

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT, dated as of November 3, 2011 (this "Agreement"), by and between BACKYARD BROADCASTING MISSISSIPPI LICENSEE, LLC., a Delaware limited liability company ("Licensee"), BACKYARD BROADCASTING MISSISSIPPI, LLC, a Delaware limited liability company (together with Licensee, "Seller"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Buyer").

WITNESSETH:

WHEREAS, Licensee is the licensee of FM radio stations WRXW (Channel 230, 93.9 MHz), FIN #6212, licensed to Pearl, Mississippi, and WWJK (Channel 234, 94.7 MHz) FIN# 27509, licensed to Jackson, Mississippi (together, the "Stations") pursuant to authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, on the terms and conditions described herein, Seller desires to sell and Buyer desires to acquire certain assets owned or leased by Seller and used in connection with the operation of the Stations (specifically excluding, without limitation, the Excluded Assets (as hereinafter defined));

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. Assets and Liabilities.

(a) On the Closing Date (as hereinafter defined), Seller shall sell, assign and transfer, or cause to be delivered, to Buyer, and Buyer shall purchase, assume and accept from Seller, the assets, properties, interests and rights of Seller of whatsoever kind and nature, used in connection with the operation of the Stations and which are specifically described below (the "Assets") (excluding, without limitation, in each sub-subparagraph of this subparagraph (a), the Excluded Assets described in subparagraph (c) below):

(i) Seller's equipment, machinery, furniture and other tangible personal property used in the conduct of the business or operations of the Stations, as further set forth on Schedule 1 hereto (the "Tangible Personal Property"), together with such modifications, improvements and additions thereto and replacements thereof between the date hereof and the Closing Date;

(ii) All of the licenses, permits and other authorizations, including the FCC Authorizations (collectively, the "Licenses"), issued by the FCC, the Federal Aviation Administration (the "FAA"), and any other federal, state or local governmental authorities to Seller in connection with the conduct of the business and the full on-air operations of the Stations, set forth on Schedule 2 hereto;

(iii) The leasehold interests ("Real Property Leases") held by Seller in the Stations' current tower sites, including buildings, fixtures and other improvements, leasehold

interests, easements, licenses, rights of access, rights of way and improvements which are held by Seller and used in the operations of the Stations' tower site facilities as of the date hereof (the "Real Property") as specifically identified on Schedule 3 hereto;

(iv) All of Seller's logs, books, files, data, software, FCC and other governmental applications, equipment manuals and assignable warranties, and other records relating to the full on-air broadcast operations of the Stations, including without limitation all electronic data processing files and systems related thereto, FCC filings and all records required by the FCC to be kept by the Stations (or copies of any of the foregoing as agreed to by the parties); and

(v) Seller's rights to the call signs of the Stations.

(b) The Assets shall be transferred by Seller to Buyer 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") except (i) liens for taxes not due and payable or, that are being contested in good faith by appropriate proceedings; (ii) liens or mortgages, in each case that will be released on or before the Closing or otherwise satisfied by Seller with Buyer's consent, (iii) liens created under, pursuant to, or related to, this Agreement; and (iv) any liens set forth in Schedule 1(b) (collectively, "Permitted Liens"). Except as expressly set forth at Section 1(a)(iii) hereof with respect to the Real Property Leases, Buyer is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of Seller of any kind, absolute or contingent, known or unknown, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense or agreement unless otherwise specifically agreed to herein. All of such liabilities and obligations which are to be assumed by Buyer, shall be referred to herein as the "Assumed Liabilities." All such liabilities not specifically be assumed by Buyer shall be retained by Seller and are referred to herein as the "Retained Liabilities". Without limiting the generality of the foregoing, it is understood and agreed that Buyer is not agreeing to, and shall not, assume (i) any liability or obligation of Seller to Seller's employees under any existing written or oral agreements with Seller, including any such liability or obligation in respect of wages, salaries, bonuses, accrued vacation or sick pay or any other matter, or (ii) any liability arising out of any termination by Seller of the employment of any employee of the Stations or any liability for any employee benefit plan or arrangement of Seller for Station employees.

(c) The following assets and obligations relating to the business of the Stations shall be retained by Seller and shall not be sold, assigned or transferred to or assumed by Buyer (the "Excluded Assets");

(i) Any and all cash, cash equivalents, cash deposits to secure contract obligations, all inter-company receivables from any affiliate of Seller and all other accounts receivable, bank deposits and securities held by Seller in respect of the Stations at the Closing Date;

(ii) Any and all claims of Seller with respect to transactions prior to the Closing;

- (iii) All prepaid expenses;
- (iv) All contracts of insurance and claims against insurers;
- (v) All employee benefit plans and the assets thereof and all employment contracts;
- (vi) All contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired prior to Closing in the ordinary course of business, and all loans and loan agreements;
- (vii) All tangible personal property disposed of or consumed between the date hereof and Closing in the ordinary course of business;
- (viii) Seller's corporate records, and the Stations' traffic records;
- (ix) All commitments, contracts and agreements, other than the Real Property Leases;
- (x) All of Seller's intellectual property used in the operation of the Stations and the Assets, including, without limitation, on-air formats, music libraries and websites, with the sole exception of the Stations' call signs;
- (xi) Seller's studio building, real property and radio towers located at Seller's studio site (the Beasley studio site towers), provided, however, that upon the written request of Buyer to Seller, dated no more than one hundred twenty (120) days following the Closing (as defined herein), Seller will provide leased space on its Beasley studio site towers (the location of which shall be determined by Seller) for Buyer's use as an auxiliary antenna (as well as site space for related equipment), without charge for rent (but subject to prorata allocations of maintenance and electric costs for such space); and
- (xii) Any other items identified on Schedule 1(c) hereof.

2. Purchase Price.

(a) Upon the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the Assets, on the Closing Date Buyer shall pay to Seller the aggregate sum of Two Million Dollars (\$2,000,000) (the "Purchase Price") of which:

(i) On the Closing Date, the sum of Six Hundred Seventy-Five Thousand Dollars (\$675,000) shall be paid by Buyer in cash by wire transfer of same day Federal funds to an account designated by Seller at least two (2) business days before the Closing Date.

(ii) On the Closing Date, Buyer shall execute and deliver to Seller a promissory note substantially in the form attached hereto as Exhibit A (the "Note") in the aggregate principal amount of One Million Three Hundred Twenty-Five Thousand Dollars (\$1,325,000). The principal of and interest on the Note shall be amortized over a term of eighty-four (84) months. The loan evidenced by the Note shall bear interest at the rate of five percent (5.0 %) per annum. Buyer shall pay monthly, in arrears, installments of principal and interest in the amount of Eighteen Thousand Seven Hundred Twenty-Seven and 43/100 Dollars (\$18,727.43) each, commencing on the 30th day after the Closing Date and continuing on the same calendar day (though no later than the last day) of each of the succeeding eighty-three (83) months. Buyer may, with the payment of all accrued interest and any other amount then due under the Note, prepay all or any portion of the principal of the Note from time to time without penalty; and

(iii) To secure Buyer's payment obligations under the Note, Buyer shall execute and deliver to Seller on the Closing Date a Security Agreement substantially in the form of Exhibit B hereto (the "Security Agreement") granting a first priority security interest in the Assets conveyed to Buyer hereunder, with the sole exclusion of the FCC Authorizations, but including all proceeds from the FCC Authorizations.

