

**AMENDMENT TO SECOND  
TIME BROKERAGE AGREEMENT**

THIS AMENDMENT TO THE SECOND TIME BROKERAGE AGREEMENT (the "Amendment") is made as of this 4<sup>th</sup> day of <sup>August</sup>~~June~~, 2005, by Immaculate Heart Radio, a California nonprofit corporation ("Licensee") and KAHl Corporation, a California corporation (the "Broker"). *hus*

WHEREAS, Licensee and Broker are parties to that certain Second Time Brokerage Agreement dated as of April 28, 1999 (the "TBA"), pursuant to which Broker agreed to produce and provide programs to Licensee for broadcast on the licensee's radio station KAHl(AM) (KAHl or the "Station") and the Licensee agreed to accept such programming in conformity with the rules, regulations and policies of the Federal Communications Commission (the "FCC");

WHEREAS Broker desires to obtain from Licensee and Licensee desires to grant Broker an option to purchase the Station;

WHEREAS, Licensee and Broker desire to amend the TBA;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency is hereby acknowledged and confirmed, the parties, intending to be legally bound, hereby agree as follows:

1. Definitions. Capitalized terms used in but not defined in this Amendment shall have the meanings specified in the TBA.
2. Payments. Broker and Licensee hereby agree to amend the payment terms as stated in Section 2 of the TBA. The Broker shall pay Licensee, for broadcast of the programs under terms of this Amendment, a monthly fee of \$100 (one hundred dollars) (the "Payment"). Broker's Payment obligation hereunder shall commence on the first business day of the first month immediately following ratification of this Amendment by both parties. The Payment is due and payable in advance on the first business day of each month thereafter. The failure of Licensee to demand such Payment shall not constitute a waiver of its rights to such Payment.
3. Term. The term, as set forth in Section 3 of the TBA, shall continue for a renewable eight year period beyond the original date upon which the FCC would have required termination of the station license for KAHl(AM) (the "Station License") *provided that* the FCC has (a) either amended its rules to postpone the date by which the Station License must be terminated or eliminated the required termination of the Station License outright, or (b) that the FCC grants a waiver of its rule requiring termination of the Station License either in whole or in part. The TBA will terminate immediately upon termination of the Station License, notwithstanding any term period stated in this Amendment.

4. Renewal. The Broker may renew the TBA for as many as four additional eight year periods on the terms and conditions referenced in Section 2 of the TBA until such time as the Station License is terminated.

5. Waiver Requests or Petitions for Rulemaking. The Licensee shall, at Broker's request, utilizing written materials prepared by Broker, prosecute either a request to waive the FCC rule(s) and policy(s) requiring termination of the Station License or a petition for rulemaking to eliminate this requirement, or support similar efforts by Broker or third parties to achieve the same regulatory goals AND the Licensee shall also, at Broker's request, utilizing written materials prepared by Broker, prosecute either a request to waive the FCC rule(s) and policy(s) requiring that the Station and expanded band station KSMH ("KSMH") remain co-owned or file a petition for rulemaking to eliminate this requirement, or support similar efforts by Broker or third parties to achieve these same regulatory goals (collectively, the "Pleadings"). If so requested by Broker, the Broker or its attorney shall provide such Pleadings in draft form to the licensee for review and approval in conformity with FCC rules, regulations and policies requiring the Licensee to maintain control of the Station. Within five day of receipt of such Pleadings, the Licensee or its attorney shall present the Broker or its attorney changes or corrections to any such Pleadings. The Broker or its attorney shall thereafter provide Licensee with final versions of such Pleadings, which the Licensee shall then timely and appropriately submit to or file with the FCC. In the event that the FCC's procedural rules require the filing of Pleadings more quickly than the review, change and correction process herein allows, then the Licensee and Broker shall cooperate to ensure adequate review, change and correction opportunities AND the timely filing of any Pleadings.

