		2 Element (Bay) FM Antenna 94.9	McCorkle - DR	\$4,000

2016 Inventory List

Purchase Date	Tag #	Description	Location	Value
	DR-02	Burk Arc-16	Mt. Pass	\$1,000
	171	Power Clamp Transit Voltage Surge Suppressor	Mt. Pass	\$100
	187	FMT – 350H Exciter Aux.	Mt. Pass	\$1,000
	188	Bext FB2000 Transmitter Aux.	Mt. Pass	\$12,000
	189	Four Port 1-5/8" ERI Feed line Switcher	Mt. Pass	\$2,700
	190	Altronic Reserch Dummy Load	Mt. Pass	\$2,000
	467	Moseley PCL 6010 Aural STL Transmitter	Mt. Pass	\$1,300
	505	Transmitter Building	Mt. Pass	\$6,000
		Second Transmitter Building	Mt. Pass	\$4,000
	513	Sola 23-25-175	Mt. Pass	\$100
	514	Circuit Relay	Mt. Pass	\$50
	517	Harris RAK-85 Equipment Rack	Mt. Pass	\$200
	518	Work Bench	Mt. Pass	\$50
	520	Andrew 858C Nitrogen Kit	Mt. Pass	\$100
	521	Exhaust Fan	Mt. Pass	\$50
	702	Burk Interface Panel #7	Mt. Pass	\$200
	704	Burk Temperature Sensor	Mt. Pass	\$50
	712	GE Air Conditioner	Mt. Pass	\$200
	713	LG Air Conditioner (Brand New)	Mt. Pass	\$600
	1151	Onan Generator 40kw	Mt. Pass	\$4,500

	1155	Harris Z10CD Transmitter w/Exciter CD Link	Mt. Pass	\$10,000
	1156	Decibel Products Filter	Mt. Pass	\$300
	1279	Mosley Lanlink HS	Mt. Pass	\$2,000
	3144	Exhaust Fan	Mt. Pass	\$50
	3349	Generator Transfer Switch	Mt. Pass	\$1,000
	3350	GE Air Conditioner	Mt. Pass	\$200
	3472	Moseley STL - SL9003Q-TX2 Transmitter	Mt. Pass	\$3,300
	3473	Moseley Lanlink HS	Mt. Pass	\$4,000
08	3474	Telular Phone Unit	Mt. Pass	\$200
	3477	Omnia Stereo Generator	Mt. Pass	\$1,000
		ERI 3-Bay FM Antenna's Reg.	Mt. Pass	\$5,100
		Mark 10' STL Dish From Calico Parabolic Grid dish	Mt. Pass	\$900
		LDF-7 Feedline	Mt. Pass	\$400
		Mark 8' STL Dish to Mt. Arden Parabolic Grid dish	Mt. Pass	\$700

2016 Inventory List

Purchase Date	Tag #	Description	Location	Value
	237	Cart Machine	Turquoise Peak – HC	\$1.00
1998	1178	Marti Transmitter STL-15C For Highway Country From Calico	Turquoise Peak – HC	\$1,000
	1192	Audio Tech PRO4H Mic	Turquoise Peak – HC	\$50
2015	1250	Elenos Exciter/2k Transmitter	Turquoise Peak – HC	\$12,000
	1285	CD/Cassette Deck	Turquoise Peak – HC	\$50
	3033	Burk Arc-16	Turquoise Peak – HC	\$1,000
	3044	Radio Shack 5-Channel Mixer	Turquoise Peak – HC	\$50
1998	3048	AEA Packet Controller PK-88	Turquoise Peak - HC	
1998		4 Element (Bay) FM Antenna Freq. 101.5	Turquoise Peak - HC	\$4,000
1998		Mark 8' STL Dish From Calico Peak Parabolic Grid dish	Turquoise Peak - HC	\$700
1998		2 Yagi Antenna	Turquoise Peak - HC	\$500

Exhibit 2 to Motion to Sell

ASSIGNMENT AND ASSUMPTION OF MASTER LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF MASTER LEASE AGREEMENT (“Agreement”) is made and entered into this ___ day of _____, 2017, by and between KHWY, Inc., a California Corporation, (“Assignor”) and Educational Media Foundation “EMF”, a California non-profit corporation (“Assignee”).

RECITALS

WHEREAS, Assignor has filed a Chapter 11 Petition in the United States Bankruptcy Court for the District of Nevada (“Bankruptcy Court”), Case No. BK-S-17-_____, and desires to assign to Assignee all of its interest and its liabilities under that Certain Master Lease Agreement CCAN: 137021 with Balboa Capital, a copy of which is attached as Exhibit 1 to this Assignment and Assumption Agreement; and

WHEREAS, Assignor has requested that the Bankruptcy Court approve the sale of Assignor’s assets pertaining to Radio Stations KHYZ, Channel 259B, Mountain Pass, California (along with Booster Station KHYZ-FM2 Las Vegas, Nevada) and KRXXV, Channel 251B, Yermo, California, to Assignor, allowing the sale of Assignor’s Assets related to these stations free and clear of all liens and encumbrances; and

WHEREAS as a condition to the sale, the undersigned agrees to be liable for any of Assignor’s liabilities regarding the attached Master Lease Agreement in the event that the Bankruptcy Court approves the sale, as set forth in the Motion to Approve Sale and in any subsequent Order of the Bankruptcy Court pertaining to the Sale of the Assignor’s Assets.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment. Subject to an Order by the Bankruptcy Court approving the sale of the Assignor’s Assets to Assignee, Assignor hereby assigns to Assignee all of its right, title and interest in and to the Master Lease Agreement CCAN:1370-21 attached as Exhibit 1 to this Agreement, including any and all prepaids and other rights or entitlements of Assignor under the Lease, if any, subject to all of the terms, covenants, conditions and provisions of the Master Lease Agreement.

2. Assumption. From and after the date of entry of the Order by the Bankruptcy Court approving the sale to Assignor, Assignee hereby assumes, covenants and agrees to keep and perform each and every obligation of Assignor under the Master Lease Agreement. Assignee agrees to be bound by each and every provision of the Leases as if it had executed the same.

3. Assignee warrants that Assignee has the authority to enter into this Agreement.

4. Expenses. The parties hereto will bear their separate expenses in connection with this Agreement and its performance.

5. In the event that the Bankruptcy Court does not approve the sale of the above-referenced radio stations to Assignee, or, if the Bankruptcy Court ultimately accepts the bid of a Backup Bidder instead of Assignee, then Assignor has no obligation to Assign its rights to Assignor under this Agreement, and Assignee shall have no liability in this Agreement.

6. Entire Agreement. This Agreement embodies the entire understanding of the parties hereto and there are no other agreements or understandings written or oral in effect between the parties relating to the subject matter hereof unless expressly referred to by reference herein. This Agreement may be amended or modified only by an instrument of equal formality signed by the parties or their duly authorized agents. In the event that the Bankruptcy Court approves the sale to Assignee, any conflict between Assignor and Assignee regarding this Agreement will be resolved by the Bankruptcy Court.

7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada and each of the parties hereto submits to the non-exclusive jurisdiction of the United States Bankruptcy Court for the District of Nevada in connection with any disputes arising out of this Agreement.

8. Successors and Assigns. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

9. Attorneys' Fees. In the event of a dispute arising under this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Facsimile signatures shall be deemed the same as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

ASSIGNOR:
KHWY, Inc.

By: Kirk Anderson, its President

ASSIGNEE:
Educational Media Foundation

By:



MASTER LEASE AGREEMENT

Exhibit "1" to Assumption and Assignment Agreement CCAN: 137021

This Master Lease Agreement is entered into as of the date set forth below by and between BALBOA CAPITAL CORPORATION ("Lessor") and KHWY, INC.

with reference to the following facts:

("Lessee")

- A. From time to time Lessee desires to lease various items of personal property from Lessor; and
- B. Lessor and Lessee desire to set forth the terms and conditions under which such Lease(s) shall be governed.
- C. "Master Lease" shall mean this agreement; "Lease" shall mean each Schedule entered into between Lessor and Lessee pursuant to this Master Lease.