(b) Concurrently with the execution of this Agreement, Buyer has delivered to WashingtonFirst Bank (the "Escrow Agent") the sum of One Hundred Thousand Dollars (\$100,000) to be held as an earnest money deposit (the "Earnest Money Deposit") pursuant to an Escrow Agreement (the "Escrow Agreement") of even date herewith. The Earnest Money Deposit shall be paid to Seller as partial payment of the cash Purchase Price due at Closing, or shall otherwise be paid to Seller or Buyer in accordance with the provisions of this Agreement and the Escrow Agreement. Interest on the Earnest Money Deposit shall inure to the benefit of Buyer.

(c) The parties agree to prorate all expenses arising out of the operation of the 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 shall include, but not be limited to, power and utilities charges, FCC regulatory fees, real and personal property taxes upon the basis of the most recent tax bills and information available, security deposits, and similar prepaid and deferred items. The prorations shall, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment to be made within sixty (60) days after the Closing Date.

(d) The Purchase Price shall be allocated among the Assets for tax purposes in accordance with an allocation schedule to be mutually agreed upon by the parties, no more than sixty (60) days following the Closing. The allocation agreed upon by the parties shall be binding for tax purposes on Buyer and Seller. Buyer and Seller hereby agree to timely file IRS Form 8594 based on their mutually agreed upon allocations.

3. FCC Consent; Assignment Application.

(a) At a date not later than five (5) business days after the execution of this Agreement, Buyer and Seller shall execute, file and diligently prosecute an application with the

FCC (the "Assignment Application") requesting the FCC's consent to the assignment, from Seller to Buyer, of all FCC Authorizations pertaining to the Stations (the "FCC Consent"). Buyer and Seller shall take all reasonable steps to cooperate with each other and with the FCC to secure the FCC Consent without delay, and to promptly consummate this Agreement in full following the receipt of the FCC Consent.

(b) Seller hereby consents to Buyer's filing a request with the FCC, following the execution of this Agreement, for a waiver of the FCC's "main studio" rules, that would become effective on or after the Closing Date (the "FCC Studio Waiver"), and Seller agrees to cooperate with Buyer in connection with Buyer's pursuit of the FCC Studio Waiver. Buyer's request for the FCC Studio Waiver shall be made, and prosecution thereof shall be conducted, solely at Buyer's expense, and Seller's agreement to cooperate in Buyer's pursuit of the FCC Studio Waiver (as set forth in the prior sentence) shall be fully satisfied by prompt delivery of the signed statement required under Section 73.3517 of the FCC rules or any similar successor rule or provision. Grant of the FCC Studio Waiver shall not be a condition to the Closing (as defined herein).

4. **Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur following: (i) the FCC's grant of the FCC Consent, and (ii) the other conditions to closing set forth in Section 8 having either been waived or satisfied (together, the "Closing Conditions"). Buyer shall fix the date of the Closing (the "Closing Date"), on a date that is no more than ten (10) business days following the satisfaction of the Closing Conditions, which date shall also provide Seller with at least five (5) business days prior notice (to be provided by Seller in writing) of the approaching Closing. The Closing shall be held at the offices of Davis Wright Tremaine LLP, 1919 Pennsylvania Avenue NW, Suite 800, Washington, DC, 20006, or at any other location agreed upon by Buyer and Seller, or by mail.

5. **Representations and Warranties of Seller.** Seller hereby makes the following representations and warranties to Buyer:

(a) Each entity comprising Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Seller has the 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 Seller and no other proceedings on the part of Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller 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) Except as set forth in Schedule 5(b), the execution, delivery and performance of this Agreement by Seller will not: (i) constitute a violation of or conflict with Seller's organizational documents, (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 the business of the Stations and to which Seller or any of the Assets may be 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 Buyer or which are immaterial with respect to the ownership of the Assets or the operation of the Stations, (iii) subject to receipt of the FCC Consent, 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 Seller or any of the Assets, (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the Assets, other than as created under, with respect to, or related to this Agreement, or (v) require the consent or approval of any governmental authority or other third party other than the FCC Consent.

(c) Schedule 1 hereto contains a list of the tangible personal property owned by Seller used in connection with the operation of the Stations that will be acquired by Buyer under this Agreement. Seller owns and has, and will have on the Closing Date, good and marketable title to the Tangible Personal Property. The assets listed in Schedule 1 hereto include all Material Tangible Personal Property. Each item of Material Tangible Personal Property: (i) is in good condition and repair, ordinary wear and tear excepted, (ii) has been maintained in a manner consistent with generally accepted standards of good engineering practice, and (iii) is operating in substantial compliance with the FCC Authorizations and rules and regulations of the FCC and FAA, and (iv) to Seller's knowledge, does not contain any PCBs. For purposes of this Section, "Material Tangible Personal Property" shall be such items of Tangible Personal Property valued at One Thousand Dollars (\$1,000) or more.

(d) Schedule 2 hereto contains a true and complete list of the Licenses, including, without limitation, the FCC Authorizations Seller lawfully holds each of the Licenses listed on Schedule 2. Except as set forth in Schedule 2, Seller is operating the Stations, in all material respects, in accordance with the FCC Authorizations, and all rules, regulations and policies of the FCC (the "Communications Laws"). In furtherance of the foregoing, the Stations are now, and on the Closing Date will be, transmitting at no less than 90% of their authorized power. To Seller's knowledge, the Stations are not transmitting or receiving any objectionable interference to or from any other station. Except as set forth in Schedule 5(j), there is not now pending or to Seller's knowledge threatened, any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of the FCC Authorizations, and Seller 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 Stations or Seller. Except as set forth in Schedule 2, all material reports and filings required to be filed with the FCC by Seller with respect to the operation of the Stations have been timely filed, and all such reports and filings are materially accurate and currently are in material compliance. Seller maintains a public inspection file for the Stations and, to Seller's knowledge, such file complies with the Communications Laws.

(e) Except as set forth in Schedule 2, the existing towers used in the operation of the Stations are obstruction-marked and lighted to the extent required by, and in accordance with, the rules and regulations of the FAA and the FCC. Except as set forth in Schedule 2, Seller

has complied in all material respects with all requirements of the FCC and the FAA with respect to the construction and/or alteration of Seller's antenna structures, and "no hazard" determinations for each antenna structure have been obtained, where required. The Stations' towers have been properly registered with the FCC at the coordinates specified in the FCC Authorizations. To Seller's knowledge, the operations of the Stations do not exceed permissible levels of exposure to RF radiation specified in either the FCC's rules, regulations and policies concerning RF radiation or any other applicable environmental laws.

(f) Schedule 3 contains a complete description of all the Real Property leased in connection with Seller's operation of the Stations, including legal description, owner and permissible use. The Real Property Leases are in full force and effect, and neither Seller and, to Seller's knowledge, the Landlord, is in default thereunder. The leased Real Property, with the exception of any Real Property that is a part of the Excluded Assets, constitutes the only real properties required to operate the Stations in the manner in which they are presently operated. There is full legal and practical access to the Real Property, and all utilities necessary for Buyer's use of the Real Property are installed and, to Seller's knowledge, are subject to valid easements, where necessary. Except as set forth in Schedule 3, to Seller's knowledge, 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, to the extent owned by Seller, and are to the Seller's knowledge, to the extent leased by Seller, free of structural defects and, are suitable for their intended uses, and 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 Assets) have been obtained. There is to Seller's knowledge no pending condemnation or similar proceeding affecting the Real Property or any portion thereof, and no such action is presently contemplated or threatened.

