

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement") is made as of \_\_\_\_\_, 2007 by and between Liberty University, Inc., a Virginia nonstock corporation, having a mailing address of 1971 University Blvd., Lynchburg, Virginia 24502 ("Debtor"), and MNE Broadcasting, L.L.C., a Virginia limited liability company, having a mailing address of 6438 Ran Lynn Drive, Roanoke, Virginia 24018 ("Secured Party").

### RECITALS:

A. Secured Party and WDRL-TV, Inc. sold certain assets to Debtor pursuant to an Asset Purchase Agreement dated \_\_\_\_\_, 2007 by and between Secured Party, WDRL-TV, Inc., a Virginia corporation, Melvin N. Eleazer and Debtor (the "APA") and received a Note from Debtor as partial payment of the purchase price thereunder (the "Note").

B. Debtor anticipates receiving a loan from a bank in a principal amount not to exceed \$5,000,000 (the "Bank Loan"). The Bank Loan will be secured by certain assets of Debtor. All documents that will evidence the sums owed under and security for the Bank Loan are herein referred to as the "Bank Loan Documents".

C. A condition precedent to the closing under the APA is the execution, delivery and performance of this Security Agreement by Debtor.

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Debtor and Secured Party agree as follows:

1. Definitions. For all purposes of this Security Agreement, any financing statement filed in connection with this Security Agreement and any amendments or supplements to this Security Agreement (except as otherwise stated or unless the context otherwise requires), (a) all capitalized terms will have the meanings assigned to them in the recitals above, in this section and in other sections of this Security Agreement and include the plural, the singular and all genders, (b) "UCC" means the Uniform Commercial Code as adopted in the Commonwealth of Virginia in effect on the date of this Security Agreement or as it may be amended from time to time, (c) "Governmental Authority" means the United States of America, the Commonwealth of Virginia, any state in which all or any part of the Collateral is located and/or any political subdivision, city, county, court, agency, department, commission, bureau or instrumentality of any of them and (d) "Lien" means all mortgages, deeds of trusts, pledges, liens, security interests, assignments and other charges and encumbrances of any nature whatsoever.

2. Security Interest. To secure the payment, satisfaction and discharge of the Obligations described in Section 3 below, the Debtor hereby assigns, transfers, pledges and sets over unto the Secured Party, and its successors and assigns, and grants the Secured Party, and its successors and assigns, a security interest in the assets and personal property of every kind and

nature of the Debtor, whether tangible or intangible, whether now existing or hereafter arising, together with all of the cash and non-cash proceeds and products thereof and all additions, accessions and substitutions thereto and therefor (all of which shall be collectively referred to as the "Collateral"), as follows:

(a) [ASSETS ACQUIRED UNDER FINAL ASSET PURCHASE AGREEMENT. DESCRIPTION OF ASSETS TO BE INSERTED AFTER ASSET PURCHASE AGREEMENT FINALIZED]; and

(b) All awards and other payments in respect of any governmental taking and all insurance proceeds and other proceeds in respect of any of the foregoing, together with all amounts received by the Secured Party, or expended by the Secured Party pursuant to this Security Agreement and all monies and claims for money due and to become due to Debtor under all its accounts, contract rights, leases and general intangibles as said terms are defined in the UCC.

Debtor acknowledges and agrees that, with respect to any term used in any UCC-1 financing statement or this Security Agreement that is defined in either (i) Article 9 of the UCC or (ii) Article 9 of the Uniform Commercial Code as in force at any relevant time in the jurisdiction in which any financing statement related to this Security Agreement is filed, the meaning to be ascribed to such term with respect to any particular item of property will be the meaning under the more encompassing of the two definitions. Debtor further acknowledges and agrees that this Security Agreement and any financing statement filed in connection with this Security Agreement is intended to cover and does cover all assets of the Debtor, wherever located, whether now owned or subsequently acquired or arising and all proceeds and products of such assets.

3. Secured Indebtedness. This Security Agreement and the security interest and rights of the Secured Party in the Collateral shall secure the payment and discharge of all indebtedness, obligations and liabilities of the Debtor to the Secured Party, whether now existing or hereafter incurred, whether matured or unmatured, whether direct or indirect, whether absolute or contingent, whether liquidated or unliquidated, whether secured or unsecured, whether original, renewed or extended, whether contracted by any such party alone or jointly and/or severally with another or others, whether originally contracted with the Secured Party or acquired by the Secured Party by negotiation, assignment, transfer or otherwise from another or others, and whether or not represented by notes, instruments or other writings (hereinafter all of the foregoing shall be collectively referred to as the "Obligations"), including, without limitation, the following:

(a) The Note;

(b) All costs, expenses, charges, liabilities, commissions, half-commissions and attorneys' fees now or hereafter chargeable to, or incurred by, or disbursed by, the Secured Party pursuant to this Security Agreement, applicable law, the Note, any of the other Obligations, or any other documents which set forth the agreements, understandings and covenants between the Debtor and the Secured Party and/or which set forth the representations and warranties made by the Debtor to the Secured Party (hereinafter all of which shall be collectively referred to as the "Security Instruments");

(c) The performance of, observance of and compliance with all of the terms, covenants, conditions, stipulations and agreements contained in any and all instruments, agreements and documents, which the Debtor or any other person or entity, has executed and delivered, or may hereafter execute and deliver, in connection with the Note and the other Obligations including, without limitation, this Security Agreement and the Security Instruments; and

(d) All renewed, extended, modified and/or curtailed Obligations (unlimited renewal, curtailment or extension of all or any part of the Obligations being expressly permitted), whether or not by note or other instrument, together with all interest and charges incurring therein, whether before or after maturity.