NOW THEREFORE, Lessor and Lessee agree as follows:

TERMS AND CONDITIONS OF LEASE

1. **LEASE.** Lessor shall lease to Lessee and Lessee shall lease from Lessor the items of equipment and other personal property (hereinafter, together with all replacements, repairs, substitutions, additions, accessions and accessories thereto and/or thereto, called the "Equipment") described in the Schedule(s) (hereinafter individually called a "Schedule" and collectively called "Schedules") now or hereafter from time to time executed by Lessor and Lessee and made a part hereof, all upon the terms and conditions hereinafter set forth as supplemented with respect to each item of Equipment by the terms and conditions set forth in each Schedule.

2. **TERM.** Each Schedule shall become effective upon acceptance by Lessor by signing and dating each Schedule and the term for any Schedule(s) shall commence on the day that the leased property has been delivered to and is usable by Lessee ("Commencement Date"). Lessee shall at its sole discretion select the type, quantity and supplier of each item of Equipment. Lessor shall not be liable to Lessee for any failure or delay in obtaining delivery of any Equipment. Upon delivery of any Equipment to Lessee, Lessee shall forthwith inspect such Equipment and, within ten (10) days of delivery of the Equipment, Lessee shall execute and deliver to Lessor a Delivery and Acceptance Certificate, in form and substance satisfactory to Lessor. Lessee's execution and delivery of a Delivery and Acceptance Certificate covering any Equipment shall conclusively establish, as between Lessor and Lessee, that such Equipment has been unconditionally accepted by Lessee for all purpose of this Lease.

With respect to each Lease, if for any reason the Equipment has not been delivered, installed and accepted by Lessee within sixty (60) days after it is ordered by Lessor, or if Lessee fails to accept the Equipment and execute a Delivery and Acceptance Certificate within (10) days following delivery of the Equipment. Lessor may at Lessor's option, terminate Lessor's obligations under such Lease and Lessee shall, on demand of Lessor, pay Lessor all amounts paid or owing by Lessor with respect to the purchase of such Equipment and indemnify and hold Lessor harmless from any and all liabilities, claims, costs and expenses to the manufacturer or supplier/vendor of the Equipment or any party, arising out of or relating to the Equipment or the Lease. Upon payment of such amounts, Lessor shall release, remise and quit claim such Equipment to Lessee AS IS, WHERE IS, AND WITHOUT WARRANTY EXPRESSED OR IMPLIED BY LESSOR AS TO ANY MATTER WHATSOEVER. Lessee shall upon such payment be subrogated to Lessor's claim, if any, against the manufacturer or supplier/vendor of such Equipment

Lessee agrees that its remedies, should it find fault with any of the Equipment, shall be and are solely against the manufacturer and/or supplier/vendor of such Equipment. The base term of each Lease shall commence on the first day of the month following the Commencement Date and terminate upon the expiration of the number of months specified in each Schedule. Each Lease may be terminated by Lessee at the end of the base term if one hundred twenty (120) days prior to the end of the base term, written notice of such termination is delivered to Lessor (by certified mail). Each Lease may be terminated by Lessor at the end of the base term if at least sixty (60) days prior to the end of the base term, written notice of such termination is delivered to Lessee (by certified mail). Otherwise the term of each lease shall automatically be extended for six months following the end of the initial base term at the rent stated on the respective Schedule(s), and shall renew thereafter for successive three month periods until notice of termination is provided by Lessee. During the initial extension period, Lessor, at its sole option, may terminate each lease upon ninety (90) days prior written notice to Lessee (by certified mail). After the initial extension period, each Lease may be terminated by either Lessor or Lessee at the end of any calendar month, provided that ninety (90) days prior written notice of such termination is delivered to the other party (by certified mail).

3. **RENT.** The monthly rent payable with respect to any Schedule(s) shall be the amount shown on such Schedules(s). Lessee shall pay to Lessor the monthly rent for each Schedule, in advance, for each month or any part thereof that each Lease is in effect. The first such payment, with respect to any schedule, shall be made on the first day of the month following the Commencement Date. A prorata portion of the rental charges based on a daily rental of one -thirtieth (1/30) of the aggregated average of the monthly rentals calculated from the Commencement Date to the end of the month shall be due and payable at the Commencement Date. Installments of rent or personal property tax which are not paid within ten (10) days of their due date shall be subject to a late charge equal to ten percent (10%) of each such delayed payment. The late charge set forth in this contract shall apply only when permitted by law and, if not permitted by law, the late charges shall be calculated at the maximum rate permissible by law. In the event that a check or other instrument tendered for payment is dishonored, Lessor shall be entitled to a twenty-five dollar (\$25.00) fee. All rent shall be paid at the place of business of Lessor or such other place as Lessor may designate by written notice to Lessee. Lessee agrees to pay taxes and reasonable fees, including but not limited to documentation fees, filing fees, credit fees, equipment inspection fees, title fees, property taxes, sales taxes, use taxes, business taxes and further agrees to pay twenty dollars (\$20.00) per collection call and one hundred dollars (\$100.00) per collection visit. Lessor may apply remittances received to unpaid rental installments and/or other charges on a due date basis, remittance received being applied to the oldest unpaid rental or charge.

4. **FINANCE LEASE STATUS.** The parties agree that this Lease is a Finance Lease as defined by Section 10103(a)(7) of the California Uniform Commercial Code ("UCC"). Lessee acknowledges the following: (a) Lessor has not selected, manufactured, or supplied the Equipment; (b) Lessor acquired the Equipment or the right to possession and use of the Equipment in connection with the Lease; (c) Lessee has received, reviewed and approved all written Supply Contracts (as defined by UCC Section 10103(a)(25)) covering the Equipment purchased from the Supplier (as defined by UCC Section 10103(a)(24)) thereof for lease to Lessee on or before signing this Lease Contract (as defined by UCC Section 10103(a)(12)); (d) Lessor has informed Lessee in writing of the identity of the Supplier; (e) Lessor has informed Lessee that Lessee may have rights under the Supply Contract and that Lessee is to contact the Supplier for a description of any such rights, and; (f) Lessor provides no warranties or other rights with respect to the purchase of the Equipment and any and all rights Lessee has with respect to the purchase of the Equipment are solely against supplier, and Lessee may communicate at any time with the supplier prior to executing this Lease.

5. **DISCLAIMER OF LESSOR WARRANTIES. LESSEE ACKNOWLEDGES THAT THE EQUIPMENT TO BE LEASED HEREUNDER WILL BE OF A TYPE, DESIGN, SIZE, CAPACITY AND MANUFACTURER SELECTED BY LESSEE; THAT LESSOR IS NOT A MANUFACTURER OF, OR DEALER IN, THE EQUIPMENT; THAT NEITHER THE VENDOR, THE MANUFACTURER NOR ANY AGENT THEREOF IS AN AGENT OF LESSOR; THAT LESSOR HAS NOT, WILL NOT, AND HAS NO OBLIGATION TO, INSPECT THE EQUIPMENT PRIOR TO DELIVERY TO LESSEE; THAT LESSOR IS NOT RESPONSIBLE FOR REPAIRS, SERVICE OR DEFECTS IN THE EQUIPMENT OR OPERATION THEREOF; AND THAT LESSOR HAS NOT MADE, WILL NOT MAKE, AND HEREBY DISCLAIMS ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, OF ANY KIND OR AS TO ANY MATTER WHATSOEVER ON WHICH LESSEE MAY RELY, INCLUDING WITHOUT LIMITATION THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COMPLIANCE WITH LAWS, GOVERNMENTAL REGULATIONS OR RULES, ORDERS, SPECIFICATIONS OR CONTRACT, CONDITION, TITLE, QUALITY, DESIGN, DURABILITY, OR SUITABILITY FOR LESSEE'S PURPOSE OF THE EQUIPMENT IN ANY RESPECT, OR ANY PATENT INFRINGEMENT, OR LATENT OR PATENT DEFECTS. LESSOR WILL, HOWEVER, UPON LESSEE'S REQUEST AND IF LESSEE IS NOT IN DEFAULT, TAKE ANY STEPS REASONABLY WITHIN ITS POWER TO MAKE AVAILABLE TO LESSEE ANY MANUFACTURER'S OR SIMILAR WARRANTY APPLICABLE TO THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT OR ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY INCIDENT WHATSOEVER IN CONNECTION THEREWITH, AND LESSEE HEREBY ACKNOWLEDGES THE FOREGOING DISCLAIMER BY LESSOR.**