(g) The instruments to be executed by Seller and delivered to Buyer at the Closing, conveying the Assets to Buyer, will transfer good and marketable title to the Assets free and clear of all Liens other than Permitted Liens.

(h) Buyer shall have no obligation to offer employment to any employee of Seller or the Stations, and shall have no liability with respect to any such employee or for benefits of any kind or nature.

(i) There is no broker or finder or other person who would have any valid claim 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 Seller other than John Pierce & Company, LLC whose \$60,000 broker fee will be split equally by Seller and Buyer.

(j) Except as set forth on Schedule 5(j) hereto, there is no material litigation pending by or against, or to the best of Seller's knowledge, threatened against Seller. To the best of Seller's knowledge, with respect to the Stations, Seller has complied in all material respects with all applicable laws, regulations, orders or decrees. The present uses by Seller of the Assets

do not violate any such laws, regulations, orders or decrees in any material respect, and Seller has no knowledge of any basis for any claim for compensation or damage or other relief from any violation of the foregoing.

(k) There is now, and through the Closing there shall be, in full force and effect with reputable insurance companies fire and property insurance with respect to all Material Tangible Personal Property in commercially reasonable amounts.

(l) To the extent the failure to do so negatively impacts the Assets or the value or operation of the Stations, Seller 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, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid prior to the Closing Date.

(m) No representation or warranty made by Seller in this Agreement or pursuant hereto (i) contains any untrue statement of any material fact, or (ii) omits to state any fact that is necessary to make the statements made, in the context in which made, not false or misleading in any material respect..

6. **Representations and Warranties of Buyer.** Buyer hereby makes the following representations and warranties to Seller:

(a) Buyer is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of California, and is qualified to do business as a foreign corporation in the State of Mississippi, and has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Buyer and no other proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding agreements of Buyer enforceable in accordance with their respective 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.

(c) The execution, delivery and performance of this Agreement by Buyer will not: (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of Buyer, 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 Seller, (iii) subject to receipt of the FCC Consent, 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 Buyer, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(d) Buyer is legally, financially and technically qualified to acquire and become the FCC licensee of the Stations and to operate the Stations in the manner contemplated.

(e) There is no litigation, proceeding or governmental investigation pending or to the knowledge of Buyer, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to Buyer including without limitation, any voluntary or involuntary petition under Federal bankruptcy law or any state receivership or similar proceedings, that would prevent or materially impede the consummation by Buyer of the transactions contemplated by this Agreement, nor does Buyer know of, or have any reasonable ground to know of, in view of its present situation or action it now contemplates taking, any basis for such litigation, proceeding or investigation.

(f) There is no broker or finder or other person who would have any valid claim against Buyer 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 Buyer other than John Pierce & Company, LLC whose \$60,000 broker fee will be split equally by Seller and Buyer.

(g) No representation or warranty made by Buyer in this Agreement or pursuant hereto (i) contains any untrue statement of any material fact, or (ii) omits to state any fact that is necessary to make the statements made, in the context in which made, not false or misleading in any material respect..

7. Covenants.

(a) Seller covenants with Buyer that, between the date hereof and the Closing Date, Seller shall act in accordance with the following, unless Buyer otherwise agrees in writing (which agreement shall not be unreasonably withheld or delayed):

(i) Seller shall maintain the Tangible Personal Property included in the 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 value.

(ii) Seller shall continue to operate and maintain the Stations in material accordance with the terms of the FCC Authorizations and in material compliance with all applicable laws and FCC rules and regulations. Seller will deliver to Buyer, promptly after filing, copies of any reports, applications or responses to the FCC or any communications from the FCC or any other party directed to the FCC related to the Stations which are filed between the date of this Agreement and the Closing Date. Seller will not file any application to modify the Stations' facilities except such modifications as are required by the public interest as determined in the sole discretion of Seller, exercised in good faith after consultation with Buyer, and Seller shall take all actions necessary to keep the Licenses valid and in full force and effect.

(iii) Seller shall maintain the insurance represented in Section 5(k) of the Agreement.

(iii) Seller shall not, without the prior written consent of Buyer, 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 Assets, other than a Permitted Lien.

(iv) Seller shall, after having received reasonable notice thereof, afford, and shall cause its respective officers, directors, employees and agents to afford, to Buyer, its prospective financing sources and its and their respective officers, employees, advisors and agents reasonable access during regular business hours to Seller's officers, employees, independent contractors, agents, properties, records and contracts relating to the Assets, and shall furnish Buyer all operating and other data and information with respect to the Assets as Buyer, through its respective officers, employees, advisors or agents, may reasonably request.

(v) Seller shall furnish to Buyer revised Schedules to this Agreement as may be necessary to render such Schedules accurate and complete as of the Closing Date. Seller shall give detailed written notice to Buyer promptly upon the occurrence of or becoming aware of the impending or threatened occurrence of, any event which would cause or constitute a breach or would have caused a breach had such event occurred or been known to Seller prior to the date hereof, of any of Seller's representations or warranties contained in this Agreement or in any Schedule. Seller shall promptly disclose to Buyer any material issues that may negatively impact the Assets or their operation. Seller shall give prompt written notice to Buyer if the Assets shall have suffered damage on account of fire, explosion or other cause of any nature that is sufficient to prevent operation of the Stations.

(vi) Seller shall be in material compliance with all applicable federal, state and local laws, rules and regulations.

(b) Buyer covenants with Seller that, between the date hereof and the Closing Date, it shall act in accordance with the following:

(i) Buyer shall give detailed written notice to Seller promptly on learning of the occurrence of any event that would cause or constitute a breach, or that would have caused a breach had such event occurred or been known to Buyer on or before the date of this Agreement, of any of Buyer's representations or warranties contained in this Agreement or in any Schedule attached hereto. Any such notice to Seller, similar informal notice by Buyer to Seller, or independent investigation, examination, or other source of knowledge by Seller regarding a breach of Buyer's representations and warranties shall not in any way diminish or obviate any representations or warranties of Buyer made in this Agreement, the Schedules and documents delivered pursuant to this Agreement.

(ii) Buyer shall maintain its qualifications to be the FCC licensee of the Stations.

(iii) Subject to the provisions of this Agreement, Buyer shall fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.

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

(c) Subject to the terms and conditions of this Agreement, each of the parties hereto will use its reasonable best efforts to take all action and to do all things necessary, proper or advisable to satisfy any condition to the parties' obligations hereunder in its power to satisfy and to consummate as soon as practicable the transactions contemplated by this Agreement.

8. Conditions Precedent to Obligation to Close.

(a) The performance of the obligations of Seller hereunder is subject to the satisfaction of each of the following express conditions precedent, unless waived in writing by Seller:

(i) Buyer 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 Buyer prior to or as of the Closing Date;

(ii) The representations and warranties of Buyer 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's grant of the FCC Consent;

(iv) Buyer shall have delivered to Seller, on the Closing Date, the Purchase Price and the documents required to be delivered pursuant to Section 9(b); and

(v) Buyer shall not be subject to any voluntary or involuntary petition under Federal bankruptcy law, or any state receivership or similar proceeding; or suffered a material negative change in its financial position (a certificate executed by Buyer's Treasurer being sufficient to establish that no material negative change in Buyer's financial position has occurred).