4. Perfection; Care of Collateral.

(a) Financing Statements; Subordination by Secured Party. Debtor authorizes Secured Party to file UCC-1 financing statements, and ratifies the filing of any financing statements previously filed, covering the Collateral and all personal property of Debtor and containing such legends as Secured Party shall deem necessary or desirable to perfect Secured Party's Lien in and on the Collateral. Debtor agrees to pay all taxes, fees and costs (including attorneys' fees) paid or incurred by Secured Party in connection with the preparation, filing or recordation thereof. Debtor further authorizes Secured Party to file one or more financing statements describing any statutory liens or leases held by Secured Party. Within 15 days of written request from Debtor, Secured Party agrees to execute a subordination agreement with Debtor and the lender under the Bank Loan agreeing to subordinate the Secured Party's rights under the Note and the Secured Party's Lien in and on the Collateral to the rights and liens of such lender under the Bank Loan and the Bank Loan Documents, in the form attached as Exhibit "A" to this Security Agreement, or such other standard form of subordination agreement of such lender under the Bank Loan requested by such lender, including authorization of filing of such amendments to the UCC-1 financing statements securing the Secured Party's Lien in and on the Collateral to evidence such subordination. Secured Party further agrees that within 15 days of written request from Debtor, Secured party shall execute a subordination agreement with Debtor and the lender under any refinance of the Bank Loan, not exceeding the original principal amount of the Bank Loan as of the date of such refinancing, agreeing to subordinate the Secured Party's rights under the Note and the Secured Party's Lien in and on the Collateral to the rights and liens of such lender under any such refinance of the Bank Loan and the loan documents of such lender under any such refinance, in the form attached as Exhibit "A" to this Security Agreement, or such other standard form of subordination agreement of such lender under the refinance of the Bank Loan requested by such lender, including authorization of filing of such amendments to the UCC-1 financing statements securing the Secured Party's Lien in and on the Collateral to evidence such subordination.

(b) Possession. Debtor will have possession of the Collateral except where expressly otherwise provided in this Security Agreement. Where Collateral is in the possession of a third party, Debtor will join with Secured Party in notifying the third party of Secured Party's security interest and obtaining an acknowledgement from the third party that it is holding the Collateral for the benefit of Secured Party.

(c) No Debtor Filings. Debtor will not file any amendments, assignments, correction statements or termination statements concerning the Collateral without the prior written consent of Secured Party.

(d) Care of Collateral. Debtor shall have all risk of loss of the Collateral. Secured Party shall have no liability or duty, either before or after the occurrence of an Event of Default, on account of loss of or damage to, or to collect or enforce any of its rights against, the Collateral, to collect any income accruing on the Collateral, or to preserve rights against account debtors or other parties with prior interests in the Collateral. Debtor is responsible for responding to notices concerning the Collateral, voting the Collateral, and exercising rights and options, calls and conversions of the Collateral. Secured Party's sole responsibility is to take such action as is reasonably requested by Debtor in writing; however, Secured Party is not responsible to take any action that, in Secured Party's sole judgment, would affect the value of the Collateral as security for the Obligations adversely. While Secured Party is not required to take certain actions, if action is needed, in Secured Party's sole discretion, to preserve and maintain the Collateral, Debtor authorizes Secured Party to take such actions, but Secured Party is not obligated to do so. All actions taken in good faith by the Secured Party and its officers, employees or agents shall be binding on the Debtor, and the Debtor agrees to indemnify and hold the Secured Party and its officers, employees and agents harmless from any loss, damage and expense whatsoever in connection therewith. Such care as the Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in the Secured Party's possession; but the Secured Party is not required to make presentment, demand or protest, or give notice, and need not take action to preserve any rights against prior or other parties in connection with any obligation or evidence of indebtedness held as Collateral or in connection with the Obligations.

5. Covenants, Agreements, Representations and Warranties by the Debtor. The Debtor covenants, agrees, represents and warrants unto the Secured Party as follows:

(a) The Debtor is and will be the absolute owner of the Collateral free and clear of any adverse lien, security interest or encumbrance other than the security interests granted to the Secured Party with the exception of any such interests arising from the Bank Loan. The Debtor agrees to defend the Collateral against all claims and demands of all persons and entities at any time claiming any right, title or interest of any kind or nature in all or any part of the Collateral adverse to the right, title and interest of the Debtor and/or the Secured Party in the Collateral.

(b) The exact legal name of the Debtor is Liberty University, Inc. and the Debtor is a Virginia nonstock corporation. Debtor's chief executive office is located at 1971 University Blvd., Lynchburg, Virginia 24502. The Debtor does not have any other places of business.

(c) The execution, delivery and performance by the Debtor of this Security Agreement is within the Debtor's powers, has been duly authorized, and is not in contravention of any applicable law, or any indenture, agreement, or undertaking to which the Debtor is a party or by which the Debtor is bound.

(d) The Debtor will immediately notify the Secured Party of any event causing material loss or depreciation in the value of the Collateral and the amount of such loss or depreciation. The Debtor will maintain the Collateral in good condition and repair, reasonable wear and tear excepted.

(e) The Debtor will keep records concerning the Collateral at the principal office of Debtor in Lynchburg, Virginia, and will keep the Secured Party advised of the location of such records. The Debtor will, at all reasonable times and from time to time, allow the Secured Party and its officers, agents, employees, attorneys and accountants to examine and inspect the Collateral and to examine, inspect, and make extracts from the Debtor's books and other records.

(f) The Debtor represents and warrants that except for the financing statements filed for the benefit of the Secured Party or created in conjunction with the Bank Loan, no financing statement or other Liens covering the Collateral or any proceeds thereof is on file in any public office.

(g) The Debtor shall pay all taxes, levies, assessments and other charges of every kind or nature which may be levied or assessed against the Collateral.

