

ASSET PURCHASE AND EXCHANGE AGREEMENT

THIS ASSET PURCHASE and EXCHANGE AGREEMENT, dated as of December 4, 2002 (this "Agreement"), by and between AMERICAN FAMILY ASSOCIATION, a Mississippi non-profit corporation ("AFA"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("EMF").

WITNESSETH:

WHEREAS, AFA is the licensee of FM broadcast station KBIE(FM), Fountain Hills, Arizona on Channel 206 (89.1 MHz), and is the permittee of stations KYBN, Bend, Oregon on Channel 213 (90.5 MHz) and KXLJ(FM), Grand Island, Nebraska on Channel 202A (88.3 MHz) (collectively referred to herein as the "AFA Stations");

WHEREAS, EMF is the permittee of station WKVW(FM), Waynesboro, Mississippi on Channel 209 (89.7 MHz);

WHEREAS, on the terms and conditions described herein and subject to the approval of the Federal Communications Commission ("FCC"), AFA desires to sell, and EMF desires to purchase, the assets held by AFA and used or useful in connection with the operation of the AFA Stations in exchange for the consideration set forth herein, including the assets held by EMF in connection with station WKVW.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Sale of Assets.

(a) AFA Stations.

(i) On the Closing Date (as hereinafter defined), AFA shall sell, assign and transfer to EMF, and EMF shall purchase, assume and receive from AFA, the assets, properties, interests and rights of AFA of whatsoever kind and nature, which are held by AFA and used or useful in connection with the operation of the AFA Stations, as specifically identified in (A) through (D) below (the "AFA Assets") (but excluding the Excluded Assets described in subparagraph (iii) below):

(A) AFA's equipment, machinery, furniture, furnishings, fixtures, office materials, vehicles and other tangible personal property used or useful in the conduct of the business or operations of the AFA Stations (the "Tangible Personal Property"), (together with such improvements and additions thereto and replacements thereof between the date hereof and the Closing Date), identified on Schedule 1 hereto;

(B) All of the licenses, construction permits and other authorizations, including the authorizations issued by the FCC (collectively, the "Licenses"), the Federal Aviation Administration (the "FAA"), if any, and any other federal, state or local

governmental authorities to AFA in connection with the conduct of the business and the full on-air operations of the AFA Stations identified on Schedule 2 hereto;

(C) All owned real property, buildings, fixtures and other improvements thereon (the "Owned Real Property") and all of AFA's right, title and interest in and to any leasehold interests in real property (the "Real Property Leases") used or useful in the conduct of the operations of the AFA Stations, both as identified on Schedule 3 hereto; and — —

(D) All logs, books, files, data, software, FCC and other governmental applications, equipment manuals and warranties, and other records relating to the full on-air broadcast operations of the AFA Stations, including without limitation all electronic data processing files and systems, FCC filings and all records required by the FCC to be kept by the AFA Stations.

(ii) The AFA Assets shall be transferred to EMF free and clear of all debts, security interests, mortgages, trusts, claims, pledges, conditional sales agreements and other liens, liabilities and encumbrances of every kind and nature ("Liens"), provided that such Liens may be discharged at Closing as further provided in Sections 9(b)(vii) below. Except as expressly set forth herein, EMF is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of AFA of any kind, absolute or contingent, known or unknown, specifically including, without limitation, any liability, obligation or agreement to retain any AFA Station employee, or with respect to termination thereof, or any employee benefit or expense, and the execution and performance of this Agreement shall not render EMF liable for any such liability, obligation, undertaking, expense or agreement. All of such liabilities and obligations shall be referred to herein as the "Retained Liabilities."

(iii) The following assets and associated liabilities relating to the business of the AFA Stations shall be retained by AFA and shall not be sold, assigned or transferred to EMF (the "AFA Excluded Assets"):

(A) Cash on hand and in banks (or their equivalents) and accounts receivable arising out of the operation of the AFA Stations prior to Closing;

(B) All rights of AFA under all contracts, leases and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by AFA relating to property or equipment repaired, replaced, restored by AFA prior to the Closing Date;

(C) All pension, profit-sharing, retirement, stock purchase or savings plans or trusts and any assets thereof and all other employee benefit plans;

(D) All deposits and all prepaid expenses and taxes; and

(E) AFA's corporate records.

(b) WKVW.

(i) On the Closing Date (as hereinafter defined), EMF shall sell, assign and transfer to AFA, and AFA shall purchase, assume and receive from EMF, the assets, properties, interests and rights of EMF of whatsoever kind and nature, which are held by EMF and used or useful in connection with the operation of WKVW, as specifically identified in (A) through (B) below (the "EMF Assets"): — —

(A) All of the licenses, construction permits and other authorizations, including the authorizations, issued by the FCC (the "WKVW Authorizations"), the FAA, if any, and any other federal, state or local governmental authorities to EMF in connection with the operations of WKVW identified on Schedule 4 hereto.

(B) All owned real property and improvements thereon, and all leasehold interests, easements, licenses, rights of access, rights of way, improvements and other real property interests, which are held or owned by EMF and are used or useful in the business operations of WKVW as of the date hereof (the "Real Property"), as more particularly set forth in Schedule 5 hereto.

(ii) The EMF Assets shall be transferred to AFA free and clear of all Liens provided that such Liens may be discharged at Closing as further provided in Sections 9(a)(v) below.

(iii) EMF shall not sell, assign or transfer to AFA any assets, of whatsoever kind or nature, which are held by EMF and used principally in connection with the operations of any station or stations other than WKVW (the "EMF Excluded Assets").

2. Purchase Price.

(a) Upon the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the AFA Assets, on the Closing Date (as hereafter defined) EMF shall tender to AFA:

(i) The sum of Seven Million Five Hundred Thousand Dollars (\$7,500,000) (the "Purchase Price"), payable as follows:

(A) One Million Five Hundred Thousand Dollars (\$1,500,000) in cash by wire transfer of same day federal funds, to an account designated by AFA at least three (3) business days before the Closing Date.

(B) A promissory note (the "Note") in the form of Exhibit A hereto, made to AFA by EMF in the principal amount of Six Million Dollars (\$6,000,000), bearing interest at 7.108% per annum simple interest, to be amortized over a term of 120 months, with installments of principal and accrued interest in the amount of \$70,000.00 due and payable monthly in arrears, commencing on the date that is thirty (30) days after the date of issuance of

the Note, and continuing on the same calendar day of each succeeding month. EMF may prepay all or any portion of the principal of the Note from time to time without penalty.

(C) In the event that EMF sells station KLVA(FM), Casa Grande, Arizona to a third party buyer for a net profit in excess of EMF's debt incurred in connection with its purchase of such station (the "KLVA Debt," evidenced by a series of promissory notes executed in favor of the entity or entities from which EMF purchased the assets -- used in connection with the operation of KLVA), the net proceeds in excess of the KLVA Debt shall be applied to the principal indebtedness of the Note referenced in Section 2(a)(i)(B) of this Agreement. Should a balance remain on the Note subsequent to the application of such proceeds, monthly payments owed by EMF to AFA under the Note shall remain in the amount of \$70,000.00 until the balance is satisfied.

(D) As security for the Note, a Security Agreement (the "Security Agreement") in the form of Exhibit B hereto, granting AFA a first priority security interest on the AFA Assets (other than the Licenses, but including the proceeds of any sale thereof).

(ii) The WKVW Authorizations as set forth in 1(b) hereof.

