

Statement re: Local Marketing and Programming Agreements

Univision Radio License Corporation, the assignee herein, is a subsidiary of Univision Communications Inc. (“UCI”). Another subsidiary of UCI is a party to a Local Marketing and Programming Agreement, pursuant to which programming will be supplied to Station WZFS, which is the subject of this application. A copy of this Agreement follows this page.

LOCAL PROGRAMMING AND MARKETING AGREEMENT

This Local Programming and Marketing Agreement (the "Agreement"), dated as of September 29, 2004, is entered into by and between **Salem Media of Illinois, LLC** ("Owner"), the owner of certain assets relating to radio station **WZFS-FM** (FCC Facility ID No. 25053), Des Plaines, Illinois (the "Station"), and **Univision Radio Illinois, Inc.** (the "Programmer").

WHEREAS, Owner and Programmer intend to enter into an Asset Exchange Agreement ("Exchange Agreement") whereby Owner will convey and Programmer will purchase certain assets associated with the Station; and

WHEREAS, the purchase and sale contemplated by the Exchange Agreement is subject to the prior approval and consent of the Federal Communications Commission ("FCC"); and

WHEREAS, in accordance with procedures and policies approved by the FCC, the Programmer desires to avail itself of Station's broadcast time for the presentation of a programming service, including the sale of program and advertising time, until such time as the transactions contemplated by the Exchange Agreement shall have been consummated; and

WHEREAS, in accordance with procedures and policies approved by the FCC, Owner desires to make available to Programmer the Station's broadcast time for the presentation of a programming service, including the sale of program and advertising time, until such time as the transactions contemplated by the Exchange Agreement shall have been consummated; and

WHEREAS, contemporaneous with the execution of this Agreement, Owner and Programmer have entered into agreement(s) ("Other Programming Agreements") Permitting Owner to Program and sell time on the following station(s) of Programmer ("Programmer's Station(s)": KHCK(AM), FCC Facility ID No. 57375, licensed to Dallas, Texas; KOBT(FM), FCC Facility ID No. 57801, licensed to Winnie, Texas; and WIND(AM), FCC Facility ID No. 67068, licensed to Chicago, Illinois.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and the Other Programming Agreements, the parties hereto have agreed and do agree as follows;

1. **Purchase of Air Time and Broadcast of the Programming.** Owner agrees to make the broadcasting transmission facilities of the Station available to the Programmer and to broadcast on the Station, or cause to be broadcast, the Programmer's programs for up to 24 hours a day, seven days a week (the "Programming"), except for (i) the broadcast of Owner's public service programming as provided in Section 10.1 of this Agreement ("Owner's Programming"); (ii)

downtime occasioned by routine maintenance performed between the hour of 12:00 midnight and 6:00 a.m.; (iii) times when Programmer's programs are not accepted or are preempted by Owner in accordance with Sections 10.1 or 12 of this Agreement or because such Programming does not satisfy the standards of Section 7 of this Agreement; and (iv) Force Majeure Events (collectively the "LMA Hours"). For purposes of this Agreement, Force Majeure Events shall mean any failure or impairment of facilities or any delay or interruption in broadcasting the Programming not directly or indirectly the fault of Owner or its employees or agents, or failure at any time to furnish the facilities, in whole or in part, for broadcasting, due to acts of God, strikes or threats thereof, *force majeure* or any other causes beyond the control of Owner. Interruption of service as a consequent of one or more Force Majeure Events shall not constitute a breach of this Agreement. Except for the current studio facilities of the Station, all assets of the Station including, without limitation, the transmitting equipment of Owner relating to the Station and any equipment owned by Owner not currently in service shall be made available to the Programmer for its use during the term of this Agreement.

2. **Consideration.** The terms, conditions and schedule of payment ("Consideration") to Owner for the broadcasting of the Programming during the term of this Agreement shall be as set forth in Schedule 2.

3. **Term.**

(a) This Agreement shall commence within forty-eight (48) hours of notice from Programmer to Owner that such equipment and facilities of Programmer as it reasonably may require for operation hereunder are installed and operating (the "Commencement Date"); provided, however, the Commencement Date shall not, in any event, be earlier than such date as may be permissible for Programmer to broadcast its programming on the station pursuant to the Hart-Scott-Rodino Act. Programmer shall diligently pursue the installation and operation of such equipment and facilities and the delivery of said notice.

(b) Unless earlier terminated as provided by this Agreement, the term of this Agreement shall end upon the earliest to occur of: (i) the termination of the Exchange Agreement; (ii) the Closing Date, as defined in the Exchange Agreement, (iii) termination pursuant to Section 17, Section 18 or Section 19, herein; (iv) the termination of the Other Programming Agreements; or (v) three years after the Commencement Date by either party (not then in default) upon 45 days prior notice if the Closing has not yet occurred. In the event that either party receives formal or informal notice from the FCC that this Agreement or any of its terms are contrary to the public interest or violative of any FCC statute, regulation, rule or policy, the parties shall negotiate in good faith to resolve such objection and preserve the fundamental nature of this Agreement; if and to the extent the substance of this Agreement cannot be maintained by the application of Section 30 of this

Agreement and/or such negotiations, either party shall have the right to terminate this Agreement immediately by written notice to the other party.

(c) In the event this Agreement is terminated for any reason prior to the Closing Date, as defined in the Exchange Agreement, each party will use commercially reasonable efforts to cooperate with the other to transition the programming of the Station from Programmer to Owner.

4. **The Programming.** The Programmer may furnish programming to Owner for not less than the minimum operating schedule required by Section 73.1740 of the FCC regulations and up to all of the LMA Hours. The nature of the program service to be provided by the Programmer will be determined by Programmer subject to the requirement that programming will at all times serve the public interest and comply with the provisions of Section 10.2 of this Agreement all applicable federal, state and local laws, rules and regulations and Schedule 7 and Sections 7 and 12 hereof. Owner acknowledges that it is familiar with the nature of the Programming to be produced by the Programmer and has determined that the broadcasting of the Programming on the Station will serve the public interest. Programmer shall not make any material change in the Programming after the date hereof without the prior consent of Owner, which consent shall not be unreasonably withheld or delayed.

5. **Station Facilities.**

5.1 **Operation of Station.** Throughout the term of this Agreement, Owner shall make the Station available to the Programmer for operation with its authorized facilities during the LMA Hours. Except for maintenance work and other improvements to the Station or the Station's equipment performed by or at the direction of Programmer, any maintenance work affecting the operation of the Station at full power shall, to the extent reasonably practicable, be scheduled upon at least 48 hours prior notice with the agreement of the Programmer.

5.2 **Interruption of Normal Operations.** Except for maintenance work and other improvements to the Station or the Station's equipment performed by or at the direction of Programmer, if the Station suffers loss or damage of any nature to its transmission facilities which results in the interruption of service or the inability of the Station to operate with its maximum authorized facilities, Owner shall immediately notify the Programmer, and shall undertake such repairs as necessary to restore the fulltime operation of the Station with its maximum authorized facilities as quickly as reasonably possible. Except as may be the result of any act or omission of Programmer, if the Station does not operate with at least eighty percent (80%) of its authorized power, Programmer shall be entitled to reasonable compensation.

6. **Handling of Mail.** The Programmer shall provide to Owner the original or a copy of any correspondence which it receives from a member of the public relating to the Programming

to enable Owner to comply with FCC rules and policies, including those regarding the maintenance of the public inspection file (which shall at all times remain the responsibility of Owner).

7. **Programming and Operations Standards.** All programs supplied by the Programmer shall be in good taste and shall meet in all material respects all requirements of the Communications Act of 1934 and all applicable rules, regulations and policies of the FCC and the policies of the Station described in Schedule 7. All advertising spots and promotional material or announcements shall comply with all applicable federal, state and local regulations and such Station policies. If, in the reasonable judgment of Owner or the Owner's designee, any portion of the Programming presented by the Programmer does not meet such standards, Owner may reject, suspend or cancel any such portion of the Programming as without reduction or offset in any payment due Owner hereunder.