(h) The Debtor shall not permit or allow any adverse Lien (other than (i) the security interest given to the Secured Party and (ii) any Lien pursuant to the Bank Loan Documents), to attach to the Collateral and shall not permit all or any part of the Collateral to be attached, levied on, garnished or made the subject of litigation and not dismissed within 15 days thereafter.

(i) If the Debtor shall fail to pay any tax, levy, assessment or other charge against the Collateral, the Secured Party may, at its option, pay such tax, levy, assessment or other charge. The Debtor agrees to reimburse the Secured Party on demand for any such payment by the Secured Party. The amount of any such payment shall be an additional Obligation secured by this Security Agreement and shall be part of the "Obligations" as that term is used herein.

(j) If the Note or any of the Obligations or Security Instruments is referred to attorneys for enforcement or collection, the Debtor will pay the reasonable attorneys' fees of the Secured Party and any and all costs and expenses incurred by the Secured Party in recovering possession of the Collateral, in enforcing this Security Agreement or any other of the Security Instruments and/or in enforcing or collecting the Note or any of the Obligations, the payment of all of which shall be secured by this Security Agreement and shall be part of the "Obligations" as that term is used herein.

(k) The Debtor will not use the Collateral in violation of any applicable laws, statutes, regulations or ordinances.

(l) The amounts of any funds which the Secured Party shall pay or expend for any purpose whatsoever under this Security Agreement shall be paid by the Debtor to the Secured Party on demand and shall bear interest thereon from the date of expenditure through the date of

payment at an annual rate equal to the prevailing interest rate under the Note in effect from time to time. All of such funds so paid or expended and all interest thereon shall be secured by this Security Agreement and shall be "Obligations" as that term is used herein.

(m) Debtor will obtain and maintain insurance on the Collateral at Debtor's expense for the benefit of Secured Party with an insurance company acceptable to Secured Party against loss or damage by fire, theft and such other risk as Secured Party may designate and in such amounts as are satisfactory to Secured Party, with a loss payable clause in favor of Secured Party as its interest may appear. The Debtor will on demand deliver the policies of insurance to Secured Party or furnish other proof of such insurance satisfactory to Secured Party. Debtor assigns to Secured Party all rights to receive proceeds of any insurance on the Collateral, directs any insurer of the Collateral to pay all proceeds of insurance directly to Secured Party, and authorizes Secured Party to endorse any check, draft or other instrument for such proceeds and to apply such proceeds against such of the Obligations, whether or not then due and payable, as Secured Party, in its discretion, deems appropriate. If Debtor fails or refuses to obtain and maintain the insurance required by this section, Secured Party may, at its option, purchase insurance on the Collateral. The premiums and other costs of any such insurance which may be paid by Secured Party shall be "Obligations" secured by this Security Agreement. Each of the then current officers of Secured Party is hereby appointed as Debtor's attorney-in-fact under a power coupled with an interest to endorse any draft, check or other instrument which may be payable to Debtor to collect returned or unearned premiums or the proceeds of such insurance.

(n) If a petition for relief under any chapter of the Bankruptcy Code is filed by or against the Debtor, Debtor shall not seek a supplemental stay pursuant to Bankruptcy Code §§ 105 or 362 or any other relief pursuant to Bankruptcy Code § 105 or any other provision of the Bankruptcy Code, whether injunctive or otherwise, which would stay, interdict, condition, reduce or inhibit the Secured Party's ability to enforce any rights it has, at law or in equity, to collect the Obligations from any person (including, without limitation, any guarantor) other than the Debtor.

6. Events Of Default. The happening of any one of the following events shall constitute an Event of Default: (1) failure to make within 10 days of when due any installment or other payment described in the Note, whether of principal, interest, late charges or otherwise; (2) the inability of the Debtor to pay debts as they become due, or the insolvency of the Debtor, or the application for the appointment of a receiver or custodian for the Debtor or the property of the Debtor, or the entry of an order for the relief or the filing of a petition by or against the Debtor under the provisions of any bankruptcy or insolvency law, or any assignment for the benefit of creditors by or against the Debtor (provided, however, that the filing of an involuntary petition in bankruptcy against the Debtor shall not constitute an event of default unless it has not been dismissed within 45 days of its filing); (3) the entry of a judgment against the Debtor or the issuance or service of any attachment, levy or garnishment against the Debtor or the property of the Debtor; (4) a default in the performance or observance of any covenant, agreement or other term or provision of the Note or this Security Agreement; (5) a default under any of the Bank Loan Documents that remains uncured past the expiration of any applicable cure period as set forth in those documents; or (6) if any representation, warranty or other statement of fact contained in this Security Agreement, any of the

Security Instruments, or any of the Obligations made or delivered by any party, whether orally or in writing, to the Secured Party in connection with the administration of the Note, any of the Obligations or any of the Security Instruments shall prove to have been false, misleading or incomplete in any material respect at the time when such warranty, representation or statement was made or furnished to the Secured Party.

7. Rights Of Secured Party On Default. On the occurrence of an Event of Default, the Secured Party shall have all of the rights and remedies of a secured party under the UCC regardless of the jurisdiction in which all or any portion of the Collateral may be located and may, but is not obligated to:

(a) Notify any obligor or account debtor on any of the Collateral to make payment to the Secured Party;

(b) Endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;

(c) Enter into any compromise, settlement, extension or other agreement pertaining to the Collateral or deposit, surrender, accept, hold or apply other property in exchange for the Collateral, or extend the time for or modify the terms and conditions governing the drawing, presentation, negotiation or acceptance of drafts or other instruments;

(d) Insure, process or preserve the Collateral;

(e) Take immediate possession of the Collateral and transfer Collateral to the Secured Party's own name or its nominee's name;

(f) Exercise all the rights, powers, and remedies of an owner with respect to the Collateral;

(g) Make any payment and/or perform any agreement undertaken by the Debtor and/or expend such sums and/or incur such expenses (including, without limitation, attorneys' fees) as the Secured Party, in its sole discretion, shall deem advisable;

(h) Enter on the premises where the Collateral is located to take possession or control of the Collateral, and the Secured Party may require the Debtor to assemble the Collateral and deliver it, or make it available, to the Secured Party at any place and time designated by the Secured Party;

(i) Remain on the premises of the Debtor without cost or charge to the Secured Party and to use the premises together with the materials, supplies, books and records of the Debtor for the purpose of collecting or liquidating the Collateral, whether by foreclosure, auction or otherwise; and

(j) Also take possession of all personal property located in or attached to the Collateral without liability to the Debtor and may hold such personal property for the Debtor at the Debtor's expense.

