

RIGHT OF FIRST REFUSAL

This Agreement is made and entered into this ____ day of _____, 2004 by and between Research Educational Foundation, Inc., a Texas non-profit corporation ("REF"), and Covenant Educational Media, Inc., a Texas non-profit corporation ("CEM").

Recitals

WHEREAS, on June 30, 2004, REF and CEM entered into an Asset Purchase Agreement ("APA") and a Tower Purchase Agreement ("TPA") (collectively, "the Agreements") for the assignment of the license of and sale of the assets used in the operation of non-commercial FM station KVTB, Dallas, Texas; and

WHEREAS, REF is also the licensee and owns certain assets used in the operation of non-commercial FM station KVRK, Sanger, Texas ("KVRK" or "the Station"); and

WHEREAS, the APA contains a provision wherein CEM, in addition to purchasing certain assets of REF used in the operation of KVTB, is also purchasing a right of first refusal to acquire KVRK's assets pursuant to certain terms and conditions, such right to be granted contingent upon the closing of the KVTB APA and TPA (the "KVTB Closing"), and executed simultaneously with the KVTB Closing; and

WHEREAS, REF and CEM wish to set forth the terms and conditions of the right of first refusal;

NOW THEREFORE, considering the foregoing premises, the parties hereto agree as follows:

Agreement

1. Description of Right. REF, for the consideration received and

acknowledged under the terms of the APA, hereby grants CEM a right of first refusal to purchase the assets of non-commercial FM radio station KVRK, Sanger, Texas, to be offered and exercised as follows, subject to the conditions herein. For the purposes of this Agreement, the assets of KVRK shall mean both the physical assets used in the operation of KVRK as well as the FCC license to operate same:

(a) If, at any time during the period commencing on the day of the KVT Closing and ending thirty-six (36) months thereafter, REF receives, from other than a current or former REF employee, a bona fide offer for the purchase of KVRK, which REF is willing to accept (the "Offer"), then within ten (10) days of such receipt, REF shall notify CEM, pursuant to the notice provisions herein, of the Offer, and provide CEM with a copy thereof.

(b) CEM shall have thirty (30) days from the date of receipt of said notice from REF to notify REF in writing, pursuant to the notice provisions herein, that it wishes to purchase KVRK under the same price, terms and conditions as stated in the Offer.

(c) In the event CEM fails to notify REF in writing of its election to purchase the Property within said 30 day period, then REF shall be free to sell KVRK to such third party.

(d) In the event CEM elects to purchase KVRK, the parties shall enter into an agreement to sell containing the same price, terms and conditions as set out in the Offer, and consummate said sale pursuant to the terms of the Offer.

(e) Nothing herein shall be construed to imply that the right of first refusal granted herein exists prior to the execution of this Agreement at the KVTT Closing.

2. Assumption in the Event of Sale to REF Employee. In the event that the REF receives an offer to purchase KVRK from a current or former REF employee, REF shall be free to sell KVRK to such employee notwithstanding the terms of this Agreement, provided that the terms of such sale include an assignment to and assumption by such employee of this Agreement, without modification of its terms.

3. Termination. This Agreement shall automatically terminate if:

(a) REF consummates a sale of KVRK to a third party pursuant to paragraph 1(c) hereof; or

(b) REF consummates a sale of KVRK to CEM pursuant to paragraph 1(d) hereof; or

(c) the term of this Agreement expires without receipt by REF of an Offer, as specified in paragraph 1(a) hereof;

(d) during the term hereof, CEM sells or otherwise transfers the assets of KVTT to a third party; provided, however, that a transfer of the assets of KVTT by CEM to an entity that shares at least 20% common ownership in or control of CEM shall not cause the termination of this Agreement.

4. Notices. All necessary notices required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed duly given if mailed by certified mail, return receipt requested, or by overnight courier service, postage or fee pre-paid, addressed as follows, or to any such changed address as may be provided by a

party hereto to the other party during the term hereof pursuant to these same notice provisions:

(a) If to REF: Research Educational Foundation, Inc.
Radio Station KVT
11061 Shady Trail
Dallas, TX 75229

Attn: Mr. Stanley Thomas

(b) If to CEM: Covenant Educational Media, Inc.
23248 Calvert Street
Woodland Hills, CA 91367

Attn: Fletcher Anderson

5. Prior or Modified Agreement. This Agreement supercedes any prior agreements between the parties and contains all of the terms agreed upon with respect to the subject matter hereof. This Agreement may not be altered or amended except by an instrument in writing signed by the party against whom enforcement of any such change is sought.

6. Execution. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were on the same instrument.

7. Invalidity. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

8. Board of Directors Changes and Assignment.

(a) Notwithstanding any provision herein, no change in the board of

directors of REF, even if such change should necessitate the filing of an application to transfer the KVRK license, shall trigger the right of first refusal granted hereunder. In the event of such a transfer, REF's obligations shall continue hereunder without any modification.

(b) Subject to providing notice of same to REF pursuant to this Agreement, CEM shall have the right to assign this Agreement to a successor entity of CEM that shares at least 20% common ownership in or control of CEM to which the assets of KVTB are assigned during the term hereof. In the event of such assignment, a copy of same shall be provided to REF.

9. Recordation Right. Upon execution of this Agreement, CEM shall have the right to record this Agreement in the county or counties where the assets of KVRK are located. CEM agrees to cooperate with REF, if needed, in confirming or otherwise canceling the recordation of this Agreement after its termination in accordance with paragraph 3 hereof

10. Governing Law. This Agreement is to be construed and governed by the laws of the state of Texas, except of the choice of law rules utilized in that state.

IN WITNESS WHEREOF, this Agreement is executed on the day and year first above written:

Research Educational Foundation, Inc.

Covenant Educational Media, Inc.

By: _____
Harry Reeve, President

By: _____
Fletcher Anderson, President