8. **Responsibility for Employees and Related Expenses.**

8.1 **Programmer Employees.** The Programmer shall furnish (or cause to be furnished) the personnel and material for the production of the Programming to be provided by this Agreement. The Programmer shall employ and be responsible for the salaries, taxes, insurance and related costs for all personnel used in the production of Programming (including sales people, traffic personnel and programming staff). The Programmer shall not pay or reimburse the salaries or other costs associated with any employees of Station that Owner may be required to employ or may elect to employ on or after the date of commencement of this Agreement.

8.2 **Owner Employees.** Owner will provide and have responsibility for the Station personnel necessary for compliance with the requirements of Owner as set forth by the FCC and will be responsible for the salaries, taxes, insurance and related costs for all such Station personnel. The parties acknowledge and agree that the duties of the Station Manager and the Chief Operator may be performed by the same person.

8.3 **Employee Oversight.** Whenever on the Station's premises, all personnel shall be subject to the supervision and the direction of the Station's Manager and/or the designated Chief Operator.

9. **Advertising and Programming Revenues.**

(a) During the Programming it delivers to the Station, the Programmer shall have full authority to sell for its own account commercial spot advertising and block programming time on the Station and to retain all revenues from the sale of such advertising and programming. The parties agree that the Programmer shall have complete discretion to deal as it deems appropriate with all advertising and programming accounts relating to advertising and programming sold by it;

provided, however, the Programmer shall deal with political candidate and supporter advertising as required by law.

(b) All accounts receivable of Owner and the Station as of the commencement date of this Agreement shall remain the sole property of Owner and shall be collected by Owner. Any amounts received by Programmer with respect to Owner's receivables shall be promptly remitted to Owner.

10. **Operation of the Station.**

10.1 **Verification of Owner's Control and Rights of Owner.** Notwithstanding anything to the contrary in this Agreement, Owner shall have full authority and power over the operation of the Station during the period of this Agreement. Owner shall provide and pay for its employees, who shall report and be accountable solely to Owner, shall be responsible for the direction of the day-to-day operation of the Station, and shall maintain the Station's studio and transmission equipment and facilities, including the tower, antenna, transmitter and transmission line, and Station's studio transmitter link. Owner shall retain control over the policies, programming and operations of the Station, including, without limitation, the right to decide whether to accept or reject any programming or advertisements which Owner deems unsuitable or contrary to the public interest; the right to preempt any programs in order to broadcast a program deemed by Owner to be of greater national, regional, or local interest; and the right to take any other actions necessary for compliance with the laws of the United States, the State of the Station's city of license, the rules, regulations, and policies of the FCC (including the prohibition on unauthorized transfers of control), and the rules, regulations and policies of other federal governmental authorities, including the Federal Trade Commission and the Department of Justice. Owner reserves the right to refuse to broadcast any program containing matter which is, or in the reasonable opinion of Owner may be, violative of any right of any third party or which may constitute a "personal attack" (as that term is defined by the FCC). Owner agrees that Owner's Programming shall be aired at such times as the parties may agree based on the reasonable programming needs of the Programmer. With respect to the operation of the Station, Owner shall at all times be ultimately responsible for meeting all of the FCC's requirements with respect to the broadcast and nature of any public service programming, for maintaining the political and public inspection files and the Station log, and for the preparation of all programs/issues lists. Owner expressly acknowledges that its duty to maintain the Station's public inspection file is non-delegable and that Owner retains sole responsibility for maintenance of such file. Owner verifies that it shall maintain the ultimate control over the Station's facilities, including control over the finances with respect to its operation of the Station, over its personnel operating the Station, and over the programming to be broadcast by the Station.

10.2. **Verification by Programmer and Obligations of Programmer.** The Programmer will, during the term of this Agreement, provide local news and public affairs programming relevant to the Station's community to assist Owner in satisfying its obligations to

respond to the needs of its community. Programmer will also forward to Owner within twenty-four (24) hours of receipt by Programmer, any letter from a member of the general public addressing Station programming or documentation which comes into its custody which is required to be included in the Station's public file or which is reasonably requested by Owner. The Programmer shall furnish within the Programming on behalf of Owner all station identification announcements required by the FCC rules, shall promptly provide to Owner all records and information pertaining to the broadcast of political programming and advertisements, and shall, upon request by Owner, provide monthly documentation with respect to such of the Programmer's programs which are responsive to the public needs and interests of the area served by the Station in order to assist Owner in the preparation of any required programming reports, and will provide upon request other information to enable Owner to prepare other records, reports and logs required by the FCC or other local, state or federal governmental agencies. Programmer certifies that this Agreement and Programmer's rights and responsibilities hereunder comply with the requirements of Section 73.3555(a) of the FCC rules.

11. **Station Call Letters and Promotion.** At no time shall Programmer or its employees or agents represent, hold out, describe or portray Programmer as the licensee of the Station. Owner hereby grants Programmer the right to change the call letters of the Station during the term hereof to any call letters Programmer deems appropriate, and Owner agrees to reasonably cooperate with Programmer to effectuate such a change; provided that all fees and costs incident to changing the call letters shall be paid by Programmer.

12. **Special Events.** Owner shall have the right, in its reasonable discretion, to preempt any of the broadcasts of the Programming referred to herein, and to use part or all of the hours of operation of the Station for the broadcast of events of special importance. In all such cases, Owner will use its best efforts to give the Programmer reasonable advance notice of its intention to preempt any regularly scheduled programming, and, in the event of such preemption, the Programmer shall receive a payment credit for any programming which would have been supplied by it during the time of such broadcasts by Owner.

13. **Right to Use the Programming.** The right to use the Programming produced by the Programmer and to authorize its use in any manner and in any media whatsoever shall be at all times be vested solely in the Programmer except as authorized by this Agreement. Programmer shall ensure that all necessary licensing is obtained of rights necessary for it to broadcast the Programming, and shall indemnify Owner with respect to any claim, cost or expense to the contrary.

14. **Payola.** The Programmer will provide to Owner in advance of broadcast any information known to the Programmer regarding any money or other consideration which has been paid or accepted, or has been promised to be paid or to be accepted, for the inclusion of any matter as a part of any programming or commercial material to be supplied to Owner by the Programmer for broadcast on the Station, unless the party making or accepting such payment is identified in the program as having paid for or furnished such consideration in accordance with FCC requirements.

Should the Station determine that an announcement is required by Section 317 of the Communications Act of 1934 and related FCC rules, the Programmer will insert that announcement in the Programming. The Programmer will obtain from its employees responsible for the Programming appropriate anti-payola/plugola affidavits. Commercial matters with obvious sponsorship identification will not require disclosure beyond the sponsorship identification contained in the commercial copy. The Programmer will at all times comply, and seek to have its employees comply, in all material respects with the requirements of Sections 317 and 507 of the Communications Act of 1934, as amended, and the related rules and regulations of the FCC.

15. **Compliance with Law.** The Programmer will comply in all material respects with all laws and regulations applicable to the broadcast of programming by the Station.

16. **Indemnification Rights of Owner.**

(a) The Programmer will defend, indemnify and hold Owner, its beneficiaries, its officers, directors, stockholders, partners and employees harmless from and against all claims, charges, loss, damage, fees and expense (including reasonable attorneys' fees and expenses) caused by (a) any breach of Programmer's representations or warranties hereunder, (b) the conduct or negligence of Programmer, its employees or agents, and (c) all liability for libel, slander, illegal competition or trade practice, violation of rights of privacy, and infringement of copyrights or other proprietary rights and violations of the Communications Act of 1934 or FCC rules resulting from the broadcast of Programming furnished by the Programmer. Such indemnification shall survive the termination of this Agreement. Programmer will maintain in full force and effect throughout the term of this Agreement, with responsible and reputable insurance companies, liability insurance and such other insurance as may be required by law with respect to the broadcast of the Programming, and the employment of its personnel, and such policy shall name Owner as an additional insured. No investigation by Owner shall be deemed a waiver or limitation of any of Owner's rights to indemnification.

