

ASSET EXCHANGE AGREEMENT

THIS ASSET EXCHANGE AGREEMENT (“Agreement”), made and entered into as of this 21st day of August, 2007, by and among **FAMILY STATIONS, INC.**, a not-for-profit corporation organized under the laws of the State of California (“FSI”), and **REDEEMER BROADCASTING, INC.**, a corporation organized under the laws of the State of New York. (“Redeemer”).

WITNESSETH:

WHEREAS, FSI is the holder of a license issued by the Federal Communications Commission (the “Commission” or “FCC”) for the operation of Station W213AM, Newburgh, New York, FCC Facility No. 20708 (“W213AM”); and

WHEREAS, Christian Media Associates, Inc. (“CMA”), is a wholly owned subsidiary of Redeemer and is the holder of a license issued by the FCC for the operation of Station W282AD, East Windham, New York, FCC Facility No. 11068 (“W282AD”) (for purposes of this Agreement, all references to Redeemer shall also include CMA); and

WHEREAS, subject to the terms and conditions set forth herein, the parties desire to exchange the licenses and certain of the assets owned and/or used in connection with such stations.

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

SECTION 1 **ASSETS TO BE SOLD**

1.1 Transfer of Assets.

(a) On the Closing Date (as defined below), FSI will transfer, assign and convey to Redeemer all of FSI’s right, title and interest in and to all the licenses, permits and other authorizations issued to FSI (“W213AM License”) by the FCC or any other governmental authority and used in the operation of W213AM (“W213AM Assets”)

(b) On the Closing Date (as defined below), Redeemer transfer, assign and convey to FSI all of Redeemer’s right, title and interest in and to (i) all the licenses, permits and other authorizations issued to Redeemer by the FCC or any other governmental authority (“W282AD License”) and used in the operation of W282AD, and (ii) the transmit antenna and coaxial cable, with any replacements thereof (“W282AD Assets”). (Collectively, the W213AM Assets and W282AD Assets shall be referred to herein as “Assets” and the W213AM License and W282AD License shall be referred to herein as “Licenses”.)

1.2 Excluded Assets. The Assets to be conveyed at Closing by the parties shall include only those assets described in Section 1.1 above. Any other assets are not to be included

in the Assets and are to be excluded from this exchange transaction. Such excluded assets (the "Excluded Assets") shall include, but not be limited to, the following:

(a) **Corporate Records.** Each party's corporate records (corporate records shall not include FCC records related to W213AM and W282AD, all of which shall be provided to the other party as part of the acquisition).

(b) **Cash.** All cash, cash equivalents or similar type of investments of either party.

(c) **Contracts.** Any and all contracts, contracts of insurance and insurance proceeds of settlement and insurance claims made by either party relating to property or equipment repaired, replaced, restored by either party prior to the Closing Date.

1.3 **Liabilities.** The Assets will be delivered to each party at Closing free and clear of all debts, liens, claims, encumbrances and other liabilities.

ARTICLE II PURCHASE PRICE AND PAYMENT

2.1 **Consideration.** The W213AM Assets shall be exchanged for the W282AD Assets at Closing.

2.2 **Adjustments and Prorations.** All revenues and all expenses arising from the business and operations of the W213AM and W282AD up to 12:01 a.m. on the Closing Date, including business and license fees, FCC regulatory fees, rent, utility charges, real and personal property taxes and assessments levied against the Assets (except for taxes arising from the transfer of the Assets hereunder), applicable copyright or other fees, and similar prepaid and deferred items, shall be prorated between the parties in accordance with the principle that the parties shall be entitled to all revenues, and shall be responsible for all expenses, costs and liabilities allocable to the operation of each station for the period prior to the Closing Date, and the other party shall be entitled to all revenues, and shall be responsible for all expenses, costs and obligations allocable to the operation of each station on the Closing Date and for the period thereafter.

