

## **ASSET PURCHASE AGREEMENT**

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made as of this 25th day of July, 2012 by and among Cumulus Broadcasting LLC ("CBL") and Cumulus Licensing LLC ("CLL" and together with CBL, collectively referred to hereinafter as "Seller"), each a Nevada limited liability company, on the one hand, and Educational Media Foundation ("Buyer"), a California non-profit religious corporation, on the other hand.

### **Recitals**

WHEREAS, the Federal Communications Commission (the "FCC") has issued licenses and other authorizations (the "KNRQ FCC Licenses") to CLL for radio station KNRQ-FM, Eugene, OR (FCC Facility ID No. 12501) ("KNRQ" or the "Station"), and CBL owns or holds other assets used exclusively in the operation of KNRQ (collectively, with the KNRQ FCC Licenses, the "KNRQ Assets"); and

WHEREAS, the parties desire to consummate a transaction by which Seller will sell, transfer and convey the KNRQ Assets to Buyer, and Buyer will acquire, accept and pay for the KNRQ Assets subject to the terms and conditions of this Agreement; and

WHEREAS, Buyer's acquisition of the KNRQ FCC Licenses is subject to the prior approval of the FCC; and

WHEREAS, the parties are this same day executing an Option Agreement (the "Option Agreement") pursuant to which Cumulus will have the option to purchase certain assets of EMF, including the licenses and other authorizations issued by the FCC, used exclusively in the operation of radio station K240CZ, Tigard, Oregon (FCC Facility ID NO. 141196); and

WHEREAS, capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in Article 13 hereof;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the parties hereby agree as follows:

### **ARTICLE 1. Purchase of Assets.**

**1.1. KNRQ Assets.** Subject to the terms and conditions set forth herein, at the Closing, Seller shall grant, convey, exchange, assign, transfer and deliver to Buyer the KNRQ Assets, which, except as otherwise specified in Section 1.2 hereof, include all of Seller's right, title, and interest in and to the following properties, real and personal, tangible and intangible, and wherever located, used or held for use exclusively in the business and operations of KNRQ:

(a) **Licenses and Authorizations.** The KNRQ FCC Licenses, along with any and all licenses and authorizations issued by other Governmental Authorities (the "KNRQ Governmental Licenses"), copies of which are included in Schedule 1.1(a) annexed hereto, together with any renewals or extensions thereof and additions thereto between the date of this Agreement and the Closing Date, and all applications for renewal, modification, or extension thereof.

(b) **Tangible Personal Property.** All equipment, electrical devices, antennas, cables, fixtures, towers, spare parts, and other tangible personal property used or held for use solely in connection with the business and operations of KNRQ, the material items of which are listed on Schedule 1.1(b) annexed hereto, and any additions and improvements thereto obtained or made between the date of this Agreement and the Closing Date (collectively, the “KNRQ Tangible Personal Property”).

(c) **Tower Lease.** All of Seller’s right, title and interest in and to the Station’s lease at the Skyline tower site (the “Skyline Lease”), as further identified and described in paragraph 6.1 and on Schedule 1.1(c) hereto.

(d) **Files and Records.** All FCC logs and other records that are required to be maintained by the FCC Rules and any additional records that relate solely to the KNRQ Assets.

(e) **Claims.** Any and all claims and rights against third parties if and to the extent that they relate solely to the KNRQ Assets, including, without limitation, all rights under manufacturers’ and vendors’ warranties.

**1.2. KNRQ Excluded Assets.** The following items shall be excluded from the KNRQ Assets (the “KNRQ Excluded Assets”) and retained by Seller to the extent in existence on the Closing Date:

(a) **Accounts Receivable.** All notes and accounts receivable of Seller relating to or arising out of the broadcast of advertising on KNRQ at any time prior to the Effective Date of the Network Affiliation Agreement.

(b) **Cash and Investments.** All cash on hand or in bank accounts and all cash equivalents and similar investments of Seller, such as certificates of deposit.

