

ASSET EXCHANGE AGREEMENT

THIS ASSET EXCHANGE AGREEMENT, dated as of August 6, 2012 (this “Agreement”), is by and between HOUSTON CHRISTIAN BROADCASTERS, INC., a Texas non-profit corporation (“HCB”), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation (“EMF”).

WITNESSETH:

WHEREAS, HCB is the licensee of FM translator station K274BG (FIN: 144594), Ruston, Louisiana (“K274BG”) and EMF is the licensee of FM translator station K220JR (FIN: 92754), Texarkana, Texas (“K220JR”); and

WHEREAS, on the terms and conditions described herein and subject to the approval of the Federal Communications Commission (“FCC”), EMF desires to acquire and HCB desires to sell certain assets and FCC licenses associated with K274BG, and EMF desires to sell and HCB desires to acquire certain assets and FCC licenses associated with K220JR.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Sale of Assets.**

(a) **HCB Stations.**

(i) On the Closing Date (as hereinafter defined), HCB shall sell, assign and transfer to EMF, and EMF shall purchase, assume and receive from HCB, free and clear of all liens and encumbrances, certain assets, properties, interests and rights of HCB of whatsoever kind and nature, which are held by HCB and used or useful in connection with the operation of K274BG (the “K274BG Assets”), as identified below, (but excluding the HCB Excluded Assets described in subparagraph (iii) below):

(A) All equipment and other tangible personal property used or useful in the operations of K274BG (the “K274BG Tangible Personal Property”), identified on Schedule 1 hereto; and

(B) All of the licenses, construction permits and other authorizations issued by the FCC (collectively, the “K274BG Authorizations”), to HCB in connection with the operations of K274BG identified on Schedule 2 hereto;

(C) All of HCB’s right, title and interest in and to any leasehold interests in real property used in connection with the operations of K274BG, as identified on Schedule 3 hereto (the “K274BG Lease”).

(ii) Other than liabilities associated with K274BG Lease, EMF is not agreeing to, and shall not, assume any liability, obligation, or agreement of HCB of any kind, absolute or contingent, known or unknown.

(iii) The assets and associated liabilities of HCB under all contracts, leases and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by HCB, relating to the business of K274BG shall be retained by HCB and shall not be sold, assigned or transferred to EMF (the "HCB Excluded Assets").

(b) **EMF Stations.**

(i) On the Closing Date (as hereinafter defined), EMF shall sell, assign and transfer to HCB, and HCB shall purchase, assume and receive from EMF, free and clear of all liens and encumbrances, certain assets, properties, interests and rights of EMF of whatsoever kind and nature, which are held by EMF and used in connection with the operation of K220JR (the "K220JR Assets"), as identified below (but excluding the EMF Excluded Assets described in subparagraph (iii) below):

(A) EMF's equipment and other tangible personal property, used in the operations of K220JR (the "K220JR Tangible Personal Property"), as identified on Schedule 4 hereto;

(B) All of the licenses, construction permits and other authorizations, issued by the FCC (collectively, the "K220JR Authorizations"), to EMF in connection with the operations of K220JR identified on Schedule 5 hereto; and

(C) All of EMF's right, title and interest in and to any leasehold interests in real property used in connection with the operations of K220JR, as identified on Schedule 6 hereto (the "K220JR Lease").

(ii) Other than liabilities associated with the K220JR Lease, HCB is not agreeing to, and shall not, assume any liability, obligation, or agreement of EMF of any kind, absolute or contingent, known or unknown.

(iii) EMF shall not sell, assign or transfer to HCB (A) any assets, of whatever kind or nature, which are held by EMF and used principally in connection with the operations of any station or stations other than K220JR and (B) the assets and associated liabilities of EMF under all contracts, leases and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by EMF relating to the business of K220JR (the "EMF Excluded Assets").

2. **Purchase Price.**

(a) Upon the terms and subject to the conditions contained in this Agreement, HCB shall transfer the K274BG Assets to EMF and EMF shall transfer the K220JR Assets to

HCB. In addition, HCB shall pay EMF the sum of Six Thousand Dollars (\$6000) by wire transfer of immediately available funds.

(b) At the Closing, the parties agree to prorate all expenses arising out of the operation of broadcasting K220JR and K274BG which are incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing.