(b) Concurrently with the execution of this Agreement, EMF has delivered to First Liberty National Bank, located in Washington, D.C. (the "Escrow Agent"), the sum of Three Hundred Seventy-five Thousand Dollars (\$375,000) to be held as an earnest money deposit (the "Earnest Money Deposit") pursuant to an Escrow Agreement of even date herewith. The Earnest Money Deposit shall be paid to AFA as partial payment of the cash portion of the Purchase Price due at Closing to AFA, or shall otherwise be made available to AFA or released to EMF in accordance with the provisions of this Agreement.

(c) The parties agree to prorate all expenses arising out of the operation of the AFA Stations which are incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing. The items to be prorated may include, but are not limited to, power and utilities charges, real and personal property taxes upon the basis of the most recent tax bills and information available, security deposits (to the extent any such deposit is assigned to the benefit of EMF hereunder), and similar prepaid and deferred items. On the Closing Date, the prorations shall, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment to be made within forty-five (45) days after the Closing Date.

3. FCC Consent; Assignment Application.

(a) At the earliest mutually agreeable date, but not later than five (5) business days after the date of this Agreement, EMF and AFA shall execute, file and vigorously prosecute applications with the FCC (each an "Assignment Application," together the "Assignment Applications") requesting its consent (the "FCC Consent") to the assignment (i) from AFA to EMF, of the Licenses related to the AFA Stations; and (ii) from EMF to AFA of the WKVW Authorizations. EMF and AFA shall take all reasonable steps to cooperate with each other and with the FCC to secure such FCC Consents without delay, and to promptly consummate this

Agreement in full. Each party shall bear one half the cost of the Assignment Application fees payable to the FCC, but shall otherwise be responsible for all of its own costs with respect thereto.

(b) AFA hereby consents to and agrees to cooperate with EMF in connection with the filing requests by EMF for waivers of the FCC's "main studio" rules, such waivers to be effective on or after the Closing Date. Such requests shall be made and prosecution thereof shall be conducted solely at EMF's expense, and AFA's covenant of cooperation shall be satisfied by prompt delivery of the signed statement required under Section 73.3517 of the FCC rules.

4. **Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur on a date (the "Closing Date") fixed by EMF which shall be no later than ten (10) days following the date on which both FCC Consents shall have become Final Orders (as hereinafter defined); provided, however, that EMF may elect, in its sole discretion, to proceed to Closing upon written notice to AFA upon the release of public notice of the grant of both FCC Consents, in which event the Closing shall be held on the fifth (5th) business day after the date of EMF's notice to AFA. For purposes of this Agreement, the term "Final Order" means action by the FCC consenting to an application which is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired. The Closing shall be held by mail or in such other manner as mutually agreed upon by the parties.

5. **Representations and Warranties of AFA.** AFA hereby makes the following representations and warranties to EMF which shall be true as of the date hereof and on the Closing Date:

(a) AFA is a non-profit corporation, duly organized, validly existing and in good standing under the laws of the State of Mississippi. AFA has the requisite organizational power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by AFA and no other proceedings on the part of AFA are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by AFA and constitutes the legal, valid and binding obligation of AFA enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) The execution, delivery and performance of this Agreement by AFA will not (i) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation relating to the AFA Stations and to which AFA is subject, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to EMF; (ii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or

local governmental authority or agency and which is applicable to AFA or the AFA Stations, (iii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on the AFA Stations, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 1 hereto contains a list of all material tangible personal property and assets owned or leased by AFA for use in connection with the operation of the AFA Stations — (other than certain Excluded Assets specifically identified on Schedule 1(c) hereto). AFA owns and has, and will have on the Closing Date, good and marketable title to all such property. The assets listed in Schedule 1 hereto include all material tangible personal property necessary to conduct the business and operations of the AFA Stations as now conducted (other than those assets which are Excluded Assets). The Tangible Personal Property (i) is in good condition and repair, ordinary wear and tear excepted, (ii) has been maintained in a manner consistent with standards of good engineering practice; (iii) has been operated in material compliance with the Communications Laws (as defined below), and (iv) does not contain any material quantity of PCBs. For purposes of this Section, material Tangible Personal Property shall be items of such property valued at One Hundred Dollars (\$100) or more.

(d) Schedule 2 hereto contains a true and complete list of the FCC Licenses and all other licenses, permits or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the AFA Stations in the manner and to the full extent it is presently operated. AFA is the authorized legal holder of the Licenses identified on Schedule 2 hereto, none of which is subject to any restrictions or conditions that would limit in any respect the broadcast operations of the Station, except such conditions as are stated on the face thereof. The Licenses are validly issued and are in full force and effect, unimpaired by any act or omission of AFA. AFA is in compliance in all material respects with all applicable federal, state and local laws, rules and regulations, including, without limitation, the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC (collectively, the "Communications Laws"). Other than the proceedings affecting the radio broadcasting industry generally, and any proceeding identified on Schedule 2 hereto, (i) there is not now pending or threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of such Licenses, and (ii) AFA has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either the AFA Stations or AFA with respect to the AFA Stations. AFA has timely filed with the FCC all material reports required thereby, and has timely paid all regulatory fees and any fines or forfeitures due to the FCC with respect to the AFA Stations. KBIE is currently and, at the Closing Date shall be, operating in full compliance with its current License. The AFA Stations tower facilities identified on Schedule 3 have been issued "no hazard" determinations by the FAA and, if required, Antenna Structure Registrations by the FCC.

(e) Schedule 3 contains a complete description of all Real Property owned and leased by AFA in connection with the AFA Stations. AFA has good, marketable and insurable fee simple title to all of the Owned Real Property described in Schedule 3 free and clear of all liens, mortgages, pledges, covenants, easements, restrictions, encroachments, leases, charges, or

other claims or encumbrances of any nature whatsoever ("*Liens*"), except for current real estate taxes not yet due and payable and other than easements, covenants and non-monetary encumbrances granted in the ordinary course of business and which will not interfere in any material respect with the operation of KBIE on the Real Property ("*Permitted Liens*"). AFA has valid leasehold interests in the Real Property Leases described on Schedule 3, free and clear of all Liens, and no party is in material breach or default with respect to the Real Property Leases. There is full legal and practical access to the Real Property and all utilities necessary for AFA's use of the Real Property are installed and are in good working order and are subject to valid easements, where necessary. Except as set forth on Schedule 3, the Real Property and improvements constructed thereon, as well as the present uses thereof, conform in all material respects with all restrictive covenants and with all applicable zoning, environmental and building codes, laws, rules and regulations, including set back restrictions. To AFA's knowledge, the buildings, towers, guys and other fixtures situated on the Real Property, are free of structural defects, are suitable for their intended uses, are in a good state of maintenance and repair (ordinary wear and tear excepted), are contained entirely within the bounds of the Real Property, and do not encroach upon any other property except in cases where valid easements (that are included in the AFA Assets) have been obtained. There is no pending condemnation or similar proceeding affecting the Real Property or any portion thereof, and no such action is presently contemplated or threatened.

(f) There is no broker or finder or other person who would have any valid claim against EMF for a commission or brokerage in connection with this Agreement or the transaction contemplated hereby as a result of any agreement, understanding or action by AFA.

(g) AFA is not subject to any order, writ, injunction, judgment, arbitration decision or decree having binding effect and affecting the business of the AFA Stations or the AFA Assets. There is no litigation, proceeding or governmental investigation pending or to the knowledge of AFA, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to the AFA or the AFA Stations or that could affect any of the related Assets or prevent or materially impede the consummation by AFA of the transactions contemplated by this Agreement. AFA, with respect to the AFA Stations, has complied in all material respects with all laws, regulations, orders or decrees applicable to AFA or the AFA Stations. The present uses by AFA of the AFA Assets do not violate any such laws, regulations, orders or decrees in any material respect, and AFA has no knowledge of any basis for any claim for compensation or damage or other relief from any violation of the foregoing.