2.3 **Assumption of Liabilities and Obligations.** As of the Closing Date, each party shall assume, pay, discharge and perform (i) all obligations and liabilities arising out of the other party's ownership of the Assets and its operation of the respective station on or after the Closing Date, (ii) all obligations and liabilities of each party under the Licenses and all other governmental licenses, franchises and authorizations transferred to the other party ("Other Licenses") insofar as they relate to the time period on or after the Closing Date. All other obligations and liabilities of each party, including but not limited to (v) obligations under any contract or agreement not included in the Assets, (x) any obligations under the Licenses and Other Licenses relating to the time period prior to the Closing Date, (y) any claims or pending or future litigation or proceedings relating to the operation of each station prior to the Closing Date, and (z) any other liabilities and obligations arising from either party's operation of each

station prior to the Closing Date, shall remain and be the obligations and liabilities solely of that party.

ARTICLE III FSI'S REPRESENTATIONS AND WARRANTIES

FSI makes the following representations and warranties to Redeemer, all of which shall be true and correct at Closing:

3.1 **Organization.** FSI is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of California.

3.2 **Authorization.** The execution and delivery of this Agreement by FSI has been duly authorized by all necessary action on its part. This Agreement has been duly and validly executed and delivered by FSI and constitutes a legal, valid and binding obligation of FSI enforceable against FSI in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally, and equitable principles.

3.3 **No Defaults.** The execution, delivery and performance of this Agreement by FSI will not (a) conflict with any provision of FSI's corporate organizational documents, (b) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any agreement, contract, note, bond, mortgage or other instrument or obligation to which FSI is a party or by which FSI or any of the W213AM Assets may be bound, (c) in any respect contravene or violate any law, statute, rule, regulation, order, injunction or decree of any federal, state or local governmental authority or agency applicable to FSI or the W213AM License, or (d) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the W213AM Assets.

3.4 **W213AM License.** The W213AM License was validly issued and is in full force and effect. FSI is the authorized legal holder of such license which is valid and in effect for the remainder of its term. The W213AM License is not subject to any restriction or condition not appearing on the face of the license or contained in the FCC's rules and regulations which would limit the operation of W213AM as presently operated.

3.5 **Litigation and Compliance with Laws.** To FSI's knowledge, there is no litigation pending by or against or threatened against FSI which may adversely affect the W213AM License or the W213AM Assets or FSI's ability to perform in accordance with the terms of this Agreement. FSI is in compliance in all material respects with all governmental authorizations and all applicable federal, state and local laws, rules and regulations, including without limitation those imposing taxes.

3.6 **Instruments of Conveyance; Good Title.** The instruments to be executed by FSI and delivered to Redeemer at the Closing, conveying the W213AM Assets to Redeemer, will be in a form sufficient to transfer to Redeemer all rights and interests of FSI in the W213AM Assets free and clear of all debts, liabilities, obligations, liens, claims and encumbrances.

3.7 **Approvals.** No approval of any third party, governmental agency or court is required to be obtained by FSI with regard to the assignment of the W213AM License and W213AM Assets except the approval by the FCC as provided herein.

3.8 **Brokers.** There is no broker or finder or other person who would have any valid claim against FSI for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by FSI.

ARTICLE IV REDEEMER'S REPRESENTATIONS AND WARRANTIES

Redeemer makes the following representations and warranties to FSI, all of which shall be true and correct at Closing:

4.1 **Organization.** Redeemer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York.

4.2 **Authorization.** The execution and delivery of this Agreement by Redeemer has been duly authorized by all necessary action on its part. This Agreement has been duly and validly executed and delivered by Redeemer and constitutes a legal, valid and binding obligation of Redeemer enforceable against Redeemer in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally, and equitable principles.

4.3 **No Defaults.** The execution, delivery and performance of this Agreement by Redeemer will not (a) conflict with any provision of Redeemer's corporate organizational documents, (b) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any agreement, contract, note, bond, mortgage or other instrument or obligation to which Redeemer is a party or by which Redeemer or any of the W282AD Assets may be bound, (c) in any respect contravene or violate any law, statute, rule, regulation, order, injunction or decree of any federal, state or local governmental authority or agency applicable to Redeemer or the W282AD License, or (d) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the W282AD Assets.

4.4 **W282AD License.** The W282AD License was validly issued and is in full force and effect. Redeemer is the authorized legal holder of such license which is valid and in effect for the remainder of its term. The W282AD License is not subject to any restriction or condition not appearing on the face of the license or contained in the FCC's rules and regulations which would limit the operation of W282AD as presently operated.