6. Option to Buy. Licensee hereby grants to Broker an option to purchase the Station (the "Option") upon the terms conditions stated in this Amendment. Should the FCC ever grant a waiver from or eliminate regulatory provisions that (1) require the eventual termination of license for either KAHl or KSMH, and (2) prohibit different parties from separately owning KAHl and KSMH, including but not limited to 47 C.F.R. Section 73.1150(c)(collectively, the "Rules"), then Broker may exercise an option to purchase KAHl from the Licensee (the "Option"), for an exclusive 90 day period, under the following terms and conditions:

- A. The Option will be triggered either by (1) any FCC order or group of orders that both eliminates the required termination of KAHl's or KSMH's license and the required co-ownership of KAHl and KSMH (collectively, the "Rule Changes"), or (2) upon the grant of waivers that eliminate both the required termination of KAHl's or KSMH's license and the required co-ownership of KAHl and KSMH, (collectively the "Waivers"), or (3) any combination of Rule Changes and/or Waivers that will allow both the separate ownership of KAHl and KSMH and the continued licensing of KAHl and KSMH without threat of mandatory termination of either the KAHl and/KSMH licenses.

- B. The 90 day Option period will commence on the day that the last of the necessary Rule Changes and Waivers become "Final," which is expressly defined as no longer subject to review, reconsideration or appeal by the FCC or a court of law with competent jurisdiction. At the Broker's sole discretion, if the FCC grants some but not all of the Rule Changes and/or Waivers required to trigger the Option as stated in Section 5.A herein, the Broker and Licensee shall request a waiver as part of an FCC Assignment Application that would create all the conditions required under Section 5.A. If such a waiver is granted such that all the conditions of Section 5.A are then met, the Option will be deemed timely exercised.
- C. The Option shall expire at the 91<sup>st</sup> day after any Rule Changes or Waivers become Final. Broker may exercise its option at any time within this period by facsimile sent or by certified letter postmarked before the Option expires on the 91<sup>st</sup> day.
- D. Should the Broker exercise the Option, then the Licensee shall assign and convey the following to Broker, after the filing of and an FCC grant of an application to assign the Station is Final:
- (i) Title to all tangible personal property, whether owned or leased, of Licensee located at or used in the operation of the Station, including all broadcasting, including but not limited to transmitter and associated transmitter equipment, and office equipment, furniture, furnishings, machinery, installations and fixtures, including but not limited to, all replacements and additions thereto between the date of this Amendment and the Closing Date as referenced in Section L hereto.
  - (ii) All FCC authorizations, permits and other authorizations necessary to operate the Station and associated facilities.
  - (iii) All contracts and agreements, which are: (1) set forth on Schedule D(iii) hereto or (2) consented to in writing by Buyer.
  - (iv) Copies of all reports required by the FCC to be maintained by the Seller relating to the operation of the Station, including but not limited to, the local public inspection file and all books of account, logs, and records necessary or useful for the Buyer's operation of the Station;
  - (v) Intangible property useful in the operation of the Station including trademarks, trade names, slogans, emblems, call signs and logos used by Seller in Station's operations.

- (vi) Any lease agreement or license agreement having the effect of a lease, equipment lease agreements, and all other leases necessary for operation of the Station as set forth in Schedule D(v).
- (vii) All of Seller's rights under manufacturers' and vendors' warranties relating to items included in the Assets owned or held for use by Seller in connection with the operations of the Station as of the date hereof and those acquired between the date hereof and the Closing Date.

