

## NETWORK AFFILIATION AGREEMENT

This Agreement is made as of this 19 day of December, 2001 by and between EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation (hereinafter referred to as "EMF") and LINCOLN-GARRARD BROADCASTING COMPANY, INC ("Licensee").

### WITNESSETH:

WHEREAS, EMF operates a programming network which broadcasts a unique blend of Christian-based, family-oriented programming known as the "K-LOVE" radio format; and

WHEREAS, Licensee is the licensee of radio station WXY-FM, Channel 242C3, Stanford, Kentucky (the "Station");

WHEREAS, Licensee has agreed to make available to EMF airtime on the Station and the Station's equipment and studios and to accept for broadcast the K-LOVE radio format; and

WHEREAS, EMF wishes to authorize Licensee to rebroadcast the K-LOVE programming from the facilities of the Station pursuant to Section 325(a) of the Communications Act of 1934, as amended (the "Communications Act"), and applicable Federal Communications Commission ("FCC") regulations in accordance with the terms and conditions hereinafter contained.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration received by each party, the receipt, adequacy and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Programming. Subject to the terms of this Agreement, EMF hereby authorizes the rebroadcast of K-LOVE programming on the Station. In consideration of this authorization and EMF's funding of the Station's operating expenses during the term of this Agreement, and subject to the other terms and conditions of this Agreement, Licensee agrees to make available to EMF program time on the Station for such rebroadcast. Simultaneously upon receipt of the K-LOVE signal, Licensee agrees to rebroadcast the signal of K-LOVE on the facilities of the Station without interruption, deletion, or addition of any kind, except as otherwise expressly permitted herein.

2. Term. The term of this Agreement shall commence at 10:00 a.m. on January 1, 2002 (the "Effective Date") and, unless earlier terminated as provided in this Agreement, shall continue in full force and effect until December 31, 2006 (the "Initial Term"). This Agreement shall automatically extend for an additional 60-month term (the "Extension Term"), subject to EMF's right to terminate the Agreement by written notice delivered to Licensee at least 180 days prior to the expiration of the Initial Term.

3. Hours of Programming. EMF will supply the signal of K-LOVE 24 hours per day, seven days per week as long as this Agreement remains in force, and Licensee will transmit

all programming supplied by EMF, except as otherwise provided in Sections 4 and 5 below and subject to the provisions set forth in Section 17 below with respect to force majeure. EMF will provide all such programming, produced at its own cost and expense. EMF shall install a satellite-receive dish at a mutually agreed upon location at the Station's studios to receive the K-LOVE signal.

4. Reservation of Time. Licensee specifically reserves for its own use two hours per week of programming time (the "Reserved Time") during which it may broadcast programming of its own choice. Unless otherwise mutually agreed upon by the parties, the Reserved Time shall be on Sundays between the hours of 6:00 a.m. and 8:00 a.m.

5. Licensee's Regulatory Obligations.

(a) Nothing herein shall be construed as limiting in any way Licensee's rights and obligations as an FCC licensee to make the ultimate programming decisions for the Station and to exercise ultimate control and responsibility with respect to the operations of the Station. Licensee will be responsible for insuring that the Station's overall programming is responsive to community needs and in the public interest. Licensee has the authority, in its sole discretion, to:

(i) reject and refuse to transmit any programming produced or proposed by EMF that Licensee in its good faith deems to be unsatisfactory, unsuitable, or contrary to the public interest, as determined by Licensee in its sole discretion;

(ii) originate or rebroadcast from any source any programming which Licensee, in its sole, good faith discretion, deems to be of greater local or national importance than the programming supplied by EMF or which Licensee believes will better serve the needs and interests of the Station's service area; and

(iii) interrupt EMF's programming in case of an emergency.

(b) In the event that Licensee rejects any of EMF's programming pursuant to subparagraph (a)(i) above, Licensee shall, insofar as is practicable, give EMF reasonable prior notice of its objection to EMF's proposed programs, including the basis for such objection, and shall use all reasonable efforts to give EMF a reasonable opportunity to substitute acceptable programming. EMF shall air the Station's hourly station identification announcements on behalf of Licensee so that such announcements are aired in accordance with FCC rules.

(c) Licensee, solely for the purpose of ensuring EMF's compliance with applicable law, including without limitation FCC rules and Station policies, shall be entitled to review on a confidential basis any programming material relating to K-LOVE broadcasts as it may reasonably request. EMF shall provide Licensee, at Licensee's request, with copies of all correspondence relating to K-LOVE's broadcasts on the Station and all complaints received from the public that pertain to the Station.