Without limiting the generality of the foregoing, the Secured Party may sell, lease or otherwise dispose of the Collateral as a whole or in parts at one or more public or private sales or may retain all or any portion of the Collateral in satisfaction of the Obligations secured hereby, with notice of such retention sent to the Debtor if required by law. Any public sale of the Collateral may be held at any premises of the Debtor or premises of the Secured Party in the City of Roanoke, Virginia. The Secured Party may sell the Collateral at one time or at different times (with such postponements of sale as may be deemed appropriate by the Secured Party in its absolute discretion), for cash or credit, with such bidder's deposit and upon such other terms and conditions as the Secured Party shall deem appropriate in its absolute discretion. At the option of the Secured Party, the Collateral may be sold as a whole or in such separate groupings of the Collateral and in such order as the Secured Party may deem appropriate in its absolute discretion. No purchaser at any public or private sale of all or any part of the Collateral (other than the Secured Party) shall be required to see to the proper application of the purchase money.

The Secured Party's rights and remedies under this Security Agreement, at law and in equity, are cumulative, and the Secured Party may exercise all such rights and remedies without notice or demand to the Debtor. The Secured Party's rights and remedies under this Security Agreement shall be in addition to (a) all rights which the Secured Party may have under the terms and provisions of the Obligations and the Security Instruments, (b) all rights of offset or setoff available to the Secured Party, and (c) all rights and remedies of the Secured Party at law or in equity. Unless the Collateral is perishable and threatens to decline speedily in value or is a type customarily sold on a recognized market, the Secured Party shall give the Debtor at least 10 days prior written notice of the day, time and place of any public sale or of the day and time after which any private sale or any other intended disposition may be made, and the Debtor agrees that such notice shall be deemed to be reasonable under all circumstances. If any sale of the Collateral be at public auction, the Secured Party may itself be a purchaser at such sale free from any right or equity or redemption of the Debtor, such right being hereby expressly waived and released. The Secured Party's expenses of retaking, holding, preparing for sale and selling the Collateral (including, without limitation, attorneys' fees) shall be deemed advances to the Debtor by the Secured Party, and the repayment of such expenses shall be secured by this Security Agreement.

8. Further Assurances. The Debtor will from time to time execute such further instruments and do such further acts and things as the Secured Party may require by way of further assurance to the Secured Party of all of the rights and remedies of the Secured Party provided for or intended to be provided for in this Security Agreement. The Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other instruments as the Secured Party may from time to time require in order to comply with the UCC and the laws of any jurisdiction in which all or any portion of any Collateral shall be located and to preserve and protect the security interests hereby granted. If the law of any jurisdiction other than Virginia becomes or is applicable to the Collateral or any part thereof or of any of the Obligations, the Debtor agrees to execute and deliver all such instruments and to do all such other things as may

be necessary or appropriate to preserve, protect and enforce the security interests and liens of the Secured Party under the law of such other jurisdiction to at least the same extent as such security interests and liens of the Secured Party would be protected under the UCC. Debtor agrees to execute any documents necessary or appropriate to record Liens reflecting the security interest in any documents or certificates of title, such as titles to vehicles or boats, granted hereby.

9. Proceeds of Disposition of Collateral by the Secured Party. After deducting all costs and expenses of every kind incurred or incidental to the retaking, holding, advertising, preparing for sale and selling, leasing or otherwise disposing of the Collateral or in any way relating to the Secured Party's rights and remedies under this Security Agreement, including, without limitation, actual attorneys' fees and costs of any repairs deemed necessary or appropriate by the Secured Party, the Secured Party may apply the net proceeds of any sale, lease or other disposition of the Collateral to payment in full or in part of any one or more of the Obligations, whether or not then due and payable, in such order and to such of the Obligations as the Secured Party may elect in the exercise of its absolute discretion, making proper rebate for any unearned interest or discount, and only after full payment of all of the Obligations and any other payments the Secured Party may be required by law to make shall the Secured Party account to the Debtor for any surplus. The Debtor shall remain liable to the Secured Party for the payment of any deficiency in the payment of any of the Obligations after the sale, lease or other disposition of the Collateral.

10. Governing Law. This Security Agreement and the other related documents (a) have been negotiated, executed and delivered in the Commonwealth of Virginia, and (b) together with the rights and obligations of the parties hereunder and thereunder, shall be governed by, and construed and performed in accordance with, the laws of the Commonwealth of Virginia, except to the extent that the UCC provides for the application of other law with respect to the collateral.

11. Jurisdiction. The Debtor and Secured Party irrevocably submit to the jurisdiction of the Circuit Court of the City of Roanoke, Virginia and the United States District Court for the Western District of Virginia, Roanoke Division and agree that the Secured Party may enforce its rights under the Security Agreement only in those courts.

12. Time. Time is of the essence with regard to the performance of the covenants, terms and conditions of this Security Agreement.

13. Failure To Exercise Rights. Any failure by Secured Party to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other rights at any time.

14. Severability. In the event any covenant, term or condition of this Security Agreement shall be held for any reason to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality or unenforceability of such covenant, term or condition shall not affect the validity, legality or enforceability of the remaining covenants, terms and conditions of this Security Agreement.