4.5 **Title to and Condition of W282AD Assets.** Redeemer has good title to all personal property that shall be assigned and transferred to FSI pursuant to this Agreement ("Personal Property"). None of the Personal Property is subject to any security interest,

mortgage, pledge, conditional sales agreement, or other lien or encumbrance, except for liens for current taxes, to the extent applicable, and other governmental charges not yet due and payable.

4.6 **Litigation and Compliance with Laws.** To Redeemer's knowledge, there is no litigation pending by or against or threatened against Redeemer which may adversely affect the W282AD License or the W282AD Assets or Redeemer's ability to perform in accordance with the terms of this Agreement. Redeemer is in compliance in all material respects with all governmental authorizations and all applicable federal, state and local laws, rules and regulations, including without limitation those imposing taxes.

4.7 **Instruments of Conveyance; Good Title.** The instruments to be executed by Redeemer and delivered to FSI at the Closing, conveying the W282AD Assets to FSI, will be in a form sufficient to transfer to FSI all rights and interests of Redeemer in the W282AD Assets free and clear of all debts, liabilities, obligations, liens, claims and encumbrances.

4.8 **Approvals.** No approval of any third party, governmental agency or court is required to be obtained by Redeemer with regard to the assignment of the W282AD License and W282AD Assets except the approval by the FCC as provided herein.

4.9 **Brokers.** There is no broker or finder or other person who would have any valid claim against Redeemer for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by Redeemer.

ARTICLE V FCC APPLICATION

5.1 **FCC Application.** The exchange of the Assets between FSI and Redeemer is contingent upon the approval of the FCC of the assignment of the Licenses to the other party. Within seven (7) business days after execution of this Agreement, the parties will join together to file an application with the FCC requesting its consent to the assignment of the Licenses from Redeemer and FSI to the other party (the "FCC Application"). The parties will diligently take, or cooperate in the taking of, all steps that are necessary or desirable to expedite the preparation, filing and good faith prosecution of the FCC Application, including promptly providing any information requested by the FCC.

ARTICLE VI COVENANTS OF SELLER AND BUYER

6.1 **Post-Closing Covenants.** After the Closing, the parties will take such actions, and execute and deliver to the other party such further bills of sale or other transfer documents as may be necessary to ensure, complete and evidence the full and effective transfer of title to the Assets to the other party pursuant to this Agreement.

**ARTICLE VII
CONDITIONS TO THE OBLIGATIONS OF FSI**

The obligations of FSI under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or at Closing:

7.1 **Representations and Warranties.** The representations and warranties of Redeemer contained in this Agreement shall, without material exception, be true and correct at and as of the Closing Date as though such representations and warranties were made at and as of such time.

7.2 **Covenants and Agreements.** Redeemer shall have performed all of its covenants and agreements required by this Agreement to be performed or complied with on or prior to the Closing Date.

7.3 **FCC Consent.** The FCC shall have given its consent (“FCC Consent”) to the assignment of the W282AD License to FSI, without any conditions materially adverse to FSI.

**ARTICLE VIII
CONDITIONS TO THE OBLIGATIONS OF REDEEMER**

The obligations of Redeemer under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or at Closing:

8.1 **Representations and Warranties.** The representations and warranties of FSI contained in this Agreement shall, without material exception, be true and correct at and as of the Closing Date as though such representations and warranties were made at and as of such time.

8.2 **Covenants and Agreements.** FSI shall have performed all of its covenants and agreements required by this Agreement to be performed or complied with on or prior to the Closing Date.

8.3 **Third Party Consents.** FCC Consent has been obtained to the assignment of the W213AM License to Redeemer, without the imposition of any condition or change that is materially adverse to Redeemer.

**ARTICLE IX
CLOSING**

9.1 **Time and Place of Closing.** The closing (“Closing”) of the exchange of the Assets shall be held at the offices of FSI’s counsel in Washington, D.C. within ten (10) business days following the date upon which the FCC Consent has become effective, or, at either party’s

option, within ten (10) business days following the date upon which the FCC Consent has become final (i.e., no longer subject to any further administrative or judicial review) (“Final Order”). In the event the 10th day falls on a weekend or holiday, the Closing shall be held on the first business day thereafter. Closing may be held via facsimile and/or overnight delivery, without the parties personally present at the same location.