(c) **Prepaid Items.** All deposits, reserves, and prepaid expenses and taxes (unless prorated as provided in Section 1.9. of this Agreement).

(d) **Personal Property.** All non-material tangible personal property disposed of or consumed in the Ordinary Course of Business.

(e) **Insurance.** Except as otherwise provided under this Agreement, all right, title and interest in and to contracts or policies of insurance for the KNRQ Assets and all claims or rights to payments which pre-date the Closing Date.

(f) **Securities.** Any and all securities owned or held by Seller.

(g) **Claims.** Any and all claims of Seller with respect to transactions which transpire prior to the Closing Date, including, without limitation, claims for Tax refunds.

(h) **Contracts.** All agreements, leases (other than the Skyline Lease), and contracts entered into by or on behalf of Seller or relating to KNRQ not expressly assumed by Buyer under this Agreement.

(i) **Benefit Plans.** Pension, profit-sharing, savings plans and trusts, other employee benefit plans, and any assets thereof.

(j) **Organizational Documents.** Books and records that pertain to Seller's organization or capitalization.

(k) **Programming and Marketing Material.** All programming and related materials; trademarks, copyrights, call signs, and other intellectual property of any kind or nature; and all domain names, and other assets related to the establishment or maintenance of websites.

(l) **Other Assets.** Any and all other assets used or useful in the operation of KNRQ that are not included in the KNRQ Assets.

### **1.3. Liens and Liabilities.**

(a) **Excluded and Permitted Liens.** Seller shall convey the KNRQ Assets free and clear of all judgments, mortgages, liens, security interests, pledges, restrictions, charges, claims, defects in title and encumbrances of any kind or nature whatsoever (collectively, "Liens") except for Liens for Taxes not yet due and payable for which an appropriate adjustment will be received as provided by this Agreement and Liens of record on the Real Property that do not materially affect the use thereof ("Permitted Encumbrances").

(b) **Assumed Liabilities.** Buyer shall assume and be solely responsible for any and all costs, expenses, Taxes and other liabilities that arise from owning or holding the KNRQ Assets as of and after the Closing Date.

(c) **Retained Liabilities.** Except as otherwise specifically provided herein, Buyer shall not assume or be liable for (i) any liability or obligation of Seller arising out of or relating to any contract, lease, or other agreement except as otherwise expressly provided in this Agreement; (ii) any liability or obligation of Seller arising out of or relating to any employee benefit plan or otherwise relating to employment, including but not limited to liabilities for severance pay, vacation pay or COBRA (the parties recognizing that Buyer has no obligation to employ the employees of Seller); (iii) subject to the Network Affiliation Agreement, any liability or obligation of Seller arising out of or relating to any litigation, proceeding or claim relating to the ownership or holding of the KNRQ Assets prior to Closing (whether or not such litigation, proceeding or claim is pending, threatened or asserted before, on or after the Closing Date); (iv) any other liabilities, obligations, debts or commitments of Seller whatsoever, whether accrued now or hereafter, whether fixed or contingent, whether known or unknown; or (v) any claims asserted against KNRQ or any of the KNRQ Assets, or the Seller, as the case may be, relating to any event (whether by act or omission) prior to the Closing Date, including without limitation, the payment of all Taxes.

(d) **Discharge of Liabilities.** Seller shall retain and shall hereafter pay, satisfy, discharge, perform, and fulfill all obligations and liabilities of Seller not expressly assumed by Buyer hereunder.

**1.4. Purchase Price.** Upon the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the KNRQ Assets, on the Closing Date Buyer shall pay to Seller the aggregate sum of Six Million Eight Hundred Thousand Dollars (\$6,800,000.00) (the "Purchase Price"). The Purchase Price shall be payable to Seller as follows:

(a) On the Closing Date, the sum of Five Million Eight Hundred Thousand Dollars (\$5,800,000) shall be paid by Buyer in cash by wire transfer of same day Federal funds to an account designated by Seller at least two (2) business days before the Closing Date.