6. **NET LEASE; NO OFFSET.** THIS IS A NET LEASE, AND ALL RENT AND ALL OTHER SUMS PAYABLE BY LESSEE HEREUNDER SHALL BE PAID UNCONDITIONALLY WHEN DUE WITHOUT ABATEMENT, DEDUCTION, COUNTERCLAIM OR SETOFF OF ANY NATURE INCLUDING WITHOUT LIMITATION ANY COUNTERCLAIM OR SETOFF ARISING OUT OF ANY PRESENT OR FUTURE CLAIM LESSEE MAY HAVE AGAINST LESSOR, OR ANY ASSIGNEE OF LESSOR OR THE MANUFACTURER OR SUPPLIER OF THE EQUIPMENT, OR ANY OTHER PARTY. In no event, except as otherwise expressly provided herein, shall this Lease terminate or shall any of the Lessee's obligations be affected by reason of any defect in or damage to or loss or destruction of all or any part of the Equipment, from any cause whatsoever, or any interference with Lessee's use of the Equipment by any person or for any other cause whatsoever. This lease is noncancelable.

7. COMMERCIAL RISK. Lessee bears all risk that the Equipment may become unusable for any reason, including without limitation, loss, theft, damage, destruction, defect, GOVERNMENTAL REGULATION, PROHIBITION, IMPRACTICABILITY OF USE, OBSOLESCENCE, OR COMMERCIAL FRUSTRATION. No inability to use the Equipment shall result in the termination of any Lease or relieve Lessee from any of its obligations under any Lease.

8. USE AND LOCATION. Lessee shall use the Equipment in a careful and proper manner and in compliance with all laws, ordinances, regulations and insurance policy conditions in any way relating to the possession, use or maintenance of the Equipment. Unless the Equipment is of a type normally used at more than one location (such as vehicular equipment, construction machinery or the like), Lessee shall not remove the Equipment from the location designated in the applicable Schedule(s) without the prior written consent of Lessor. If an item of Equipment is of a type normally used at more than one location, Lessee shall not use the Equipment outside of the area designated in the applicable Schedule(s) without prior written approval of Lessor. Lessee shall comply with any and all applicable environmental laws and will not use any hazardous substances with the Equipment. Lessee represents and warrants to Lessor that the Equipment is being leased and will be used solely for commercial or business purposes and will not be used for personal, family or household purposes.

9. OWNERSHIP. The Equipment is, and shall at all times be and remain, the sole and exclusive property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. Plates, labels or other markings stating that the Equipment is owned by Lessor shall be affixed to or placed on the Equipment by Lessor or, at Lessor's request or if required by law, by Lessee at Lessee's expense, and Lessee shall keep the same in a prominent position thereon.

10. PERSONAL PROPERTY. The Equipment is, and shall at all times be and remain, personal property notwithstanding that it or any part thereof may now be or hereafter become, in any manner affixed or attached to, or embedded in, real property or any building thereon. Lessee agrees that it will furnish and record, at its own expense, such owners', mortgagees', landlords', or other disclaimers, waivers, or consent as may be necessary or reasonably requested by Lessor in order to give full effect to the intent and provisions of the preceding sentence.

11. MAINTENANCE AND REPAIRS. Lessee, at its own cost and expense, shall keep the Equipment in good repair, condition and working order and shall furnish any and all parts, mechanisms and devices required for such purpose. All such parts, mechanisms and devices affixed to any Equipment shall thereupon become the property of Lessor and subject to the terms and conditions of this Lease. Lessee shall modify the Equipment if required by any governmental authority or law and will make such modification known to Lessor by written notice to be delivered by certified mail.

12. ALTERATIONS. Without the prior written consent of Lessor, Lessee shall not make any alterations, additions or improvements to the Equipment. All additions and improvements of whatsoever kind or nature made to the Equipment shall be made at Lessee's sole cost and expense and when made become the property of Lessor and subject to the terms and conditions of this Lease.

13. LESSOR'S INSPECTION. Lessor shall during normal business hours have the right to enter into and upon any premises where any Equipment may be located for the purpose of inspecting such Equipment or observing its use. Lessee shall, whenever requested by Lessor, advise Lessor of the exact location of any and all items of Equipment.

14. LOSS, THEFT AND DAMAGE. Lessee shall at all times after signing this Lease bear the entire risk of loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay rent or to comply with any other obligation under this Lease. In the event of damage to any part of the Equipment, Lessee shall place same in good repair at Lessee's expense. If Lessor determines that any part of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall, at Lessee's option do one of the following: (a) place such Equipment in good repair, condition and working order, acceptable to Lessor, or (b) replace such Equipment with like Equipment in good repair, acceptable to Lessor and furnish to Lessor all necessary documents vesting good and marketable title thereto in Lessor unencumbered by any lien or security interest, which replacement Equipment shall thereupon become the property of Lessor and be subject to the terms and conditions of this Lease; or (c) pay Lessor therefor in cash the "Stipulated Loss Value" of such Equipment, defined as all rent and other amounts due and to become due under the Lease with respect to such Equipment, plus twenty percent (20%) of the actual cost of said item of Equipment, specified in this Lease applicable thereto, representing Lessor's minimum residual value in the Equipment at the end of the Lease term. Upon Lessor's receipt of payment as set forth above, Lessee shall be entitled to title in the Equipment AS-IS and WHERE-IS and without warranty, express or implied.

15. INSURANCE. During the term of this Lease, Lessee agrees to maintain, at Lessee's expense, "Special Form" property insurance protecting the Equipment for its full replacement value, naming Lessor as a loss payee on a "Lender's Loss Payable" endorsement; and public liability insurance, in amounts acceptable to Lessor, naming Lessor as an additional insured (together "Required Insurance"). Lessee must provide Lessor satisfactory written evidence of Required Insurance within thirty (30) days of the commencement date of this Lease or of any subsequent written request. If Lessee does not do so, Lessor may obtain insurance from an insurer of Lessor's choosing in such forms and amounts as Lessor deems reasonable to protect Lessor interests ("Lease Insurance"). Lease Insurance covers the Equipment and Lessor; it does not name Lessee as an insured. Lessee agrees to pay Lessor periodic charges for Lease Insurance ("Insurance Charges") that include: a premium that may be higher than if Lessee maintained Required Insurance separately; a finance charge of up to 1.5% per month on any premium advances made by Lessor or Lessors agents; and a billing and processing fees; each of which may generate a profit to Lessor and Lessor agents. If Lessee fails to pay billed Insurance Charges within 30 days of their due date, Lessor may pay them by applying funds paid under the Lease or debiting Lessee's account under any previously authorized automatic payment. Lessor shall discontinue billing Insurance Charges upon receipt of satisfactory evidence of Required Insurance. Lessee agrees to arbitrate any dispute with Lessor or Lessor agents regarding Lease Insurance or Insurance Charges under the rules of the American Arbitration Association in Los Angeles, California; provided however, such agreement does not authorize class action arbitration.