(b) In the event that Owner may be entitled to indemnification hereunder with respect to any asserted claim of, or obligation or liability to, any third party, Owner shall so notify Programmer, describing the matters involved in reasonable detail, and Programmer shall be entitled to assume the defense thereof upon written notice to Owner with counsel reasonably satisfactory to the Owner; provided, that once the defense thereof is assumed by Programmer, Programmer shall keep Owner advised of all developments in the defense thereof and any related litigation, and Owner shall be entitled at all times to participate in the defense thereof at its own expense. If Programmer fails to notify Owner of its election to defend or contest its obligation to indemnify under this paragraph, Owner may pay, compromise, or defend such a claim without prejudice to any right it may have hereunder.

17. **Events of Default; Cure Periods and Remedies.**

17.1 **Events of Default.** The following shall constitute Events of Default under this Agreement:

17.1.1. **Non-Payment.** The Programmer's failure to pay any Consideration then due within ten (10) days after written notice.

17.1.2 **Default in Covenants or Adverse Legal Action.** The default by either party in the performance of any material covenant, condition or undertaking contained in this Agreement, and such default is not cured within thirty (30) days after receipt of notice of default, or if either party shall make a general assignment for the benefit of creditors, files or has filed against it a petition for bankruptcy, for reorganization, or for the appointment of a receiver, trustee or similar creditors' representative for the property or assets of such party under any federal or state insolvency law, which, if filed against such party, has not been dismissed or discharged within 30 days thereafter.

17.1.3 **Breach of Representation.** If any material representation or warranty made by either party to this Agreement, or in any certificate or document furnished by either party to the other pursuant to the provisions of this Agreement, shall prove to have been false or misleading in any material respect as of the time made or furnished, and such misrepresentation or breach of warranty is not cured within thirty (30) days after receipt of notice of misrepresentation or breach.

17.2 **Termination Upon Default.** Upon the occurrence of an Event of Default, the nondefaulting party may terminate this Agreement, provided that it is not also in material default under this Agreement. If the Programmer has defaulted in the performance of its obligations, all amounts accrued or payable to Owner up to the date of termination which have not been paid, less payments made on behalf of Owner by the Programmer and any payment credits outstanding in favor of the Programmer, shall immediately become due and payable, and Owner shall be under no further obligation to make available to the Programmer any broadcast time or broadcast transmission facilities, provided that Owner agrees to cooperate reasonably with the Programmer to discharge any remaining obligations of the Programmer in the form of air time following the effective date of termination, provided Owner shall be entitled to retain any revenues derived therefrom based upon the principle that any revenues generated from broadcasts occurring prior to the termination shall be for the benefit of Programmer and any revenues generated from broadcasts occurring after the termination shall be for the benefit of Owner.

17.3. **Liabilities Upon Termination.** The Programmer shall be responsible for all of its liabilities, debts and obligations accrued from the purchase of broadcast time and transmission

facilities of the Station, including, without limitation, indemnification pursuant to Section 16 hereof, accounts payable, barter agreements and unaired advertisements, but not for Owner's federal, state, and local tax liabilities associated with Programmer's payments to Owner as provided for herein, or for any other obligations or liabilities of Owner or the Station unless specifically assumed by the Programmer under this Agreement. Upon termination, the Programmer shall return to Owner any equipment or property of the Station used by the Programmer, its employees or agents, in substantially the same condition as such equipment existed on the date of this Agreement, ordinary wear and tear excepted, provided that the Programmer shall have no liability to Owner for any property of Owner which through ordinary use became obsolete or unusable, and any equipment purchased by the Programmer, whether or not in replacement of any obsolete or unusable equipment of Owner, shall remain the property of the Programmer. In no event shall Owner be liable to Programmer for any indirect, consequential or special damages occasioned by operational deficiencies; Programmer's sole remedy in such event, including termination, is for equitable reduction in the monthly fee paid hereunder.

18. **Programmer's Option to Terminate.** The Programmer shall have the right, at its option, to terminate this Agreement at any time if Owner preempts or substitutes other programming for that supplied by the Programmer during ten percent or more of the total hours of operation of the Station in any seven consecutive days. The Programmer shall give Owner ten (10) days written notice of such termination.

19. **Termination Upon Order of Judicial or Governmental Authority.** If any court of competent jurisdiction or any federal, state or local governmental authority designates a hearing with respect to the continuation or renewal of any license or authorization held by Owner for the operation of the Station, advises any party to this Agreement of its intention to investigate or to issue a challenge to or a complaint concerning the activities permitted by this Agreement, or orders the termination of this Agreement and/or the curtailment in any manner material to the relationship between the parties to this Agreement of the provision of programming by the Programmer, each party shall have the option to seek administrative or judicial appeal of or relief from such order(s) (in which event the other party shall cooperate with the party seeking relief from such order; the party seeking such relief shall be responsible for all expenses and legal fees incurred in such proceedings). Upon termination, Owner shall reasonably cooperate with the Programmer to the extent permitted to enable the Programmer to fulfill advertising or other programming contracts then outstanding, provided Owner shall be entitled to retain any revenues derived therefrom based upon the principle that any revenues generated from broadcasts occurring prior to the termination shall be for the benefit of Programmer and any revenues generated from broadcasts occurring after the termination shall be for the benefit of Owner.

20. **Representations and Warranties.**

20.1 **Mutual Representations and Warranties.** Each of Owner and the Programmer represents to the other that (a) it is an entity legally qualified and in good standing in all applicable jurisdictions and is qualified to do business and is in good standing in the State of Delaware, (b) it is fully qualified, empowered, and able to enter into this Agreement, (c) this Agreement has been approved by all necessary parties or corporate action and that this Agreement constitutes the valid and binding obligation of such party, enforceable in accordance with the terms of this Agreement subject only to applicable bankruptcy, reorganization, insolvency or similar laws affecting creditors' rights generally; and (d) the execution, delivery and performance hereof does not constitute a breach or violation of any agreement, contract or other obligation to which such party is subject or by which it is bound.

20.2. **Representations, Warranties and Covenants of Owner.** Owner makes the following additional representations, warranties and covenants:

20.2.1. **Authorizations.** Owner owns and holds all licenses and other permits and authorizations ("FCC Licenses") necessary for the operation of the Station as presently conducted (including licenses, permits and authorizations issued by the FCC), and such licenses, permits and authorizations will be maintained in full force and effect for the term of this Agreement, unimpaired by any acts or omissions of Owner, its principals, employees or agents. The Station operates at full authorized power in accordance in all material respects with the terms and conditions of the FCC Licenses and in accordance with the rules and regulations of the FCC. Except as may otherwise be set forth in this Agreement, there is not now pending or, to Owner's best knowledge, threatened, any action by the FCC or other party to revoke, cancel, suspend, refuse to renew or modify adversely any of such licenses, permits or authorizations, and, to Owner's best knowledge, no event has occurred that allows or, after notice or lapse of time or both, would allow, the revocation or termination of such licenses, permits or authorizations or the imposition of any restriction thereon of such a nature that may limit the operation of the Station as presently conducted, except for proceedings affecting the radio broadcasting industry generally. Owner has no reason to believe that any such license, permit or authorization will not be renewed during the term of this Agreement in its ordinary course. To the best of Owner's knowledge, Owner is not in violation of any statute, ordinance, rule, regulation, order or decree of any federal, state, local or foreign governmental agency, court or authority having jurisdiction over it or over any part of its operations or assets, which default or violation would have a material adverse effect on Owner or its assets or on its ability to perform this Agreement.

20.2.2. **Filings.** To the extent that a failure to make such a filing would have a material adverse effect on the Programmer and its rights hereunder, all material reports and applications required of Owner to be filed with the FCC (including ownership reports and renewal applications) or any other governmental agency, department or body in respect of the Station have

been, and in the future will be, filed in a timely manner and are and will be true and complete and accurately present the information contained therein. All such reports and documents, to the extent required to be kept in the public inspection files of the Station, are and will be kept in such files.

