

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is entered into this ____ day of _____, 2001, by and between Covenant Media Services, Inc. ("Seller"), and Fred R. Morton and Evelyn K. Morton ("Purchaser").

RECITALS

- A. Seller is the owner of, and holds licenses issued by the Federal Communications Commission ("FCC") for the operation of, Radio Station KRCM, Beaumont, Texas (hereinafter the "Radio Station");
- B. Seller desires to sell the Radio Station to Purchaser and Purchaser desires to acquire the Radio Station;
- C. The transactions contemplated herein require the prior consent of the FCC, pursuant to the terms and conditions of this Agreement.

1. PURCHASE AND SALE.

1.1 Purchase. Seller agrees to sell and convey to Purchaser and Purchaser agrees to purchase from Seller, free and clear of all liens, claims or encumbrances of any nature whatsoever, except as specifically provided herein, the Radio Station, which consists of the following (the "**Purchased Assets**"):

A. Business Assets. All of the business assets, properties and rights, tangible and intangible, of every kind and description owned or held by Seller and used or useful in connection with the operation of the Radio Station (except as specifically excluded hereinafter) including, without limitation, the following:

- (1) All fixtures, machinery, equipment and furniture, and all other tangible personal property of every kind and description owned by Seller and dedicated for use in the Radio Station (a listing, attached as Exhibit A, includes substantially all such assets, which list may be supplemented by the parties prior to the Closing);

(2) Those contracts, leases and other instruments or agreements of Seller, including Time Sales Agreements, pertaining to the Radio Station as listed on attached Exhibit B (hereinafter the "Contracts"), which Exhibit B shall be updated as of the Closing Date;

(3) All licenses, permits and other authorizations necessary or incidental to the ownership and operation of the Radio Station, plus all pending applications for any such licenses, permits or other authorizations, all as listed on attached Exhibit C (hereinafter the "Licenses");

(4) All files and records pertaining solely to the business of the Radio Station except accounting and tax records which will be made available for review at reasonable times;

(5) All of Seller's rights in and to the logos, trademarks, service marks, and any and all other intangible assets used or useful in the operation of the Radio Station, including, but not limited to, those listed on Exhibit D; and

(6) All inventory and supplies of the Radio Station as of the Closing Date.

B. The following are specifically excluded from the Purchased Assets:

(1) Cash and cash equivalents;

(2) All corporate books and records of Seller;

(3) Accounts receivable; and

(4) All contracts or agreements except those listed in Exhibit C, or as otherwise agreed to in writing by Purchaser.

1.2 Purchase Price. The total consideration for the purchase of the Radio Station shall be One Hundred Sixty Thousand Dollars (\$160,000.00), payable as follows.

A. At Closing, Purchaser shall pay to Seller the sum of Fifty-Five Thousand Dollars (\$55,000.00) less an amount equal to the payments made by Purchaser to Seller pursuant to a Time Brokerage Agreement by and between Seller and Purchaser effective as of January 15, 2001, which amount may be adjusted as provided herein.

B. The sum of One Hundred Five Thousand Dollars (\$105,000.00) shall be in the form of a Promissory Note attached as Exhibit E hereto, which shall be paid in eighty-four (84) equal monthly installments of principal and interest at the rate of eight percent (8%) per annum, with the first installment due on the first day of the second full month following the Closing Date.

C. The Promissory Note shall be secured by a Security Agreement in the form of Exhibit F hereto.

1.3 No Assumption of Liabilities. It is understood and agreed that the transactions covered by this Agreement constitute a purchase of certain assets only and the assignment of the Licenses; consequently, Purchaser assumes no liabilities of Seller.

2. PRE-CLOSING AND CLOSING.

2.1 Definitions. The following definitions shall apply to this Agreement:

A. "Pre-Closing" means that period from the date of this Agreement to the Closing Date, as defined below, during which time the parties will exercise commercially reasonable efforts to satisfy all requirements of this Agreement necessary prior to a transfer of the Purchased Assets.

B. "Closing" is that event in which the Purchased Assets are transferred by Seller to Purchaser and Purchaser pays to Seller the Purchase Price. The "Closing Date" is the date on which such event takes place.