(h) All of the AFA Assets that are insurable in character are insured against loss, injury or damage to the full extent of their replacement value.

(i) AFA has duly, timely and in the required manner filed all federal, state, and local income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed with respect to the AFA Stations, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid. No event has occurred which could impose on EMF any liability for any taxes, penalties or interest due or to become due from AFA from any taxing authority.

(j) AFA has complied and currently is in compliance with, and, to the best of Seller's knowledge, the Real Property set forth on Schedule 3 is in compliance with, all applicable laws, statutes, rules, regulations, codes and ordinances of all U.S. federal, state and local government agencies and authorities relating to the discharge of air pollutants, water pollutants or process waste water, Hazardous Materials (as defined herein), or toxic substances, or otherwise relating to the environment, including without limitation the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource — Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, regulations of the Environmental Protection Agency, regulations of the Nuclear Regulatory Commission, and regulations of any state department of natural resources or state environmental protection agency now or at any time hereafter in effect ("Environmental Laws").

As used herein, the term "Hazardous Materials" means any wastes, substances, or materials (whether solids, liquids or gases) that are deemed hazardous, toxic, pollutants, or contaminants, including substances defined as "hazardous wastes," "hazardous substances," "toxic substances," "radioactive materials," or other similar designations in, or otherwise subject to regulation under, any Environmental Laws. "Hazardous Materials" includes polychlorinated biphenyls (PCBs), asbestos, lead-based paints, infectious wastes, radioactive materials and wastes and petroleum and petroleum products (including crude oil or any fraction thereof). There are no underground storage tanks located at the Real Property set forth on Schedule 3. There are not now, nor to AFA's knowledge have there previously been, any other facilities on, under, or at the Real Property set forth on Schedule 3 which contained any Hazardous Materials which, if known to be present in soils or ground water, would require cleanup, removal or some other remedial action under Environmental Laws.

(k) No representation or warranty made by AFA in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading to EMF.

6. **Representations and Warranties of EMF.** EMF hereby makes the following representations and warranties to AFA which shall be true as of the date hereof and on the Closing Date:

(a) EMF is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of California. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by EMF and no other proceedings on the part of EMF are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by EMF and constitutes the legal, valid and binding agreement of EMF enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) The execution, delivery and performance of this Agreement by EMF will not (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of EMF, or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation, relating to its own business, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to AFA, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to EMF, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 4 hereto contains a true and complete list of the WKVW Authorizations and all other licenses, permits or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of WKVW. EMF is the authorized legal holder of the WKVW Authorizations identified on Schedule 4 hereto, none of which is subject to any restrictions or conditions that would limit in any respect the broadcast operations of WKVW, except such conditions as are stated on the face thereof. The WKVW Authorizations are validly issued and are in full force and effect, unimpaired by any act or omission of EMF. Other than the proceedings affecting the radio broadcasting industry generally, and any proceeding identified on Schedule 4 hereto, (i) there is not now pending or threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of the WKVW Authorizations, and (ii) EMF has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either WKVW or EMF with respect to WKVW. EMF has timely filed with the FCC all material reports required thereby and has timely paid any fines or forfeitures due to the FCC with respect to WKVW.

(d) Schedule 5 hereto contains a complete description of all Real Property owned and leased by EMF in connection with WKVW. EMF has good, marketable and insurable fee simple title to all of the owned Real Property described in Schedule 5 free and clear of all Liens except for Permitted Liens. There is full legal and practical access to the Real Property, and all utilities necessary for EMF's use of the Real Property are installed and are in good working order and are subject to valid easements, where necessary. Except as set forth in Schedule 5, the Real Property and improvements constructed thereon, as well as the present uses thereof, conform in all material respects with all restrictive covenants and with all applicable zoning, environmental and building codes, laws, rules and regulations, including "set back" restrictions. The buildings, towers, guys and other fixtures situated on the Real Property are free of structural defects, are suitable for their intended uses, are in a good state of maintenance and repair (ordinary wear and tear excepted), are contained entirely within the bounds of the Real Property, and do not encroach upon any other property except in cases where valid easements (that are included in the EMF Assets) have been obtained. There is no pending condemnation or similar proceeding affecting the Real Property or any portion thereof, and no such action is presently contemplated or threatened.

(e) There is no broker or finder or other person who would have any valid claim against EMF for a commission or brokerage in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by EMF.

(f) EMF is legally, financially and technically qualified to acquire the AFA Stations.

(g) EMF is not subject to any order, writ, injunction, judgment, arbitration decision or decree having binding effect and affecting the WKVW Authorizations. There is no litigation, proceeding or governmental investigation pending or to the knowledge of EMF, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to the EMF or WKVW or the WKVW Authorizations that could prevent or materially impede the consummation by EMF of the transactions contemplated by this Agreement. EMF, with respect to the WKVW, has complied in all material respects with all laws, regulations, orders or decrees applicable to EMF or WKVW. EMF has no knowledge of any basis for any claim for compensation or damage or other relief from any violation of the foregoing.

(h) EMF has duly, timely and in the required manner filed all federal, state, and local income, franchise, sales, use, property, excise and other tax returns and forms required to be filed with respect to WKVW, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid. No event has occurred which could impose on AFA any liability for any taxes, penalties or interest due or to become due from EMF from any taxing authority.

(i) EMF has complied and currently is in compliance with, and, to the best of EMF's knowledge, the Real Property set forth on Schedule 5 is in compliance with, all applicable Environmental Laws. There are no underground storage tanks located at the Real Property set forth on Schedule 5. There are not now, nor to EMF's knowledge have there previously been, any other facilities on, under, or at the Real Property set forth on Schedule 5 which contained any Hazardous Materials which, if known to be present in soils or ground water, would require cleanup, removal or some other remedial action under Environmental Laws.

(j) No representation or warranty made by EMF in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading to AFA.

7. **AFA Covenants.** AFA covenants with EMF that, between the date hereof and the Closing Date, AFA shall act in accordance with the following:

(a) AFA shall render accurate at and as of the Closing Date the representations and warranties made by AFA in this Agreement.

(b) AFA shall operate the AFA Stations only in the ordinary course of business and in accordance with past practice, and AFA will not, without the prior written

consent of EMF, sell, lease, transfer or agree to sell, lease or transfer any of the Assets without replacement thereof with an equivalent asset of equivalent kind, condition and value that satisfies industry standards for such assets, or create any Lien on the AFA Assets.

(c) AFA shall operate the AFA Stations in material compliance with applicable law, including the Communications Laws.

(d) AFA shall maintain the Tangible Personal Property included in the AFA Assets in accordance with standards of good engineering practice and replace any of such property which shall be worn out, lost, stolen or destroyed with like property of substantially equivalent kind and value.

(e) AFA has and shall maintain in full force and effect through the Closing Date adequate property damage, liability and other insurance with respect to the AFA Assets.

(f) If any event should occur which would prevent the consummation of the transactions contemplated hereunder (other than an event proximately caused by EMF), AFA shall use its best efforts to cure such event as expeditiously as possible.

(g) Between the date of this Agreement and the Closing Date, AFA shall, upon the request of EMF, give EMF and EMF's counsel, accountants, engineers and other representatives reasonable access during normal business hours to all of AFA's properties, records and employees relating to the AFA Stations and shall furnish EMF with all information that EMF reasonably requests. In the event that the transactions contemplated by this Agreement are not consummated, EMF will return to AFA all materials acquired by EMF pursuant to this provision.