20.2.3. **Facilities**. To the extent a failure to comply would have a material adverse effect on Programmer and its rights hereunder, the Station's studio and transmission equipment and facilities comply, in all material respects, with the facilities authorized by the FCC Licenses and with engineering standards necessary to deliver a quality technical signal to the area served by the Station, and with all applicable laws and regulations (including the requirements of the Communications Act and the rules, regulations, policies and procedures of the FCC promulgated thereunder).

20.2.4. **Title to Properties**. Owner has, and throughout the term of this Agreement will maintain, good and marketable title to all of the assets and properties used in the operation of the Station.

20.2.5. **Payment of Obligations**. Owner shall pay in a timely fashion all of its debts, assessments and obligations, including without limitation tax liabilities and payments attributable to the operations of the Station, as they come due from and after the effective date of this Agreement.

20.3 **Insurance**. Owner will maintain in full force and effect throughout the term of this Agreement insurance with responsible and reputable insurance companies fire and extended coverage and liability insurance and such other insurance as may be required by law. Except as otherwise permitted by the Exchange Agreement, any insurance proceeds received by Owner in respect of damaged property will be used to repair or replace such property so that the operations of the Station conform with this Agreement. Programmer will maintain in full force and effect throughout the term of this Agreement insurance, with responsible and reputable insurance companies, fire and extended coverage and liability insurance and such other insurance as may be required by law. Except as otherwise permitted by the Exchange Agreement, any insurance proceeds received by Programmer in respect of damaged property will be used to repair or replace such property so that the operations of the Station conform with this Agreement. Programmer shall cause its insurance carrier to name Owner as an additional insured under all policies issued pursuant this Section 20.3.

21. **Modification and Waiver**. No modification or waiver of any provision of this Agreement shall be effective unless made in writing and signed by the party adversely affected, and any such waiver and consent shall be effective only in the specific instance and for the purpose for which such consent was given.

22. **No Waiver: Remedies Cumulative.** No failure or delay on the part of Owner or the Programmer in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties to this Agreement are cumulative and are not exclusive of any right or remedies which either may otherwise have.

23. **Construction.** This Agreement shall be construed in accordance with the laws of the State of California. The obligations of the parties to this Agreement are subject to all federal, state or local laws or regulations, including those of the FCC, now or hereafter in force. All capitalized terms used herein not otherwise defined shall have that mean ascribed to it in the Exchange Agreement.

24. **Headings.** The headings contained in this Agreement are included for convenience only and shall not in any way alter the meaning of any provision.

25. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Neither party may assign any of its rights or obligations under this Agreement without the prior written consent of the other party, except that either party may assign its rights and obligations hereunder to any entity controlled by or under common control with said party without the prior consent of the other party.

26. **Counterpart Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed a duplicate original and be binding on the parties to this Agreement.

27. **Notices.** Any notice required hereunder shall be in writing and shall be sufficiently given if delivered by overnight delivery service or sent by registered or certified mail, first class postage prepaid, or by telegram, facsimile or similar means of communication, addressed as follows:

If to Owner, to:

c/o Salem Communications Corporation
4880 Santa Rosa Road
Camarillo, California 93012
Attention: Jonathan L. Block, Esq.
Vice President and General Counsel
Telephone: (805) 987-0400
Facsimile: (805) 384-4505

If to Programmer, to:

c/o Univision Radio, Inc.
3102 Oak Lawn Ave., Suite 215
Dallas, Texas 75219
Attention: McHenry T. Tichenor, Jr.
Telephone: (214) 525-7712
Facsimile: (214) 525-7830

with a copy to:

c/o Univision Communications, Inc.
5999 Center Drive
Los Angeles, California 90045-0073
Attention: Phyllis B. Verdugo
Telephone: (310) 348-3677
Facsimile: (310) 348-3679

28. **Dispute Resolution.** Any claims or disputes arising out of this Agreement shall be resolved in the courts of the State of Texas, Dallas County or in the federal courts located in the State of Texas, Dallas County and each party hereto consents to and accepts for itself and its respect of its property, generally and unconditionally, the jurisdiction of such courts. The parties irrevocable waive any objections including, without limitation, any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have for the bringing of any such action, suit or other proceeding in those jurisdictions.

29. **Expenses; Attorney's Fees.** In the event any action is filed with respect to this Agreement, the prevailing party shall be reimbursed by the other party for all costs and expenses incurred in connection with the action, including without limitation reasonable attorney's fees.

30. **Entire Agreement.** This Agreement embodies the entire agreement between the parties and there are no other agreements, representations, warranties, or understandings, oral or written, between them with respect to the subject matter hereof.

31. **Severability.** In the event that any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

32. **No Partnership or Joint Venture.** This Agreement is not intended to be and shall not be construed as a partnership or joint venture agreement between the parties. Except as otherwise specifically provided in this Agreement, no party to this Agreement is authorized to act as agent of, or otherwise represent, the other party to this Agreement.

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

“OWNER”

“PROGRAMMER”

SALEM MEDIA OF ILLINOIS, LLC

UNVISION RADIO ILLINOIS, INC.

BY: Salem Media Corporation, as Manager

By: _____
Jonathan L. Block
Vice President and Secretary of Salem
Media Corporation, its Manager

By: *J. Lynn Block*
Name: TIMOTHY P. WARD
Title: V. P. & CFO

SCHEDULE 2

FEES

For and during the Term hereof, Programmer shall reimburse Owner for all normal and customary out-of-pocket costs and expenses associated with or arising out of transmitter site costs ("Station Expenses") including (without limitation) the cost to maintain the station's transmitter and antennas, premiums for insurance, and the cost and expense of all utilities, telephones and music license fees for the operation of the Station. Notwithstanding the preceding sentence, "Station Expenses" shall not include any cost or expenses associated with (i) employment, including salaries, taxes, insurance and related costs, of the employees identified in Section 8.2 hereof, nor (ii) any inter-company charges, nor (iii) any costs associated with the main studio of Owner. All Station Expenses shall be due and payable not later than thirty (30) days after Programmer's receipt of written itemizations of said expenses.

SCHEDULE 7

The Programmer agrees to cooperate with Owner in the broadcasting of programs in a manner consistent with the standards of Owner, as set forth below:

1. **Election Procedures.** At least 90 days before the start of any primary or regular election campaign, the Programmer will coordinate with Owner's General Manager the rate the Programmer will charge for time to be sold to candidates for public office and/or their supporters to make certain that the rate charged conforms to all applicable laws and Station policy. Throughout a campaign, the Programmer will comply with all applicable laws and rules concerning political candidacy broadcasts and will promptly notify Owner's General Manager of any disputes concerning either the treatment of or rate charged a candidate or supporter.

2. **Required Announcements.** The Programmer shall broadcast (i) an announcement in a form satisfactory to Owner at the beginning of each hour to identify the Station, (ii) an announcement at the beginning of each program day, and more often, as appropriate, to indicate that program time has been purchased by the Programmer, and (iii) any other announcement that may be required by law, regulation, or Station policy.

3. **Commercial Recordkeeping.** The Programmer shall maintain such records of the receipt of, and provide such disclosure to Owner of, any consideration, whether in money, goods, services, or otherwise, which is paid or promised to be paid, either directly or indirectly, by any person or company for the presentation of any programming over the Station as are required by Sections 317 and 507 of the Communications Act and the rules and regulations of the FCC.

4. **No Illegal Announcements.** No announcements or promotion prohibited by federal or state law or regulation of any lottery, game or contest shall be made over the Station.

5. **Owner Discretion Paramount.** In accordance with Owner's responsibility under the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission, Owner reserves the right to reject or terminate any advertising or other programming proposed to be presented or being presented over the Station which is in conflict with law, regulation, Station policy or which in the reasonable judgment of Owner or its General Manager would not serve the public interest.

6. **Indecency and Hoaxes.** No programming violative of applicable laws and rules concerning indecency or hoaxes will be broadcast over the Station.

7. **Controversial Issues.** Any broadcast over the Station concerning controversial issues of public importance shall comply with the then current FCC rules and policies.

8. **Spot Commercials.** The Programmer will provide, for attachment to the Station logs, a list of all commercial announcements carried during its Programming.