2.2 Pre-Closing. During Pre-Closing:

A. Access to Information. Seller will make available to Purchaser and Purchaser's agents for its review all contracts, blueprints, leases, plans, specifications, books and records, surveys and any other information with respect to the Radio Station which are in Seller's possession. Purchaser shall not unreasonably interfere with Seller's business operations while making such review and examination. Seller and Purchaser shall each keep confidential all information obtained by it with respect to the other in connection with this Agreement, and if the transactions contemplated hereby are not consummated for any reason, each shall return to the other, without retaining a copy thereof, any confidential schedules, documents or other written information obtained from the other in connection with this Agreement and the transactions contemplated hereby, except where such information is known or available through other lawful sources, or where such party is advised by counsel that its disclosure is required in accordance with the law.

B. Assignment of FCC Licenses. Within fifteen (15) days hereof, Seller and Purchaser will file an application for FCC consent to the assignment of the FCC Licenses for the Radio Station from Seller to Purchaser. The parties will vigorously prosecute said applications and do all things necessary and/or appropriate to obtain a grant thereof. To that end, each party shall promptly comply with reasonable requests of the other party and with reasonable requests of any FCC legal counsel retained by the other party, in order to obtain the consent of the FCC to the assignment of the licenses for the Radio Station. All FCC filing fees shall be paid equally by Seller and Purchaser.

C. Inspections. Purchaser and Purchaser's agents, during regular business hours and upon reasonable notice, will have the right to inspect the Radio Station and to undertake, at Purchaser's expense, such tests and investigations as Purchaser determines. All information obtained by Purchaser by its inspections, tests, or investigations shall be deemed confidential and shall not be disclosed to anyone other than Purchaser's employees or agents, or Seller. To the maximum extent possible, all such inspections, tests, and investigations shall be done in a manner and at such times as will least interfere with the operation of the Radio Station.

D. Insurance. Seller must maintain fire and hazard insurance and public liability insurance in the forms and in the amounts maintained by Seller prior to the date of this Agreement.

E. Damage or Destruction. If all or any portion of the Radio Station is damaged by fire or other casualty, or is taken or made subject to condemnation, eminent domain, or other governmental acquisition proceedings (collectively "Damage"), then the following procedures will apply:

(1) Seller must notify Purchaser, in writing, of such Damage within five (5) days of the date on which such Damage occurs, except in the case of condemnation, in which case Seller must notify Purchaser within five (5) days of the date on which Seller becomes aware of a pending condemnation proceeding affecting any portion of the Purchased Assets.

(2) In the event of damage or casualty which has not been reasonably restored as of the Closing Date, Purchaser may at its option:

(a) Proceed with the Closing accepting the property in its then condition, and the Purchase Price will be reduced by an amount negotiated in good faith by the parties, or

(b) Proceed with the Closing and accept the property in its then condition and an assignment of the insurance or condemnation proceeds relating to the Purchased Assets, or

(c) Extend the Closing Date for a reasonable period, during which Seller shall use best efforts to restore the facilities to their pre-damaged condition. If the Closing is extended, the parties shall use best efforts to obtain any necessary FCC consent for such extension.

F. Conduct of Business Pending Closing. Pending Closing, and subject to the Time Brokerage Agreement (“TBA”) between Seller and Buyer, Seller shall operate the Radio Station in a commercially reasonable manner, consistent with the operation of the Radio Station prior to the date hereof. Purchaser shall not take or fail to take any action that would result in damage to the Radio Station during this period. Seller shall file, when due, all reports, applications and other material which may be required to keep the Licenses in full force and effect.

2.3 Closing.

A. Date and Time. The Closing will take place within ten (10) days after the FCC consent becomes a Final Order, as hereafter defined. The Closing shall take place during regular business hours at a place and time designated by Purchaser and approved by Seller.