(h) AFA may, at its own expense, retain a qualified contractor to perform a Phase I environmental audit of the Real Property set forth on Schedule 5, such audit to be completed within thirty (30) days from the date of this Agreement. EMF shall provide such contractor reasonably detailed information about and access to the Real Property for purposes of such audit. Such environmental audit shall confirm, in a manner reasonably satisfactory to AFA, either the absence of any Hazardous Materials from the Real Property, or the presence of Hazardous Materials in a state or condition which does not violate any Environmental Laws, and that there are no conditions existing at the Real Property which could reasonably subject AFA to material damages, penalties or other remedial action under the Environmental Laws. In the event that any audit discloses any material violation of any Environmental Laws, AFA shall be entitled to elect, upon written notice to EMF within ten (10) days after receipt of such audit, either to require EMF to undertake remedial action to correct such violation, or to terminate this Agreement.

8. **EMF Covenants.** EMF covenants with AFA that, between the date hereof and the Closing Date, it shall act in accordance with the following:

(a) EMF shall render accurate at and as of the Closing Date the representations and warranties made by it in this Agreement.

(b) If any event should occur which would prevent the consummation of the transactions contemplated hereunder (other than an event proximately caused by AFA), EMF shall use its best efforts to cure such event as expeditiously as possible.

(c) EMF may, at its own expense, retain a qualified contractor to perform a Phase I environmental audit of the Real Property set forth on Schedule 3, such audit to be completed within thirty (30) days from the date of this Agreement. AFA shall provide such contractor reasonably detailed information about and access to the Real Property for purposes of such audit. Such environmental audit shall confirm, in a manner reasonably satisfactory to EMF, either the absence of any Hazardous Materials from the Real Property, or the presence of Hazardous Materials in a state or condition which does not violate any Environmental Laws, and that there are no conditions existing at the Real Property which could reasonably subject EMF to material damages, penalties or other remedial action under the Environmental Laws. In the event that any audit discloses any material violation of any Environmental Laws, EMF shall be entitled to elect, upon written notice to AFA within ten (10) days after receipt of such audit, either to require AFA to undertake remedial action to correct such violation, or to terminate this Agreement.

9. **Conditions Precedent to Obligation to Close.**

(a) The performance of the obligations of AFA hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) EMF shall have performed and complied in all material respects with all of the agreements, obligations and covenants required by this Agreement to be performed or complied with by EMF prior to or as of the Closing Date;

(ii) The representations and warranties of EMF set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;

(iii) Public notices of both FCC Consents contemplated by this Agreement shall have been released; and

(iv) No suit, action, claim or governmental proceeding shall be pending, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered, against any party hereto which: (A) would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (B) questions the validity or legality of any transaction contemplated hereby; or (C) seeks to enjoin any transaction contemplated hereby.

(v) Other than Liens to be discharged by EMF on or before the Closing Date, there shall not be any Liens on the EMF Assets and EMF shall have delivered to AFA a title search report, in form and substance satisfactory to AFA and dated no earlier than thirty (30)

days prior to the Closing, reflecting the results of a title search conducted at the offices of the County Clerk's Office where the Real Property described on Schedule 5 is located.

(b) The performance of the obligations of EMF hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) AFA shall have performed and complied in all material respects — with all the agreements, obligations and covenants required by this Agreement to be performed or complied with by AFA prior to or as of the Closing Date;

(ii) The representations and warranties of AFA set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;

(iii) The FCC Consents contemplated by this Agreement shall have become a Final Order;

(iv) AFA shall have obtained the necessary consents to assignment of the Real Property Leases from the landlord thereof, if required under such Real Property Leases, and shall have delivered to EMF on or before the Closing Date a Consent and Estoppel Agreement in the form attached hereto as Exhibit C executed by each landlord;

(vi) No suit, action, claim or governmental proceeding shall be pending, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered, against any party hereto which: (A) would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (B) questions the validity or legality of any transaction contemplated hereby; or (C) seeks to enjoin any transaction contemplated hereby; and

(vii) Other than Liens to be discharged by AFA on or before the Closing Date, there shall not be any Liens on the Assets or any financing statements of record and AFA shall have delivered to EMF lien search reports, in form and substance satisfactory to EMF and dated no earlier than thirty (30) days prior to the Closing, reflecting the results of UCC, tax and judgment lien searches conducted at the offices of the Secretary of the State of Arizona and in the County Clerk's Offices of each county in which the Assets are located. In addition, AFA shall have delivered to EMF a title search report, in form and substance satisfactory to EMF and dated no earlier than thirty (30) days prior to the Closing, reflecting the results of a title search conducted at the offices of the County Clerk's Office where the Owned Real Property described on Schedule 3 is located.

10. **Closing Deliveries.**

(a) At the Closing, AFA will execute and deliver to EMF the following, each of which shall be in form and substance satisfactory to EMF and its counsel:

(i) A Bill of Sale in a form acceptable to EMF and other instruments of transfer and conveyance, dated the Closing Date, in form and substance so as to effectively and legally transfer and assign to EMF the AFA Assets and effectively vest in EMF good and marketable title to the AFA Assets;

(ii) Assignment and Assumption documents related to the AFA Licenses and the WKVW Authorizations;

(iii) Assignment and Assumption documents related to the Real Property Leases identified in Schedule 3, if necessary;

(iv) Consents to assignment (if required under any Real Property Leases) and estoppel certificates from the landlords of the Real Property Leases identified on Schedule 3 hereto;

(v) A warranty deed for the Owned Real Property related to the AFA Stations;

(vi) A certificate, dated the Closing Date, executed by an officer of AFA, certifying the fulfillment of the conditions set forth in Section 9(b)(i) and (ii) hereof;

(vii) The appropriate certified organizational resolutions authorizing and approving the execution and delivery of this Agreement by AFA and the consummation of the transactions contemplated hereby, and an opinion of AFA's counsel with respect to the matters contained in Section 5(a) and 5(d) above;

(viii) An incumbency certificate, certified articles of incorporation of AFA and a certificate of existence or good standing for the AFA from the Secretary of State of Mississippi;

(ix) A counterpart of the joint notice to the Escrow Agent directing the Escrow Agent to release the Earnest Money Deposit to AFA as payment of a portion of the Purchase Price due from EMF;

(x) Payoff letters and UCC-3 termination statements with respect to any lien of record shown on the reports delivered pursuant to Section 9(b)(vii) hereof; and

(xi) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as EMF shall reasonably request, each in form and substance satisfactory to EMF and its counsel.

(b) Prior to or at the Closing, EMF will execute and deliver to AFA the following, each of which shall be in form and substance satisfactory to AFA and its counsel:

(i) The Purchase Price as defined in Section 2, including the cash portion of the Purchase Price, the Note, and the Security Agreement (including a UCC-1 Financing Statement as to all Collateral shown on Schedule 1 to the Security Agreement with

EMF as Debtor and AFA as Secured Party, to be filed with the Secretary of State of the State of California by EMF within three (3) business days after the Closing);

(ii) Assignment and Assumption documents related to the AFA Licenses and the WKVW Authorizations;

(iii) A warranty deed for the Real Property related to WKVW; — —

(iv) A counterpart of the joint notice to the Escrow Agent;

(v) Certified copies of the resolutions of the Board of Directors of EMF authorizing and approving the execution and delivery of this Agreement and consummation of the transactions contemplated hereby;

(vi) An incumbency certificate, certified articles of incorporation of EMF and a certificate of existence or good standing for the EMF from the Secretary of State of the State of California;

(vii) A certificate, dated the Closing Date, executed by the President of EMF, certifying the fulfillment of the conditions set forth in Section 9(a)(i) and (ii) hereof;

(viii) Payoff letters and termination statements with respect to any lien of record shown on the reports delivered pursuant to Section 9(a)(v) hereof; and

(ix) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as AFA shall reasonably request, each in form and substance satisfactory to AFA and its counsel.