3. **FCC Consent; Assignment Application.** At the earliest mutually agreeable date, but not later than five (5) business days after the date of this Agreement, EMF and HCB shall execute, file and vigorously prosecute applications with the FCC (each an "Assignment Application," together the "Assignment Applications") requesting its consent (the "FCC Consent") to the assignment (i) from HCB to EMF of the K274BG Authorizations and (ii) from EMF to HCB of the K220JR Authorizations. Counsel to HCB shall complete and file the FCC Assignment Application for K274BG, and counsel to EMF shall complete and file the FCC Assignment Application for K220JR; provided that each party will fully cooperate in the preparation and filing of both Assignment Applications.

4. **Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur ten (10) days following the date on which the FCC Consents are granted; (the "Closing Date") and the other conditions to closing set forth in Section 7 have either been waived or satisfied; provided, however, if a petition to deny or informal objection is filed against either of the Assignment Applications, then the Closing Date shall be ten (10) days after the FCC Consents become a Final Order, unless so waived by both parties. For purposes of this Agreement, the term "Final Order" means action by the FCC consenting to an application that is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired. The Closing shall be held by mail, or as the Parties may agree.

5. **Representations and Warranties of HCB.** HCB hereby makes the following representations and warranties to EMF which shall be true as of the date hereof and on the Closing Date:

(a) HCB is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of Texas. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by HCB. The execution, delivery and performance of this Agreement by HCB will not require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(b) Schedule 1 hereto contains a list of material K274BG Tangible Personal Property owned by HCB for use in connection with K274BG. HCB has, and will have on the Closing Date, good and marketable title to all such property. The K274BG Tangible Personal Property is in good condition and repair, ordinary wear and tear excepted.

(d) Schedule 2 hereto contains a true and complete list of the K274BG Authorizations and all other licenses, permits or other authorizations required for the operation of K274BG. HCB is the authorized legal holder of the K274BG Authorizations. The K274BG Authorizations are validly issued and are in full force and effect, unimpaired by any act or omission of HCB.

(e) Schedule 3 hereto contains a true and complete copy of the K274BG Lease. HCB has valid leasehold interests in the K274BG Lease.

6. **Representations and Warranties of EMF.** EMF hereby makes the following representations and warranties to HCB which shall be true as of the date hereof and on the Closing Date:

(a) EMF is a non-profit corporation, duly organized, validly existing and in good standing under the laws of the State of California. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by EMF. The execution, delivery and performance of this Agreement by EMF will not require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 4 hereto contains a list of material K220JR Tangible Personal Property owned by EMF for use in connection with the operation of K220JR. EMF has, and will have on the Closing Date, good and marketable title to all such property. The K220JR Tangible Personal Property is in good condition and repair, ordinary wear and tear excepted.

(d) Schedule 5 hereto contains a true and complete list of the K220JR Authorizations and all authorizations that are required for the operations of K220JR. EMF is the authorized legal holder of the K220JR Authorizations. The K220JR Authorizations are validly issued and are in full force and effect.

(e) Schedule 6 hereto contains a true and complete copy of the K220JR Lease. EMF has valid leasehold interests in the K220JR Lease.

7. **Conditions Precedent to Obligation to Close.**

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

(i) HCB shall have performed and complied in all material respects with all of the agreements, obligations and covenants required by this Agreement to be performed or complied with by HCB prior to or as of the Closing Date;

(ii) The representations and warranties of HCB set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date; and

(iii) There shall not be any liens on the K274BG Assets.

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

(i) EMF shall have performed and complied in all material respects with all the agreements, obligations and covenants required by this Agreement to be performed or complied with by EMF prior to or as of the Closing Date;

(ii) The representations and warranties of EMF set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date; and

(iii) There shall not be any liens on the K220JR Assets.