9.2 **Deliveries by FSI.** At the Closing, FSI will deliver to Redeemer the following, in form and substance reasonably satisfactory to Redeemer:

(a) Duly executed assignments and other transfer documents which shall be sufficient to vest good and marketable title to the W213AM Assets in the name of Redeemer free and clear of any claims, liabilities, mortgages, liens, pledges, conditions, charges, or encumbrances of any nature whatsoever.

(b) A certificate, dated as of the Closing Date, signed by an officer of FSI, certifying that all representations, warranties, covenants and agreements made by FSI herein are true and correct as of the Closing Date.

9.3 **Deliveries by Redeemer.** At the Closing, Redeemer will deliver to FSI the following, in form and substance reasonably satisfactory to FSI:

(a) Duly executed assignments and other transfer documents which shall be sufficient to vest good and marketable title to the W282AD Assets in the name of FSI free and clear of any claims, liabilities, mortgages, liens, pledges, conditions, charges, or encumbrances of any nature whatsoever.

(b) A bill of sale conveying to FSI all right, title and interest of Redeemer in the personal property included in the W282AD Assets.

(c) A certificate, dated as of the Closing Date, signed by an officer of Redeemer, certifying that all representations, warranties, covenants and agreements made by Redeemer herein are true and correct as of the Closing Date.

ARTICLE X INDEMNIFICATION

10.1 **Survival.** All representations, warranties, covenants and agreements of the parties contained in this Agreement or in any related document shall survive the Closing for a period of six (6) months.

10.2 **Indemnification.** Each party agrees that it shall indemnify and hold the other party and its successors and assigns harmless from and against any and all damages, claims, losses, expenses, costs, obligations and liabilities, including without limitation liabilities for reasonable attorney’s fees and disbursements (“Loss and Expense”) suffered directly or indirectly by the party by reason of, or arising out of:

(a) any breach of representation or warranty made by a party pursuant to this Agreement,

(b) any failure by a party to perform or fulfill any of its covenants or agreements set forth in this Agreement,

(c) any failure by a party to pay or perform when due any of its liabilities or obligations arising out of or related to the Assets, and

(d) any litigation, proceeding or claim by any third party relating to the Assets prior to the Closing Date.

10.3 **Notices of Claims.** If either party believes that it has suffered or incurred any Loss and Expense, it shall notify that other party promptly in writing and within the applicable time period specified in Section 10.1 above and also in a sufficiently timely manner to allow the indemnifying party to defend against the claim, describing such Loss and Expense, the amount thereof, if known, and the method of computation of such Loss and Expense, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Loss and Expense shall have occurred. If the indemnifying party does not defend a claim by a third party in a timely manner, the indemnified party may itself defend at the expense of the indemnifying party. If the indemnifying party does defend, the indemnified party may participate at its own expense. In the event that a third party claimant and the indemnifying party reach agreement on a settlement that includes a general release in favor of the indemnified party, but the indemnified party refuses to consent to the settlement, the indemnifying party may pay the amount that was agreed upon for the settlement and then will be released from any further indemnification obligation with respect to that claim.

ARTICLE XI TERMINATION; LIQUIDATED DAMAGES

11.1 **Termination.** This Agreement may be terminated by the mutual consent of the parties at any time or upon the occurrence of one of the following events prior to or on the Closing Date:

(a) by either party, if not then in default, if the other party is in breach in any material respect of any of representations, warranties, covenants or agreements contained herein and fails to cure said breach within fifteen (15) days after written notification by the party to the breaching party; or

(b) by either party, if not then in default, with a thirty (30) day written notice to the other party, if Closing has not occurred by the date which is twelve (12) months after the FCC's acceptance for filing of the FCC Application; or

(c) by either party if the FCC denies the FCC Application in an order which has become final or designates for hearing the FCC Application or if the FCC revokes or cancels either of the W213AM License or W282AD License.