11. **Indemnification.**

(a) Following the Closing AFA shall indemnify, defend and hold harmless EMF with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including, without limitation, interest, penalties, court costs and reasonable attorneys' fees) ("Damages") asserted against, resulting from, imposed upon or incurred by EMF directly or indirectly relating to or arising out of: (i) the breach by AFA of any of its representations or warranties, or failure by AFA to perform any of its covenants, conditions or agreements set forth in this Agreement; (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to AFA's ownership of the AFA Stations prior to the Closing; (iii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to AFA's ownership of WKVW subsequent to the Closing; and (iv) the Retained Liabilities and AFA Excluded Assets.

(b) Following the Closing EMF shall indemnify, defend and hold harmless AFA with respect to any and all Damages asserted against, resulting from, imposed upon or incurred by AFA directly or indirectly relating to or arising out of: (i) the breach by EMF of any of its representations, warranties, or failure by EMF to perform any of its covenants, conditions

or agreements set forth in this Agreement; (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership of WKVW prior to the Closing; (iii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership of the AFA Stations subsequent to the Closing; and (iv) the EMF Excluded Assets.

(c) The several representations and warranties of AFA and EMF contained in or made pursuant to this Agreement shall be deemed to have been made on the date of this Agreement and on the Closing Date, shall survive the Closing Date for a period of one (1) year following the Closing Date or, in the case of a third-party claim, until the applicable statute of limitations with respect to such claim shall have expired.

12. Termination.

(a) This Agreement may be terminated by either EMF or AFA, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement, upon written notice to the other upon the occurrence of any of the following: (i) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (ii) if either of the Assignment Applications are designated for hearing or denied by Final Order; or (iii) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing of this Agreement; or (iv) if the Closing has not occurred within one year of the date the Assignment Applications are filed with the FCC, provided, that the terminating party is not in breach of this Agreement, specifically including failure to provide necessary information to the FCC.

(b) In addition to either party's right to pursue specific performance as provided in Section 13 below, upon termination of this Agreement by either party due to a breach by the other party of any of its material obligations under this Agreement, such terminating party may seek all rights and remedies that it may have in equity or at law. Upon termination of this Agreement by AFA due to a breach by EMF of any of its material obligations under this Agreement, AFA's sole remedy shall be payment of the Earnest Money Deposit, including all interest earned thereon, to AFA as liquidated damages.

13. Specific Performance. The parties acknowledge that the AFA Stations and WKVW are unique assets not readily available on the open market and that in the event that either AFA, with respect to the AFA Stations, or EMF, with respect to WKVW, fails to perform its obligation to consummate the transaction contemplated hereby, irreparable harm may occur to the other party as to which money damages alone will not be adequate to compensate such party for its injury. The parties therefore agree and acknowledge that in the event of a failure by either AFA or EMF to perform its obligation to convey each's respective assets in connection with the consummation of the transactions contemplated hereby, the opposing party shall be entitled to specific performance of the terms of this Agreement and of the conveying party's obligation to consummate the transaction contemplated hereby, provided, however, that such action for specific performance shall not be deemed to limit or preclude the receiving party's right to any other remedy that may be available at law or in equity. If any action is brought by the receiving

party to enforce this Agreement, the conveying party shall waive the defense that there is an adequate remedy at law.

14. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after 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 AFA, to:

American Family Association, Inc.
P.O. Drawer 2440
Tupelo, MS 38803
Attn: Donald Wildmon

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

Patrick Vaughn
American Family Association, Inc.
107 Parkgate Drive, P.O. Drawer 2440
Tupelo, MS 38803

If to EMF, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Richard Jenkins, President

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

David D. Oxenford, Esq.
Shaw Pittman
2300 N Street, N.W.
Washington, D.C. 20037-1128

15. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California, without giving effect to the choice of law principles thereof.

16. **Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any provision

contained herein shall, for any reason, be held to be invalid or unenforceable, such provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remainder of such provision or any other provisions hereof, unless such a construction would be unreasonable.

17. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

18. **Expenses.** Except as otherwise set forth in this Section, each party hereto shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement. Any sales or transfer taxes and fees relating to the conveyance of the AFA Stations to EMF shall be borne by EMF and AFA in accordance with applicable law or local custom and practice.

19. **Risk of Loss.** The risk of any loss, taking, condemnation, damage or destruction of or to any of the AFA Assets related to KBIE (each, an "*Event of Loss*") on or prior to the Closing Date shall be upon AFA and the risk of any Event of Loss subsequent to the Closing Date shall be upon EMF. Upon the occurrence of an Event of Loss prior to the Closing, AFA shall take steps to repair, replace and restore the damaged, destroyed or lost property to its former condition; provided, however, that in the event that the AFA Assets with a value of greater than Twenty-five Thousand Dollars (\$25,000) are damaged, lost or stolen on the date otherwise scheduled for Closing, EMF may, at its option, either (i) postpone Closing for a period of up to sixty (60) days while AFA repairs or replaces such Assets, or (ii) elect to close with the damaged Assets in their current condition, in which case AFA shall assign all proceeds from insurance on such lost or damaged Assets to EMF, and EMF shall have the responsibility to repair or replace the Assets. Except in an instance of force majeure, should KBIE (i) fail to operate for a period in excess of seventy-two (72) consecutive hours, or (ii) fail to operate with full licensed facilities for a period of thirty (30) consecutive days, or (iii) fail to operate with full licensed facilities as of the scheduled Closing Date and it is reasonably expected that such failure would continue for a period of time set forth in either clause (i) or (ii) of this sentence but for the scheduling and occurrence of the Closing, EMF may either elect to terminate this Agreement without penalty upon written notice to AFA or postpone the Closing for a period of up to sixty (60) days while AFA attempts to cure the condition described in the preceding sentence of this Section 19.


20. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

21. **Entire Agreement.** This Agreement, and the exhibits attached hereto, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof and may not be changed or terminated orally, and no attempted change, amendment, or waiver of any of the provisions hereof shall be binding unless in writing and signed by both parties.

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

AMERICAN FAMILY ASSOCIATION

By: _____


Donald E. Wildmon
Chairman

EDUCATIONAL MEDIA FOUNDATION

By: _____

Richard Jenkins
President

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

AMERICAN FAMILY ASSOCIATION

By: _____
Donald E. Wildmon
Chairman

EDUCATIONAL MEDIA FOUNDATION

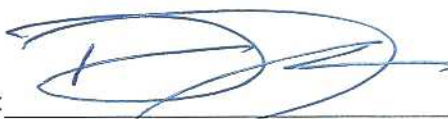
By:  _____
Richard Jenkins
President

EXHIBIT A

PROMISSORY NOTE

\$6,000,000

_____, 200_

FOR VALUE RECEIVED, the undersigned, EDUCATIONAL MEDIA FOUNDATION a California non-profit corporation (the "Maker"), hereby promises to pay to the order of AMERICAN FAMILY ASSOCIATION, a Mississippi nonprofit corporation (the "Holder"), at P.O. Drawer 2440, Tupelo, MS 38803, or at such other address specified by the Holder to the Maker, in lawful money of the United States of America and in immediately available funds, the principal amount of SIX MILLION DOLLARS (\$6,000,000), together with interest accrued thereon in like money.