16. ENCUMBRANCES AND TAXES. Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances, and shall pay promptly when due, and shall indemnify and hold Lessor harmless from, all license fees, registration fees, import duties, assessments, charges and taxes (municipal, state, federal or other) which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession or use of the Equipment (whether the same be assessed to Lessor or Lessee), together with any penalties or interest in connection therewith, excluding, however, all taxes on or measured by Lessor's net income. If any such fee, assessment, duty, charge or tax is, or is to be, assessed or billed to Lessor, Lessee upon the request of Lessor and at the expense of Lessee shall do any and all things required to be done by Lessor in connection with the levy, assessment, billing and payment thereof. Upon Lessor's request, Lessee shall, on any property tax returns required to be filed with respect to the Equipment, including the property covered by this Lease and any substitutions or additions thereto as property owned by Lessee for purposes of tax assessments, shall cause all billings of such fees, assessments, duties, charges or taxes to be addressed to Lessor in care of Lessee, and shall submit to Lessor written evidence of payment of the same. Alternatively, Lessee shall at the request of Lessor, forthwith pay Lessor the amount (estimated or otherwise) of any such fees, assessments, duties, charges and taxes, and Lessor shall apply the same to the payment thereof. Lessee shall also pay all taxes arising out of Lessee's exercise of any purchase option relating to any Lease (including sales tax)

17. LESSOR'S PAYMENT. In case of failure of Lessee to procure or maintain proper insurance or to pay such fees, assessments, duties, charges and taxes or to keep any item of Equipment free and clear of all levies, liens and encumbrances or in good repair, condition and working order, all as herein before provided, Lessor shall have the right, but not the obligation, without notice to or demand upon Lessee, and without releasing Lessee from any obligation herein before specified, to effect and pay for such insurance or to pay such fees, assessments, duties, charges and taxes or to keep such Equipment in good repair, condition and working order, as the case may be, and to pay, purchase, contest or compromise any encumbrance, charge or lien which in the sole judgment of Lessor appears to affect such Equipment, and in exercising any such right, to incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by Lessor shall immediately become due and payable by Lessee upon payment by Lessor and shall thereafter bear interest at the rate of 18% per annum, but not greater than the highest rate permitted by any applicable usury law.

18. RETURN OF EQUIPMENT. Upon expiration of the term of any Lease, (unless Lessee shall have duly exercised any purchase option with respect to such Lease), or after default, on demand by Lessor, Lessee will at its sole cost and expense deliver the Equipment (in the same condition as when delivered to Lessee, reasonable wear and tear resulting from authorized use thereof alone excepted) to Lessor's premises set forth above or any place designated by Lessor in writing, for such disposition as Lessor may determine. No such return shall constitute termination of this Lease unless Lessor shall agree so in writing.

19. COMMITMENT FEE. Unless otherwise delineated on the respective Schedule(s), the amount, if any, which Lessee has deposited with Lessor as set forth in any Schedule shall constitute partial security for Lessee's obligations under this Lease. This commitment fee shall not be refunded, but upon Lessor's acceptance of Lessee's offer to enter into any Lease, may at Lessor's option, be applied at any time in partial satisfaction of any obligation of Lessee which may be in default, although the making of such deposit shall not excuse Lessee from any such obligation and such application of the amount shall only release Lessee from the obligation pro tanto. Lessee acknowledges that Lessor shall deposit this commitment fee and that the deposit of this commitment fee shall not be construed as an approval and/or acceptance any Lease and shall not become binding upon Lessor until approval and acceptance by Balboa Capital Corporation's Finance Committee.

20. ASSIGNMENT BY LESSOR. Lessor may, at any time, with or without notice to Lessee, mortgage, grant a security interest in, or otherwise transfer, sell or assign this Lease or any Equipment or any rentals or other amounts due or to become due hereunder, Lessee agrees with Lessor and any such assignee (including any assignee to which such rights have been assigned by a prior assignee) that, upon receipt by Lessee from Lessor or such assignee of notice in writing of any such assignment, Lessee will, make all further payments due or to become due hereunder directly to any assignment of Lessor's interest would neither materially change Lessee's duties or materially increase the burden or risk imposed on Lessee under any lease. Lessee further agrees with Lessor and any such assignee that in any action brought by such assignee against Lessee to enforce Lessor's rights hereunder Lessee will not assert against such assignee and expressly waives as against any assignee, any breach or default on the part of Lessor hereunder or any other defense, claim or set-off which Lessee may have against Lessor either hereunder or otherwise. No such assignee shall be obligated to perform any obligation, term or condition required to be performed by Lessor hereunder.

21. DEFAULT. Any of the following events or conditions shall constitute an event of default hereunder: (a) nonpayment of any rental payment or other amount provided for in any Lease; (b) default by Lessee in the performance of any other obligation term or condition of any Lease; (c) default by Lessee in the payment or performance of any other indebtedness or obligation now or hereafter owed by Lessee to Lessor under any other agreement or instrument, which default has not been waived; (d) the issuance of any writ or order of attachment or execution or other legal process against any Equipment which is not discharged or satisfied within ten (10) days; (e) death or judicial declaration of incompetency of Lessee, if an individual; (f) the commencement of any bankruptcy, insolvency, arrangement, reorganization, receivership, liquidation or other similar proceedings by or against Lessee; (g) the making by Lessee of a general assignment or deed of trust for the benefit of creditors; (h) the occurrence of any event or condition described in clause (e), (f) or (g) of this Paragraph 21 with respect to any guarantor or any other party liable for payment or performance of each Lease; (i) if any certificate, statement, representation, warranty or audit heretofore or hereafter furnished by or on behalf of Lessee or any guarantor or other party liable for payment or performance of this Lease, pursuant to or in connection with this Lease, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or to have omitted any substantial contingent or unliquidated liability or claim against Lessee or any such guarantor or other party; (j) if the condition of Lessee's affairs shall change so as to impair Lessor's title to the Equipment or increase the risk of Lessee's non-performance; (k) if Lessee is a corporation and twenty percent (20%) or more of the then issued and outstanding voting capital stock of Lessee shall be acquired by any person, entity or group who are not such owners on the date of execution of each Lease; (l) any default occurs under any agreement now or hereafter securing any Lease; (m) breach of any negative covenant in any Lease; (n) if Lessee voluntarily permits any Equipment to become subject to a lien; or (m) Lessee changes its name, state of incorporation, chief executive office and/or place of residence without providing Lessor with 30 days prior written notice of such change.

22. REMEDIES OF LESSOR. Upon the occurrence of any Event of Default and at any time thereafter, Lessor may without demand or notice to Lessee and without terminating or otherwise affecting Lessee's obligations hereunder exercise one or more of the following remedies, as Lessor in its sole discretion shall elect: (a) Lessor may sue for and recover from Lessee the sum of all unpaid rents and other payments due under each lease then accrued, all accelerated future payments due under each Lease, discounted to their present value at a discount rate of four percent (4%) as of the date of default, less the net proceeds of disposition, if any, of the Equipment; (b) require Lessee to assemble the Equipment and make it available to Lessor at a place designated by Lessor as provided in Paragraph 18 above; (c) take and hold possession of the Equipment and render the Equipment unusable, and for this purpose enter and remove the Equipment from any premises where same may be located without liability to Lessee for any damage caused thereby; (d) sell or lease the Equipment or any part thereof at public or private sale (and Lessor may be a purchaser at such sale) for cash, on credit or otherwise, without representations or warranties, and upon such other terms as shall be acceptable to Lessor, and for such purposes of sale or lease, Lessor may use Lessee's name, voice, signature, photograph or likeness, in any manner and for any purpose, including but not limited to advertising or selling, or soliciting purchases of, any or all of the Equipment, products, merchandise, goods or services; (e) use and occupy the premises of Lessee for the purpose of taking, holding, reconditioning, displaying, selling or leasing the Equipment, without cost to Lessor or liability to Lessee; (f) proceed by appropriate action either at law or in equity to enforce either performance by Lessee of the covenants of this Lease or to recover damages for the breach of such covenants; or (g) exercise any and all rights accruing to a lessor under any applicable law upon a default by Lessee. If notice is required by law, any written notice to Lessee of any such sale or lease, given not less than five (5) days prior to the date thereof, shall constitute reasonable notice to Lessee. Any sale or lease of the Equipment by Lessor after default shall be free and clear of any rights or interests of Lessee. Without limiting any of the foregoing remedies, Lessor may immediately recover the following from Lessee: (A) all unpaid rentals, late charges and other sums due connection with the repossession, holding, repair, reconditioning and subsequent sale, lease or other disposition of the Equipment, including but not limited to attorney's fees and costs, whether or not litigation is commenced; (D) the residual value of any item of Equipment which Lessee fails to return to Lessor as provided above or converts or destroys, or which Lessor does not or is unable to repossess; (E) all other costs or expenses paid or incurred by Lessor at any time in connection with the execution, delivery, administration, amendment and enforcement or exercise of any of the Lessor's rights and remedies under each Lease, including but not limited to, attorneys' fees and costs, whether or not litigation is commenced, and taxes imposed by any governmental agency; (F) any actual or anticipated loss of federal or state tax benefits to Lessor (as determined by Lessor) resulting from Lessee's default or Lessor's repossession or disposition of the Equipment; and (G) any and all other damages proximately caused by Lessee's default. If Lessor obtains possession of any Equipment after default, the amount Lessor shall be entitled to recover shall be reduced by the lesser of (1) the rent due for the portion of the term of each lease remaining at the point in time the Equipment is re-sold or re-leased, or (2) either (a) the proceeds received by Lessor on the re-sale of the Equipment, less the re-sold Equipment's residual value or (b) the invoice value used for the re-lease of the Equipment less the re-leased Equipment's residual value. Lessor shall not be obligated to sell, lease, or otherwise dispose of any item of repossessed Equipment under each Lease if it would impair the sale, lease or other disposition by Lessor of similar equipment. Lessee shall be liable for any deficiency suffered by Lessor, and unless otherwise required by law. Lessor shall not be required to account to Lessee for any surplus or profit.