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

(i) Seller 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 Seller prior to or as of the Closing Date;

(ii) The representations and warranties of Seller 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) Seller shall have obtained from the landlords thereof, if required, a consent to assignment of the Real Property Leases and an estoppel certificate in customary form;

(iv) None of the events or conditions referenced in Section 19 below shall have occurred and not been remedied as set forth in Section 19;

(v) The FCC's grant of the FCC Consent;

(vi) There shall not be any Liens on the Assets or any financing statements of record other than Permitted Liens and those to be satisfied by Seller on or before the Closing Date; and

(vii) Seller shall have delivered to Buyer, on the Closing Date, the documents required to be delivered pursuant to Section 9(a).

9. **Closing Deliveries.**

(a) At the Closing, Seller will deliver, or cause to be delivered, to Buyer the following, each of which shall be in form and substance satisfactory to Buyer and its counsel, and each, that requires execution, being fully executed:

(i) A Bill of Sale 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 Buyer the personal property Assets and effectively vest in Buyer good and marketable title to the personal property Assets;

(ii) An Assignment and Assumption of the Stations' FCC Authorizations;

(iii) An Assignment and Assumption of the Tower Leases;

(iv) Consent to assignment of the Tower Lease by the landlord thereof, if required, and an estoppel certificate in customary form;

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

(vi) A certificate, dated the Closing Date, executed by an officer of Seller, certifying the fulfillment of the conditions set forth in Section 8(b)(i) and (ii) hereof;

(vii) A certificate of good standing for Seller from the Secretary of State of the State of Delaware;

(viii) A joint notice to the Escrow Agent;

(ix) A Closing Statement;

(x) The Security Agreement; and

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

(b) Prior to or at the Closing, Buyer will deliver to Seller the following, each of which shall be in form and substance satisfactory to Seller and its counsel, and each, that requires execution, being fully executed:

(i) The Purchase Price, including the Note and the Security Agreement;

(ii) An Assignment and Assumption of the Station's FCC Authorizations;

(iii) An Assignment and Assumption of the Tower Lease;

(iv) A joint notice to Escrow Agent;

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

(vi) A certificate, dated the Closing Date, executed by an officer of Buyer, certifying the fulfillment of the conditions set forth in Section 8(a)(i) and (ii) hereof;

(vii) A certificate of good standing for Buyer from the Secretary of State of California;

(viii) The Security Agreement; and

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

10. Indemnification.

(a) No claim may be brought under this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In the event such a notice is so given, the right to indemnification with respect thereto under this Article shall survive the Survival Period until such claim is finally resolved and any obligations with respect thereto are fully satisfied. For purposes of this agreement the "Survival Period" shall be twelve (12) months after the Closing Date. Buyer and Seller agree that the rights to indemnification and to be held harmless set forth in this Section 10 shall, as between the parties hereto and their respective successors and assigns, be exclusive of all rights to indemnification and to be held harmless that such party (or its successors or assigns) would otherwise have by statute, common law or otherwise. Except as provided in Section 11 and Section 12, hereof, and except with regard to payments under the Note, each party's rights under this Section 10 shall be the sole and exclusive remedies with respect to claims resulting

from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement or otherwise relating to the transactions that are the subject of this Agreement.

(b) Subject to Section 10(c), following the Closing Seller shall indemnify, defend and hold harmless Buyer 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 Buyer arising out of: (i) the breach by Seller of any of its representations or warranties that survive the Closing, or failure by Seller to perform any of its covenants, conditions or agreements set forth in this Agreement that survive the Closing; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Stations prior to the Closing, including the Retained Liabilities and with respect to the Excluded Assets.

(c) Notwithstanding anything in this Agreement to the contrary, Seller shall have no liability to Buyer pursuant to Section 10(b) hereunder until Buyer's aggregate Damages exceed \$20,000, but if such threshold is exceeded, then Seller shall be liable for all Damages regardless of the threshold.

(d) Following the Closing, Buyer shall indemnify, defend and hold Seller harmless with respect to any and all Damages asserted against, resulting from, imposed upon or incurred by Seller arising out of: (i) the breach by Buyer of any of its representations, warranties, or failure by Buyer to perform any of its covenants, conditions or agreements set forth in this Agreement; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the Assumed Liabilities or the ownership and operation of the Stations as conducted by Buyer subsequent to the Closing.

(e) If either party hereto (the "Indemnitee") receives notice or otherwise obtains knowledge of any matter with respect to which another party hereto (the "Indemnifying Party") may be obligated to indemnify the Indemnitee under this Section 10, then the Indemnitee shall promptly deliver to the Indemnifying Party written notice describing such matter in reasonable detail and specifying the estimated amount of the Damages or liability that may be incurred by the Indemnitee in connection therewith. The Indemnifying Party shall have the right, at its option, to assume the complete defense of such matter (including, without limitation, the obligation for payment of any Damages from or related to such matter) at its own expense and with its own counsel, provided such counsel is reasonably satisfactory to the Indemnitee. If the Indemnifying Party elects to assume the complete defense of such matter, then (i) notwithstanding anything to the contrary herein contained, the Indemnifying Party shall not be required to pay or otherwise indemnify the Indemnitee against any such matter following the Indemnifying Party's election to assume the defense of such matter, (ii) the Indemnitee shall fully cooperate as reasonably requested by the Indemnifying Party in the defense or settlement of such matter, (iii) the Indemnifying Party shall keep the Indemnitee informed of all material developments and events relating to such matter, and (iv) the Indemnitee shall have the right to participate, at its own expense, in the defense of such matter. In no event shall the Indemnifying Party be liable for any settlement or admission of liability with respect to such matter without its

prior written consent.

11. Termination.

(a) This Agreement may be terminated by either Buyer or Seller, 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, provided however that such opportunity to cure shall not apply to the failure of a party to perform its obligations set forth in Section 4 or Section 9, hereof; or (ii) if the Assignment Application is 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 twelve (12) months after the date hereof. "*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.

(b) Upon a termination of this Agreement by Seller due to a breach by Buyer of any of Buyer's material obligations under this Agreement, Seller's sole remedy shall be payment by Buyer to Seller, as liquidated damages and not as a penalty, of the full Earnest Money Deposit ("*Liquidated Damages*"). THE DELIVERY OF THE LIQUIDATED DAMAGES AMOUNT TO SELLER SHALL BE CONSIDERED LIQUIDATED DAMAGES AND NOT A PENALTY, AND SHALL BE THE RECIPIENT'S SOLE REMEDY AT LAW OR IN EQUITY FOR A BREACH HEREUNDER IF CLOSING DOES NOT OCCUR. BUYER AND SELLER EACH ACKNOWLEDGE AND AGREE THAT THIS LIQUIDATED DAMAGE AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH WILL BE CAUSED BY A BREACH OF THIS AGREEMENT, THE DIFFICULTY OF PROOF OF LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE REMEDY, AND THE VALUE OF THE TRANSACTION TO BE CONSUMMATED HEREUNDER. If Seller is entitled to the Liquidated Damages, Buyer shall take all actions as are reasonably necessary or convenient in order to cause the Escrow Agent to promptly deliver the Earnest Money Deposit to Seller and shall refrain from any action which would cause any delay in the making of such payment to Seller.

(c) Upon a termination of this Agreement due to a breach by Seller of any of its material obligations under this Agreement, Buyer shall be entitled to the release of the Earnest Money Deposit, and Buyer may seek all rights and remedies that it may have in equity or at law.