- E. Excluded Assets. Should the Broker exercise the Option, the following assets are expressly excluded: Licensee's cash on hand, cash equivalents, accounts receivable and deposit accounts.
- F. No Assumption of Liabilities. Should the Broker exercise the Option, Broker shall assume no liabilities or obligations of Licensee including, without limitation, accounts payable, debts, liabilities, and other obligations, whether pursuant to a contract or otherwise, except for those liabilities and obligations that are expressly assumed as provided elsewhere in this Amendment or as described in Schedule F hereto.
- G. Purchase Price and Terms of Payment. Should the Broker exercise the Option, the purchase price shall be \$100,000 (one hundred thousand dollars), paid to Licensee upon consummation of the transaction contemplated by the Option. Consummation shall occur by the 30<sup>th</sup> day following the date on which the FCC grant of an application to assign KAHN from Licensee to Broker becomes Final.
- H. Prorations and Adjustments: All operating expenses of the Station shall be prorated so that expenses prepaid by the Licensee that benefit the Station after consummation of the Station assignment herein contemplated shall be repaid in cash to the Licensee, by the Broker, within 45 days of consummation of the Station assignment contemplated herein
- I. Representations and Warranties of Licensee: The Licensee expressly makes the representation and warranties of the Seller (to the Broker standing in the place of the Buyer) as contained in Section 9 of a certain Asset Purchase Agreement of February 12, 1999, between Broker and Licensee (the APA) – except that new schedules shall be created and attached hereto in place of those referenced in these sections of the APA. These representations and warranties shall apply to the transaction contemplated herein

rather than to the completed transaction that was governed by the APA.

- J. Representations and Warranties of Broker: The Broker expressly makes the representation and warranties of the Buyer (to the Licensee standing in the place of the Seller), as contained in Section 10 of the APA – except that new schedules shall be created and attached hereto in place of those referenced in these sections of the APA. These representations and warranties shall apply to the transaction contemplated herein rather than to the completed transaction that was governed by the APA.
  - K. Conditions Precedent. Should the Broker exercise the Option, the Licensee and Broker expressly adopt Sections 11 and 12 (except Section 12.1.3 captioned “KSMH Operations”) of the APA as part of this TBA, with the Licensee standing in the place of the Seller and the Broker standing in the place of the Buyer – except that new schedules shall be created and attached hereto in place of those referenced in these sections of the APA. These conditions precedent shall apply to the transaction contemplated herein rather than to the completed transaction that was governed by the APA.
  - L. Other Terms. Should the Broker exercise the Option, the Licensee and Buyer expressly adopt Sections 13, 14, 15, 16 and 17 (except Section 16.3 captioned “Failure of KSMH to File an Application for License”) of the APA as part of this TBA, with the Licensee standing in the place of the Seller and the Broker standing in the place of the Buyer – except that new schedules shall be created and attached hereto in place of those referenced in these sections of the APA. These terms shall apply to the transaction contemplated herein rather than to the completed transaction that was governed by the APA.
7. Exclusivity. Before such time as the events stated in both Sections 5.A and 5.B occur and the Option period stated in 5.B runs out, the purchase rights of Broker are exclusive. The only exception to the Broker’s exclusive right to purchase the Station shall occur if the Licensee sells, assigns or transfers ownership of both KAHl and KSMH, as a single unit in a transaction consistent with the Rules in effect as of the date of this Amendment, to a third party that assumes all of the Licensee’s obligations to the Broker under the Option and the TBA.
8. Governing Law. This Amendment shall be construed in accordance with and governed by the laws of the State of California (without regard to the choice of law provisions thereof).

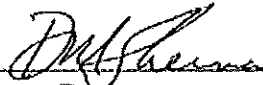
9. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.
10. Captions. The captions in this Amendment are included for convenience of reference only and shall be ignored in the construction or interpretation of this Amendment.

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IN WITNESS WHEREOF, Licensee and Broker have caused this Second Amendment to the Second Time Brokerage Agreement to be executed as of the day and year first above written.

**LICENSEE:**

Immaculate Heart Radio

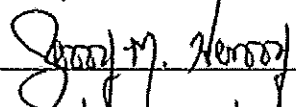
By: 

Name: DOUGLAS M. SHERMAN

Title: PRESIDENT

**BROKER:**

KAHI Corporation

By: 

Name: Jerry M. Henry

Title: President / G.M.