(b) On the Closing Date, Buyer shall execute and deliver to Seller two non-interest bearing promissory notes substantially in the form attached hereto as Exhibit A (the "Notes") in the aggregate principal amount of One Million Dollars (\$1,000,000) as follows:

(i) The \$600,000 Note. The first note (the "\$600,000 Note") shall be in the principal amount of Six Hundred Thousand Dollars. The principal of the \$600,000 Note shall be amortized over a term of sixty (60) months. Buyer shall pay monthly installments of principal in the amount of Ten Thousand Dollars (\$10,000) each, commencing on the 30<sup>th</sup> day after the Closing Date and continuing on the same calendar day of each succeeding month. Buyer may prepay all or any portion of the principal of the \$600,000 Note from time to time without penalty.

(ii) The \$400,000 Note. The second note (the "\$400,000 Note") shall be in the principal amount of Four Hundred Thousand Dollars (\$400,000). The principal of the \$400,000 Note shall be amortized over a term of sixty (60) months. Buyer shall pay monthly installments of principal in the amount of Six Thousand Six Hundred Sixty-six and 66/100 Dollars (\$6,666.66) each, commencing on the 30<sup>th</sup> day after the Station is licensed on the Stonehenge Tower and continuing on the same calendar day of each succeeding month; provided, however, if, through no fault of Maker (as so defined in the Promissory Note), the Station (1) cannot be licensed to operate from the Stonehenge Tower, and (2) the Station has not moved to the Stonehenge Tower prior to fifth (5th) anniversary of the Closing Date, then this Note will be cancelled in full. Buyer may prepay all or any portion of the principal of the \$400,000 Note from time to time without penalty.

(iii) Potential Write-down Upon Exercise of Option Agreement. In the event Seller exercises the Option Agreement the option price shall be credited against the amount due under the Notes, first against the \$600,000 Note and then against the \$400,000 Note.

**1.5. Security Agreement.** To secure Buyer's payment obligations under the Notes, Buyer shall execute and deliver to Seller on the Closing Date a Security Agreement substantially in the form attached hereto as Exhibit B (the "Security Agreement") granting a first priority security interest in the Assets conveyed to Buyer hereunder, excluding only the FCC Licenses

if and to the extent a security interest therein is prohibited by applicable law and government regulation, but including all proceeds from the sale of the FCC Licenses.

**1.6 Escrow Deposit.** Concurrently with the execution of this Agreement, Buyer has delivered to Washington First Bank (the "*Escrow Agent*") the sum of Three Hundred Forty Thousand Dollars (\$340,000.00), to be held as an earnest money deposit (the "*Earnest Money Deposit*") pursuant to an Escrow Agreement (the "*Escrow Agreement*") of even date herewith. The Earnest Money Deposit shall be paid to Seller as partial payment of the cash Purchase Price due at Closing to Seller, or shall otherwise be made available to Seller or released to Buyer in accordance with the provisions of this Agreement and the Escrow Agreement.

**1.7. Closing.**

(a) **Date and Location.** The consummation of the transactions provided for in this Agreement (the "*Closing*") shall be held at the offices of Pillsbury Winthrop Shaw Pittman LLP, 2300 N Street, N.W., Washington, DC 20037, or through such other means (including facsimile, email and overnight courier deliveries) or at such other place mutually agreed to by the parties, commencing at 10:00 a.m. on a date (the "*Closing Date*") mutually agreed to or, in the absence of a mutual agreement, selected by Seller, which shall be within ten (10) days after the date on which the FCC provides public notice of the FCC order (the "*Order*") approving the assignment of the KNRQ FCC Licenses from Seller to Buyer; provided, that all other conditions to Closing shall be satisfied or waived, and provided further that if any party files a petition to deny or other objection to the Application, the selection of the Closing Date by the parties or, as the case may be, Seller, shall not be made until the Order has become a "*Final Order*" (which, for purposes of this Agreement, means that the Order is no longer subject to reconsideration or review by the FCC or a court of competent jurisdiction under the Communications Act of 1934, as amended (the "*Act*"), or FCC Rules; and, provided further, that in no event shall the parties be obligated to proceed to Closing if (i) the Order includes conditions materially adverse to Buyer or Seller, or (ii) the other conditions precedent to Closing have not been satisfied or waived (in which case the Closing shall be within ten (10) days after those other conditions precedent have been satisfied or waived). In the event the Closing occurs before the FCC Order becomes a Final Order, the parties shall execute a mutually agreeable rescission agreement.