Owner may waive any of the foregoing regulations in specific instances if, in its reasonable opinion, good broadcasting in the public interest will be served thereby. In any case where questions of policy or interpretation arise, the Programmer shall notify Owner before making any commitments to broadcast any programming affected by such issues.

LOCAL PROGRAMMING AND MARKETING AGREEMENT

This Local Programming and Marketing Agreement (the "Agreement"), dated as of September 29, 2004, is entered into by and between **Salem Media of Illinois, LLC** ("Owner"), the owner of certain assets relating to radio station **WZFS-FM** (FCC Facility ID No. 25053), Des Plaines, Illinois (the "Station"), and **Univision Radio Illinois, Inc.** (the "Programmer").

WHEREAS, Owner and Programmer intend to enter into an Asset Exchange Agreement ("Exchange Agreement") whereby Owner will convey and Programmer will purchase certain assets associated with the Station; and

WHEREAS, the purchase and sale contemplated by the Exchange Agreement is subject to the prior approval and consent of the Federal Communications Commission ("FCC"); and

WHEREAS, in accordance with procedures and policies approved by the FCC, the Programmer desires to avail itself of Station's broadcast time for the presentation of a programming service, including the sale of program and advertising time, until such time as the transactions contemplated by the Exchange Agreement shall have been consummated; and

WHEREAS, in accordance with procedures and policies approved by the FCC, Owner desires to make available to Programmer the Station's broadcast time for the presentation of a programming service, including the sale of program and advertising time, until such time as the transactions contemplated by the Exchange Agreement shall have been consummated; and

WHEREAS, contemporaneous with the execution of this Agreement, Owner and Programmer have entered into agreement(s) ("Other Programming Agreements") Permitting Owner to Program and sell time on the following station(s) of Programmer ("Programmer's Station(s)": KHCK(AM), FCC Facility ID No. 57375, licensed to Dallas, Texas; KOBT(FM), FCC Facility ID No. 57801, licensed to Winnie, Texas; and WIND(AM), FCC Facility ID No. 67068, licensed to Chicago, Illinois.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and the Other Programming Agreements, the parties hereto have agreed and do agree as follows;

1. **Purchase of Air Time and Broadcast of the Programming.** Owner agrees to make the broadcasting transmission facilities of the Station available to the Programmer and to broadcast on the Station, or cause to be broadcast, the Programmer's programs for up to 24 hours a day, seven days a week (the "Programming"), except for (i) the broadcast of Owner's public service programming as provided in Section 10.1 of this Agreement ("Owner's Programming"); (ii)

downtime occasioned by routine maintenance performed between the hour of 12:00 midnight and 6:00 a.m.; (iii) times when Programmer's programs are not accepted or are preempted by Owner in accordance with Sections 10.1 or 12 of this Agreement or because such Programming does not satisfy the standards of Section 7 of this Agreement; and (iv) Force Majeure Events (collectively the "LMA Hours"). For purposes of this Agreement, Force Majeure Events shall mean any failure or impairment of facilities or any delay or interruption in broadcasting the Programming not directly or indirectly the fault of Owner or its employees or agents, or failure at any time to furnish the facilities, in whole or in part, for broadcasting, due to acts of God, strikes or threats thereof, *force majeure* or any other causes beyond the control of Owner. Interruption of service as a consequent of one or more Force Majeure Events shall not constitute a breach of this Agreement. Except for the current studio facilities of the Station, all assets of the Station including, without limitation, the transmitting equipment of Owner relating to the Station and any equipment owned by Owner not currently in service shall be made available to the Programmer for its use during the term of this Agreement.

2. **Consideration.** The terms, conditions and schedule of payment ("Consideration") to Owner for the broadcasting of the Programming during the term of this Agreement shall be as set forth in Schedule 2.

3. **Term.**

(a) This Agreement shall commence within forty-eight (48) hours of notice from Programmer to Owner that such equipment and facilities of Programmer as it reasonably may require for operation hereunder are installed and operating (the "Commencement Date"); provided, however, the Commencement Date shall not, in any event, be earlier than such date as may be permissible for Programmer to broadcast its programming on the station pursuant to the Hart-Scott-Rodino Act. Programmer shall diligently pursue the installation and operation of such equipment and facilities and the delivery of said notice.

(b) Unless earlier terminated as provided by this Agreement, the term of this Agreement shall end upon the earliest to occur of: (i) the termination of the Exchange Agreement; (ii) the Closing Date, as defined in the Exchange Agreement, (iii) termination pursuant to Section 17, Section 18 or Section 19, herein; (iv) the termination of the Other Programming Agreements; or (v) three years after the Commencement Date by either party (not then in default) upon 45 days prior notice if the Closing has not yet occurred. In the event that either party receives formal or informal notice from the FCC that this Agreement or any of its terms are contrary to the public interest or violative of any FCC statute, regulation, rule or policy, the parties shall negotiate in good faith to resolve such objection and preserve the fundamental nature of this Agreement; if and to the extent the substance of this Agreement cannot be maintained by the application of Section 30 of this

Agreement and/or such negotiations, either party shall have the right to terminate this Agreement immediately by written notice to the other party.

(c) In the event this Agreement is terminated for any reason prior to the Closing Date, as defined in the Exchange Agreement, each party will use commercially reasonable efforts to cooperate with the other to transition the programming of the Station from Programmer to Owner.

4. **The Programming.** The Programmer may furnish programming to Owner for not less than the minimum operating schedule required by Section 73.1740 of the FCC regulations and up to all of the LMA Hours. The nature of the program service to be provided by the Programmer will be determined by Programmer subject to the requirement that programming will at all times serve the public interest and comply with the provisions of Section 10.2 of this Agreement all applicable federal, state and local laws, rules and regulations and Schedule 7 and Sections 7 and 12 hereof. Owner acknowledges that it is familiar with the nature of the Programming to be produced by the Programmer and has determined that the broadcasting of the Programming on the Station will serve the public interest. Programmer shall not make any material change in the Programming after the date hereof without the prior consent of Owner, which consent shall not be unreasonably withheld or delayed.

5. **Station Facilities.**

5.1 **Operation of Station.** Throughout the term of this Agreement, Owner shall make the Station available to the Programmer for operation with its authorized facilities during the LMA Hours. Except for maintenance work and other improvements to the Station or the Station's equipment performed by or at the direction of Programmer, any maintenance work affecting the operation of the Station at full power shall, to the extent reasonably practicable, be scheduled upon at least 48 hours prior notice with the agreement of the Programmer.

5.2 **Interruption of Normal Operations.** Except for maintenance work and other improvements to the Station or the Station's equipment performed by or at the direction of Programmer, if the Station suffers loss or damage of any nature to its transmission facilities which results in the interruption of service or the inability of the Station to operate with its maximum authorized facilities, Owner shall immediately notify the Programmer, and shall undertake such repairs as necessary to restore the fulltime operation of the Station with its maximum authorized facilities as quickly as reasonably possible. Except as may be the result of any act or omission of Programmer, if the Station does not operate with at least eighty percent (80%) of its authorized power, Programmer shall be entitled to reasonable compensation.

6. **Handling of Mail.** The Programmer shall provide to Owner the original or a copy of any correspondence which it receives from a member of the public relating to the Programming

to enable Owner to comply with FCC rules and policies, including those regarding the maintenance of the public inspection file (which shall at all times remain the responsibility of Owner).

7. **Programming and Operations Standards.** All programs supplied by the Programmer shall be in good taste and shall meet in all material respects all requirements of the Communications Act of 1934 and all applicable rules, regulations and policies of the FCC and the policies of the Station described in Schedule 7. All advertising spots and promotional material or announcements shall comply with all applicable federal, state and local regulations and such Station policies. If, in the reasonable judgment of Owner or the Owner's designee, any portion of the Programming presented by the Programmer does not meet such standards, Owner may reject, suspend or cancel any such portion of the Programming as without reduction or offset in any payment due Owner hereunder.