(d) Upon a termination of this Agreement for any reason other than as a result of a breach by either party of any of its material obligations under this Agreement, Buyer shall be entitled to the release of the Earnest Money Deposit, and thereafter neither party will

have any further liability or obligation to the other with respect to this Agreement, except with respect to the confidentiality provisions herein. .

12. Specific Performance. Seller acknowledges that the Stations are unique assets not readily obtainable on the open market and that, in the event that Seller fails to perform its obligation to consummate the transaction contemplated hereby, money damages alone will not be adequate to compensate Buyer for its injury. Therefore, Seller agrees and acknowledges that in the event of Seller's failure to perform its obligation to consummate the transaction contemplated hereby, Buyer shall be entitled, (in lieu of any other rights and remedies on account of such failure if such relief is granted), to specific performance of the terms of this Agreement and of Seller's obligation to consummate the transaction contemplated hereby. If any action is brought by Buyer to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law, and Buyer shall be entitled to receive from Seller all court costs, reasonable attorney's fees and other out-of-pocket expenses incurred by Buyer in enforcing its rights under this provision.

13. Confidentiality.

(a) Each party shall hold, and shall cause its officers, employees, agents and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain such information to hold, in confidence, and not use for any purpose other than evaluating the transactions contemplated by this Agreement, any confidential information of another party obtained through the investigations permitted hereunder, which for the purposes hereof shall not include any information which (i) is or becomes generally available to the public other than as a result of disclosure by the party which alleges the information is confidential or its affiliates, (ii) becomes available to a party on a nonconfidential basis from a source, other than the party which alleges the information is confidential or its affiliates, which has represented that such source is entitled to disclose it, or (iii) was known to a party on a nonconfidential basis prior to its disclosure to such party hereunder. If this Agreement is terminated, each party shall deliver, and cause its officers, employees, agents, and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain confidential information of another party pursuant to investigations permitted hereunder to deliver to such other party all such confidential information that is written (including copies or extracts thereof), whether such confidential information was obtained before or after the execution.

(b) If a party or a person to whom a party transmits confidential information of another party is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of such confidential information, such party or person will provide the other applicable party with prompt written notice so that such party may seek a protective order or other appropriate remedy or waive compliance with Section 13(a). If such protective order or other remedy is not obtained, or if the applicable party waives compliance with Section 13(a), the party subject to the request will furnish only that portion of such confidential information which is legally required and will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded such confidential information.

(c) In the event that either party determines in good faith that a press release or other public announcement is desirable under any circumstances, the parties shall consult with each other to determine the appropriate timing, form and content of such release or announcement.

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 Seller, to:

Backyard Broadcasting Mississippi Licensee, LLC
4237 Salisbury Road
Suite 225
Jacksonville, FL 32216
Attn: Barry Drake, President and CEO

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

Bruce H. Jurist, Esq.
Duane Morris LLP
111 S. Calvert Street, Suite 2000
Baltimore, MD 21202

If to Buyer, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Mike Novak, President

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

Bryan T. McGinnis, Esq.
Davis Wright Tremaine, LLP
1919 Pennsylvania Avenue – Suite 800, NW
Washington, DC 20006

15. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, 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. This Agreement may be executed and exchanged by facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine as a defense to the formation of a contract and each such party forever waives any such defense.

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. The FCC filing fees relating to the Assignment Application shall be shared equally between Buyer, on the one hand, and Seller, on the other hand. All federal, state, local and other transfer and sales taxes applicable to, imposed upon or arising out of the transfer to Buyer of the Assets as contemplated hereby shall be paid by the party responsible for such amounts under applicable law.

19. **Risk of Loss.** The risk of loss to any of the Assets on or prior to the Closing Date shall be upon Seller. Seller shall use all commercially reasonable efforts to repair or replace any damaged or lost Assets, provided, however, that in the event that Assets with a value of greater than One Hundred Thousand Dollars (\$100,000) are damaged or lost on the date otherwise scheduled for Closing, Buyer may, at its option, either (a) postpone Closing for a period of up to sixty (60) days while Seller repairs or replaces such Assets, or (b) elect to close with the Assets in their current condition, in which case Seller shall assign all proceeds from insurance on such lost or damaged Assets to Buyer, and Buyer shall have the responsibility to repair or replace the Assets. Seller shall have no responsibility to repair or replace damaged or destroyed Assets that are not covered by insurance, if the cost of such repair or replacements exceeds One Hundred Thousand Dollars (\$100,000), provided, however, in such instance Buyer may terminate this Agreement without penalty upon written notice to Seller. Should either Station (x) not operate for a period in excess of seventy-two (72) consecutive hours, or (y) not operate with full licensed facilities and at a power level of less than 90% of its full authorized power for a period of ten (10) consecutive days, or if a Station is operating at less than 90% of its full authorized power as of the scheduled Closing Date, and it is reasonably expected that the condition set forth in either clause (x) or (y) of this sentence would be satisfied other than for the originally scheduled

Closing Date, Buyer may either elect to terminate this Agreement without penalty upon written notice to Seller or postpone the Closing for a period of up to sixty (60) days while Seller 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; provided, that, without the prior written consent of Buyer, Seller may assign its rights under this Agreement to General Electric Capital Corporation, as agent for certain lenders, as security for Seller's obligations to such agent and lenders. For the avoidance of doubt, following any assignment of the Seller of its rights to its lenders (including General Electric Capital Corporation, as agent) the Seller shall remain liable for its obligations under this agreement.

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.

22. **Schedules and Exhibits.** Unless otherwise specified herein, each Schedule and Exhibit referred to in this Agreement is attached hereto, and each such Schedule and Exhibit is hereby incorporated by reference and made a part hereof as if fully set forth herein.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

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

BUYER:

EDUCATIONAL MEDIA FOUNDATION

By: _____

Mike Novak, President

SELLER:

**BACKYARD BROADCASTING
MISSISSIPPI LICENSEE, LLC**

By: _____

Robin A. Smith, Vice President and CFO

**BACKYARD BROADCASTING
MISSISSIPPI, LLC**

By: _____

Robin A. Smith, Vice President and CFO

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

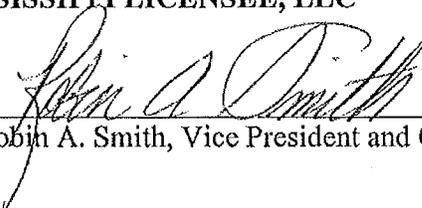
BUYER:

EDUCATIONAL MEDIA FOUNDATION

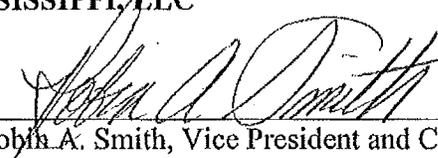
By: _____
Mike Novak, President

SELLER:

**BACKYARD BROADCASTING
MISSISSIPPI LICENSEE, LLC**

By:  _____
Robin A. Smith, Vice President and CFO

**BACKYARD BROADCASTING
MISSISSIPPI, LLC**

By:  _____
Robin A. Smith, Vice President and CFO

PROMISSORY NOTE

\$1,325,000

January __, 2012

FOR VALUE RECEIVED, the undersigned, EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("*Maker*"), hereby promises to pay to the order of Backyard Broadcasting Mississippi Licensee, LLC and Backyard Broadcasting, Mississippi, LLC (together, "*Holder*") at 4237 Salisbury Rd, Suite 225, Jacksonville, FL 32216, 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 principal amount of ONE MILLION THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,325,000), together with interest accrued thereon in like money.