15. Successor And Assigns. The covenants, terms and conditions of this Security Agreement shall be binding on the heirs, personal representatives, successors and assigns of the Debtor and shall inure to the benefit of the Secured Party, its successors and assigns.

16. Notices And Requests. Any notice or request which shall be given or may be given by the Debtor or the Secured Party under this Security Agreement must be in writing and shall be deemed to have been given by the sending party and received by the receiving party when any such notice or consent shall have been hand-delivered to the person designated below for such receiving party, or three days after such notice or request shall have been posted in the certified mail of the United States, postage prepaid, return receipt requested and addressed to the person designated for such receiving party at the address set forth in the introductory paragraph of this Security Agreement. The Debtor or the Secured Party may change its designated person and/or its designated address at any time by giving notice of such change to the other party to this Security Agreement in the manner set forth below.

(a) If to the Secured Party, then to:

Melvin N. Eleazer, President  
WDRL-TV, Inc.  
Managing Member, MNE Broadcasting, L.L.C.  
5002 Airport Road NW  
Roanoke, Virginia 24012

Telecopy Number: ( ) \_\_\_\_\_

with a copy, given in the manner prescribed above, to:

Howard J. Beck, Jr, Esquire  
Warner & Renick, PLC  
4648 Brambleton Avenue SW  
Roanoke, Virginia 24018

Telecopy Number: (540) 777-2665

(b) If to the Debtor then to:

Jerry L. Falwell, Jr., Esquire  
Vice Chancellor  
Liberty University  
1971 University Blvd.  
Lynchburg, Virginia 24502

Telecopy Number: ( ) \_\_\_\_\_

with a copy, given in the manner prescribed above, to:

W. Scott Street, III, Esquire  
A. Peter Brodell, Esquire  
Williams Mullen  
1021 East Cary Street  
P.O. Box 1320  
Richmond, Virginia 23218-1320

Telecopy Number: (804) 783-6507

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section providing for the giving of notice.

17. Counterparts; Telecopied Signatures. This Security Agreement may be executed in any number of counterparts and by different parties to this Security Agreement on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same agreement. Any signature delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature to this Security Agreement.

18. Waivers by Debtor. Debtor hereby waives, to the extent the same may be waived under applicable law: (a) all claims, causes of action and rights of Debtor against Secured Party on account of actions taken or not taken by Secured Party in the exercise of Secured Party's rights or remedies hereunder, under the Loan Documents or under applicable law; (b) all claims of Debtor for failure of Secured Party to comply with any requirement of applicable law relating to enforcement of Secured Party's rights or remedies hereunder, under the Loan Documents or under applicable law; (c) all rights of redemption of Debtor with respect to the Collateral; (d) in the event Secured Party seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required; (e) presentment, demand for payment, protest and notice of non-payment and all exemptions; (f) any and all other notices or demands which by applicable law must be given to or made upon Debtor by Secured Party; (g) settlement, compromise or release of the obligations of any person primarily or secondarily liable upon any of the Obligations; (h) all rights of Debtor to demand that Secured Party release account debtors from further obligation to Secured Party; and (i) substitution, impairment, exchange or release of any Collateral for any of the Obligations. Debtor agrees that Secured Party may exercise any or all of its rights and/or remedies hereunder, under the Security Instrument and under applicable law without resorting to and without regard to any Collateral or sources of liability with respect to any of the Obligations.

19. Marshaling. Secured Party shall not be under any obligation to marshal any assets in favor of the Debtor or any other person or against or in payment of any or all of the Obligations.

20. Section Headings. The section headings in this Security Agreement are for the

convenience of the parties only and are to be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Security Agreement.

21. Indemnity Agreement. The Debtor agrees to indemnify and save the Secured Party harmless from all liabilities, claims, losses, demands, damages, expenses and costs of every kind and nature (including, without limitation, actual attorneys' fees) arising under or in connection with this Security Agreement. Any liability, loss, damage, expense or cost incurred or suffered by the Secured Party arising under or in connection with this Security Agreement shall be part of the "Obligations" of the Debtor to the Secured Party, the payment of which shall be secured by this Security Agreement.

22. Term Of The Security Agreement. The term of this Security Agreement shall commence on the date hereof and shall terminate on the date when all of the Obligations have been irrevocably paid and fully satisfied or performed.

IN WITNESS WHEREOF, authorized officers of the Debtor and the Secured Party have executed this Security Agreement as of the day and year first above written.

DEBTOR:

LIBERTY UNIVERSITY, INC.  
a Virginia nonstock corporation

By: \_\_\_\_\_  
Print Name: Jerry L. Falwell, Jr.  
Title: Vice Chancellor

SECURED PARTY:

MNE BROADCASTING, L.L.C.  
a Virginia liability company

By: \_\_\_\_\_  
Print Name: Melvin E. Eleazer  
Title: Member/Manager

EXHIBIT "A"

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (the "Subordination Agreement") is made this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and among MNE BROADCASTING, L.L.C., a Virginia liability company (the "Junior Creditor"), Liberty University, Inc., a Virginia nonstock corporation ("Liberty"), and \_\_\_\_\_ (the "Lender").

RECITALS

A. Liberty ("Borrower") have requested and/or obtained certain loans or other credit accommodations from the Lender in the maximum principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_) ("Original Borrowed Amount") which are or may be from time to time secured by assets and property of the Borrower.

B. The Junior Creditor has extended loans or other credit accommodations to the Borrower, and/or may extend loans or other credit accommodations to the Borrower from time to time in the future.

C. To induce the Lender to extend credit to the Borrower, the Junior Creditor is willing to subordinate all of the Borrower's indebtedness and obligations to the Junior Creditor to all indebtedness and obligations of each Borrower to the Lender.

