

**PROMISSORY NOTE**

\_\_\_\_\_, 2006

Subject to the Triggering Event (defined herein), FOR VALUE RECEIVED, the undersigned, EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Maker"), hereby promises to pay to the order of MARIA LIADIS a/k/a MARIA LIADIS ALBERTO, an individual ("Holder"), at 45 Acorn Road, Watchung, NJ, or at such other address specified by Holder to Maker, in lawful money of the United States of America and in immediately available funds, the sum of all Note Payments paid pursuant to the terms of this Note and Schedule 1, over the term of the Note up to a maximum principal amount of FORTY-FIVE THOUSAND DOLLARS (\$45,000), subject to Note Reduction, Note Suspension and Note Cancellation (collectively, defined herein), together with interest accrued thereon in like money.

This Note is issued pursuant to an Asset Purchase Agreement, dated as of July \_\_, 2006, between Maker and Holder (the "Purchase Agreement") relating to Maker's purchase from Holder of substantially all of the assets and licenses of FM translator station W220AA, Parlin, New Jersey (the "Station"), and is issued on the closing date of the transaction contemplated by the Purchase Agreement.

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

If Maker is able to obtain an FCC construction permit authorizing an increase in power of the Station to 2 watts or more effective radiated power ("ERP"), at 43 meters Radiation Center Height Above Average Terrain ("RCHAAT") or equivalent broadcast signal coverage ("Construction Permit"), the Note shall be deemed effective on the date that is 180 days from the date that Maker has filed an FCC Form 350 license application to cover the Construction Permit, provided the FCC Form 350 is filed within seven (7) years of the Closing Date and during the 180 days, the Station operates without objection from other broadcasters, pursuant to Section 74.1203 of the FCC rules, to Maker or to the FCC ("Triggering Event"). .

The principal of and interest on the Note shall be amortized over a term of thirty-six (36) months. The loan evidenced by the Note shall bear interest at the rate of six percent (6.0%) per annum. Maker shall pay monthly, in arrears, installments of principal and interest in the amount set forth on Schedule 1 corresponding to the ERP of the Station, each month ("Note Payments"), commencing on the 10<sup>th</sup> day after the Triggering Event, and continuing on the same calendar date of each succeeding month during the remainder of the term of the Note. If any 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.

Interest shall be calculated on the basis of a year of Three Hundred Sixty-Five (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 prepay all or any portion of the principal of the Note at any time, and such prepayment shall cause the amount of the monthly payments thereafter to be reduced accordingly.

If the Station is operating at 10 watts or more the Note amount shall be Forty-Five Thousand Dollars (\$45,000). In the event that the FCC grants an upgrade for 9 watts ERP or less at 43 meters RCHAAT or equivalent broadcast signal coverage, or if the Station is operating at 10 watts or more and following objections by other broadcasters pursuant to Section 74.1203 of the FCC rules, the Station is forced to reduce power to 9 watts ERP or less, the Note amount will be reduced by \$4,500.00 for each watt below 10 watts at which the Station ultimately operates ("Note Reduction"), as set forth in Schedule 1. If the Station is authorized to and later commences operation at a new ERP, the Note Payments shall be adjusted as set forth in Schedule 1, corresponding to the new ERP. In the event that the Station is required to cease operations by direct order of the FCC or formal request by a main station receiving interference from the Station, the Note Payments shall be suspended until the Station recommences operation ("Note Suspension"). If the Station resumes full power operation at a new ERP, the Note Payments shall be adjusted as set forth in Schedule 1, corresponding to the new ERP. Except if fully prepaid by Buyer, notwithstanding Note Suspension and/or Note Reduction the final payment under the Note shall be 36 months after the first Note Payment is due; accordingly, the principal and interest payable under the Note shall be equivalent to the sum of the Note Payments delivered to Seller over the term of the Note and the Note shall be deemed paid in full as of that date. If the Station FCC construction permit or license, for any increase in power over that at which the Station currently operates, is cancelled or revoked due to the interference issues, the remaining Note balance shall be cancelled ("Note Cancellation").

Subject to Note Reduction, Note Suspension or Note Cancellation, if any of the following events or conditions (each, an "Event of Default") shall occur:

- (a) Default by 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 ten (10) business days after written notice of such default has been given by Holder to Maker;
- (b) 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 Maker any petition or application for relief under any bankruptcy or similar law which is not discharged or dismissed within sixty (60) days after the filing of such petition or application;
- (d) The transfer or assignment of the license issued by the Federal Communications Commission for the operation of the Station (excluding any transfer or assignment eligible for FCC Form 316), unless the net proceeds (purchase price minus costs of sale) of such sale are paid to Holder at the closing of such transaction, causing the entire debt at that time to be extinguished.

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

Maria Liadis  
45 Acorn Road  
Watchung, NJ 07060

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

John Neely, Esq.  
6900 Wisconsin Ave.  
Suite 704  
Bethesda, MD 20815

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.  
Davis Wright Tremaine LLP  
1500 K Street, NW, Suite 450  
Washington, D.C. 20005  
Telecopier: 202.508.6699

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 New Jersey. 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.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first above written.

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_  
Richard Jenkins  
President

**SCHEDULE 1**

AMORTIZATION TABLE

<u>Authorized ERP</u>	<u>Note Amount</u>	<u>Monthly Payments</u> <u>(6% Interest)</u>
2 watts	\$9,000	\$273.80
3 watts	\$13,500	\$410.70
4 watts	\$18,000	\$547.59
5 watts	\$22,500	\$684.49
6 watts	\$27,000	\$821.39
7 watts	\$31,500	\$958.29
8 watts	\$36,000	\$1095.19
9 watts	\$40,500	\$1232.09
10+ watts	\$45,000	\$1368.99

FURTHER TERMS:

- In the event the Station suspends operation per Section 3.3 of this Agreement, and recommences authorized operation at a new ERP, the remaining Note Payments shall correspond to the ERP listed in the table above, without prorated adjustment if the ERP change occurs in between Note Payments.