8. **Closing Deliveries.**

(a) At the Closing, HCB will execute and deliver to EMF the following:

(i) A Bill of Sale in a form so as to effectively vest in EMF good and marketable title to the K274BG Assets;

(ii) An Assignment and Assumption of the K274BG Authorizations;

(iii) An Assignment and Assumption of K274BG Lease;

(iv) Consent to assignment of lease (if required) from the K274BG landlord;

(v) An Assignment and Assumption of K220JR Lease; and

(vi) An Assignment and Assumption of K220JR Authorizations;

(b) Prior to or at the Closing, EMF will execute and deliver to HCB the following:

(i) A Bill of Sale in a form so as to effectively vest in HCB good and marketable title to the K220JR Assets

(ii) An Assignment and Assumption of the K220JR Authorizations;

(iii) An Assignment and Assumption of the K220JR Lease;

- landlord;
- (iv) Consent to assignment of lease (if required) from the K220JR
 - (v) An Assignment and Assumption of K274BG Authorizations; and
 - (vii) Assignment and Assumption of K274BG Authorizations.

9. **Survival of Representations and Warranties.** The several representations and warranties of HCB and EMF contained in or made pursuant to this Agreement shall expire on the Closing Date.

10. **Termination.** This Agreement may be terminated by either EMF or HCB, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement, upon written notice to the other upon the occurrence of any of the following: (i) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (ii) if any of the Assignment Applications are designated for hearing or denied by Final Order; or (iii) if the Closing has not occurred within one year of the date the Assignment Applications are filed with the FCC. This Agreement will terminate one year from the execution date hereof should both Assignment Applications not have been approved by the FCC on that date for any reason.

11. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be addressed as follows (or at such other address for a party as shall be specified by like notice):

If to HCB, to:

Houston Christian Broadcasters, Inc.
2424 South Boulevard
Houston, TX 77098-5196

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

Jeffrey D. Southmayd
Southmayd & Miller
4 Ocean Ridge Boulevard South
Palm Coast, Florida 32137

If to EMF, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765

Attn: Mike Novak, President/CEO

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

David D. Oxenford, Esq.
Wilkinson Barker Knauer, LLP
2300 N Street, NW, Suite 700
Washington, DC 20037

12. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without giving effect to the choice of law principles thereof.

13. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

14. **Risk of Loss.** The risk of any loss, taking, condemnation, damage or destruction of or to any of the K274BG Assets or to any of the K220JR Assets (each, an "Event of Loss") on or prior to the Closing Date shall be upon the party then owning such assets and the risk of any Event of Loss subsequent to the Closing Date shall be upon the party acquiring such assets.


15. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

16. **Entire Agreement.** This Agreement, and the Exhibits and Schedules attached hereto, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof and may not be changed or terminated orally, and no attempted change, amendment, or waiver of any of the provisions hereof shall be binding unless in writing and signed by both parties.

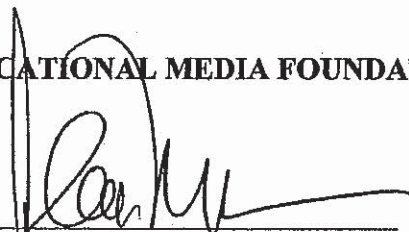
[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

**HOUSTON CHRISTIAN BROADCASTERS,
INC.**

By: 
Bruce Munsterman, President

EDUCATIONAL MEDIA FOUNDATION

By: 
Alan Mason, COO

By: 
D. Kevin Blair, Secretary

Schedule 1

K274BG Tangible Personal Property

OMB MP-2 Antenna

Blaupunkt Acapulco MP54 radio receiver

Samco receive antenna

120 feet RG6 Coax

Schedule 2

**Current FCC Authorizations
For
K274BG, Ruston, LA
Facility ID Number 144594
Houston Christian Broadcasters, Inc.**

Type of Authorization	Call Sign	FCC File Number	Grant Date	Expiration Date
Broadcast License	K274BG	BLFT- 200710823AIG	08/31/2007	06/01/2012

Schedule 3

K274BG Lease

Schedule 4

K220JR Tangible Personal Property

Nicom BKG/77 antenna
Crown FM500 transmitter
Coax

Schedule 5

K220JR FCC Authorizations

Current FCC Authorizations

For

K220JR, Texarkana, TX

Facility ID Number 92754

Educational Media Foundation

Type of Authorization	Call Sign	FCC File Number	Grant Date	Expiration Date
License Renewal	K220JR	BLFT-20100106ABU	01/22/2010	08/01/2013

Schedule 6

K220DR Lease