D. This Subordination Agreement sets forth the relative rights, obligations, and priorities of the Lender and the Junior Creditor with respect to the payment and collection of the Senior Obligations and the Junior Obligations (each as hereinafter defined) and with respect to the Collateral (as hereinafter defined).

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the agreements and covenants contained herein and of the Lender's agreement to extend credit to the Borrower, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Junior Creditor, the Borrower and the Lender, intending to be legally bound, agree as follows:

1. Construction of Agreement and Definitions. Whenever used herein, the words "Borrower," "Junior Creditor," and "Lender" shall be deemed to include their respective heirs, legal representatives, successors and assigns. All words used herein shall be deemed to refer to the singular, plural, masculine, feminine or neuter as the identity of the person or entity or the context may require.

"Collateral" shall mean all of the assets and property of the Borrower securing the Senior Obligations, whether presently existing or as may be acquired or created in the future, and

wherever located and any replacements, additions, accessories, or substitutions thereof, and the proceeds and products thereof and where applicable, the proceeds of insurance concerning any such assets and property.

“Junior Obligations” shall mean all liabilities, indebtedness, and obligations of the Borrower to the Junior Creditor, whether presently existing or arising in the future, direct or indirect, contingent or non-contingent, secured or unsecured, liquidated or unliquidated, due or not due, primary or secondary, jointly and/or severally, and whether arising or contracted directly between such Borrower and the Junior Creditor or acquired by the Junior Creditor outright, conditionally, or as collateral security from another, and all claims, demands, actions, and causes of action, arising therefrom. The Junior Obligations shall include, but not be limited to, the promissory note described on Schedule I attached hereto.

“Loan Documents” shall mean any loan agreement, security agreement, promissory note, guaranty, mortgage, deed of trust, indemnity deed of trust, collateral pledge agreement, guaranty security agreement, indemnity agreement, assignment, letter of credit application, letter of credit, commitment letter, commitment, opinion of counsel, subordination agreement, financing statement, certifications, or any other agreement, document, or instrument made or to be made by the Borrower, the Lender, or any other person as evidence of, security for, guarantee of, or in connection with the Senior Obligations.

“Senior Obligations” shall mean all liabilities, indebtedness, and obligations of the Borrower to the Lender, whether presently existing or arising in the future, direct or indirect, contingent or non-contingent, secured or unsecured, liquidated or unliquidated, due or not due, primary or secondary, jointly and/or severally, and whether arising or contracted directly between such Borrower and the Lender or acquired by the Lender outright, conditionally, or as collateral security from another and all claims, demands, actions, and causes of action arising therefrom, in the maximum principal amount of \_\_\_\_\_ (\$ \_\_\_\_\_ .00), plus interest as provided under the Loan Document, plus reasonable fees and costs as allowed by statute or the Loan Documents.

## 2. Subordination.

2.1 The Junior Creditor hereby subordinates, to the extent and in the manner provided in this Subordination Agreement, payment of the Junior Obligations, including without limitation payment by any guarantor or other obligor of the Junior Obligations, to the full and absolute payment of all of the Senior Obligations. The Borrower consents to the subordination provided for in herein.

2.2 The Junior Creditor agrees that any security interest, lien or other encumbrance that the Junior Creditor now has or hereafter acquires in the Collateral is and shall be subordinate, junior and inferior in priority, operation and effect to any security interest or lien of the Lender in the Collateral.

3. Warranties, Representations and Covenants of the Junior Creditor and the Borrowers.

3.1 The Junior Creditor represents and warrants that: (a) it has not relied and will not rely on any representation or information of any nature made by or received from the Lender relative to the Borrower in deciding to execute this Subordination Agreement or to permit it to continue in effect; (b) the Junior Creditor is the lawful owner of the existing Junior Obligations and no part of the existing Junior Obligations is subject to any defense, offset, or counterclaim; (c) the Junior Creditor has not previously assigned or transferred any of the Junior Obligations or any interest therein; and (d) the Junior Creditor has not previously given any subordination in respect to the Junior Obligations.

3.2 The Junior Creditor covenants that, until all of the Senior Obligations have been paid in full: (a) the Junior Creditor shall not commence or join with any other creditors of the Borrower in commencing any bankruptcy, reorganization, receivership or insolvency proceeding against such Borrower; (b) the Junior Creditor shall not take or permit any action prejudicial to or inconsistent with the Lender's priority position over the Junior Creditor that is created by this Subordination Agreement; (c) except for the limited payments expressly permitted under Section 4 of this Subordination Agreement, the Junior Creditor shall not demand, take, or receive, by setoff or in any other manner, any payments upon the Junior Obligations; and (d) without giving the Lender 60 days' prior written notice, the Junior Creditor will not take or institute any enforcement actions against the Borrower with respect to the Junior Obligations.

3.3 Except as provided in Section 4 of this Subordination Agreement, the Borrower will not, without the Bank's prior written consent, pay, by setoff or in any other manner, all or any part of the Junior Obligations unless and until all of the Senior Obligations shall have been satisfied in full.