8. **Responsibility for Employees and Related Expenses.**

8.1 **Programmer Employees.** The Programmer shall furnish (or cause to be furnished) the personnel and material for the production of the Programming to be provided by this Agreement. The Programmer shall employ and be responsible for the salaries, taxes, insurance and related costs for all personnel used in the production of Programming (including sales people, traffic personnel and programming staff). The Programmer shall not pay or reimburse the salaries or other costs associated with any employees of Station that Owner may be required to employ or may elect to employ on or after the date of commencement of this Agreement.

8.2 **Owner Employees.** Owner will provide and have responsibility for the Station personnel necessary for compliance with the requirements of Owner as set forth by the FCC and will be responsible for the salaries, taxes, insurance and related costs for all such Station personnel. The parties acknowledge and agree that the duties of the Station Manager and the Chief Operator may be performed by the same person.

8.3 **Employee Oversight.** Whenever on the Station's premises, all personnel shall be subject to the supervision and the direction of the Station's Manager and/or the designated Chief Operator.

9. **Advertising and Programming Revenues.**

(a) During the Programming it delivers to the Station, the Programmer shall have full authority to sell for its own account commercial spot advertising and block programming time on the Station and to retain all revenues from the sale of such advertising and programming. The parties agree that the Programmer shall have complete discretion to deal as it deems appropriate with all advertising and programming accounts relating to advertising and programming sold by it;

provided, however, the Programmer shall deal with political candidate and supporter advertising as required by law.

(b) All accounts receivable of Owner and the Station as of the commencement date of this Agreement shall remain the sole property of Owner and shall be collected by Owner. Any amounts received by Programmer with respect to Owner's receivables shall be promptly remitted to Owner.

10. **Operation of the Station.**

10.1 **Verification of Owner's Control and Rights of Owner.** Notwithstanding anything to the contrary in this Agreement, Owner shall have full authority and power over the operation of the Station during the period of this Agreement. Owner shall provide and pay for its employees, who shall report and be accountable solely to Owner, shall be responsible for the direction of the day-to-day operation of the Station, and shall maintain the Station's studio and transmission equipment and facilities, including the tower, antenna, transmitter and transmission line, and Station's studio transmitter link. Owner shall retain control over the policies, programming and operations of the Station, including, without limitation, the right to decide whether to accept or reject any programming or advertisements which Owner deems unsuitable or contrary to the public interest; the right to preempt any programs in order to broadcast a program deemed by Owner to be of greater national, regional, or local interest; and the right to take any other actions necessary for compliance with the laws of the United States, the State of the Station's city of license, the rules, regulations, and policies of the FCC (including the prohibition on unauthorized transfers of control), and the rules, regulations and policies of other federal governmental authorities, including the Federal Trade Commission and the Department of Justice. Owner reserves the right to refuse to broadcast any program containing matter which is, or in the reasonable opinion of Owner may be, violative of any right of any third party or which may constitute a "personal attack" (as that term is defined by the FCC). Owner agrees that Owner's Programming shall be aired at such times as the parties may agree based on the reasonable programming needs of the Programmer. With respect to the operation of the Station, Owner shall at all times be ultimately responsible for meeting all of the FCC's requirements with respect to the broadcast and nature of any public service programming, for maintaining the political and public inspection files and the Station log, and for the preparation of all programs/issues lists. Owner expressly acknowledges that its duty to maintain the Station's public inspection file is non-delegable and that Owner retains sole responsibility for maintenance of such file. Owner verifies that it shall maintain the ultimate control over the Station's facilities, including control over the finances with respect to its operation of the Station, over its personnel operating the Station, and over the programming to be broadcast by the Station.

10.2. **Verification by Programmer and Obligations of Programmer.** The Programmer will, during the term of this Agreement, provide local news and public affairs programming relevant to the Station's community to assist Owner in satisfying its obligations to

respond to the needs of its community. Programmer will also forward to Owner within twenty-four (24) hours of receipt by Programmer, any letter from a member of the general public addressing Station programming or documentation which comes into its custody which is required to be included in the Station's public file or which is reasonably requested by Owner. The Programmer shall furnish within the Programming on behalf of Owner all station identification announcements required by the FCC rules, shall promptly provide to Owner all records and information pertaining to the broadcast of political programming and advertisements, and shall, upon request by Owner, provide monthly documentation with respect to such of the Programmer's programs which are responsive to the public needs and interests of the area served by the Station in order to assist Owner in the preparation of any required programming reports, and will provide upon request other information to enable Owner to prepare other records, reports and logs required by the FCC or other local, state or federal governmental agencies. Programmer certifies that this Agreement and Programmer's rights and responsibilities hereunder comply with the requirements of Section 73.3555(a) of the FCC rules.

11. **Station Call Letters and Promotion.** At no time shall Programmer or its employees or agents represent, hold out, describe or portray Programmer as the licensee of the Station. Owner hereby grants Programmer the right to change the call letters of the Station during the term hereof to any call letters Programmer deems appropriate, and Owner agrees to reasonably cooperate with Programmer to effectuate such a change; provided that all fees and costs incident to changing the call letters shall be paid by Programmer.

12. **Special Events.** Owner shall have the right, in its reasonable discretion, to preempt any of the broadcasts of the Programming referred to herein, and to use part or all of the hours of operation of the Station for the broadcast of events of special importance. In all such cases, Owner will use its best efforts to give the Programmer reasonable advance notice of its intention to preempt any regularly scheduled programming, and, in the event of such preemption, the Programmer shall receive a payment credit for any programming which would have been supplied by it during the time of such broadcasts by Owner.

13. **Right to Use the Programming.** The right to use the Programming produced by the Programmer and to authorize its use in any manner and in any media whatsoever shall be at all times be vested solely in the Programmer except as authorized by this Agreement. Programmer shall ensure that all necessary licensing is obtained of rights necessary for it to broadcast the Programming, and shall indemnify Owner with respect to any claim, cost or expense to the contrary.

14. **Payola.** The Programmer will provide to Owner in advance of broadcast any information known to the Programmer regarding any money or other consideration which has been paid or accepted, or has been promised to be paid or to be accepted, for the inclusion of any matter as a part of any programming or commercial material to be supplied to Owner by the Programmer for broadcast on the Station, unless the party making or accepting such payment is identified in the program as having paid for or furnished such consideration in accordance with FCC requirements.

Should the Station determine that an announcement is required by Section 317 of the Communications Act of 1934 and related FCC rules, the Programmer will insert that announcement in the Programming. The Programmer will obtain from its employees responsible for the Programming appropriate anti-payola/plugola affidavits. Commercial matters with obvious sponsorship identification will not require disclosure beyond the sponsorship identification contained in the commercial copy. The Programmer will at all times comply, and seek to have its employees comply, in all material respects with the requirements of Sections 317 and 507 of the Communications Act of 1934, as amended, and the related rules and regulations of the FCC.

15. **Compliance with Law.** The Programmer will comply in all material respects with all laws and regulations applicable to the broadcast of programming by the Station.

16. **Indemnification Rights of Owner.**

(a) The Programmer will defend, indemnify and hold Owner, its beneficiaries, its officers, directors, stockholders, partners and employees harmless from and against all claims, charges, loss, damage, fees and expense (including reasonable attorneys' fees and expenses) caused by (a) any breach of Programmer's representations or warranties hereunder, (b) the conduct or negligence of Programmer, its employees or agents, and (c) all liability for libel, slander, illegal competition or trade practice, violation of rights of privacy, and infringement of copyrights or other proprietary rights and violations of the Communications Act of 1934 or FCC rules resulting from the broadcast of Programming furnished by the Programmer. Such indemnification shall survive the termination of this Agreement. Programmer will maintain in full force and effect throughout the term of this Agreement, with responsible and reputable insurance companies, liability insurance and such other insurance as may be required by law with respect to the broadcast of the Programming, and the employment of its personnel, and such policy shall name Owner as an additional insured. No investigation by Owner shall be deemed a waiver or limitation of any of Owner's rights to indemnification.

