

## PROMISSORY NOTE

\$3,250,000

\_\_\_\_\_,  
2011

FOR VALUE RECEIVED, the undersigned, EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ( "Maker" ), hereby promises to pay to the order of Foothills Broadcasting, Inc., a Tennessee non-profit corporation ( "Holder" ), at \_\_\_\_\_, or at such other address specified by Holder to Maker, in lawful money of the United States of America and in immediately available funds, the principal amount of THREE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$3,250,000), together with interest accrued thereon in like money.

This Note is issued pursuant to an Asset Purchase Agreement, dated as of December \_\_\_\_, 2010, between Maker and Holder (the "Purchase Agreement") relating to Maker's purchase from Holder of substantially all of the assets and licenses of radio stations WDLF(FM), Alcoa, Tennessee and WYLV(FM), Maynardville, Tennessee (the "Stations"), and is issued on the closing date of the transaction contemplated by the Purchase Agreement.

(i) The principal (\$3,250,000) of and interest on this Note shall be amortized over a term of one hundred twenty (120) months. The loan evidenced by the Note shall bear interest at the rate of five percent (5%) per annum. Buyer shall pay monthly, in arrears, installments of principal and interest in the amount of \$34,471.29 each, commencing on the 30<sup>th</sup> day after the Closing Date and continuing on the same calendar day of each succeeding month. If any payment date shall be a day that is not a regular business day, then payment shall be due on the next regular business day thereafter. Buyer may prepay all or any portion of the principal of the Note from time to time without penalty.

Interest shall be calculated on the basis of a year of Three Hundred Sixty-Five (365) days for the actual number of days elapsed, including any time extended by reason of payments falling due on Saturdays, Sundays or legal holidays. Maker may prepay all or any portion of the principal of the Note at any time, and such prepayment shall cause the amount of the monthly payments thereafter to be reduced accordingly.

Notwithstanding any applicable grace period, if the Holder has not received the full amount of any payment by the end of ten calendar days after the date that Maker receives written notice from Holder that a monthly Note payment is due, the Maker shall pay a late charge to the Holder. The amount of the late charge will be \$500, and shall be due and payable on the date of the next monthly payment. The Maker and the Holder agree that this late charge is a fair and reasonable charge for the late payment, and shall not be deemed to be a penalty.

While in default and also after the maturity date, the Note shall bear interest at a default rate of interest equal to 12.00 % per annum; provided further, however, that any such default rate of interest shall not exceed the maximum permitted by law.

If any of the following events or conditions (each, an “Event of Default”) shall occur:

- (a) Default by Maker in the payment of any installment of principal or interest on this Note when the same becomes due and payable, which default continues uncured for a period of ten (10) business days after written notice of such default has been given by Holder to Maker;
- (b) Maker shall make an assignment for the benefit of creditors, or shall file a voluntary petition in bankruptcy, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation;
- (c) There shall be filed against Maker any petition or application for relief under any bankruptcy or similar law which is not discharged or dismissed within sixty (60) days after the filing of such petition or application; or
- (d) Default by Maker under that certain Security Agreement of even date herewith executed by Maker in favor of Holder, which default continues uncured within the applicable cure period set forth therein;
- (e) The transfer or assignment of the license issued by the Federal Communications Commission for the operation of the Stations, unless the net proceeds (purchase price minus costs of sale) of such sale are paid to Holder at the closing of such transaction, or in the event both Stations are sold, causing the entire debt at that time to be extinguished;

then, and in any such event, Holder may at any time, by written notice to Maker, declare the entire amount of all principal and interest remaining unpaid on this Note due and payable, whereupon the same shall forthwith become due and payable.

All notices and other communications provided for under this Note shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after facsimile transmission or delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Holder, to:

Thomas H. Moffit, Jr., President  
Foothills Broadcasting, Inc.  
1307 S. International Parkway – Suite 2051  
Lake Mary, FL 32746-1414

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

John C. Trent, Esq.

Putbrese Hunsacker & Trent, P.C.  
200 South Church Street  
Woodstock, VA 22664

If to Maker, to:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attn: Mike Novak, President

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

David D. Oxenford, Esq.  
Davis Wright Tremaine LLP  
1919 Pennsylvania Avenue, NW, Suite 800  
Washington, D.C. 20006  
Telecopier: 202.973-4499

This Note is secured by the terms of a certain Security Agreement of even date herewith and executed by Maker in favor of Holder, and upon the occurrence of an Event of Default Holder may exercise all rights and remedies set forth in said Security Agreement.