B. Documents for Closing. At Closing, the parties agree to execute and deliver all appropriate documents and instruments which may be necessary or appropriate to consummate the transactions contemplated under this Agreement, including, but not limited to, those described below:

Seller shall deliver to Purchaser:

(1) Such deeds, bills of sale, assignments, consents, releases, and other instruments of transfer, in form and substance acceptable to Purchaser, as shall be effective to vest in Purchaser good and marketable title to the Purchased Assets free and clear of any liens, claims or encumbrances, except for the liens of Sterling Bank pursuant to a Security Agreement dated June 19, 2001; Concord Leasing, Inc., pursuant to a lease dated August 15, 1998; and Lease Financing Corp. pursuant to a lease dated August 25, 1998, totaling approximately Fifty Thousand Dollars (\$50,000.00);

(2) A certified copy of the Resolutions of the Board of Directors of the Seller authorizing the execution, delivery and performance of this Agreement

by the Seller, certifying that such Resolutions were duly adopted and are in full force and effect;

(3) All of the files and records, including the public inspection file and political file, required to be maintained by FCC rules and regulations; and

(4) Such other documents as may reasonably be required by any of Purchaser's counsel.

Purchaser shall deliver to Seller:

(1) The cash portion of the Purchase Price as described in Section 1.2.A;

(2) The Promissory Note as described in Section 1.2.B;

(3) The Security Agreement as described in Section 1.2.C; and

(4) Such other documents as may reasonably be required by any of Seller's counsel.

C. Possession. At Closing, Seller will deliver possession of the Radio Station to purchaser.

3. PRORATIONS, CREDITS, AND ADJUSTMENTS.

3.1 Proration Date and Time. Subject to the provisions of the TBA, all operating income and operating expenses of the Radio Station through 12:01 A.M. on the Closing Date will accrue to and be the obligation of Seller; all operating income and operating expenses of the Radio Station thereafter will accrue to and be the obligation of Purchaser.

3.2 Property and Other Taxes. All *ad valorem* real and personal property taxes shall be prorated as of the Closing Date, excluding any taxes arising by reason of the transfer of the Assets as provided by this Agreement. Purchaser shall pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Purchaser as provided under this Agreement based upon an allocation of the Purchase Price among the assets to be determined by Seller and Purchaser at or prior to Closing, provided, however, that taxes and other expenses in connection with the transfer of the real property shall be paid according to local

custom. Purchaser and Seller agree that the bulk sales provisions of the Texas Uniform Commercial Code are inapplicable to the transactions contemplated by this Agreement.

3.3 Utilities. Seller and Purchaser shall jointly arrange for final meter readings to be taken for all metered utility services on the Closing Date or the day prior thereto with service to be continued thereafter in the name of the Purchaser. Subject to the provisions of the TBA, Seller shall pay all charges for utility services consumed prior to the Closing Date, and Purchaser shall pay all charges for utility services consumed thereafter. Basic charges for telephone service shall be prorated as of 12:01 a.m. on the Closing Date with long distance tolls being allocated to the parties by whom made. Any deposits held by any utility and assigned to Purchaser shall be a credit to Seller on the Purchase Price.

3.4 Insurance. All of Seller's insurance on the Purchased Assets shall be cancelled as of Closing. There shall be no proration of insurance premiums.

3.5 Prepaid Expenses. Prepaid expenses applying to periods on and after the Closing Date shall be a credit to Seller.

3.6 Credits and Adjustments. All credits to Seller shall be an addition to the Purchase Price. All credits to Purchaser shall be a reduction in the Purchase Price. To the extent that any credits or adjustments cannot be precisely determined at Closing, any readjustment necessary shall be made between the parties when the precise amount is determinable, but not later than ninety (90) days following the Closing.

3.7 Mass Media Regulatory Fees. Mass Media Regulatory Fees shall be prorated as of the Closing Date. For purposes of this proration, the amounts paid by Seller for the Fiscal Year (October 1 to September 30) prior to the Closing Date shall be deemed equal to the amount for the current Fiscal Year.

4. REPRESENTATIONS AND WARRANTIES.

4.1 Representations and Warranties of Seller. Seller represents and warrants to Purchaser as follows:

A. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas, and has full power and authority to enter into this Agreement and other related documents and to consummate the transactions contemplated by this Agreement. All corporate or other proceedings required to be taken by or on the part of Seller to authorize the execution, delivery and carrying out of this Agreement and to authorize Seller to sell assign, transfer, convey, and deliver the Purchased Assets have been, or will be prior to the Closing Date, duly and properly taken.

B. Seller will deliver good and marketable title to the Purchased Assets, free and clear of all security interests, liens, encumbrances, equities, or adverse claims, except the liens described in Section 2.3.B(1).