(b) **Exchange of Documents.** At the Closing, each party shall execute and deliver to the other party documents specified herein as well as any additional document(s) and item(s) reasonably requested by either party for the consummation of the transactions contemplated herein, including but not limited to bills of sale and assumption agreements. Such additional documents shall be reasonably satisfactory to the other party as to both form and substance.

**1.8. Timing.** Time is of the essence to the parties' performance under this Agreement. Except as otherwise provided by Article 11, the parties intend that the Closing occur no later than one year from the date of this Agreement.

**1.9. Adjustments.** The operation of KNRQ and the expenses attributable thereto through 11:59 pm on the day preceding the Closing Date (the "*Adjustment Date*") shall be for the

account of Seller, and thereafter for the account of Buyer, and, if any expense is properly allocable or credited, then it shall be allocated, charged or prorated accordingly. Expenses for goods or services received both before and after the Adjustment Date, power and utilities charges, and rents and similar prepaid and deferred items shall be prorated as of the Adjustment Date in accordance with generally accepted accounting principles. All special assessments and similar charges imposed against the KNRQ Assets in respect of any period of time through the Adjustment Date, whether payable in installments or otherwise, shall be the responsibility of the Seller, and amounts payable with respect to such special assessments and charges in respect of any period of time after the Adjustment Date shall be the responsibility of the Buyer, and such charges shall be adjusted as required hereunder. To the extent that any of the foregoing prorations and adjustments cannot be determined as of the Closing Date, the parties shall conduct a final accounting and make any further payments within ninety (90) days after the Closing. Within sixty (60) days after the Closing, Buyer shall send Seller a list of items (with amounts) to be prorated. Seller shall provide any objections by written notice to Buyer within thirty (30) days of its receipt of such list. If the parties cannot reach an agreement on the final accounting within that time period, payments shall be made as to the items which are undisputed and the parties shall, within ten (10) days thereafter, select a certified public accountant or other mutually-agreeable third party (in either event, the "CPA") to review the matter(s) in dispute. The CPA's decision shall be final and binding on the parties and enforceable in a court of competent jurisdiction. The fees and expenses of the CPA shall be divided equally between the parties.

## **ARTICLE 2. FCC Application and Local Marketing Agreement.**

**2.1 Assignment Application.** Buyer and Seller shall cooperate to file with the FCC within five (5) business days after the date of this Agreement an application requesting the FCC's consent to assign the KNRQ FCC Licenses from Seller to Buyer (the "Application"). Each party shall diligently take, or cooperate in the taking of, all steps necessary and appropriate to expedite the preparation of the Application and prosecute it to a favorable conclusion at the earliest practicable time. Each party will promptly provide the other party with a copy of any and every pleading, order, or other material communication (including e-mails) received or sent which relates to the Application (other than communications between or among a party and such party's lawyers and advisors). The parties will use commercially reasonable efforts and otherwise cooperate with each other in responding to any information requested by the FCC related to the Application, in preparing any amendment to this Agreement requested by the FCC which does not adversely affect such party in a material manner, and in defending against any petition, informal objection, application for review, complaint, or other objection which may be filed against the Application or the Order.