4. Permitted Payments. Notwithstanding any other provision of this Subordination Agreement to the contrary, so long as no default or event of default under the Loan Documents exists and is continuing, the Borrower may pay and the Junior Creditor may receive, in the ordinary course of business, regularly scheduled payments of principal and current accrued interest on account of the Junior Obligations as and when such principal and interest payments on the Junior Obligations become due. In no event shall the Borrower pay or the Junior Creditor receive, whether directly or indirectly by way of setoff or otherwise, any principal prepayments or accelerated payments on account of any of the Junior Obligations unless the Lender shall consent in writing, which consent shall not be unreasonably withheld. Upon and after the occurrence of a default or event of default under the Loan Documents, the Borrowers shall not pay and the Junior Creditor shall not receive, whether directly or indirectly or by way of setoff or otherwise, any payments with respect to the Junior Obligations unless the Lender shall consent thereto in writing. The Lender shall use reasonable efforts to notify the Junior Creditor of the occurrence of a default or event of default under the Loan Documents, but any failure of the Lender to give the Junior Creditor any such notice shall not in any way impair, diminish, or affect the rights and remedies of the Lender under the Loan Documents or this Subordination Agreement. Provided that Lender has given notice to Junior Creditor, on any distribution or payment to the Junior Creditor on or with respect to the

Junior Obligations or the Collateral, whether partial or complete, voluntary or involuntary, by operation of law or otherwise, other than as permitted in this Section 4, then, and in any such event, any such payment or distribution of any kind or character, which shall be payable or deliverable upon or with respect to any of the Junior Obligations or the Collateral, shall, until all of the Senior Obligations have been fully paid and satisfied, be paid or delivered directly to the Lender for application against such of the Senior Obligations, and until so delivered, any such distribution or payment shall be held in trust by the Junior Creditor for the Lender and shall not be commingled with other funds or property of the Junior Creditor.

5. Consents, Waivers and Indulgences.

5.1 The Lender may, at any time and from time to time, with or without consideration, and without further consent of or notice to the Junior Creditor and without in any manner affecting, impairing, lessening, discharging, or releasing the Senior Obligations, or any Collateral, or the Junior Creditor or the Borrower from the terms of this Subordination Agreement: (a) renew, extend, alter, change the manner, time, place, and terms of payment of, grant any indulgence with respect to, sue for and collect upon, and otherwise deal with the Senior Obligations; (b) sell, exchange, release, substitute, surrender, realize upon, or otherwise dispose of or deal with any Collateral that may now or hereafter come into the possession or control of the Lender; (c) grant any indulgence to, release, or otherwise deal with any party primarily or secondarily liable upon any of the Senior Obligations; and, (d) release any balance of funds of the Borrower held by the Lender.

5.2 To the fullest extent permitted by law, the Junior Creditor waives presentment, demand, notice of dishonor, protest, protest and demand, notice of protest, and notice of payment or nonpayment or other default or dishonor with respect to the Senior Obligations and documents evidencing, creating, or securing the Senior Obligations. The Borrower and the Junior Creditor waive notice of default under this Subordination Agreement.

5.3 The Junior Creditor waives any defense based on the adequacy of a remedy at law which might be asserted in any action brought by the Lender. To the fullest extent permitted by law, the Junior Creditor further waives any and all notices and demands of any kind in connection with all negotiable instruments evidencing all or any portion of the Senior Obligations or the Junior Obligations to which the Borrower or the Junior Creditor may be a party and all other demands and notices of every kind in connection with this Subordination Agreement, the Senior Obligations or the Junior Obligations. The Junior Creditor assents to any release, renewal, extension, expansion, compromise or postponement of the time of payment of the Senior Obligations, and to any substitution, exchange, or release of the Collateral.

5.4 The Junior Creditor consents and agrees that all of the Senior Obligations shall be deemed to have been made or incurred in reliance upon this Subordination Agreement.

6. Transfer or Assignment of Claims by the Junior Creditor. The Junior Creditor shall not assign or transfer to others any claim that the Junior Creditor has or may have against the Borrower while any of the Senior Obligations remain unpaid or there exists any commitment of the Lender which could give rise to any Senior Obligations unless such assignment or transfer is expressly made subject to this Subordination Agreement. The Junior Creditor agrees to indemnify the Lender and hold the Lender harmless from and against any loss sustained or incurred by the Lender as a result of the Junior Creditor's failure to comply with the provisions of this Section 6.

7. Transfer or Assignment of the Senior Obligations by the Lender. If any of the Senior Obligations are transferred or assigned by the Lender, this Subordination Agreement will inure to the benefit of the Lender's transferee or assignee to the extent of such transfer or assignment; provided, however, that the Lender shall continue to have the unimpaired right to enforce this Subordination Agreement as to any of the Senior Obligations not so transferred or assigned.

8. Validity of the Junior Obligations. The provisions of this Subordination Agreement subordinating the Junior Obligations are solely for the purpose of defining the relative rights of the Lender and the Junior Creditor and shall not impair the Junior Obligations or the obligation of the Borrower to pay the Junior Creditor. Nothing contained in this Subordination Agreement shall be deemed to confer any rights upon the Borrower or to alter or modify any of the rights or duties of the Borrower with respect to either the Senior Obligations or the Junior Obligations.

9. Default on the Junior Obligations. The Junior Creditor shall provide the Lender with immediate notice of the occurrence of any defaults by the Borrower under the documentation establishing the Junior Obligations.

10. Lender's Duties Limited. The rights granted to the Lender in this Subordination Agreement are solely for its protection and nothing contained in this Subordination Agreement imposes on the Lender any duties with respect to any property either of the Borrower or of the Junior Creditor, whether received earlier or in the future by the Lender, beyond reasonable care in the custody and preservation of such property while in the Lender's possession. The Lender has no duty to preserve rights against prior parties on any instrument or chattel paper received from the Borrower or the Junior Creditor as collateral security for the Senior Obligations or any portion thereof.

11. Duration. This Subordination Agreement shall constitute an absolute, unconditional, and continuing agreement of subordination. The Lender may continue, without notice to the Junior Creditor, to lend monies, extend credit, and make other accommodations to or for the account of the Borrower not to exceed the Original Borrowed Amount.

12. Remedies Cumulative. Each right, power and remedy of the Lender hereunder or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and concurrent, and the exercise or beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers or remedies. No failure or delay by the Lender to insist upon the strict performance of any one or

more provisions of this Subordination Agreement or to exercise any right, power or remedy consequent upon a breach thereof or default hereunder shall constitute a waiver thereof, or preclude the Lender from exercising any such right, power or remedy at any other time or times.