C. Seller has made no contract to sell all or any part of the Purchased Assets to any person other than Purchaser. Seller has not given to any person an option to purchase all or any part of the Purchased Assets which is enforceable or exercisable now or at any time in the future.

D. Exhibit B contains a complete and accurate copy of all contracts, commitments or agreements of any nature pertaining to the Radio Station the rights to which are to be transferred to Purchaser hereunder, and all such contracts are enforceable in accordance with their terms.

E. The Licenses listed in Exhibit C are all of the licenses, permits, or other authorizations necessary for the Radio Station to operate as it is presently operated.

F. The equipment used in connection with the operation of the Radio Station is maintained and, through the Closing Date, shall be maintained in accordance with generally accepted industry practices, and complies and, on the Closing Date, shall comply in all material respects to the best of Seller's knowledge with all rules, regulations, standards and policies of the FCC.

G. At the Closing Date, and subject to the provisions of the TBA, the Radio Station will be operating in material accordance with the Rules and Regulations of the FCC, and with the terms of its licenses, and all material filings required by local, state, or federal government agencies will have been made in a timely manner, and all regulatory or other fees due will have been paid.

H. All of the guy wires and ground system of the Radio Station are fully encompassed within the boundaries of the real property, the lease for which is to be assigned to Purchaser.

I. All books and records of Seller furnished or to be furnished to Purchaser as described in Section 1.1.A(4) will be true and correct, and will accurately reflect the position and operations of the Radio Station.

J. To the best of its knowledge, Seller is not in violation of any Federal, state or local statute, law, ordinance, regulation, order or ruling materially affecting the Purchased Assets, including, but not limited to, environmental, zoning, or land use statutes, regulations, orders, or rulings.

K. Seller is not a party to any collective bargaining agreement or other contract relating to employment, written or oral, with any trade or labor union or individual. It is expressly understood that Purchaser is not assuming any employment contracts.

L. All federal, state, and local taxes, which have become payable by Seller, or which have been assessed against Seller, or as to which, to the knowledge of Seller, a claim has been threatened against Seller, the non-payment of which would adversely affect the Radio Station or the Purchased Assets, have been provided for or paid.

M. To Seller's knowledge, Seller is not in material default under any lease or other contract or obligation affecting the Radio Station.

N. Seller is not engaged in or a party to, or, to its knowledge, threatened with any legal actions or other proceedings before any court, any arbitrator or any administrative agency, and there are no outstanding orders, rulings, decrees, judgments or stipulations to which Seller is a party or by which the same is bound by, of or with any court, arbitrator or administrative agency, any of which proceedings, orders, rulings, decrees, judgments, or stipulations that reasonably may be expected to materially adversely affect the Radio Station.

Each of these representations and warranties shall be true on the Closing Date.

4.2. Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller the following:

A. If Purchaser's rights under this Agreement shall be assigned as permitted herein, such assignee will be duly organized, validly existing and in good standing under the laws of the State of Texas, with full power and authority to enter into this Agreement, and other related documents and to consummate the transaction contemplated by this Agreement. All corporate or other proceedings required to be taken by or on the part of such assignee to authorize the execution, delivery and carrying out of this Agreement and to authorize such assignee to purchase and take assignment of the Purchased Assets will be prior to the Closing Date, duly and properly taken.

B. Purchaser knows of no reason why the FCC would not consent to an assignment of the licenses of Radio Station to it, or its permitted assignee per Section 4.2.A above.

C. Purchaser and/or its permitted assignee has the ability to pay the Purchase Price as set forth in Section 1.2 above.

Each of these representations and warranties shall be true on the Closing Date.

5. CONDITIONS.

5.1 Purchaser's Conditions. Purchaser's obligation to close under this Agreement is subject to fulfillment of the following conditions, prior to or on the Closing Date:

A. FCC Consent. Within nine (9) months after the application to the FCC to consent to transfer of the licenses is accepted for filing, a Final Order of the FCC shall have been entered granting approval of the sale of the Radio Station contemplated hereby. For this purpose, a Final Order shall be an order or other action of the FCC which is no longer subject to rehearing, reconsideration, or review by the FCC, or to appeal or review by any court under the Communications Act of 1934, as amended, or the rules or regulations of the FCC, or any similar statute, rules, or regulations now existing or hereinafter enacted. Purchaser may waive the requirement that FCC consent shall become a Final Order.

