

## **EXHIBIT B**

### **SECURITY AGREEMENT**

THIS SECURITY AGREEMENT, dated as of \_\_\_\_\_, 2006, is by and between EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation (“*Debtor*”), and HOOSIER BROADCASTING CORPORATION, an Indiana Non-Profit corporation (“*Secured Party*”).

Concurrently herewith, and in accordance with that certain Asset Purchase Agreement, dated as of July \_\_, 2006, (the “*Purchase Agreement*”), entered into by and between Debtor and Secured Party pursuant to which Debtor agreed to purchase from Secured Party substantially all of the assets and licenses used in the operation of broadcast station WIKL(FM), Greencastle, Indiana (the “*Station*”), Secured Party is lending an aggregate principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) to the Debtor thereon, which is evidenced by a certain Promissory Note of even date herewith in favor of the Secured Party (the “*Note*”) executed in connection with the Purchase Agreement and delivered to Secured Party.

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 \$1,500,000 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 irrevocably appoints Secured Party as its lawful attorney-in-fact and agent to execute, on its behalf, financing statements and any assignment documents and to file on its behalf appropriate financing statements.

(c) Debtor hereby represents and warrants to Secured Party that: (i) except for the lien granted by the Debtor in favor of the Secured Party pursuant to this Security Agreement, Debtor is, or to the extent that certain of the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance; and (ii) to the best of Debtor’s knowledge, no financing statement covering the Collateral is on file in any public office, other than the financing statements filed pursuant to this Security Agreement.

#### **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. Debtor will not encumber, sell, transfer, assign, abandon or otherwise dispose of the Collateral except for: (i) sale or transfer of Inventory, and cancellation of Insurance (subject to Section 2(b) hereof) in the ordinary course of business, (ii) liens arising from taxes, assessments, charges, levies or claims that are not yet due or that remain payable without penalty or which are being contested in good faith by appropriate proceedings, (iii) liens arising from legal proceedings, so long as such proceedings are being contested in good faith by appropriate proceedings diligently conducted and so long as execution is stayed on all judgments resulting from any such proceedings, (iv) liens created by this Security Agreement, (v) dispositions of items of Equipment no longer useful to Debtor in the ordinary course of business, and (vi) trade-ins, replacements or exchanges of items of Equipment for other items of Equipment having an equal or greater value (in excess of any purchase money liens on such items) and useful in Debtor's business.

(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, and Debtor hereby

authorizes Secured Party to execute and file at any time and from time to time one or more financing statements or copies thereof or of this Security Agreement with respect to the Collateral signed only by Secured Party.

(f) 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. 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 of Debtor's Obligations, and Debtor shall remain, liable for any deficiency.

(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. Collection.**

Upon the occurrence of an Event of Default pursuant to Section 3(a) hereof, Secured Party shall have the following rights and powers in addition to those specified in Section 3 above:

(a) Secured Party shall have the right to notify the contract obligors obligated on any or all of Debtor's Insurance to make payment thereof directly to Secured Party, and Secured Party may take control of all proceeds of any of the Insurance or General Intangibles.

(b) Debtor hereby irrevocably appoints Secured Party to be Debtor's true and lawful attorney-in-fact, with full power of substitution, in Secured Party's name or Debtor's name or otherwise for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise at any time after the occurrence and continuing existence of an Event of Default pursuant to Section 3(a), but subject to the provisions of Section 8 hereof, the power to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof and to apply for and obtain any required consents of any governmental authority for any such sale or other disposition, as full and effectually as if Secured Party were the absolute owner thereof.

#### **SECTION 5. Limitations.**

With respect both to Obligations and Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such time or times as Secured Party may deem advisable. Secured Party shall have no duty as to the collection or protection of Collateral not in Secured Party's possession, and Secured Party's duty with reference to Collateral in its possession shall be to use reasonable care in the custody and

preservation of such Collateral, but such duty shall not require Secured Party to engage in:

- (i) the collection of income thereon;
- (ii) the collection of debt;
- (iii) the taking of steps necessary to preserve rights against prior parties, although Secured Party is authorized to reasonably undertake any such action if deemed appropriate by Secured Party.

**SECTION 6. 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 7. Miscellaneous.**

(a) No delay or omission by Secured Party in exercising any of its rights hereunder shall be deemed to constitute a waiver thereof. All rights and remedies of Secured Party hereunder shall be cumulative and may be exercised singularly or concurrently.

(b) 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.

(c) 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:

William S. Poorman  
Hoosier Broadcasting Corporation  
3500 DePauw Blvd, Suite 2085

Indianapolis, IN 46268

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

J. Richard Carr, Esq.  
5528 Trent Street  
Chevy Chase, MD 20815

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 8. 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).

*[THE NEXT PAGE IS THE SIGNATURE PAGE]*

IN 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

By: \_\_\_\_\_  
Name:  
Title:

**HOOSIER BROADCASTING CORPORATION**

By: \_\_\_\_\_  
William Shirk Poorman  
President

## SCHEDULE 1

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

(a) All personal property of Debtor located within the WIKL(FM) (the "Station") 54 dBu coverage area and used in connection with the operation of the Station (the "Equipment"). In the event that the Equipment is removed from the Station's 54 dBu coverage area, Secured Party shall maintain its continuing security interest in the Equipment regardless of the location of such 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"); 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 located within the 54 dBu coverage area of the Station, except for property used in connection with the broadcast operations of the Station, located within the 54dBu as of the date hereof and later removed from the Station's 54 dBu (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.