All rights and remedies of Lessor under each Lease are in addition to all rights and remedies contained in any other agreement, instrument or document or available to Lessor at law or in equity All such rights and remedies are cumulative and not exclusive and may be exercised successively, concurrently and repeatedly. No default by Lessee or action by Lessor, including repossession, sale or re-leasing of Equipment, shall result in or constitute a termination of each Lease unless Lessor so notifies Lessee in writing, and no termination hereof shall release or impair any of Lessee's obligations hereunder. No exercise of any right or remedy shall constitute an election of remedies and preclude exercise of any other right or remedy. LESSEE WAIVES ANY AND ALL RIGHTS TO NOTICE AND TO JUDICIAL HEARING WITH RESPECT TO REPOSSESSION OF THE EQUIPMENT BY LESSOR IN THE EVENT OF DEFAULT HEREUNDER BY LESSEE

23. WAIVER, ETC. No delay or omission on the part of Lessor in exercising any right hereunder shall operate as a waiver of any such right or of any other right hereunder, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease, or any waiver on the part of Lessor of any provision or condition of this Lease, must be in writing and shall be effective only to the extent specifically set forth in such writing. Acceptance by Lessor of a rental or other payment at a time when Lessee is in default hereunder shall not constitute a waiver of such default or defaults or of Lessor's right to terminate Lessee's rights hereunder pursuant to Paragraph 22 hereof. If Lessee, whether with or without the permission of Lessor, remains in possession of any items of Equipment beyond the expiration of the applicable Lease term without such Lease term having been formally extended, Lessee shall be responsible to pay rent at the rate heretofore in effect and shall also remain obligated to perform and observe all other covenants and agreements of Lessee hereunder, but no such retention of possession shall be construed as an extension of said lease term or as a waiver of Lessor's right to repossess said items of Equipment unless expressly agreed to in writing by Lessor.

24. INDEMNIFICATION. Lessee assumes liability for, and shall and does hereby indemnify and hold harmless Lessor, its agents, employees, officers, directors, successors and assigns from and against any and all liabilities, claims, costs, and expenses, including reasonable attorneys' fees, of every kind and nature (including, without limitation, for property damage, wrongful death or personal injury and for trademark, patent or copyright infringement) arising out of or relating to the use, condition (including latent and other defects whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of any item of Equipment, regardless of where, how and by whom operated, any failure on the part of Lessee to perform or comply with any conditions of this Lease or any loss by Lessor of the benefit of any accelerated depreciation or Investment Tax Credit, or the right to claim the same, with respect to the Equipment. Without limiting the foregoing, this indemnification shall extend to claims made by any person, including Lessee, its agents and employees, and shall apply whether liabilities, claims, etc., are based on negligence (passive or active) of Lessor or another, breach of warranty, strict liability, products liability or otherwise. The indemnities and assumptions of liabilities and obligations provided for in this paragraph and Lessee's indemnities elsewhere in each lease shall continue if full force and effect notwithstanding the expiration or other termination of each Lease. Lessee is an independent contractor. Nothing contained in each Lease shall authorize Lessee or any other person to operate any item of Equipment so as to incur or impose any liability or obligation for or on behalf of Lessor

25. ASSIGNMENT BY LESSEE. WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, LESSEE SHALL NOT VOLUNTARILY OR INVOLUNTARILY (A) SELL, ASSIGN, TRANSFER, PLEDGE, GRANT A SECURITY INTEREST IN, HYPOTHECATE OR OTHERWISE DISPOSE OF EACH LEASE, THE EQUIPMENT, OR ANY INTEREST IN EACH LEASE OR THE EQUIPMENT; (B) SUBLET OR LEND ANY ITEM OF EQUIPMENT OR ANY PART THEREOF; OR (C) PERMIT ANY ITEM OF EQUIPMENT OR ANY PART THEREOF TO BE USED BY ANYONE OTHER THAN LESSEE'S EMPLOYEES.

26. **FURTHER ASSURANCE:** Lessee hereby agrees and does hereby appoint Lessor or its agents or assigns its true and lawful attorney-in-fact to prepare, execute and sign any instrument or financing statement necessary to protect Lessor's rights, title and interest in the Equipment subject hereto, and to sign the name of the Lessee with the same force and effect as if signed by Lessee, and to file same at the proper location or locations. Lessee further agrees that Lessor may file financing statements in its name or in the name of any agent designated by Lessor in a separate agreement entered into by us without the consent of or notice to Lessee. Lessee hereby authorizes Lessor, or its assigns, to file a financing statement without Lessee's signature, in form and content and from time to time as Lessor deems proper, listing Lessee as Lessee or Debtor. Lessee further agrees, if Lessor so requests, to execute any instrument necessary to protect Lessor's interest in the Equipment. Lessee agrees to furnish financial statements, including a balance sheet and income statement for Lessee's two most current fiscal years and for each subsequent fiscal year that this Lease is in effect, and its most recent quarterly interim financial statement.

27. **ATTORNEY FEES.** In the event of any legal action with respect to this Lease, the Lessor in any such action shall be entitled to reasonable attorney fees, including attorney fees incurred at the trial level, including action in any bankruptcy court, on appeal or review or incurred without action, suits, or proceedings, together with all costs and expenses incurred in pursuit thereof.

28. **NO AGENCY.** LESSEE ACKNOWLEDGES THAT NEITHER THE SUPPLIER NOR ANY SALESMAN, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE SUPPLIER OR ANY FINDER, BROKER, OR EMPLOYEE OR AGENT OF ANY FINDER OR BROKER IS AN AGENT OR REPRESENTATIVE OF LESSOR, AND THAT NONE OF THE ABOVE IS AUTHORIZED TO WAIVE, ALTER OR ADD TO ANY TERM, PROVISION OR CONDITION OF THIS MASTER LEASE OR ANY SCHEDULE HERETO, OR MAKE ANY REPRESENTATION WITH RESPECT TO THIS MASTER LEASE OR ANY SCHEDULE HERETO. Lessee further acknowledges that Lessee, in executing this Lease, has relied solely upon the terms, provisions and conditions contained herein, and any other statements, warranties, or representations, if any, by the supplier, or any salesman, employee, representative or agent of the supplier or any finder, broker, or employee or agent of any finder or broker have not been relied upon by Lessee and shall not in any way affect Lessee's obligation to pay rent and otherwise perform as set forth in this Master Lease.