B. No Liens. Seller shall have paid or discharged all liens upon the Purchased Assets except as otherwise provided by this Agreement, and shall have furnished proof of payment to Purchaser.

C. Conveyance. Seller shall have conveyed title to and/or delivered all of the Purchased Assets to Purchaser.

D. No Litigation. On the Closing Date, there shall be no actions, suits, investigations, or proceedings pending or, to Seller's knowledge, threatened against Seller or affecting any portion of the Radio Station, or the transactions contemplated by this Agreement, before any court or before or by any federal, state, municipal, or other governmental department, commission, board, bureau, agency or instrumentality which will prevent the Closing or delivery of title to the Purchased Assets pursuant to the terms of the Agreement.

E. No Default. Seller shall not be in default of any provision in, term of, or obligation imposed by this Agreement.

5.2 Seller's Conditions. Seller's obligation to close under this Agreement is subject to fulfillment of the following conditions, prior to or on the Closing Date:

A. FCC Consent. Within nine (9) months after the application to the FCC to consent to transfer of the licenses is accepted for filing, a final order of the FCC

shall have been entered granting approval of the sale of the Radio Station contemplated hereby.

B. Payment. Purchaser shall have made payment of the Purchase Price as provided herein.

C. No Default. Purchaser shall not be in default of any provision in, term of, or obligation imposed by this Agreement.

6. DEFAULT.

6.1 Default by Seller. The following events shall be deemed to be events of default on the part of Seller under this Agreement:

A. Seller shall fail to comply with any terms, provisions, conditions, or covenants of this Agreement or of the TBA.

B. If, prior to Closing, Seller shall make a general assignment for the benefit of creditors, or shall be adjudicated a bankrupt or shall file a voluntary petition in bankruptcy, or for reorganization, or shall attempt to effect a plan or other arrangement with creditors, or shall file an answer to a creditor's petition, or other petition against them, or any one of them, admitting the material allegations thereof, or shall be the subject of an adjudication of bankruptcy, or for reorganization, or shall apply for or permit the appointment of a receiver, trustee or custodian for its business, or for any substantial portion of its property or assets, or if an order shall be entered by any court of competent jurisdiction approving an involuntary petition seeking reorganization, or if bankruptcy, reorganization or liquidation proceedings are instituted against its business and are not discharged by the Closing Date, or Seller becomes unable to meet its obligations as they mature, or if Seller shall commit any act of bankruptcy.

6.2 Default by Purchaser. The following shall be deemed an event of default on the part of Purchaser under this Agreement:

A. Purchaser shall fail to comply with any terms, provisions, conditions, or covenants of this Agreement or of the TBA.

B. If, prior to Closing, Purchaser shall make a general assignment for the benefit of creditors, or shall be adjudicated a bankrupt or shall file a voluntary petition in bankruptcy, or for reorganization, or shall attempt to effect a plan or other arrangement with creditors, or shall file an answer to a creditor's petition, or other petition against them, or any one of them, admitting the material allegations thereof, or shall be the subject of an

adjudication of bankruptcy, or for reorganization, or shall apply for or permit the appointment of a receiver, trustee or custodian for its business, or for any substantial portion of its property or assets, or if an order shall be entered by any court of competent jurisdiction approving an involuntary petition seeking reorganization, or if bankruptcy, reorganization or liquidation proceedings are instituted against its business and are not discharged by the Closing Date, or Purchaser becomes unable to meet its obligations as they mature, or if Purchaser shall commit any act of bankruptcy.

6.3 Remedies Upon Default. Upon occurrence of any event of default by Seller, Purchaser may, at its option, and upon ten (10) days' written notice of such election addressed to Seller, either seek specific performance of this Agreement or exercise any of the rights accorded to it by the laws of the State of Texas as a result of such default, unless such default is cured within said ten (10) day period. Upon occurrence of any event of default by Purchaser, Seller may, at its option, and upon ten (10) days' written notice to Purchaser, exercise any of the rights accorded to it by the laws of the State of Texas, unless such default is cured within such ten (10) day period.