GENERAL TERMS; PRINCIPAL AND INTEREST.

This Promissory Note (this "*Note*") is issued by Maker to Holder pursuant to an Asset Purchase Agreement, dated as of November 3, 2011, between Maker and Holder (the "*Purchase Agreement*") relating to Maker's purchase from Holder of substantially all of the assets and licenses of radio stations WWJK, Jackson, MS and WRXW, Pearl, MS (the "*Stations*"), and is issued on the closing date of the transaction contemplated by the Purchase Agreement.

The principal (\$1,325,000) of this Note shall be amortized over a term of eighty-four (84) months. The loan evidenced by the Note shall bear interest at the rate of five percent (5%) per annum, and such interest will be paid on a current basis over the term hereof. Maker shall pay monthly, in arrears, installments of principal and current interest in the amount of \$18,727.43 each (each a "*Payment*"), commencing on the 30th day after the Closing Date and continuing on the same calendar day of each succeeding month (each a "*Due Date*") until this Note is paid in full. 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. Maker may prepay all or any portion of the principal of the Note, including any then accrued interest, from time to time without penalty.

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.

If Holder has not received the full amount of any Payment on its Due Date, or any other costs or charges under this Note when due and payable, then Holder shall notify Maker of such default by the means set forth in the Notice provision of this Note or by email (with confirmation of transmission to Maker's email address) (the "*Payment Default Notice*"). If Holder has not received the full amount of the Payment or other costs or charges referenced in the Payment Default Notice by the end of the fifth (5th) business day after the Payment Default Notice is delivered to Maker (as set forth in this Note), then Maker shall pay a late charge to Holder in the amount of Five Hundred Dollars (\$500), such late charge being due and immediately payable when incurred. Maker and

Holder agree that this late charge is a fair and reasonable charge for the late payment, and shall not be deemed to be a penalty.

DEFAULT; REMEDIES.

The occurrence of any of the following events or conditions shall constitute a default under this Note (each being, an "*Event of Default*"):

(a) Failure by Maker to make any Payment or payment of other costs or charges to Holder by the end of the tenth (10th) business day after a Payment Default Notice is delivered to Maker (as set forth in this Note);

(b) Makers makes three (3) Payments after their respective Due Dates during any rolling twelve (12) month period;

(c) Maker makes an assignment for the benefit of creditors, or files a voluntary petition in bankruptcy, or files 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;

(d) 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; or

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

(f) The transfer or assignment of the license issued by the Federal Communications Commission for the operation of the Station currently operating under the call sign WRXW, unless the net proceeds (purchase price minus costs of sale) of such sale are paid to Holder at the closing of such transaction; or

(g) The transfer or assignment of the license issued by the Federal Communications Commission for the operation of the Station currently operating under the call sign WWJK unless all outstanding amounts under the Note are paid in full.

Following any Event of Default, the Note shall bear interest at a default rate of interest equal to 12.00 % per annum; provided further, however, that any such default rate of interest shall not exceed the maximum permitted by law.

Following any Event of Default, 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.

This Note is secured by the terms of a certain Security Agreement of even date herewith and executed by Maker in favor of Holder (the "*Security Agreement*"), and upon the occurrence of an Event of Default, Holder may exercise all rights and remedies set forth in the Security Agreement.

NOTICES.

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:

Backyard Broadcasting Mississippi Licensee, LLC
4237 Salisbury Road
Suite 225
Jacksonville, FL 32216
Attn: Barry Drake, President and CEO
Telecopier: 904-854-4596
Email address: bdrake@bybradio.com

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

Bruce H. Jurist, Esq.
Duane Morris LLP
111 S. Calvert Street, Suite 2000
Baltimore, MD 21202
Telecopier: 410-949-2955

If to Maker, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Mike Novak, President
Telecopier: _____
Email address: _____

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

David D. Oxenford, Esq.
Davis Wright Tremaine LLP

1919 Pennsylvania Avenue, NW, Suite 800
Washington, D.C. 20006
Telecopier: 202-973-4499

WAIVER OF PRESENTMENT; NOTICE OF DISHONOR, ETC.

Maker waives the rights of presentment, dishonor, notice of dishonor, protest, or demand with respect to this Note.

WAIVER.

No delay or omission of the Holder to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy nor shall the same be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Note to the Holder may be exercised by Holder from time to time and as often as may be deemed expedient by the Holder.

No waiver of any default shall extend to or shall affect any subsequent or any other default or shall impair any right, power or remedy consequent thereon. If the Holder: (a) grants forbearance or an extension of time for the payment of any sums due under this Note; (b) takes other or additional security for the payment hereof; (c) waives or does not exercise any right, power or remedy granted in this Note; or, (d) releases any part of the property securing this Note; then, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Note or of the Maker; nor shall any such act or omission preclude the Holder from exercising any right, power or remedy herein granted or intended to be granted in the event of any other default then made or of any prior or subsequent default.

REMEDIES CUMULATIVE.

No right, power or remedy conferred upon or reserved by the Holder by this Note, or in the Security Agreement executed in connection herewith, is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and current and shall be in addition to any other right, power and remedy given hereunder, in the Security Agreement, or now or hereafter existing at law or in equity or by statute.

HEADINGS.

The headings of the articles, sections, paragraphs and subdivisions of this Note are for convenience of reference only, and are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

RULE OF CONSTRUCTION.

Any ambiguities contained in this Note shall not be construed against the preparers of this document.

SEVERABILITY.

If any one or more of the terms or provisions contained in this Note shall be invalid, illegal or unenforceable in any respect, the validity of the remaining terms and provisions contained herein shall be in no way affected, prejudiced or disturbed thereby.

TIME IS OF THE ESSENCE.

It is specifically agreed that time is of the essence in respect to every provision and aspect of this Note.

ATTORNEYS' FEES AND EXPENSES.

Maker agrees to pay to Holder, on demand, all costs, charges, expenses, disbursements and reasonable attorneys' fees ("*Attorneys' Fees and Expenses*") in enforcing the terms of this Note, whether suit be brought or not; in collecting amounts owed under this Note, whether suit be brought or not; and in any action, proceeding or dispute concerning this Note; provided, however, that if Holder is not the prevailing party in any such litigation, then Maker shall not be liable to Holder for Holder's Attorneys' Fees and Expenses.

All Attorneys' Fees and Expenses shall bear interest thereon at the default rate of interest specified in this Note, from the date incurred by the Holder until paid.

All Attorneys' Fees and Expenses and all of the accrued interest thereon shall: (a) become due and payable whether or not there be notice, demand, attempt to collect or suit pending; and (b) be secured by the lien of the Security Agreement.

Wherever provision is made for payment of attorneys' or counsels' fees or expenses incurred by the Holder, said provision shall include, but not be limited to, attorneys' or counsels' fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such proceedings arise before or after entry of a final judgment.

APPLICABLE LAW; VENUE.

This Note is made by Maker and accepted by Holder in the State of Delaware, with reference to the laws of such State, and shall be construed, interpreted, enforced and governed by and in accordance with such laws (excluding the principles thereof governing conflicts of law). Venue for any litigation concerning this Note shall be in a court of competent jurisdiction located in the State of Delaware.

GENDER AND NUMBER.

All pronouns and variations thereof shall be deemed to refer to the masculine, feminine or

neuter, and to the singular or plural, as the identity of the person or entity or persons or entities may require.

CHANGES, OTHER AGREEMENTS, ETC.