This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

**WAIVER OF PRESENTMENT; NOTICE OF DISHONOR, ETC.**

The Maker waives the rights of presentment, dishonor, notice of dishonor, protest, or demand.

**DELAY OR OMISSION NO WAIVER.**

No delay or omission of the Holder to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy nor shall the same be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Note to the Holder may be exercised by Holder from time to time and as often as may be deemed expedient by the Holder.

**WAIVER OF ONE DEFAULT NOT TO AFFECT ANOTHER.**

No waiver of any default shall extend to or shall affect any subsequent or any other default or shall impair any right, power or remedy consequent thereon. If the Holder: (a) grants forbearance or an extension of time for the payment of any sums due under this Note; (b) takes other or additional security for the payment hereof; (c) waives or does not exercise any right, power or remedy granted in this Note; or, (d) releases any part of the property securing this Note; then, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Note or of the Maker; nor shall any such act or omission preclude the Holder from exercising any right, power or remedy herein granted or intended to be granted in the event of any

other default then made or of any prior or subsequent default.

**REMEDIES CUMULATIVE.**

No right, power or remedy conferred upon or reserved by the Holder by this Note, or in the Security Agreement executed in connection herewith, is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and current and shall be in addition to any other right, power and remedy given hereunder, in the Security Agreement, or now or hereafter existing at law or in equity or by statute.

**HEADINGS.**

The headings of the articles, sections, paragraphs and subdivisions of this Note are for convenience of reference only, and are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

**RULE OF CONSTRUCTION.**

Any ambiguities contained in this Note shall not be construed against the preparers of this document.

**INVALID PROVISIONS TO AFFECT NO OTHERS.**

If any one or more of the terms or provisions contained in this Note shall be invalid, illegal or unenforceable in any respect, the validity of the remaining terms and provisions contained herein shall be in no way affected, prejudiced or disturbed thereby.

**TIME IS OF THE ESSENCE.**

It is specifically agreed that time is of the essence in this Note. No waiver of any obligation hereunder shall at any time thereafter be held to be a waiver of the terms hereof.

**ATTORNEY'S FEES AND EXPENSES.**

Maker agrees to pay to the Holder, on demand, all costs, charges, expenses, disbursements and reasonable attorney's fees not to exceed ten per cent of the amount of principal and interest then outstanding ("Attorney's Fees and Expenses"):

- (A) in enforcing the terms of this Note, whether suit be brought or not;
- (B) in collecting amounts owed under this Note, whether suit be brought or not;
- (C) in any action, proceeding or dispute concerning this Note;
- (D) and, for all documentary stamp taxes and intangible taxes, and any penalties or interest on the documentary stamp taxes and intangible taxes,

provided, however, that if Holder is not the prevailing party in any such litigation, then Holder shall be liable to Maker for its Attorney's Fees and Expenses.

All such costs, charges, expenses, disbursements and attorney's fees, shall bear interest thereon at the default rate of interest specified in this Note, from the date incurred by the Holder until paid.

All such costs, charges, expenses, disbursements and attorney's fees, and all of the accrued interest thereon: (a) shall become due and payable whether or not there be notice, demand, attempt to collect or suit pending; (b) shall be secured by the lien of the Security Agreement securing this Note.

Wherever provision is made for payment of attorney's or counsel's fees or expenses incurred by the Holder, said provision shall include, but not be limited to, attorney's or counsel's fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such proceedings arise before or after entry of a final judgment.

**TENNESSEE CONTRACT; APPLICABLE LAW; VENUE.**

This Note is made by Maker and accepted by Holder in the State of Tennessee, with reference to the laws of such State, and shall be construed, interpreted, enforced and governed by and in accordance with such laws (excluding the principles thereof governing conflicts of law), and Federal Law, in the event, and only to the extent, Federal Law preempts State Law. Venue for any litigation concerning this Note shall be in a court of competent jurisdiction located in the State of Tennessee.

**GENDER AND NUMBER.**

All pronouns and variations thereof shall be deemed to refer to the masculine, feminine or neuter, and to the singular or plural, as the identity of the person or entity or persons or entities may require.

**CHANGES, OTHER AGREEMENTS, ETC.**

Neither this Note nor any term, covenant or condition hereof may be modified, changed, waived, discharged or terminated orally, but only by an instrument, in writing, executed by the party or parties intended to be bound by it, and approved by the Holder.

**WAIVER OF TRIAL BY JURY.**

**THE HOLDER AND THE MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE HOLDER MAKING THE LOAN EVIDENCED BY THIS NOTE.**

*[Rest of page intentionally left blank; signatures to follow]*

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first above written.

**EDUCATIONAL MEDIA FOUNDATION**

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

President