(b) In the event that Owner may be entitled to indemnification hereunder with respect to any asserted claim of, or obligation or liability to, any third party, Owner shall so notify Programmer, describing the matters involved in reasonable detail, and Programmer shall be entitled to assume the defense thereof upon written notice to Owner with counsel reasonably satisfactory to the Owner; provided, that once the defense thereof is assumed by Programmer, Programmer shall keep Owner advised of all developments in the defense thereof and any related litigation, and Owner shall be entitled at all times to participate in the defense thereof at its own expense. If Programmer fails to notify Owner of its election to defend or contest its obligation to indemnify under this paragraph, Owner may pay, compromise, or defend such a claim without prejudice to any right it may have hereunder.

17. **Events of Default; Cure Periods and Remedies.**

17.1 **Events of Default.** The following shall constitute Events of Default under this Agreement:

17.1.1. **Non-Payment.** The Programmer's failure to pay any Consideration then due within ten (10) days after written notice.

17.1.2 **Default in Covenants or Adverse Legal Action.** The default by either party in the performance of any material covenant, condition or undertaking contained in this Agreement, and such default is not cured within thirty (30) days after receipt of notice of default, or if either party shall make a general assignment for the benefit of creditors, files or has filed against it a petition for bankruptcy, for reorganization, or for the appointment of a receiver, trustee or similar creditors' representative for the property or assets of such party under any federal or state insolvency law, which, if filed against such party, has not been dismissed or discharged within 30 days thereafter.

17.1.3 **Breach of Representation.** If any material representation or warranty made by either party to this Agreement, or in any certificate or document furnished by either party to the other pursuant to the provisions of this Agreement, shall prove to have been false or misleading in any material respect as of the time made or furnished, and such misrepresentation or breach of warranty is not cured within thirty (30) days after receipt of notice of misrepresentation or breach.

17.2 **Termination Upon Default.** Upon the occurrence of an Event of Default, the nondefaulting party may terminate this Agreement, provided that it is not also in material default under this Agreement. If the Programmer has defaulted in the performance of its obligations, all amounts accrued or payable to Owner up to the date of termination which have not been paid, less payments made on behalf of Owner by the Programmer and any payment credits outstanding in favor of the Programmer, shall immediately become due and payable, and Owner shall be under no further obligation to make available to the Programmer any broadcast time or broadcast transmission facilities, provided that Owner agrees to cooperate reasonably with the Programmer to discharge any remaining obligations of the Programmer in the form of air time following the effective date of termination, provided Owner shall be entitled to retain any revenues derived therefrom based upon the principle that any revenues generated from broadcasts occurring prior to the termination shall be for the benefit of Programmer and any revenues generated from broadcasts occurring after the termination shall be for the benefit of Owner.

17.3. **Liabilities Upon Termination.** The Programmer shall be responsible for all of its liabilities, debts and obligations accrued from the purchase of broadcast time and transmission

facilities of the Station, including, without limitation, indemnification pursuant to Section 16 hereof, accounts payable, barter agreements and unaired advertisements, but not for Owner's federal, state, and local tax liabilities associated with Programmer's payments to Owner as provided for herein, or for any other obligations or liabilities of Owner or the Station unless specifically assumed by the Programmer under this Agreement. Upon termination, the Programmer shall return to Owner any equipment or property of the Station used by the Programmer, its employees or agents, in substantially the same condition as such equipment existed on the date of this Agreement, ordinary wear and tear excepted, provided that the Programmer shall have no liability to Owner for any property of Owner which through ordinary use became obsolete or unusable, and any equipment purchased by the Programmer, whether or not in replacement of any obsolete or unusable equipment of Owner, shall remain the property of the Programmer. In no event shall Owner be liable to Programmer for any indirect, consequential or special damages occasioned by operational deficiencies; Programmer's sole remedy in such event, including termination, is for equitable reduction in the monthly fee paid hereunder.

18. **Programmer's Option to Terminate.** The Programmer shall have the right, at its option, to terminate this Agreement at any time if Owner preempts or substitutes other programming for that supplied by the Programmer during ten percent or more of the total hours of operation of the Station in any seven consecutive days. The Programmer shall give Owner ten (10) days written notice of such termination.

19. **Termination Upon Order of Judicial or Governmental Authority.** If any court of competent jurisdiction or any federal, state or local governmental authority designates a hearing with respect to the continuation or renewal of any license or authorization held by Owner for the operation of the Station, advises any party to this Agreement of its intention to investigate or to issue a challenge to or a complaint concerning the activities permitted by this Agreement, or orders the termination of this Agreement and/or the curtailment in any manner material to the relationship between the parties to this Agreement of the provision of programming by the Programmer, each party shall have the option to seek administrative or judicial appeal of or relief from such order(s) (in which event the other party shall cooperate with the party seeking relief from such order; the party seeking such relief shall be responsible for all expenses and legal fees incurred in such proceedings). Upon termination, Owner shall reasonably cooperate with the Programmer to the extent permitted to enable the Programmer to fulfill advertising or other programming contracts then outstanding, provided Owner shall be entitled to retain any revenues derived therefrom based upon the principle that any revenues generated from broadcasts occurring prior to the termination shall be for the benefit of Programmer and any revenues generated from broadcasts occurring after the termination shall be for the benefit of Owner.

20. **Representations and Warranties.**

20.1 **Mutual Representations and Warranties.** Each of Owner and the Programmer represents to the other that (a) it is an entity legally qualified and in good standing in all applicable jurisdictions and is qualified to do business and is in good standing in the State of Delaware, (b) it is fully qualified, empowered, and able to enter into this Agreement, (c) this Agreement has been approved by all necessary parties or corporate action and that this Agreement constitutes the valid and binding obligation of such party, enforceable in accordance with the terms of this Agreement subject only to applicable bankruptcy, reorganization, insolvency or similar laws affecting creditors' rights generally; and (d) the execution, delivery and performance hereof does not constitute a breach or violation of any agreement, contract or other obligation to which such party is subject or by which it is bound.

20.2. **Representations, Warranties and Covenants of Owner.** Owner makes the following additional representations, warranties and covenants:

20.2.1. **Authorizations.** Owner owns and holds all licenses and other permits and authorizations ("FCC Licenses") necessary for the operation of the Station as presently conducted (including licenses, permits and authorizations issued by the FCC), and such licenses, permits and authorizations will be maintained in full force and effect for the term of this Agreement, unimpaired by any acts or omissions of Owner, its principals, employees or agents. The Station operates at full authorized power in accordance in all material respects with the terms and conditions of the FCC Licenses and in accordance with the rules and regulations of the FCC. Except as may otherwise be set forth in this Agreement, there is not now pending or, to Owner's best knowledge, threatened, any action by the FCC or other party to revoke, cancel, suspend, refuse to renew or modify adversely any of such licenses, permits or authorizations, and, to Owner's best knowledge, no event has occurred that allows or, after notice or lapse of time or both, would allow, the revocation or termination of such licenses, permits or authorizations or the imposition of any restriction thereon of such a nature that may limit the operation of the Station as presently conducted, except for proceedings affecting the radio broadcasting industry generally. Owner has no reason to believe that any such license, permit or authorization will not be renewed during the term of this Agreement in its ordinary course. To the best of Owner's knowledge, Owner is not in violation of any statute, ordinance, rule, regulation, order or decree of any federal, state, local or foreign governmental agency, court or authority having jurisdiction over it or over any part of its operations or assets, which default or violation would have a material adverse effect on Owner or its assets or on its ability to perform this Agreement.

20.2.2. **Filings.** To the extent that a failure to make such a filing would have a material adverse effect on the Programmer and its rights hereunder, all material reports and applications required of Owner to be filed with the FCC (including ownership reports and renewal applications) or any other governmental agency, department or body in respect of the Station have

been, and in the future will be, filed in a timely manner and are and will be true and complete and accurately present the information contained therein. All such reports and documents, to the extent required to be kept in the public inspection files of the Station, are and will be kept in such files.

20.2.3. **Facilities**. To the extent a failure to comply would have a material adverse effect on Programmer and its rights hereunder, the Station's studio and transmission equipment and facilities comply, in all material respects, with the facilities authorized by the FCC Licenses and with engineering standards necessary to deliver a quality technical signal to the area served by the Station, and with all applicable laws and regulations (including the requirements of the Communications Act and the rules, regulations, policies and procedures of the FCC promulgated thereunder).