Neither this Note nor any term, covenant or condition hereof may be modified, changed, waived, discharged or terminated orally, but only by an instrument, in writing, executed by the party or parties intended to be bound by it, and approved by the Holder.

ASSIGNMENT

This Note may not be assigned by Maker without the prior written consent by Holder. This Note may be assigned, hypothecated and delivered by Holder to its lenders, including without limitation, General Electric Capital Corporation, as agent (the "Agent") for the benefit of certain lenders, pursuant to that certain Amended and Restated Security Agreement, dated as of July 14, 2003 (the "GE Security Agreement"), among Holder, the other grantors party thereto and the Agent, as amended. Maker hereby acknowledges and agrees that the Agent, pursuant to the GE Security Agreement as in effect from time to time, may exercise all rights provided therein with respect to this Note, including without limitation, the exercise of all rights and remedies of Holder under the Security Agreement.

WAIVER OF TRIAL BY JURY.

HOLDER AND MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE HOLDER MAKING THE LOAN EVIDENCED BY THIS NOTE.

CONFESSED JUDGMENT.

UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, MAKER IRREVOCABLY AUTHORIZES AND EMPOWERS ANY PROTHONOTARY, CLERK OF COURT OR ANY ATTORNEY OF ANY COURT OF RECORD TO APPEAR FOR MAKER IN SUCH COURT IN ANY AND ALL ACTIONS, AND (1) TO ENTER JUDGMENT AGAINST MAKER, AND/OR (2) TO SIGN FOR MAKER AN AGREEMENT FOR ENTERING IN ANY COMPETENT COURT AN AMICABLE ACTION OR ACTIONS TO CONFESS JUDGMENT AGAINST MAKER, IN EITHER CASE WITHOUT PROCESS, IN FAVOR OF LENDER, WITH OR WITHOUT THE FILING OF AN AVERMENT OR DECLARATION OF DEFAULT, FOR SUCH AMOUNT AS MAY APPEAR TO BE UNPAID HEREUNDER, TOGETHER WITH ALL REASONABLE COSTS, EXPENSES AND FEES OF SUIT AND COLLECTION (INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES OF TEN PERCENT OF THE UNPAID AMOUNT); MAKER

HEREBY CONSENTS TO IMMEDIATE EXECUTION UPON SUCH JUDGMENT, WITH RELEASE OF ERRORS, WITHOUT ANY STAY OF EXECUTION OR RIGHT OF APPEAL, AND MAKER HEREBY WAIVES AND RELEASES THE BENEFIT OF ALL APPRAISEMENT, OR EXEMPTION LAWS OF ANY STATE NOW IN FORCE OR HEREINAFTER IN EFFECT.

IF A COPY OF THIS PROMISSORY NOTE, VERIFIED BY AFFIDAVIT OF AN OFFICER OF HOLDER SHALL BE FILED IN ANY PROCEEDING OR ACTION WHEREIN JUDGMENT IS TO BE CONFESSED, IT SHALL NOT BE NECESSARY TO FILE THE ORIGINAL HEREOF AND SUCH VERIFIED COPY SHALL BE SUFFICIENT WARRANT FOR ANY ATTORNEY OF ANY COURT OF RECORD TO APPEAR FOR AND CONFESS JUDGMENT AGAINST MAKER AS PROVIDED HEREIN. JUDGMENT MAY BE CONFESSED FROM TIME TO TIME UNDER THE AFORESAID POWERS WHICH SHALL NOT BE EXHAUSTED BY ONE EXERCISE THEREOF. IT IS HEREBY ACKNOWLEDGED THAT THE CONFESSION OF JUDGMENT PROVISIONS HEREIN CONTAINED WHICH AFFECT AND WAIVE CERTAIN LEGAL RIGHTS OF MAKER HAVE BEEN READ, UNDERSTOOD AND VOLUNTARILY AGREED TO BY MAKER UPON THE ADVICE OF MAKER'S COUNSEL.

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

EDUCATIONAL MEDIA FOUNDATION

By:
Mike Novak, President

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of _____, 201_, is by and between EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Debtor"), and BACKYARD BROADCASTING MISSISSIPPI LICENSEE, LLC, a Delaware limited liability company and BACKYARD BROADCASTING MISSISSIPPI, LLC a Delaware limited liability company (together the "Secured Party").

Concurrently herewith, and in accordance with that certain Asset Purchase Agreement, dated as of November 3, 2011 (the "Purchase Agreement"), entered into by and between Debtor and Secured Party, pursuant to which Debtor agreed to purchase from Secured Party the assets and licenses used in the operation of radio stations WWJK, Jackson, MS and WRXW, Pearl, MS (the "Stations"), Secured Party is lending an aggregate principal amount of One Million Three Hundred Twenty-five Thousand Dollars (\$1,325,000) to Debtor, which is evidenced by a certain Promissory Note of even date herewith in favor of 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 \$1,325,000 principal indebtedness under the Note referenced above, any interest that may accrue thereon and any charges or fees accruing with respect thereto (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 Debtor in favor of 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 Stations 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) 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, (ii) 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, (iii) liens created by this Security Agreement, (iv) dispositions of items of Equipment no longer useful to Debtor in the ordinary course of business, (v) 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, (vi) the transfer or assignment of the license issued by the Federal Communications Commission for the operation of the Station currently operating under the call sign WRXW, unless the net proceeds (purchase price minus costs of sale) of such sale are paid to Secured Party at the closing of such transaction, and (vii) the transfer or assignment of the license issued by the Federal Communications Commission for the operation of the Station currently operating under the call sign WWJK unless all outstanding amounts under the Note are paid in full.

(b) Debtor will have and maintain insurance on the Collateral 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; and in no event in amounts less than the then outstanding principal amount of the Note. Debtor will cause all such insurance policies to name Secured Party as an additional insured party.

(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 (including but not limited to a UCC-1 Financing Statement), 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) If an Event of Default shall have occurred Secured Party may, at its sole option, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy under the Uniform Commercial Code: (a) to enforce payment of the Note or the performance of any term hereof

or any other right; (b) to foreclose this Security Agreement and to sell, as an entirety or in separate lots, the Collateral, under the judgment or decree of a court or courts of competent jurisdiction; and, (c) to pursue any other remedy lawfully available to it, all as Secured Party shall deem most effectual for such purposes. Secured Party shall take action either by proceedings or by the exercise of its powers with respect to entry or taking possession, as Secured Party may determine. Secured Party shall have the continuing option to enforce payment of all sums secured by this Security Agreement by action at law on the Note or by suit in equity to foreclose this Security Agreement, either or both, concurrently or singularly, and one action or suit shall not abate or be a bar to or waiver of Secured Party's right to institute or maintain the other.

(d) 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, authorize and deliver all applications, certificates, instruments, assignments and other documents, papers and information that may be required to obtain any necessary FCC consent, approval or authorization, and to its use best efforts to cooperate with Secured Party and the FCC in obtaining any necessary FCC consent, approval or authorization promptly. It is expressly understood that such sale shall be subject to all applicable consents and prior approvals of the FCC.

(e) Debtor agrees to the full extent permitted by law, that in case of a default under the Note or this Security Agreement, neither Debtor nor anyone claiming through or under it shall or will seek to abuse the process of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to unduly delay, prevent or hinder the enforcement or foreclosure of this Security Agreement, or the absolute sale of the property hereby conveyed, to the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat; and Debtor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully do so, the benefit of all rights to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof and agrees that Secured Party or any court having jurisdiction to foreclose such lien may sell the Collateral as an entirety or in separate lots. Nothing herein contained shall be construed to prevent Debtor, upon default or thereafter from paying off Secured Party in full and redeeming the property from foreclosure.