11.2 **Liabilities Upon Termination.** In the event this Agreement is terminated pursuant to Section 11.1 above, no party hereto shall have any liability to the other unless the termination occurs because of a breach by one party of its representations, warranties, covenants or agreements.

ARTICLE XII MISCELLANEOUS PROVISIONS

12.1 **Risk of Loss.** The risk of any loss, damage or destruction to any of the Assets from fire or other *force majeure* shall be borne by party transferring the specific assets at all times prior to the Closing Date hereunder. All operation and expense of the stations attributable to the time up to the Closing Date shall be for the account of the transferring party; all operation and expense on and after the Closing Date shall be for the account of party to which the assets are being transferred.

12.2 **Expenses.** Each party shall pay the cost of its own counsel; and, except as otherwise provided herein, all other costs and expenses incurred in connection with this Agreement and the transactions contemplated herein will be paid by the party incurring such costs and expenses. All filing and grant fees charged by the FCC in connection with this transaction, if any, will be paid equally by the parties.

12.3 **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand or by facsimile transmission or mailed by registered or certified mail (return receipt requested), postage prepaid, or by a reputable overnight delivery service to the parties at the following address (or at such other address for a party as shall be specified by like notice):

- (a) If to FSI, to:
- Family Stations, Inc.
4135 Northgate Blvd., Suite 1
Sacramento, CA 95834
ATTN: Peggy L. Renschler, Assistant Secretary
- with a copy
(which shall not
constitute notice)
- Michelle A. McClure, Esq.
Irwin, Campbell & Tannenwald, P.C.
1730 Rhode Island Ave., N.W., Suite 200
Washington, D.C. 20036-3101
- (b) If to Seller, to:

Redeemer Broadcasting, Inc.
P.O. Box 1520
Olivebridge, NY 12461
ATTN: Dan Elmendorf, President

12.4 **Assignment.** This Agreement and all of its terms shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and permitted assigns.

12.5 **Governing Law.** Except to the extent governed by federal law, this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California (and not the laws pertaining to conflicts or choice of law).

12.6 **Counterparts.** This Agreement may be executed in several counterparts, all of which taken together shall constitute one and the same instrument, notwithstanding that each party may execute a different counterpart. This Agreement shall be effective and legally binding upon delivery of facsimile signatures.

12.7 **Entire Agreement; Amendments.** This Agreement embodies the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties. This Agreement may not be amended except in writing signed by each party.

12.8 **Specific Performance.** Each of the parties acknowledges and agrees that the other party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the parties agrees that the other party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter, in addition to any other remedy to which it may be entitled at law or in equity.

12.9 **Confidentiality.** The parties each agree to use its best efforts to keep confidential (except for disclosure to attorneys, accountants, bankers, underwriters, investors, etc., as may be appropriate in furtherance of this transaction) all negotiations made between the parties pursuant to this Agreement, and all information of a confidential nature obtained by it from the other in connection with this transaction, except for such disclosures as may be necessary in connection with the filing and prosecution of the FCC Application. In the event that Closing is not held, each party will return to the other all documents and other materials received by it that were identified as confidential when provided and which contain information not publicly known or available.

12.10 **Headings.** The headings and captions in this Agreement are for the convenience of the parties only and are not to be interpreted as limiting the meaning of any of the provisions of this Agreement.

12.11 **Section 73.1150 Certification.** Prior to the Closing, control of the Licenses will be the sole right and responsibility of licensee. After the Closing, control and operation of the Licenses will be the sole right and responsibility of the current licensee. Pursuant to Section 73.1150 of the FCC's Rules and Regulations, each party hereby certifies that it will retain no right of reversion of the Licenses and no right to reassignment of the Licenses in the future.

IN WITNESS WHEREOF, FSI and Redeemer have caused this Agreement to be signed by their respective duly authorized individuals as of the date first above written.

FAMILY STATIONS, INC.

By: Peggy L. Renschler
Name: Peggy L. Renschler
Title: Assistant Secretary

Date: 8/23/07

REDEEMER BROADCASTING, INC.

By: Dan Elmendorf
Name: Dan Elmendorf
Title: President

Date: 8/21/2007