The principal of this promissory note (the "Note"), together with interest thereon, shall be amortized over a period of one hundred twenty (120) months. Interest on the principal amount shall accrue at the rate of 7.108% per annum simple interest from the date hereof until the entire principal amount has been paid in full. Payments of principal and interest shall be payable in arrears in one hundred twenty (120) monthly installments of \$70,000.00 each, commencing on the date which is the first day of the first full calendar month after the date hereof, and continuing on the same day of each succeeding month thereafter until paid in full provided, that, if any such 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.

This Note is issued pursuant to an Asset Purchase Agreement, dated as of November ____, 2002, between the Maker and the Holder (the "Purchase Agreement") relating to the Maker's purchase from the Holder of the assets used or useful in connection with the operation of Station KBIE(FM), Fountain Hills, Arizona, and the construction permits issued by the Federal Communications Commission authorizing the construction of stations KYBN(FM), Bend, Oregon and KXLJ(FM), Grand Island, Nebraska.

Interest shall be calculated on the basis of a year of 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 from time to time prepay a portion or the entire principal of the Note without penalty or premium.

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

(a) Default by the 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 thirty (30) days after written notice of such default has been given by the Holder to the Maker;

(b) The 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 the Maker any petition or application for relief under any bankruptcy or similar law which is not discharged or dismissed within ninety (90) days after the filing of such petition or application; or

(d) Default by the Maker under that certain Security Agreement of even date herewith executed by Maker in favor of the Holder, which default continues uncured within the applicable cure period set forth therein;

then, and in any such event, the Holder may at any time, by written notice to the 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 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 the Holder, to:

American Family Association
P.O. Drawer 2440
Tupelo, MS 38803
Attn: Donald E. Wildmon, Chairman

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

Patrick J. Vaughn, General Counsel
American Family Association
107 Parkgate Drive, P.O. Drawer 2440
Tupelo, MS 38803

If to Maker, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Richard Jenkins, President

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

David D. Oxenford, Esq.
Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037

This Note is secured by that certain Security Agreement of even date herewith

executed by Maker in favor of the Holder, and upon the occurrence of an Event of Default the Holder may exercise all rights and remedies set forth in such 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. This Note shall be governed by the laws of the State of California. The Maker hereby waives — — presentment, demand for payment, notice of dishonor and any and all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of 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: _____
Richard Jenkins
President

SECURITY AGREEMENT

THIS AGREEMENT, dated as of _____, 200_, is between AMERICAN FAMILY ASSOCIATION, a Mississippi non-profit corporation ("Secured Party"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Debtor").

Concurrently herewith, and in accordance with that certain Asset Purchase Agreement, dated as of November ____, 2002 (the "Purchase Agreement"), entered into by and between Debtor and Secured Party pursuant to which Debtor agreed to purchase from Secured Party the assets used or useful in connection with the operation of broadcast station KBIE(FM), Fountain Hills, Arizona (the "Station"), Secured Party is lending an aggregate principal amount of Six Million Dollars (\$6,000,000) to the Debtor thereon, which is evidenced by a certain Promissory Note of even date herewith in favor of the Secured Party (the "Note") and executed in connection with the Purchase Agreement.

All capitalized terms, unless otherwise defined herein, shall have the meanings set forth in the Note.

SECTION 1. Security.

(a) As security for the payment of the \$6,000,000 principal indebtedness under the Note referenced above, and any interest that may accrue thereon (collectively, the "Obligations"), Debtor hereby grants to Secured Party a continuing security interest in the Collateral set forth in Schedule 1 hereto.

(b) Debtor agrees to execute financing statements and any necessary assignment documents and to file such financing statements to perfect the interests of Secured Party set forth herein.

SECTION 2. Covenants of Debtor.

Debtor hereby covenants that:

(a) Debtor will defend the Collateral against any claims and demands of all other persons at any time claiming the same or an interest therein which would conflict with any claim or interest of Secured Party. Debtor will maintain the tangible property included within the Collateral in good operating condition and repair, and use it only in connection with the operation of the Station unless disposed of in the ordinary course of business and replaced with equipment of substantially equivalent value.

(b) Debtor will have and maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, including without limitation, property and casualty insurance and public liability insurance.

(c) Upon reasonable advance notice to Debtor, Secured Party may examine and inspect the Collateral owned by Debtor at any reasonable time and at any reasonable place, wherever located.

(d) Debtor will pay promptly when due all taxes and assessments upon the Collateral owned by Debtor or upon its use or sale unless such taxes or assessments are being contested in good faith by Debtor. At its option, Secured Party may discharge taxes, liens or other encumbrances at any time levied against or placed on the Collateral which have not been stayed as to execution and contested with due diligence in appropriate legal proceedings, and Secured Party may pay for insurance on the Collateral if Debtor has failed to comply with such obligation and may pay for maintenance and preservation of the Collateral if Debtor fails to do so. Debtor shall reimburse Secured Party on demand for any such expense incurred by Secured Party pursuant to the foregoing authorization.

(e) Debtor will from time to time upon demand furnish to Secured Party such further information and will execute and deliver to Secured Party such financing statements and assignments and other papers and will do all such acts and things as may be necessary or appropriate to establish, perfect and maintain a valid security interest in the Collateral as security for the Obligations.

(g) In the event that Debtor removes any of the Equipment referred to in Schedule 1 hereto, Secured Party shall maintain its continuing security interest in the Equipment regardless of such Equipment's location.

SECTION 3. Events of Default.

(a) Debtor shall be in default under this Agreement upon the occurrence of any of following events or conditions (each, an "Event of Default"):

(i) an "Event of Default" shall occur under the Note and Secured Party's acceleration of such Note; or

(ii) any representation or warranty made by Debtor in this Security Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made, and such inaccuracy is not cured to the satisfaction of Secured Party within thirty (30) days after the date on which Secured Party gives Debtor written notice of such failure; or

(iii) Debtor shall fail to perform or observe any material term, covenant, or agreement contained in this Security Agreement, and such failure is not cured to the satisfaction of Secured Party within thirty (30) days after the date on which Secured Party gives Debtor written notice of such failure.

(b) Upon the occurrence of an Event of Default, Secured Party shall have all of the rights, powers and remedies set forth in the Note and this Agreement, together with the rights and remedies of a secured party under the applicable Uniform Commercial Code, including

without limitation the right to sell, lease or otherwise dispose of any or all of the Collateral and to take possession of the Collateral, provided, however, that, except for an Event of Default set forth in section (b) or (c) of the Note (in which case Secured Party shall be able to exercise its rights and remedies immediately upon such Default), Secured Party shall not exercise any such rights or remedies until ninety (90) days after such Event of Default has occurred. Secured Party may require Debtor to assemble its Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. Debtor hereby agrees that its address and the place or places of location of the Collateral are places reasonably convenient to it to assemble the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send to Debtor reasonable advance notice of the time and place of any public sale or reasonable advance notice of the time after which any private sale or any other disposition thereof is to be made. The requirement of sending reasonable advance notice shall be met if such notice is mailed, postage prepaid, to Debtor at least ten (10) days before the time of the sale or disposition. After deducting all expenses incurred by Secured Party in protecting or enforcing its rights in the Collateral, the residue of any proceeds of collection or sale of the Collateral shall be applied to the payment of principal, first, and then interest on Debtor's Obligations. After payment of all obligations and costs, any remaining proceeds shall be returned to Debtor.