(d) EMF shall cooperate with Licensee to assist Licensee in complying with the provisions of the Communications Act regarding political advertising. EMF shall release

advertising availabilities to Licensee during the term of this Agreement as necessary to permit Licensee to comply with the political broadcast rules of the FCC; provided, however, that revenues received by Licensee as a result of any such release of advertising time shall promptly be remitted to EMF. EMF shall supply such information promptly to Licensee as may be necessary to comply with the equal opportunity and reasonable access requirements of the Communications Act.

6. Operation of the Station.

(a) Licensee shall maintain a main studio, as that term is defined by the rules and regulations of the FCC. Licensee shall maintain an appropriate public inspection file, and shall maintain that file as may be required by present or future FCC rules and regulations.

(b) Licensee shall employ at its expense such employees to direct the day-to-day operations of the Station as may be necessary to comply with the provisions of the Communications Act regarding main studio staffing and such additional personnel as shall be necessary to enable Licensee to perform its obligations under this Agreement. Licensee shall employ a chief operator, as that term is defined by the rules and regulations of the FCC (who may also hold the position of engineer), who shall be responsible for maintaining compliance by the Station with the technical operating and reporting requirements established by the FCC. Licensee shall also have such additional employees, if any, as may be required by FCC rules and regulations to monitor and control the Station's transmissions. All such employees will report to and be accountable solely to Licensee.

(c) Licensee shall be solely responsible for and shall pay in a timely manner all operating costs of the Station, including, without limitation, costs of maintaining and repairing the studio facilities, the Station's transmitters and antennae, the cost of electricity and other utilities, rental payments, taxes and the salaries, taxes, insurance and related costs for all personnel employed by Licensee in connection with the operation of the Station.

(c) At its own expense, and in compliance with any statutes, rules, regulations and policies of the FCC, EMF may provide and install any equipment it deems necessary or useful to supply its programming to the Station, under the supervision of Licensee. Upon termination of this Agreement, such property will remain the sole property of EMF and EMF shall promptly remove all such equipment from the premises of the Station.

(f) At any time during the Initial Term or Extension Term of this Agreement, EMF shall have the option of selecting new call letters for the Station, to be applied for by Licensee using the FCC's online call sign reservation system. EMF shall also have the option of requiring Licensee to relinquish the call letters "WXKY" upon the expiration of this Agreement.

7. Modifications to the Station's Facilities.

(a) Licensee may, at its option, seek FCC authorization to modify the Station's operations, at its own expense, for the purpose of optimizing the Station's signal transmitted toward Lexington, Kentucky. The parties recognize that such modification may

entail (i) a change in the Station's class from Class C3 to Class A; (ii) a change in the Station's frequency from Channel 242 to Channel 243 (96.5 MHz); and (iii) relocation of the Station's transmitter to a site north of the current transmitter site, so as not to cause any diminution of the Station's signal toward Lexington.

(b) Licensee may also, at its option, raise the Station's existing tower from 135 feet above ground to 400 feet above ground for the purpose of raising the Station's center of radiation (with a corresponding decrease in effective radiated power), in which case, EMF agrees to contribute \$10,000 toward the related expenses.

8. Noncommercial Nature of EMF Broadcasts. EMF represents and warrants to Licensee that EMF is a non-profit corporation which broadcasts the K-LOVE programming on a noncommercial basis with revenues generated through contributions and donations received from contributors and donors residing within communities receiving K-LOVE's broadcast signal. EMF agrees that the Station shall not broadcast any commercial announcements during the hours in which the K-LOVE signal is rebroadcast over the Station. Licensee acknowledges that all donations received from listeners within the Station's service area as a result of the rebroadcasting of K-LOVE's program signal shall be the sole property of EMF. In the event that such donations or payments are received by Licensee at the Station, Licensee shall promptly forward such donations to EMF at the address specified for notices herein, along with an accounting specifying the name and address of each such donor, and the date on which the donations were received.

9. Consideration. In consideration for the air time made available by Licensee under this Agreement during the term hereof EMF shall pay Licensee a monthly sum of \$6,500 per month during the Initial Term, and \$7,475 per month during the Extension Term, if any, payable in advance on the 1<sup>st</sup> calendar day of each month. During the Term, Licensee shall pay the Station's operating expenses from these funds. The payment due for the last month, in the event that the Station is purchased by EMF pursuant to Section 15 below, shall be prorated on a per diem basis, and any overpayment applicable to the final month shall be credited against the purchase price payable at the closing of EMF's purchase of the Station.

10. Credits. The amounts payable to Licensee pursuant to Section 8 above shall be reduced on a pro rata basis for any month in which: (a) Licensee preempts EMF's programming pursuant to Section 5(a) of this Agreement; or (b) the Station is unable, due to a failure of the equipment maintained by Licensee, to meet the minimum 166-hour requirement set forth in Section 3 above with respect to the broadcast of EMF's programming, in each case such reduction to be based upon the hours or fractional hours by which the Station fails to meet 166 minimum hour requirement. EMF shall be entitled to a credit in the amount of the reduction against any subsequent payment required to be made to Licensee under Section 9 above.