29. **LESSEE'S WARRANTIES.** Lessee represents and warrants to Lessor that (a) Lessee is duly organized, validly existing, and in good standing under applicable state law; (b) Lessee will authorize the signing, delivery and performance of each Lease before signing it; (c) when fully signed and delivered, each Lease will be a legal, valid and binding agreement of Lessee, enforceable against Lessee in accordance with its terms and conditions, and will not violate or create a default under any law, rule, regulation, judgement, order, instrument, agreement or charter document binding on Lessee or its property; (d) no action with any government authority is required for Lessee to enter into this Lease; (e) there are no pending or threatened actions or proceedings before any court or administrative agency that could have a material adverse effect on Lessee's ability to pay Lessor, nor is Lessee in default under any loan, lease or purchase obligation; (f) each Lease will be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws; (g) the financial statements and other information furnished to Lessor are and will be true and correct in all material respects and Lessor will be relying on the information contained therein; and (h) that Lessee's exact legal name, state of incorporation, location of its chief executive office and/or its place of residence as applicable, have been correctly identified to Lessor.

30. **MISCELLANEOUS.** Time is of the essence of each Lease and of each and all of its provisions. Lessor and Lessee agree that any amount which Lessor may recover from Lessee under subparagraph 14 (c) or Paragraph 22 of this Master Lease represents liquidated damages for the loss of Lessor's bargain and not a penalty. If there is more than one Lessee to this Master Lease, the liability of each shall be joint and several and any release of or forbearance with respect to one Lessee shall not release any other Lessee. Lessor shall be entitled to specific performance of any and all of its rights under this Master Lease whether or not an adequate remedy at law exists. LESSEE HEREBY WAIVES TRIAL BY JURY AND THE RIGHT TO INTERPOSE ANY COUNTERCLAIM OR OFFSET OF ANY NATURE OR DESCRIPTION IN ANY LITIGATION BETWEEN LESSEE AND LESSOR WITH RESPECT TO THIS LEASE, THE EQUIPMENT OR THE REPOSSESSION THEREOF. Any action, proceeding, or appeal on any matter related to or arising out of this Master Lease, Lessor, Lessee and any guarantor or subscriber (i) SHALL BE SUBJECT TO THE JURISDICTION OF THE STATE OF CALIFORNIA, AND CONCEDES THAT IT, AND EACH OF THEM, TRANSACTED BUSINESS IN THE STATE OF CALIFORNIA BY ENTERING INTO THIS LEASE; (ii) SHALL ACCEPT VENUE IN THE COUNTY OF ORANGE STATE OF CALIFORNIA, THIS LEASE IS SUBJECT TO APPROVAL AND ACCEPTANCE BY BALBOA CAPITAL CORPORATION'S FINANCE COMMITTEE AND SHALL NOT BECOME BINDING UPON LESSOR UNTIL EXECUTED BY AN OFFICER OF LESSOR. Such officer shall be the C.E.O., President, C.O.O., or Vice President. No other officer, employee, or agent of Lessor has the authority to waive, alter, or add to any term, provision or condition of this Master Lease and/or each Schedule, Notice thereof is hereby waived by Lessee. By execution hereof, the signer hereby certifies that he has read this Master Lease and any Schedule executed concurrently herewith, and that he is duly authorized to execute this Master Lease and each Schedule on behalf of Lessee. ANY AMENDMENT TO THIS MASTER LEASE AND/OR SCHEDULE TO BE EFFECTIVE MUST BE IN WRITING SIGNED BY LESSOR AND LESSEE. This Master Lease constitutes the entire agreement between the parties hereto with respect to the leasing of the Equipment. Any notice required by this Lease or the UCC shall be deemed to be delivered when a record properly directed to the intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet; or (d) has been personally delivered.

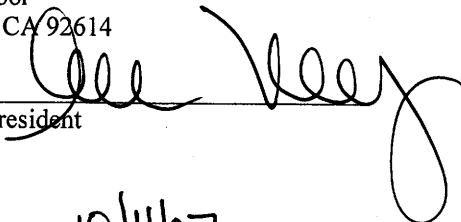
31. **COUNTERPARTS:** If this document was sent electronically, you hereby warrant that this document has not been altered in any way. Any alteration or revision to any part of this or any attached documents will make all such alternations or revisions non-binding and void. Only one counterpart of the Lease and of each Schedule or Addenda shall bear our ink signed signature and shall be marked "Original". To the extent that any Lease, Schedule or Addenda constitute chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in the Lease, Schedule, or Addenda that bears our ink signed signature and is marked "Original".

32. **NO ALTERATIONS.** Lessee hereby warrants that this document has not been altered in any way. Any alteration or revision to any part of this or any attached documents will make such alternations non-binding and void.

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

ACCEPTED BY:

LESSOR:
Balboa Capital Corporation
2010 Main Street
11th Floor
Irvine, CA 92614

BY: 
Vice President

DATE: 10/4/07

LESSEE:
KHWY, INC.
12381 WILSHIRE BLVD 105
West Los Angeles, CA 90025

sign →

By: 
HOWARD B. ANDERSON, President

DATE: 07/25/07



Change Addendum

Lease Agreement: 137021-000

Reference is made to the above-referenced Lease Agreement ("Lease") dated 7/25/07 by and between KHWY, INC., as Lessee, and BALBOA CAPITAL CORPORATION, as Lessor.

Notwithstanding the terms and conditions contained in the Lease and to the limited extent hereof, Lessor and Lessee agree as follows:

The Monthly Rent amount of "2845.46" is hereby changed to "2976.77" and Lessee agrees to make such payments as set forth in the Lease.

The Deposit amount of "5690.92" is hereby changed to "5953.54", which shall be applied as set forth in the Lease.



In all other respects, the terms and conditions of the Lease, as originally set forth, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by their authorized signatories, have executed this Change Addendum on the date set forth below their respective signatures.

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

Lessor:
BALBOA CAPITAL CORPORATION

By: [Signature]
Vice President

Lessee:
KHWY, INC.

By: [Signature]
Name: HOWARD B ANDERSON
Title: President

Date: 10/4/07

Date: 07/25/07



BALBOA
CAPITAL

Lease Schedule No. 137021-000

This Schedule is made as of the Acceptance Date set forth below and is made pursuant to and incorporates by reference each and every term of that certain Master Lease Agreement dated 7/25/07 as through fully set forth herein.

Lessee KHWY, INC.		Location of Leased Property	
Street 12381 WILSHIRE BLVD 105		Street 12381 WILSHIRE BLVD 105	
City, State, Zip Code West Los Angeles, CA 90025		City, State, Zip Code Los Angeles, CA 90025	
Attention HOWARD B ANDERSON		Attention	
Title President	Phone No. 310-820-4628	Title	Phone No.

ITEM	QUANTITY	DESCRIPTION	
		See Exhibit 'A', attached hereto and made a part hereof.	
BASE TERM 60	DEPOSIT \$5,690.92	Deposit to be applied to: First and Last Rentals Documentation Fee: 1% Base Lease Amount	MONTHLY PAYMENT \$2,845.46 *Plus Sales/Use tax if applicable

LESSOR:
Balboa Capital Corporation
By: [Signature]
Vice President

LESSEE:
KHWY, INC.
By: [Signature]
HOWARD B ANDERSON, President

Date: 10/4/07

Date: 07/25/07



DELIVERY AND ACCEPTANCE CERTIFICATE

BALBOA CAPITAL CORPORATION
2010 Main Street, 11th Floor
Irvine, CA 92614

The undersigned hereby certifies that all Equipment described below has been delivered and/or installed in good condition and inspected and accepted as satisfactory on 10/4/07 ("Commencement Date").

"AS DELINEATED ON EXHIBIT 'A', ATTACHED HERETO AND MADE A PART HEREOF."

It is understood that BALBOA CAPITAL CORPORATION is not responsible for Equipment performance or service and as to the undersigned BALBOA CAPITAL CORPORATION makes no warranty or representation, express or implied, as to any matter whatsoever, including merchantability of the equipment or its fitness for use.

Lessee Name: KHWY, INC.

sign

By: [Signature]
HOWARD B ANDERSON, President

I hereby authorize Tim Anderson to orally verify my/our acceptance of the equipment subject to Lease Agreement LA-137021-000 in my absence.



EXHIBIT 'A'

QUANTITY DESCRIPTION

QUANTITY	DESCRIPTION			
1	Harris 7.5KW FM Transmitter	JW3-1044	7/26/07	Harris Broadcast Communications
3	Moseley 4 Ch Starlink System			Divisin
3	MOS LanLink w/Duplex Bothends			
4	CET Omnia SG			
1	Studio equipment package			

Master Lease Number: 137021-000

Lessee Name: KHWY, INC.