13. Additional Documentation. The Junior Creditor shall execute and deliver to the Lender such further instruments and shall take such further action as the Lender may at any time or times reasonably request in order to carry out the provisions and intent of this Subordination Agreement.

14. Notice. Any notice, demand, request or other communication which the Lender or any Junior Creditor may be required to give hereunder shall be in writing, and shall be deemed given and effective upon: (a) actual receipt upon hand-delivery; or (b) three business days after deposit in the United States mail, postage prepaid, for delivery by registered mail or certified mail, return receipt requested; or (c) two (2) business days after deposit for delivery, prepaid, by a commercial overnight courier; or (d) the date of delivery by facsimile, as evidenced by a transmission report from sender's facsimile machine, provided such is also deposited for delivery, prepaid, by a commercial overnight courier. Such notice, demand, request or other communication shall be addressed as follows, or to such other addresses as the parties may designate by like notice:

(a) If to the Junior Creditor:

Melvin N. Eleazer  
Member/Manager  
MNE Broadcasting, L.L.C.  
5002 Airport Road NW  
Roanoke, Virginia 24012

Telecopy Number: ( ) \_\_\_\_\_

with a copy, given in the manner prescribed above, to:

Howard J. Beck, Jr., Esquire  
Warner & Renick, PLC  
4648 Brambleton Avenue SW  
Roanoke, Virginia 24018

Telecopy Number: (540) 777-2665

(b) If to Borrower/Liberty then to:

Jerry L. Falwell, Jr., Esquire  
Vice Chancellor  
Liberty University  
1971 University Blvd.  
Lynchburg, Virginia 24502

Telecopy Number: ( ) \_\_\_\_\_

with a copy, given in the manner prescribed above, to:

W. Scott Street, III, Esquire  
A. Peter Brodell, Esquire  
Williams Mullen  
1021 East Cary Street  
P.O. Box 1320  
Richmond, Virginia 23218-1320

Telecopy Number: (804) 783-6507

(c) If to Lender:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telecopy Number: ( ) \_\_\_\_\_

15. Choice of Law; Consent to Jurisdiction. This Subordination Agreement shall be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Virginia. The Junior Creditor and the Borrower hereby (a) agree that all disputes and matters whatsoever arising under, in connection with, or incident to this Subordination Agreement shall be litigated, if at all, in and before a court located in the Commonwealth of Virginia, United States of America, to the exclusion of the courts of any other state or country and (b) irrevocably submit to the non-exclusive jurisdiction of any Virginia court or federal court sitting in the Commonwealth of Virginia in any action or proceeding arising out of or relating to this Subordination Agreement, and hereby irrevocably waive any objection they may have to the laying of venue of any such action or proceeding in any such court and any claim they may have that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

16. Assignability. This Subordination Agreement shall inure to the benefit of and be enforceable by the Lender and the Lender's successors and assigns and any other person to whom

the Lender may grant an interest in Senior Obligations, and shall be binding and enforceable against the Junior Creditor and the Junior Creditor's personal representatives, successors and assigns.

17. Counterparts. This Subordination Agreement may be executed in duplicate originals or in several counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument.

18. Invalidity of Any Part. In the event that any of one or more of the provisions of this Subordination Agreement shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Subordination Agreement operate or would prospectively operate to invalidate this Subordination Agreement, then and in any of those events, the following shall occur: (a) the provision(s) shall be enforced to the fullest extent of its validity, legality and enforceability; or, (b) if such provision(s) would operate so as to invalidate this entire Subordination Agreement, only such provision(s) shall be void as though not herein contained, and the remainder of the clauses and provisions of this Subordination Agreement will remain in full force and effect.

19. Expenses. The Borrowers agree to pay to the Lender on demand all expenses of any kind, including reasonable attorneys' fees, that the Lender may incur in enforcing any of its rights under this Subordination Agreement. All such costs and expenses as calculated or determined by the Lender shall bear interest at a per annum rate of interest equal to the then highest rate of interest charged on the principal of any of the Senior Obligations plus 2% per annum, from the date incurred by the Lender until repaid in full.

20. WAIVER OF JURY TRIAL. THE JUNIOR CREDITOR AND THE BORROWER HEREBY (i) COVENANT AND AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (ii) WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE LENDER AND THE JUNIOR CREDITOR OR THE BORROWER MAY BE PARTIES ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS SUBORDINATION AGREEMENT.

21. Miscellaneous. The paragraph headings of this Agreement are for convenience only, and shall not limit or otherwise affect any of the terms hereof. This Subordination Agreement constitutes the entire agreement between the parties with respect to their subject matter and supersedes all prior letters, representations, or agreements, oral or written, with respect thereto. No modification, change, waiver or amendment of this Subordination Agreement shall be deemed to be made by the Lender unless in writing signed by the Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved. No course of dealing or conduct shall be effective to amend, modify, waive, release or change any provisions of this Subordination Agreement, and the Lender shall have the right at all times to enforce the provisions of this Subordination Agreement in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Lender in refraining from so doing at any time or times.

[Signatures appear on following page]

[Signature Page to Subordination Agreement]

IN WITNESS WHEREOF, the parties to this Subordination Agreement have caused this Subordination Agreement to be duly executed under seal as of the date and year first written above.

JUNIOR CREDITOR:

MNE Broadcasting, L.L.C.,  
a Virginia liability company

By: \_\_\_\_\_ (SEAL)

Name: Melvin N. Eleazer

Title: Manager/Member

BORROWER:

Liberty University, Inc.,  
a Virginia nonstock corporation

By: \_\_\_\_\_ (SEAL)

Name: Rev. Jerry L. Falwell, Sr.

Title: Chancellor

LENDER:

\_\_\_\_\_

By: \_\_\_\_\_ (SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_