11. Limited Grant. Nothing herein contained shall be construed as an assignment or grant to Licensee of any right, title or interest in or to any titles, names, logos, slogans, jingles, trademarks, copyrights, ideas, formulas, general program content and/or other literary, musical, artistic or creative material broadcast by or associated with K-LOVE or EMF beyond the grant of a limited rebroadcast consent on the terms herein specified. All rights not specifically granted to

Licensee hereunder in and to K-LOVE's programming and signal and the content thereof are reserved to EMF for its sole and exclusive use, disposition and exploitation. Moreover, the parties hereto understand and agree that third persons may hold copyrights or other legal rights in and to certain programs broadcast on K-LOVE and that the right to rebroadcast K-LOVE's signal granted hereunder shall not be deemed in any way to cover, convey or transfer such rights of third persons.

12. Representations, Warranties and Covenants of Licensee. Licensee hereby makes the following representations, warranties and covenants to EMF:

(a) This Agreement constitutes the legal, valid and binding obligation of Licensee, enforceable in accordance with its terms.

(b) The execution and performance of this Agreement will not violate any order, rule, judgment or decree to which Licensee is subject or constitute a breach of or default under any contract, agreement, or other commitment to which Licensee is a party or may be bound.

(c) Licensee shall operate the Station and shall maintain the Station's facilities in material compliance with the Communications Act and all applicable rules, policies and regulations of the FCC.

13. Representations, Warranties and Covenants of EMF. EMF hereby makes the following representations, warranties and covenants to Licensee:

(a) The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of EMF, and this Agreement constitutes the legal, valid and binding obligation of EMF, enforceable in accordance with its terms.

(b) The execution and performance of this Agreement will not violate any order, rule, judgment or decree to which EMF is subject or constitute a breach or default under its charter, bylaws or any contract, agreement, or other commitment to which EMF is a party or may be bound.

(c) The programming supplied by EMF for broadcast on the Station will comply with all applicable laws, including without limitation, the Communications Act and FCC's rules, regulations and policies.

(d) EMF possesses and will maintain all rights necessary to broadcast the programming supplied hereunder, including such rights as may be necessary to permit Licensee to rebroadcast the programming supplied hereunder, provided that the Station shall maintain at its expense all necessary BMI, ASCAP, SESAC and other performance rights licenses.

14. Termination.

(a) In addition to other remedies available at law or in equity, either EMF or

Licensee may terminate this Agreement (provided that the terminating party is not then in material default hereunder) if such other party is in default under this Agreement and has failed to cure such default within ten (10) days after receiving notice of breach from the terminating party.

(b) In the event that EMF is at any time late with a payment, so that the Licensee is required to give written notice of default under paragraph 14(a), *supra*, and such occurs on more than four separate occasions during any term of this Agreement, Licensee shall thereafter have the right to terminate this Agreement at any time upon 90 days written notice to EMF, irrespective of whether Licensee accepts any subsequent payments from EMF.

(c) This Agreement may be terminated by EMF after the expiration of the Initial Term upon written notice delivered Licensee at least 180 days prior to the expiration of the Initial Term pursuant to Section 2 above.

(d) This Agreement may be terminated by Licensee or EMF by written notice to the other in the event this Agreement is declared invalid or illegal in whole or substantial part by an order or decree of an administrative agency or court of competent jurisdiction and such order or decree has become final.

(e) In the event that the Station is sold to a third party pursuant to Section 15 below, Licensee shall have the option to terminate this Agreement upon its payment of a fee to EMF in the amount of one-half of the aggregate amount EMF would have owed to Licensee for the remainder of the term, including the Extension Term.

In the event of termination, all rights and privileges granted to Licensee hereunder shall forthwith cease and terminate and revert to EMF for EMF's sole and exclusive use and disposition, and Licensee shall cease any further use of K-LOVE's programming and signal and the content thereof, including without limitation any titles, names, logos, slogans, jingles, trademarks, copyrights, ideas, formulas, general program content and/or other literary, musical, artistic or creative material broadcast by or associated with K-LOVE.