By: *Howard B Anderson*
HOWARD B ANDERSON, President

Date: 07/25/07

Page 1 of 1





Guaranty

In consideration of Balboa Capital Corporation ("Lessor") entering into any Master Lease Agreement, Lease Schedule, or other financial transaction of any kind whatsoever, now or hereafter made with KHWY, INC. ("Lessee"), the

undersigned unconditionally guarantees to Lessor, its successors and assigns, the prompt payment, observance, and performance when due of all obligations of Lessee under all Master Lease Agreements, Lease Schedules, financial transactions, and all other agreements related thereto (collectively, "Guaranteed Obligations"), regardless of any invalidity or unenforceability thereof. Capitalized terms not otherwise defined have the meanings specified in the Master Lease Agreement between Lessee and Lessor. Lessor shall not be required to proceed against Lessee or the Equipment or enforce any other remedy before proceeding against the undersigned under this Guaranty. The undersigned agrees to pay to Lessor all attorneys' fees and expenses incurred by Lessor by reason of any default by the Lessee under any agreement relating to Guaranteed Obligations and/or to enforce its rights against the undersigned under the terms of this Guaranty.

The undersigned waives any claim or other right which the undersigned might now have or hereafter acquire against the Lessee or any person that is primarily or contingently liable on the obligations guaranteed hereby or that arise from the existence or performance of the undersigned's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or participation in any claim or remedy of Lessor against the Lessee or any collateral security therefor which Lessor now has or hereafter acquires, whether or not such claim, remedy, or right arises in equity, or under contract, statute, or common law.

The undersigned waives notice of acceptance hereof and all other notices or demands of any kind to which it may be entitled and consents that Lessor may, without affecting the undersigned's liability under this Guaranty, compromise or release, in terms satisfactory to it or by operation of law or otherwise, any rights against Lessee and other obligors and guarantors; grant extensions of time of payment to Lessee; and to the transfer, sale or any other disposition of the Equipment and the Master Lease Agreements and Lease Schedules.

Upon any default by the Lessee in the payment and performance of its obligations under any Master Lease Agreements and Lease Schedules with Lessor, the liabilities and obligations of the undersigned hereunder shall, at the option of Lessor, become forthwith due and payable to Lessor without demand or notice of any nature, all of which are expressly waived by the undersigned.

This is a continuing Guaranty and shall not be discharged or affected by death of the undersigned, shall bind the heirs, administrators, representatives, successors and assigns of the undersigned, and may be enforced by or for the benefit of any assignee or successor of Lessor to the same extent as Lessor may, itself, enforce it. The undersigned hereby consents and submits to the jurisdiction of the respective courts pursuant to the terms of the Master Lease Agreement for enforcement of this Guaranty.

The liability of the undersigned hereunder is direct and unconditional. If there is more than one undersigned, then the liability of the undersigned hereunder shall be joint and several. This Guaranty may be terminated by the undersigned upon sixty (60) days prior written notice to Lessor via certified mail, and such termination shall be effective only as to Master Lease Agreements having their inception after the effective date of termination and shall not affect Lessor's rights under this Guaranty arising out of Master Lease Agreements having their inception prior to such date.

This Guaranty is executed as an instrument under seal, and all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of California. **The undersigned hereby expressly waives the right to a trial by jury.**

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty or has caused this Guaranty to be executed on its behalf by an officer or other person thereunto duly authorized on 07/25/07.

X	
Personal Guarantor (no title)	
HOWARD B ANDERSON	<u>07/25/07</u>
Name	Date
Home Street	10855 Portofino Place
Address/City/State/Zip	Los Angeles, Ca 90077
528-30-2349	310-472-1672
Social Security Number	Phone #



Guaranty

In consideration of Balboa Capital Corporation ("Lessor") entering into any Master Lease Agreement, Lease Schedule, or other financial transaction of any kind whatsoever, now or hereafter made with KHWY, INC.

_____ ("Lessee"), the undersigned unconditionally guarantees to Lessor, its successors and assigns, the prompt payment, observance, and performance when due of all obligations of Lessee under all Master Lease Agreements, Lease Schedules, financial transactions, and all other agreements related thereto (collectively, "Guaranteed Obligations"), regardless of any invalidity or unenforceability thereof. Capitalized terms not otherwise defined have the meanings specified in the Master Lease Agreement between Lessee and Lessor. Lessor shall not be required to proceed against Lessee or the Equipment or enforce any other remedy before proceeding against the undersigned under this Guaranty. The undersigned agrees to pay to Lessor all attorneys' fees and expenses incurred by Lessor by reason of any default by the Lessee under any agreement relating to Guaranteed Obligations and/or to enforce its rights against the undersigned under the terms of this Guaranty.

The undersigned waives any claim or other right which the undersigned might now have or hereafter acquire against the Lessee or any person that is primarily or contingently liable on the obligations guaranteed hereby or that arise from the existence or performance of the undersigned's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or participation in any claim or remedy of Lessor against the Lessee or any collateral security therefor which Lessor now has or hereafter acquires, whether or not such claim, remedy, or right arises in equity, or under contract, statute, or common law.

The undersigned waives notice of acceptance hereof and all other notices or demands of any kind to which it may be entitled and consents that Lessor may, without affecting the undersigned's liability under this Guaranty, compromise or release, in terms satisfactory to it or by operation of law or otherwise, any rights against Lessee and other obligors and guarantors; grant extensions of time of payment to Lessee; and to the transfer, sale or any other disposition of the Equipment and the Master Lease Agreements and Lease Schedules.

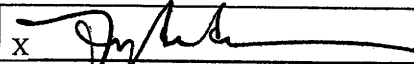
Upon any default by the Lessee in the payment and performance of its obligations under any Master Lease Agreements and Lease Schedules with Lessor, the liabilities and obligations of the undersigned hereunder shall, at the option of Lessor, become forthwith due and payable to Lessor without demand or notice of any nature, all of which are expressly waived by the undersigned.

This is a continuing Guaranty and shall not be discharged or affected by death of the undersigned, shall bind the heirs, administrators, representatives, successors and assigns of the undersigned, and may be enforced by or for the benefit of any assignee or successor of Lessor to the same extent as Lessor may, itself, enforce it. The undersigned hereby consents and submits to the jurisdiction of the respective courts pursuant to the terms of the Master Lease Agreement for enforcement of this Guaranty.

The liability of the undersigned hereunder is direct and unconditional. If there is more than one undersigned, then the liability of the undersigned hereunder shall be joint and several. This Guaranty may be terminated by the undersigned upon sixty (60) days prior written notice to Lessor via certified mail, and such termination shall be effective only as to Master Lease Agreements having their inception after the effective date of termination and shall not affect Lessor's rights under this Guaranty arising out of Master Lease Agreements having their inception prior to such date.

This Guaranty is executed as an instrument under seal, and all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of California. **The undersigned hereby expressly waives the right to a trial by jury.**

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty or has caused this Guaranty to be executed on its behalf by an officer or other person thereunto duly authorized on 07/25/07.

	X
	Personal Guarantor (no title)
KIRK ANDERSON	07/25/07
Name	Date
Home Street Address/City/State/Zip	
Social Security Number	Phone #

sign →



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Exhibit "A"

Matthew L. Johnson (6004)
Russell G. Gubler (10889)
JOHNSON & GUBLER, P.C.
Lakes Business Park
8831 West Sahara Avenue
Las Vegas, Nevada 89117
Phone: (702) 471-0065
Fax: (702) 471-0075
e-mail: mjohnson@mjohnsonlaw.com

[Proposed] Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:)	Case No.: BK-S-17-
KHWY, INC.,)	Chapter 11
)	
Debtor.)	Hearing Date:
)	Hearing Time:

ORDER GRANTING MOTION TO SELL ASSETS FREE AND CLEAR OF LIENS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. §363(f) AND SETTING AUCTION

The Debtor’s Motion to Sell Assets Free and Clear of Liens and Encumbrances Pursuant to 11 U.S.C. §363(f) (“The Motion to Sell”) having come before the Court on shortened time, the Debtor being represented by Matthew L. Johnson, of the law firm of JOHNSON & GUBLER, P.C., and other appearances as noted on the record, the Court having reviewed the pleadings and papers on file with the Court, having entertained arguments of counsel, and good cause appearing therefore;

JOHNSON & GUBLER, P.C.
LAKES BUSINESS PARK
8831 WEST SAHARA
LAS VEGAS, NEVADA 89117
(702) 471-0065
(702) 471-0075

IT HEREBY IS FOUND AND DETERMINED THAT:

1. The Court has jurisdiction to consider the Motion to Sell pursuant to 28 U.S.C. §§ 157 and 1334.
2. Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
4. This Order constitutes a final appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rule 6004(h), and to any extent necessary under Bankruptcy Rule 9014 and under Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly finds that there is no reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth herein.