(c) Upon the occurrence and continuing existence of an Event of Default, Secured Party shall have the right to require that Debtor join with the successful bidder or other purchaser at a foreclosure sale regarding the Collateral in seeking from the FCC all applicable prior approvals of the assignment of the Station's FCC Licenses to such bidder or other purchaser. In that regard, Debtor agrees to execute and deliver all applications, certificates, instruments, assignments and other documents and papers that may be required to obtain any necessary FCC consent, approval or authorization. It is expressly understood that such sale shall be subject to all applicable consents and prior approvals of the FCC.

SECTION 4. Successors and Assigns.

The covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor, its legal representatives, successors and assigns, as joint and several obligations, and shall inure to the benefit of Secured Party, its successors and assigns.

SECTION 5. Miscellaneous.

(a) This Agreement shall be governed by and construed under the laws of the State of California, without regard to its principles of conflict of laws. None of the terms or provisions of this Agreement may be waived, altered, modified, or amended except by an agreement in writing signed by Secured Party and Debtor.

(b) All notices, statements, requests and demands herein provided for shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after 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 Secured Party, to:

American Family Association
P.O. Drawer 2440
Tupelo, MS 38803
Attn: Donald E. Wildmon, Chairman

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

Patrick J. Vaughn, General Counsel
American Family Association
107 Parkgate Drive, P.O. Drawer 2440
Tupelo, MS 38803

If to Debtor, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Richard Jenkins, President

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

David D. Oxenford, Esq.
Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037

SECTION 6. FCC Approval.

(a) Notwithstanding anything to the contrary contained herein, any foreclosure on, sale, transfer or other disposition of any Collateral or any other action taken or proposed to be taken hereunder that would affect the operational, voting, or other control of Debtor or affect the ownership of the FCC Licenses, shall be pursuant to Section 310(d) of the Communications Act of 1934, as amended (the "*Communications Act*"), and to the applicable rules and regulations of the FCC and, if and to the extent required thereby, subject to the prior consent to the FCC and any other applicable governmental authority. Notwithstanding anything to the contrary contained herein, Secured Party will not take any action pursuant hereto that would constitute or result in any assignment of the FCC Licenses if such assignment of license would require under then existing law (including the Communications Act), the prior approval of the

FCC, without first obtaining such approval of the FCC and notifying the FCC of the consummation of such assignment (to the extent required to do so).

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

WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date and year first above written.

EDUCATIONAL MEDIA FOUNDATION

By: _____
Richard Jenkins
President

AMERICAN FAMILY ASSOCIATION

By: _____
Name: _____
Title: _____

SCHEDULE 1

The following Equipment, Inventory, General Intangibles and Insurance are collectively referred to as the "Collateral":

(a) All personal property of Debtor used specifically in connection with the operation of the Station (the "Equipment").

(b) All of the Debtor's inventory, merchandise and goods in all forms, used solely in connection with the operation of the Station, whether now existing or hereafter acquired, and the proceeds and products thereof (but excluding any inventory, merchandise and goods which are also used in connection with Debtor's ownership and operation of its other broadcast stations and facilities) (the "Inventory");

(c) All of Debtor's presently existing and hereafter acquired or arising general intangibles and other intangible personal property used solely in the operation of the Station, including without limitation rights under all contract rights and all present and future authorizations, permits, licenses, franchises, government authorizations, including Debtor's rights under present and future authorizations, permits and licenses issued or granted to Debtor by the Federal Communications Commission (each, an "FCC License") for the ownership and operation of the Station, and all rights incident or appurtenant to such authorizations, permits and licenses (but only to the extent it currently is, or hereafter may become, lawful to grant a security interest in such FCC License), together with the rights to receive all proceeds derived from or in connection with the sale, assignment or transfer of any FCC License used for ownership or operations of the Station (the "General Intangibles"), but excluding any trade names, intellectual property, trademarks, logos, program names, program format, or other intangibles used by Debtor generally and not specifically used in connection with the Station; and

(d) All insurance policies held by the Debtor or naming the Debtor as loss payee (or naming Debtor as an additional insured as its interest may appear) relating to the operation of the Station, including without limitation, casualty insurance and property insurance, and the proceeds thereof (the "Insurance").

Notwithstanding anything contained herein to the contrary, as used herein the term "Collateral" does not include (a) any personal property of Debtor which is not used specifically and exclusively in connection with the Station, (b) any interest in Debtor's listener pledges and donations, (c) any of Debtor's slogans, logos, jingles, programming, program formats, trademarks, trade names, service marks, copyrights and applications for any of the foregoing, and all goodwill associated therewith, and other similar intangible rights and interests issued to or owned by Debtor in connection with the operation of the Station, or (d) any intangible property of Debtor which is also used in connection with Debtor's ownership and operation of its other broadcast stations and facilities.

Except for principal indebtedness of the Note outstanding from time to time and any

interest that may accrue thereon, the Obligations do not include, and this Security Agreement does not secure, any liability, obligation or indebtedness of Debtor to Secured Party, whether now existing or hereafter arising and howsoever evidenced.

ESTOPPEL CERTIFICATE

This Estoppel Certificate is made as of the date set forth below by _____ ("Landlord"), under that certain Lease Agreement, dated _____ (the "Lease"), between Landlord and _____ ("Tenant").

WITNESSETH:

WHEREAS, Tenant is leasing certain real property for use in connection with the operation of radio station _____ (FM), _____, _____ (the "Station") pursuant to the Lease; and

WHEREAS, Tenant desires to assign its rights and obligations under the Lease to _____ ("Assignee") in connection with the sale of substantially all of the assets of the Station from Tenant to Assignee.

NOW, THEREFORE, Landlord hereby certifies, represents and warrants as follows:

1. The current term of the Lease will expire on _____;
2. The rental payment owed by Tenant under the terms of the Lease is \$_____ per month, and Tenant is current with the payment of all monetary obligations under the Lease;
3. The Lease is and in full force and effect without modification or alteration;
4. No event of default has occurred under the Lease; and
5. The copy of the Lease attached hereto as Exhibit A is a full and complete copy of the Lease.

IN WITNESS WHEREOF, Landlord has executed this Estoppel Certificate as of _____, 2002.