15. Right of First Refusal. If Licensee receives a *bona fide* offer from a third party ("*Third Party Offer*") to purchase the Station at any time during either the Initial or Extension Term, prior to acceptance of such a Third Party Offer, Licensee shall notify EMF in writing of all the material terms and conditions of the Third Party Offer. EMF shall then have sixty (60) days from receipt of said notice to agree to match the terms and conditions of the Third Party Offer, provided, that EMF shall only be required to match those terms and conditions that can be satisfied by payment of money. In the event that EMF agrees to match the Third Party Offer, Licensee shall be required to sell the Station to EMF in accordance with the financial terms of the Third Party Offer. Should EMF not match the Third Party Offer, Licensee shall be free to sell the Station in accordance with the Third Party Offer. If the sale is completed to a Third Party on the terms set out in the Third Party Offer, the right of first refusal shall no longer be in effect. Should Licensee not accept the Third Party Offer, or if the sale to the Third Party is not consummated, this right of first refusal shall survive and be fully applicable to any future Third Party Offer. Should the Third Party Offer be in any way amended or modified prior to its

consummation, Licensee must again give EMF sixty (60) days notice and the right to match the terms and conditions of the modified Third Party Offer, and only if EMF refuses to match the modified offer may the sale to the Third Party be completed. Should EMF not exercise its right of first refusal and Licensee proceeds with the sale of the Station pursuant to the Third Party Offer, this Agreement and the programming rights herein shall survive, subject only to the termination provisions of Section 14 above. In the event this Agreement is terminated pursuant to Section 14(d) above, Licensee agrees to use its best efforts to find a replacement signal for EMF. Moreover, should this Agreement be terminated for any reason other than EMF's breach or as a result of cancellation by Licensee due to a sale of the Station to a third party, this right of first refusal will survive until the end of the current Term. Transfers of control of the Licensee between family members (mother, father, sister, brother) are not considered as sales to a third party within the meaning of this paragraph. Similarly, transfers of control resulting from death or disability are not considered as sales within the meaning of this paragraph.

16. Indemnification.

(a) EMF shall indemnify, defend and hold harmless Licensee from and against any and all claims, losses, costs, liabilities, damages and expenses (including reasonable legal fees and other expenses incidental thereto) of every kind, nature, and description (hereinafter referred to as "Loss and Expense"), arising out of: (i) the content of programming furnished by EMF under this Agreement; (ii) any misrepresentation or breach of any warranty of EMF contained in this Agreement; and (iii) any breach of any covenant, agreement, or obligation of EMF contained in this Agreement.

(b) Licensee shall indemnify, defend and hold harmless EMF from and against all Loss and Expense arising out of the breach of any representation, warranty or covenant of Licensee contained in this Agreement.

17. Force Majeure. Licensee shall not be liable for any failure of performance hereunder due to causes beyond its commercially reasonable control, including without limitation, acts of God, equipment malfunction or commercial power failure or reduction. In the event of the occurrence of any such event, Licensee agrees to use commercially reasonable efforts to resume performance as promptly as practicable.

18. Assignment. This Agreement shall be binding upon each party's successors and assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party.

19. No Joint Venture. Nothing contained herein shall be deemed to create any joint venture, partnership, or principal-agent relationship among EMF and Licensee, and none shall hold itself out in any manner that indicates any such relationship with the other.

20. Notices. All notices and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, and, in the case of courier or mail delivery, addressed as follows (or at such other

address for a party as shall be specified by like notice):

If to Licensee, to:

Lincoln-Garrard Broadcasting Company, Inc.

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

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

Lauren A. Colby, Esq.  
P.O. Box 113  
Frederick, MD 21705-0113

If to EMF, to:

Educational Media Foundation  
1425 North Market Boulevard  
Sacramento, California 95834  
Attn: Richard Jenkins, President

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

David D. Oxenford, Esq.  
Shaw Pittman LLP  
2300 N Street, NW  
Washington, D.C. 20037

21. Entire Agreement; Modifications. This Agreement contains the entire understanding between the parties with respect to the subject matter hereof. No amendment or modification of this Agreement shall be binding on either party hereto unless first reduced to writing and signed by both parties hereto.

22. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with, the laws of the State of California.

23. Counterparts and Facsimile Execution. This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed an original, but which together shall constitute one and the same agreement. An executed counterpart of the signature page to this Agreement may be delivered by facsimile transmission to the other party hereto, and such facsimile signature shall be deemed an original signature for purposes of this Agreement and shall be binding on the parties hereto.

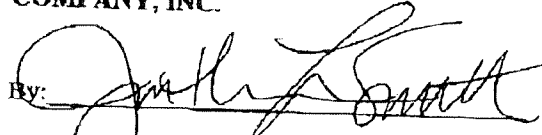


*[THE NEXT PAGE IS THE SIGNATURE PAGE]*

-10-

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

**LINCOLN-GARRARD BROADCASTING  
COMPANY, INC.**

By:   
President

**EDUCATIONAL MEDIA FOUNDATION**

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

-10-

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

**LINCOLN-GARRARD BROADCASTING  
COMPANY, INC.**

By: \_\_\_\_\_

President

**EDUCATIONAL MEDIA FOUNDATION**

By:  \_\_\_\_\_

Richard Jenkins  
President