20.2.4. **Title to Properties**. Owner has, and throughout the term of this Agreement will maintain, good and marketable title to all of the assets and properties used in the operation of the Station.

20.2.5. **Payment of Obligations**. Owner shall pay in a timely fashion all of its debts, assessments and obligations, including without limitation tax liabilities and payments attributable to the operations of the Station, as they come due from and after the effective date of this Agreement.

20.3 **Insurance**. Owner will maintain in full force and effect throughout the term of this Agreement insurance with responsible and reputable insurance companies fire and extended coverage and liability insurance and such other insurance as may be required by law. Except as otherwise permitted by the Exchange Agreement, any insurance proceeds received by Owner in respect of damaged property will be used to repair or replace such property so that the operations of the Station conform with this Agreement. Programmer will maintain in full force and effect throughout the term of this Agreement insurance, with responsible and reputable insurance companies, fire and extended coverage and liability insurance and such other insurance as may be required by law. Except as otherwise permitted by the Exchange Agreement, any insurance proceeds received by Programmer in respect of damaged property will be used to repair or replace such property so that the operations of the Station conform with this Agreement. Programmer shall cause its insurance carrier to name Owner as an additional insured under all policies issued pursuant this Section 20.3.

21. **Modification and Waiver**. No modification or waiver of any provision of this Agreement shall be effective unless made in writing and signed by the party adversely affected, and any such waiver and consent shall be effective only in the specific instance and for the purpose for which such consent was given.

22. **No Waiver: Remedies Cumulative.** No failure or delay on the part of Owner or the Programmer in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties to this Agreement are cumulative and are not exclusive of any right or remedies which either may otherwise have.

23. **Construction.** This Agreement shall be construed in accordance with the laws of the State of California. The obligations of the parties to this Agreement are subject to all federal, state or local laws or regulations, including those of the FCC, now or hereafter in force. All capitalized terms used herein not otherwise defined shall have that mean ascribed to it in the Exchange Agreement.

24. **Headings.** The headings contained in this Agreement are included for convenience only and shall not in any way alter the meaning of any provision.

25. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Neither party may assign any of its rights or obligations under this Agreement without the prior written consent of the other party, except that either party may assign its rights and obligations hereunder to any entity controlled by or under common control with said party without the prior consent of the other party.

26. **Counterpart Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed a duplicate original and be binding on the parties to this Agreement.

27. **Notices.** Any notice required hereunder shall be in writing and shall be sufficiently given if delivered by overnight delivery service or sent by registered or certified mail, first class postage prepaid, or by telegram, facsimile or similar means of communication, addressed as follows:

If to Owner, to:

c/o Salem Communications Corporation
4880 Santa Rosa Road
Camarillo, California 93012
Attention: Jonathan L. Block, Esq.
Vice President and General Counsel
Telephone: (805) 987-0400
Facsimile: (805) 384-4505

If to Programmer, to:

c/o Univision Radio, Inc.
3102 Oak Lawn Ave., Suite 215
Dallas, Texas 75219
Attention: McHenry T. Tichenor, Jr.
Telephone: (214) 525-7712
Facsimile: (214) 525-7830

with a copy to:

c/o Univision Communications, Inc.
5999 Center Drive
Los Angeles, California 90045-0073
Attention: Phyllis B. Verdugo
Telephone: (310) 348-3677
Facsimile: (310) 348-3679

28. **Dispute Resolution.** Any claims or disputes arising out of this Agreement shall be resolved in the courts of the State of Texas, Dallas County or in the federal courts located in the State of Texas, Dallas County and each party hereto consents to and accepts for itself and its respect of its property, generally and unconditionally, the jurisdiction of such courts. The parties irrevocable waive any objections including, without limitation, any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have for the bringing of any such action, suit or other proceeding in those jurisdictions.

29. **Expenses; Attorney's Fees.** In the event any action is filed with respect to this Agreement, the prevailing party shall be reimbursed by the other party for all costs and expenses incurred in connection with the action, including without limitation reasonable attorney's fees.

30. **Entire Agreement.** This Agreement embodies the entire agreement between the parties and there are no other agreements, representations, warranties, or understandings, oral or written, between them with respect to the subject matter hereof.

31. **Severability.** In the event that any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

32. **No Partnership or Joint Venture.** This Agreement is not intended to be and shall not be construed as a partnership or joint venture agreement between the parties. Except as otherwise specifically provided in this Agreement, no party to this Agreement is authorized to act as agent of, or otherwise represent, the other party to this Agreement.

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

“OWNER”

“PROGRAMMER”

SALEM MEDIA OF ILLINOIS, LLC

UNVISION RADIO ILLINOIS, INC.

BY: Salem Media Corporation, as Manager

By: _____
Jonathan L. Block
Vice President and Secretary of Salem
Media Corporation, its Manager

By: *J. Lynn Block*
Name: TIMOTHY P. WARD
Title: V. P. & CFO

SCHEDULE 2

FEES

For and during the Term hereof, Programmer shall reimburse Owner for all normal and customary out-of-pocket costs and expenses associated with or arising out of transmitter site costs ("Station Expenses") including (without limitation) the cost to maintain the station's transmitter and antennas, premiums for insurance, and the cost and expense of all utilities, telephones and music license fees for the operation of the Station. Notwithstanding the preceding sentence, "Station Expenses" shall not include any cost or expenses associated with (i) employment, including salaries, taxes, insurance and related costs, of the employees identified in Section 8.2 hereof, nor (ii) any inter-company charges, nor (iii) any costs associated with the main studio of Owner. All Station Expenses shall be due and payable not later than thirty (30) days after Programmer's receipt of written itemizations of said expenses.

SCHEDULE 7

The Programmer agrees to cooperate with Owner in the broadcasting of programs in a manner consistent with the standards of Owner, as set forth below:

1. **Election Procedures.** At least 90 days before the start of any primary or regular election campaign, the Programmer will coordinate with Owner's General Manager the rate the Programmer will charge for time to be sold to candidates for public office and/or their supporters to make certain that the rate charged conforms to all applicable laws and Station policy. Throughout a campaign, the Programmer will comply with all applicable laws and rules concerning political candidacy broadcasts and will promptly notify Owner's General Manager of any disputes concerning either the treatment of or rate charged a candidate or supporter.

2. **Required Announcements.** The Programmer shall broadcast (i) an announcement in a form satisfactory to Owner at the beginning of each hour to identify the Station, (ii) an announcement at the beginning of each program day, and more often, as appropriate, to indicate that program time has been purchased by the Programmer, and (iii) any other announcement that may be required by law, regulation, or Station policy.

3. **Commercial Recordkeeping.** The Programmer shall maintain such records of the receipt of, and provide such disclosure to Owner of, any consideration, whether in money, goods, services, or otherwise, which is paid or promised to be paid, either directly or indirectly, by any person or company for the presentation of any programming over the Station as are required by Sections 317 and 507 of the Communications Act and the rules and regulations of the FCC.

4. **No Illegal Announcements.** No announcements or promotion prohibited by federal or state law or regulation of any lottery, game or contest shall be made over the Station.

5. **Owner Discretion Paramount.** In accordance with Owner's responsibility under the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission, Owner reserves the right to reject or terminate any advertising or other programming proposed to be presented or being presented over the Station which is in conflict with law, regulation, Station policy or which in the reasonable judgment of Owner or its General Manager would not serve the public interest.

6. **Indecency and Hoaxes.** No programming violative of applicable laws and rules concerning indecency or hoaxes will be broadcast over the Station.

7. **Controversial Issues.** Any broadcast over the Station concerning controversial issues of public importance shall comply with the then current FCC rules and policies.

8. **Spot Commercials.** The Programmer will provide, for attachment to the Station logs, a list of all commercial announcements carried during its Programming.

Owner may waive any of the foregoing regulations in specific instances if, in its reasonable opinion, good broadcasting in the public interest will be served thereby. In any case where questions of policy or interpretation arise, the Programmer shall notify Owner before making any commitments to broadcast any programming affected by such issues.