SCHEDULE 1

KBIE, PHOENIX, AZ	
LAND:	
PURCHASE PRICE	
SITE PREPARATION (DOZER, ETC)	
SOIL SAMPLING	
SURVEYING	
STL SETUP AT STUDIO:	
INSTALLATION, ANTENNA & COAX	
STL COAX	
STL TRANSMIT ANTENNA	340.01
TOWER INSTALLATION	
STL TRANSMITTER (MARTI)	2,684.43
TOWER, SELF-SUPPORTING	
STUDIO:	
BUILDING	76,800.00
ELECTRICAL WORK AT STUDIO	
LAND	
PHONE LINE INSTALLATION	
SATELLITE DISH	350.00
SATELLITE DISH INSTALLATION	500.00
EQUIPMENT:	
A F R DECODER/BREAKAWAY BOX	300.00
AUDIO SWITCHER (8X2)	528.80
AM/FM RECEIVER/TUNER (DENON, PION, TEC)	242.90
AUDIO CONSOLE (MACKIE, FIDELIPAC)	4,169.00
AUDIO PROCESSOR (APHEX, ORBAN)	6,689.49
CASSETTE PLAYER (MARANTZ ETC)	287.40
CD PLAYER #1 (MARANTZ)	365.00
CD PLAYER #2 (MARANTZ)	365.00
COMPUTER EQUIPMENT (ASSEMBLED HERE)	3,100.00
CONSOLE TABLE/FURNITURE	1,500.00
DISTRIBUTION AMPLIFIER	
EAS ENCODER/DECODER (SAGE)	1,883.26
EAS TUNER #1 & #2 (ROLLS, DAYTON)	343.78
GENTNER	4,609.52
GENTNER PHONE HYBRID	452.37
HEADPHONE(S)	
ISDN BOX (ZEPHYR)	
MIC PROCESSOR	504.08
MICROPHONE	976.20
MICROPHONE STAND	45.00
MINIDISC PLAYER (SONY)	262.57
MODEM, US ROBITICS	197.06
SATELLITE RECEIVER #1 (COMSTREAM)	1,875.00
SATELLITE RECEIVER #2 (COMSTREAM)	1,475.00
SPEAKERS (YAMAHA, ETC)	152.59
SURGE PROTECTORS - APC ETC	125.00
VOICE PROCESSOR	4,914.67
TOWER SITE:	
ANTENNA-SHIVELY	6,346.58
BUILDING (G F R C)	
COAX/INSTALLATION	
DISH FOR BACKUP	
DISH FOR SAT/INSTALLATION	2,675.14
ELEC. WORK INSIDE TRANSMITTER BLD	1,884.29
ELECTRICAL WORK (POWER LINES)	
FENCING	
FM TRANSMITTER	12,692.83
PHONE LINE INSTALLATION	
TOWER	50.00
TOWER, ANTENNA INSTALLATION ETC	2,055.73
BACKUP EQUIPMENT AT TOWER:	
A F R DECODER/BREAKAWAY BOX	
EQUIPMENT RACK	
AUTO SWITCHER (8 X 2)	
CASSETTE PLAYER (MARANTZ, ETC.)	
COMPUTER	
DEHYDRATOR	
EAS ENCODER/DECODER (SAGE)	
EAS TUNER #1 & #2, (ROLLS, DAYTON)	
MODEMS (2)	
POWER STRIPS (2) U P S, ETC	
PROCESSOR-APEX, ETC	
REMOTE CONTROL-GENTNER	4,609.52
SATELLITE RECEIVER #1	
SATELLITE RECEIVER #2	
STL ANTENNA	349.22
STL COAX	525.00
STL RECEIVER-ISDN (ZEPHYR)	
SURGE PROTECTORS-OPTILATORS (2)	
TRANSMITTER/RECEIVER-MARTI	2,684.43
TOTAL	149,910.87

SCHEDULE 2

1. KBIE STATION LICENSE, BLED-20000530ABT. Form 340 application for minor modification of facilities (increase ERP) pending before the FCC (FCC File No. BPED-20020924AAP).
2. KBIE STL LICENSE, WPVT828. Modification application (frequency change) pending on Form 601 (FCC File No. 0001046984).
3. KXLJ (GRAND ISLAND, NE) CONSTRUCTION PERMIT, BPED-19981014MA.
4. KYBN (BEND, OR) CONSTRUCTION PERMIT, BPED-19980430MB. Letter request for main studio waiver pending.
5. ANTENNA STRUCTURE REGISTRATION (for KXLJ tower), FCC Registration No. 1027246. Tower is owned by Pinpoint Communications Inc.

SCHEDULE 3

Real Property Leases

Lease, dated November 15, 1999, by and between Steffey-Barton Peter Hendershott Family Limited Partnership dba Action Communications and American Family Radio, 89.1 MHz (KBIE Tower). — —

Owned Real Property

See legal description attached.

LEGAL DESCRIPTION

Order No: 2003350 06

Parcel No. 1:

The South 84.5 feet of the East 34 feet of Lot 1, Block 3, GRANITE REEF VISTA UNIT, a subdivision recorded in Book 37 of Maps, page 23, records of Maricopa County, Arizona.

Parcel No. 2:

The North 65.5 feet of the East 34 feet of Lot 1, Block 3, GRANITE REEF VISTA UNIT NO. 1, a subdivision recorded in Book 37 of Maps, page 23, records of Maricopa County, Arizona.

SCHEDULE 4

FCC LICENSES AND AUTHORIZATIONS

Station WKVW(FM), Waynesboro, Mississippi
Facility ID Number: 90975
Educational Media Foundation

Type of Authorization	Call Sign	FCC File Number	Grant Date	Expiration Date
FM Broadcast Station Construction Permit (modifying BPED-19980617MC)	WKVW(FM)	BMPED-20020213ABK	9/16/02	1/26/04

Antenna Structures Associated with
Station WKVW(FM), Waynesboro, Mississippi
Facility ID Number: 90975

Registration Number	Issue Date	Coordinates	Overall Height	Owner
1235630	8/27/02	31° 50' 9.6" N 88° 52' 21.2" W	146.3 meters	Educational Media Foundation

SCHEDULE 5

Owned Real Property

See legal description attached.

(EMF will also convey a portable transmitter building (approximately 8'x16') with this parcel of
Owned Real Property)

DESCRIPTION OF THE ALLOPER PROPERTY

A parcel of land located in the east half of Lot 5, Section 14, T-10-N, R-9-W, Clarke County, MS and more particularly described by metes and bounds as follows:

Commence at a railroad spike in the center of a paved public road and marking the southwest corner of Section 14; thence run North 2,570.46 feet; thence East 691.73 feet to an iron pin for a point of beginning;

Thence run North 597.38 feet to an iron pin; thence N 53° 11' 19" E 784.74 feet to an iron pin; thence South 1,067.58 feet to an iron pin; thence West 628.27 feet to the point of beginning; containing 12.0 acres more or less.

AND ALSO the following described 30-foot wide easement for ingress and egress purposes (i.e. roadway easement) extending from the north property line of the above-described property North to the public road. The east boundary of said easement is described by metes and bounds as follows:

Commence at a railroad spike in the center of a paved public road and marking the southwest corner of Section 14; thence run North 2,570.46 feet; thence East 691.73 feet to an iron pin; thence continue East 628.27 feet to an iron pin; thence North 1,067.58 feet to an iron pin located at the northeast corner of the property for a point of beginning;

Thence run North 418.5 feet more or less to the edge of the public road for the point of termination. The west edge of said easement is slightly longer allowing for the angle of the north property line as well as the angle along the edge of the public road.

The easement herein conveyed is 30 feet wide, extending 30 feet West from the above-described east boundary. It is intended that this easement connect the north boundary of the property with the public road, allowing for construction of an entrance road for access to the property.



Exhibit "A-1"

BEARINGS BASED ON
SOLAR OBSERVATION

30' WIDE ROAD EASEMENT
FROM N. PROP.
LINE TO PUBLIC RD.

COUNTY RD. 223

GULF SOUTH PIPELINE

N 53° 11' 19" E 784.74'

S.I.P.

S.I.P. ON LINE

± 12.0 ACRES

NORTH 597.38'

SOUTH 1067.58'

EAST 691.73'

WEST 628.27'

PINE STK., 11' EAST

FIRE ROAD

NORTH 2570.46'

RR SPIKE IN E ROAD
MARKING SW CORNER OF
SECTION 14, T-10-N, R-9-W,
CLARKE CO., MS



CLASS D SURVEY

LEGEND

- | | |
|--------|------------------|
| F.I.P. | Fnd. Iron Pin |
| S.I.P. | Set Iron Pin |
| □ CM | Conc. Marker |
| ⊙ PP | Power Pole |
| —v—v— | Chain Link Fence |
| —x—x— | Wire Fence |

A SURVEY FOR AL LOPER IN THE
EAST HALF OF LOT 5, SEC. 14,
TION, R 9 W, CLARKE CO., MS

RALPH C. STRIBLING, PLS
605 W. 16TH ST.
LAUREL, MS 39440 PH. 649-7978

Scale: 1" = 200'

Date: 12-10-01

Exh
"A-