IT IS HEREBY ORDERED that the Motion to Sell Assets Free and Clear of Liens and Encumbrances is GRANTED;

IT IS FURTHER ORDERED that the Court will hold an Auction for sale of the Debtor's Assets on _____, 2017 at ____ o'clock ____m. at the **United States Bankruptcy Court, 300 Las Vegas Boulevard South, Third Floor, Courtroom Number 3, Las Vegas, Nevada 89101** (the "Auction").

IT IS FURTHER ORDERED that following terms shall apply to the Auction and Sale:

All other bidders must comply with all of the terms set forth in the Motion to Sell, including but not limited to the following:

- (1) a bid in an amount no less than an amount to be approved by the secured creditor, What's On, which amount must be paid first to pay administrative expenses including (a) a payment to the broker in the amount of 10% of the sales price, (b) payment of attorney's fees and costs to JOHNSON & GUBLER, P.C. and to Marissa Repp, the attorney who will prepare the FCC transfer documents to the successful bidder, (c) payment to Steve Aronson, the Debtor's accountant for all tax and accounting costs associated with the sale transaction, (d) payment of all U.S. Trustee's fees incurred as a result of the sale, and (e) any other administrative expenses incurred while the case is pending. The balance of the sale proceeds

JOHNSON & GUBLER, P.C.
 LAKES BUSINESS PARK
 8831 WEST SAHARA
 LAS VEGAS, NEVADA 89117
 (702) 471-0065
 (702) 471-0075

1 shall be paid to What's On up to the satisfaction of its claim (believed to be approximately
2 \$544,000.00). Any other amounts left over shall be paid to unsecured creditors on a pro-rata
3 basis through a Plan of Reorganization.

4 IT IS FURTHER ORDERED that in order to qualify to bid at the auction, all interested
5 bidders shall place into the trust account of JOHNSON & GUBLER, P.C. a minimum of two (2)
6 business day prior to the Auction (1) a deposit in the amount of \$10,000.00, and (2) an executed
7 agreement that if they are the successful bidder, they will be assigned all rights and liabilities
8 associated with the Balboa Agreement, a copy of which is attached as Exhibit "1" to Exhibit "2"
9 to the Motion to Sell.

10 IT IS FURTHER ORDERED that any bidder who is not the Successful Bidder will
11 have the deposit and the Executed Agreement returned to them after the conclusion of the
12 auction, in the ordinary course.

13 IT IS FURTHER ORDERED that the sale shall be subject to the Successful Bidder
14 being approved for licensing by the Federal Communications Commission ("FCC").

15 IT IS FURTHER ORDERED that after the auction is conducted, the Successful Bidder
16 shall have ten (10) days to deposit the sales price into the Trust Account of JOHNSON &
17 GUBLER, P.C., and those sale proceeds shall be held in the Trust Account of JOHNSON &
18 GUBLER, P.C. until such time as the sale closes, meaning that the sale proceeds have been
19 paid and the FCC has approved the transfer of the licenses. In the event that the Closing does
20 not occur by August 31, 2017 because of the failure or refusal of the FCC to transfer the
21 licenses, either party has the right to cancel the Escrow by written notice to the Debtor and to
22 JOHNSON & GUBLER, P.C.

23 IT IS FURTHER ORDERED that the Court may approve the sale to the highest
24 qualified bidder, and may accept backup bids in the event that the highest qualified bidder fails
25 to perform.

26 IT IS FURTHER ORDERED that at the Debtor's option, the assets may be sold in
27 whole or in part to more than one bidder at the time of the auction.
28

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LAKES BUSINESS PARK
8831 WEST SAHARA
LAS VEGAS, NEVADA 89117
(702) 471-0065
(702) 471-0075

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LAKES BUSINESS PARK
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LAS VEGAS, NEVADA 89117
(702) 471-0065
(702) 471-0075

1 IT IS FURTHER ORDERED that the Successful Bidder's deposit shall become non-
2 refundable upon the adjournment of the Auction, unless the Sale fails to close as a result of the
3 Debtor's failure to comply with any condition precedent to the Sale, the Debtor breaches its
4 obligations under the Order or applicable purchase and sale agreement, or the FCC fails or
5 refuses to transfer the licenses to the Successful Bidder by August 31, 2017.

6 IT IS FURTHER ORDERED that bid increments will be \$5,000 or in such other
7 incremental amount determined by the Court at the time of the Auction.

8 IT IS FURTHER ORDERED that in the event that the Successful Bidder does not pay
9 to the Trust Account of JOHNSON & GUBLER, P.C. the amount of the Successful Bid within
10 ten (10) days of the Auction, the Debtor has the right to cancel the sale and the deposit paid by
11 the Successful Bidder shall be forfeited to the Debtor and the Debtor may then accept backup
12 bids. Any backup bidder shall deposit the Accepted Backup Bid price in the Trust Account of
13 JOHNSON & GUBLER, P.C. within ten (10) days of written notice of acceptance of the
14 backup bid. If either party defaults in their obligations, the non-defaulting party may cancel the
15 sale. The defaulting party shall pay all costs of cancellation. If there is no bidder, the sale will
16 be cancelled and the Debtor may return the leased equipment to Balboa Capital.

17 IT IS FURTHER ORDERED that the Debtor is authorized to sign all documents
18 necessary to complete the sale, with the proceeds of the sale to be held in the Trust Account of
19 JOHNSON & GUBLER, P.C. pending further Order of this Court;

20 IT IS SO ORDERED.

21 Submitted by:

22 JOHNSON & GUBLER, P.C.

23 /s/ Matthew L. Johnson
24 Lakes Business Park
25 8831 W. Sahara Avenue
26 Las Vegas, Nevada 89117
27 Telephone (702) 471-0065
28 Facsimile (702) 471-0075
e-mail: mjohnson@mjohnsonlaw.com
[Proposed] Attorneys for Debtor

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LR 9021 CERTIFICATION

IN ACCORDANCE WITH LR 9021, COUNSEL SUBMITTING THIS DOCUMENT CERTIFIES THAT THE ORDER ACCURATELY REFLECTS THE COURT’S RULING AND THAT (CHECK ONE):

- THE COURT WAIVED THE REQUIREMENT OF APPROVAL UNDER LR 9021(B)(1).**
- NO PARTY APPEARED AT THE HEARING OR FILED AN OBJECTION TO THE MOTION.**
- I HAVE DELIVERED A COPY OF THIS PROPOSED ORDER TO ALL COUNSEL WHO APPEARED AT THE HEARING, AND ANY UNREPRESENTED PARTIES WHO APPEARED AT THE HEARING, AND EACH HAS APPROVED OR DISAPPROVED THE ORDER, OR FAILED TO RESPOND, AS INDICATED BELOW:**
- I CERTIFY THAT THIS IS A CASE UNDER CHAPTER 7 OR 13, THAT I HAVE SERVED A COPY OF THIS ORDER WITH THE MOTION PURSUANT TO LR 9014(G), AND THAT NO PARTY HAS OBJECTION TO THE FORM OR CONTENT OF THE ORDER.**

###

JOHNSON & GUBLER, P.C.
 LAKES BUSINESS PARK
 8831 WEST SAHARA
 LAS VEGAS, NEVADA 89117
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 (702) 471-0075