7. MISCELLANEOUS.

7.1 Brokerage. There are no brokers or finders in connection with this transaction.

7.2 Time of the Essence. Time is of the essence of this Agreement and, therefore, all dates and times shall be strictly adhered to unless waived in writing by either party.

7.3 Fees. Each party shall bear its own legal and accounting fees related to this transaction.

7.4 Notices. All notices permitted or required shall be in writing and either by mail, telecopy, receipted courier service or personal delivery. If by mail, notice shall be deposited in the United States mails, postage prepaid, registered or certified mail, return receipt requested, and addressed to the party to whom notice is directed. If by telecopy, notice shall be transmitted to the telecopy number of the party to whom notice is directed. If by receipted courier service or personal delivery, notice shall be delivered to the party to whom notice is directed. Notice shall be deemed effective on the date postmarked, if by mail, or on the date of delivery, if personally delivered, or sent by telecopy or receipted courier service. Unless and until given substitute delivery instructions, notices shall be directed as follows:

If to Seller: Covenant Media, Inc.
10601 Grant Road
Houston, TX 77070

With a copy to: Law Offices of Scott C. Cinnamon, Esq.
1090 Vermont Avenue
Suite 800
Washington, D.C. 20005

If to Purchaser: Fred R. Morton
4703 Orkney Drive
Missouri City, TX 77469

With a copy to: James A. Koerner, Esq.
Koerner & Olender, P.C.
5809 Nicholson Lane
Suite 124
North Bethesda, MD 20852

7.5 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the enforceability or validity of remaining provisions and this Agreement shall be construed in all respects as if any invalid or unenforceable provision were omitted unless the invalidity or unenforceability of such provision shall affect the basic economic terms of this Agreement or materially affect the rights or obligations of either party.

7.6 Waiver. No term, condition, covenant, or provision contained in this Agreement may be waived except in a writing signed by the waiving party. No oral statements, course of conduct or course of dealing shall be deemed a waiver. No waiver by any party hereto of any violation or breach of this Agreement shall be deemed or construed to constitute a waiver of any other violation or breach, or as a continuing waiver of any violation or breach.

7.7 Survival of Warranties. The representations, warranties, covenants, indemnities and agreements contained herein shall survive the Closing for a period of one (1) year from the Closing Date. Any investigation by or on behalf of any party hereto shall not constitute a waiver as to enforcement of any representation, warranty, covenant, indemnity or agreement contained herein.

7.8 Applicable Law. This Agreement shall be interpreted, construed and governed according to the laws of the State of Texas.

7.9 Exercise of Discretion. Whenever this Agreement calls for either party to approve of an act, event or condition, or to be satisfied with any document or set of circumstances,

the discretion allowed in determining such satisfaction or granting such approval shall be exercised in a reasonable manner.

7.10 Captions. The captions or headings to the various paragraphs contained in this Agreement are for convenience only and shall to no extent affect the meaning, scope or interpretation.

7.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

7.12 Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties as well as their respective heirs, devisees, executors, administrators, personal representatives, successors and assigns. Seller may not assign its interest under this Agreement without the prior written consent of Purchaser. Purchaser may assign its rights and liabilities under this Agreement to an entity in which Purchaser holds a controlling interest.

7.13 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and any prior discussion, negotiations and agreements between the parties are superseded and replaced by this Agreement. No amendment or modification of this Agreement shall be enforceable except if in writing and signed by the party against whom enforcement is sought.

7.14 Words and Gender or Number. Unless the context clearly indicates the contrary, the singular number, as used herein, shall include the plural, the plural the singular and the use of any gender shall be applicable to all genders.

7.15 Exhibits. This Agreement refers to, and by reference incorporates as a part of this Agreement, the following exhibits:

<u>Exhibits</u>	<u>Description</u>
A	Equipment/Personal Property List
B	List of Contracts, Leases and Other Agreements
C	List of Licenses
D	Intangibles
E	Promissory Note
F	Security Agreement

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

SELLER:
COVENANT MEDIA SERVICES, INC.

PURCHASER:
FRED R. MORTON

By: _____
Its _____

EVELYN K. MORTON