(f) If an Event of Default shall occur, then upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of Secured Party, Secured Party to the extent permitted by law shall be entitled to seek the appointment of a receiver to enter upon and take possession of the Collateral, subject to the prior consent and approval of the FCC. In that regard, Debtor agrees to execute, authorize and deliver all applications, certificates, instruments, assignments and other documents, papers and information that may be required to obtain any necessary FCC consent, approval or authorization for the appointment of a receiver, and to its use best efforts to cooperate with Secured Party and the FCC in obtaining any necessary FCC consent, approval or authorization promptly. The receiver shall collect all rents, revenues, issues, income, products and profits thereof, pending such FCC approval proceedings and apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the State of Delaware and

such other powers as the court making such appointment shall confer, but further subject to the rules and regulations of the FCC. The expenses, including receiver's fees, counsel fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Security Agreement. The right to enter and take possession of, to manage and operate, the Collateral, to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrent therewith or independently thereof. Secured Party shall be liable to account only for such rents, issues and profits actually received by Secured Party.

(g) In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting Debtor, its creditors, or its property, Secured Party, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Secured Party allowed in such proceedings for the entire amount due and payable by Debtor under this Security Agreement at the date of the institution of such proceedings and for any additional amount which may become due and payable by Debtor hereunder after such date.

SECTION 4. Collection.

Upon the occurrence of an Event of Default pursuant to Section 3(a) hereof:

(a) 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), the power to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof, as full and effectually as if Secured Party were the absolute owner thereof (provided that, subject to Sections 3(d) and 3(f), Secured Party shall not be authorized to sign on behalf of Debtor any application, document or other instrument to be filed with the FCC).

(b) 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.

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; or
- (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) 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 Delaware, without regard to its principles of conflict of laws, except to the extent that the Uniform Commercial Code of a jurisdiction shall govern assets located in that specific jurisdiction. 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:

Backyard Broadcasting Mississippi Licensee, LLC
4237 Salisbury Road
Suite 225
Jacksonville, FL 32216
Attn: Barry Drake, President and CEO

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

Bruce H. Jurist, Esq.
Duane Morris LLP
111 S. Calvert Street, Suite 2000
Baltimore, MD 21202

Telecopier: 410.949-2918

If to Debtor, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Mike Novak, President

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

David D. Oxenford, Esq.
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, NW, Suite 800
Washington, D.C. 20006
Telecopier: 202.973-4499

(d) No waiver of any default hereunder shall extend to or shall affect any subsequent or any other then existing default or shall impair any right, power or remedy consequent thereon. If Secured Party: (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment of any sums secured hereby; (c) waives or does not exercise any right granted herein or in the Note; (d) releases any part of the Collateral from the Note or Security Agreement; or, (e) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under the Note, Security Agreement or otherwise of Debtor or any subsequent purchaser of the Collateral or any part thereof; nor shall any such act or omission preclude Secured Party from exercising any right, power or remedy herein granted or intended to be granted in the event of any other default then made or of any subsequent default nor, except as otherwise expressly provided in an instrument or instruments executed by Secured Party, shall the lien of this Security Agreement be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Collateral, Secured Party, without notice to any person or corporation, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Collateral or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

(e) Secured Party shall not assume or be responsible for the performance of any of Debtor's obligations with respect to the Collateral under any circumstances. Debtor shall immediately provide Secured Party with written notice of and indemnify and hold Secured Party and its shareholders, directors, officers, employees and agents harmless from all claims, damages, liabilities (including attorneys' fees and legal expenses), causes of action, actions, suits and other legal proceedings (cumulatively "Claims") pertaining to Debtor's business operations or the Collateral. Debtor, upon the request of Secured Party, shall hire legal counsel to defend Secured Party from such Claims, and pay the attorneys' fees, legal expenses and other costs incurred in connection therewith. In the alternative, Secured Party shall be entitled to employ its own legal counsel to defend

such Claims at Debtor's cost.

(f) Debtor agrees to pay to Secured Party, on demand, all costs, charges, expenses, disbursements and reasonable attorneys' fees ("*Attorneys' Fees and Expenses*");

1. in enforcing the terms of the Note and/or this Security Agreement, whether suit be brought or not;
2. in collecting amounts owed under the Note and/or this Security Agreement, whether suit be brought or not;
3. in any action, proceeding or dispute concerning the Note and/or this Security Agreement;
4. in any action, proceeding or dispute in which Secured Party is made a party or appears as a party plaintiff or party defendant because of the failure of Debtor to promptly and fully to perform and comply with all conditions and covenants of this Security Agreement or the Note,

provided, however, that if Secured Party is not the prevailing party in any such litigation, then Maker shall not be liable to for Secured Party's Attorneys' Fees and Expenses.

All such costs, charges, expenses, disbursements and attorneys' fees, shall bear interest thereon at the default rate of interest specified in this Note, from the date incurred by Secured Party until paid.

All such costs, charges, expenses, disbursements and attorney's fees, and all of the accrued interest thereon: (a) shall become due and payable whether or not there be notice, demand, attempt to collect or suit pending; (b) shall be secured by the lien of this Security Agreement.

Wherever provision is made for payment of attorneys' or counsels' fees or expenses incurred by Secured Party, said provision shall include, but not be limited to, reasonable attorneys' or counsels' fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such proceedings arise before or after entry of a final judgment.

(g) SECURED PARTY AND DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THE NOTE, THIS AGREEMENT AND ANY OTHER AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH OR THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SECURED PARTY MAKING THE LOAN EVIDENCED BY THE NOTE.

(h) 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.

(i) 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. This Agreement may be executed and exchanged by facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine as a defense to the formation of a contract and each such party forever waives any such defense.

(j) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(k) 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.

SECTION 8. FCC Approval.

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).

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

EDUCATIONAL MEDIA FOUNDATION

By: _____
Mike Novak, President and CEO

**BACKYARD BROADCASTING MISSISSIPPI
LICENSEE, LLC**

By: _____
Robin A. Smith, Vice President and CFO

**BACKYARD BROADCASTING MISSISSIPPI,
LLC**

By: _____
Robin A. Smith, Vice President and CFO

SCHEDULE 1

The following assets used or useful in the operation of radio stations WWJK, Jackson, MS and WRXW, Pearl, MS (the "Stations") are collectively referred to as the "Collateral":

(a) All personal property of Debtor located at the Stations' tower facility site and any other personal property of Debtor acquired under the Purchase Agreement and used in connection with the operation of the Stations (the "Equipment"). Debtor shall not remove any of the Equipment from its location at the Stations' tower facility site except for dispositions of items of Equipment no longer useful to Debtor in the ordinary course of business that are replaced by items of equivalent or greater value to be retained at the Stations' tower facility site.

(b) All of Debtor's inventory, merchandise and goods in all forms, used solely in connection with the operation of the Stations, 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 Stations, 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 Stations, 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 Stations (the "General Intangibles"); and

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

(e) All accessions, accessories, additions, amendments, attachments, modifications, replacements and substitutions to any of the above.

(f) All proceeds and products of any of the above.

(g) All books and records pertaining to any of the above

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 Stations, (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 Stations, 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.