**2.2 Noncommercial Application.** Within ten (10) business days following the filing of the Application, Buyer may file a contingent application (the "NCE Application") with the FCC to modify the KNRQ FCC License to designate the Station as a noncommercial educational facility and to request a waiver (pursuant to Section 73.3517(a) of the FCC Rules) of Section 73.1125 of the FCC Rules with respect to maintenance of a main studio from and after the Closing Date. Seller will provide Buyer with a separate written statement authorizing the filing of the NCE Application.

**2.3 Local Marketing Agreement.** Contemporaneously with execution hereof, CBL and Buyer shall execute and deliver to each other a Local Marketing Agreement ("LMA") in the form attached hereto as **Exhibit A**.

**ARTICLE 3. Representations and Warranties of Buyer.**

Buyer represents and warrants to Seller that the following matters are true and correct as of the date of this Agreement:

**3.1. Company Status.** Buyer (a) is duly formed, validly existing and in good standing under the laws of the State of California, (b) is qualified to do business in the State of Oregon, (c) has the requisite power to carry on the business of KNRQ and to own or hold the KNRQ Assets, and (d) has the requisite power to enter into and consummate the transactions contemplated by this Agreement.

**3.2. Authority.** All company actions necessary to be taken by or on the part of Buyer in connection with the transactions contemplated by this Agreement have been duly and validly taken, and this Agreement has been duly and validly authorized, executed, and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as enforceability may be limited by laws affecting the enforcement of creditors' rights or equitable principles generally.

**3.3. No Conflict.** The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (a) conflict with or violate the organizational documents of Buyer; (b) conflict with or violate or result in any breach of or any default under, result in any termination or modification of, or cause any acceleration of any obligation under, any contract or other agreement to which Buyer is a party or by which it is bound; or (c) violate any judgment, decree, order, statute, law, rule or regulation of any court or other Governmental Authority of competent jurisdiction applicable to Buyer.

**3.4 Qualifications.** Buyer is legally, financially and technically qualified under the Act and FCC Rules to acquire the KNRQ FCC Licenses and to operate the Station.

**3.5 Litigation.** There is no litigation, investigation, or other proceeding ("Litigation") pending or, to the knowledge of Buyer, threatened, by or in any court or other Governmental Authority against or relating to Buyer, including without limitation, any voluntary or involuntary petition under Federal bankruptcy law or any state receivership or similar proceedings, that would prevent or materially impede the consummation by Buyer of the transactions contemplated by this Agreement., Buyer does not know of, or have any reasonable ground to know of, any basis for such Litigation.

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

**3.7. Finances.** Buyer has sufficient money on hand or access to sufficient money from committed resources to pay the cash portion of the Purchase Price on the Closing Date.

**ARTICLE 4. Representations and Warranties of Seller.**

Seller represents and warrants to Buyer that the following matters are true and correct as of the date of this Agreement:

**4.1. Company Status.** Each of CBL and CLL (a) is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Nevada, (b) in the case of CBL only, is duly qualified to do business and is in good standing in the State of Oregon, and (c) has the requisite power to carry on the business of as it is now being conducted and to enter into and consummate the transactions contemplated by this Agreement.

**4.2. Authority.** All company actions necessary to be taken by or on the part of Seller in connection with the transactions contemplated by this Agreement have been duly and validly taken, and this Agreement has been duly and validly authorized, executed, and delivered by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as enforceability may be limited by laws affecting the enforcement of creditors' rights or equitable principles generally.

**4.3. No Conflict.** The execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby will not (a) conflict with or violate the articles of organization or operating agreements of CBL or CLL; (b) conflict with, violate or result in any breach of or any default under, result in any termination or modification of, or cause any acceleration of any obligation under, any contract or other agreement to which CBL or CLL is a party or by which either is bound, or by which KNRQ or any of the KNRQ Assets may be affected, or result in the creation of any Lien upon any of the KNRQ Assets; or (c) violate any judgment, decree, order, statute, law, rule or regulation of any court or other Governmental Authority of competent jurisdiction applicable to Seller, KNRQ or any of the KNRQ Assets.

**4.4. Skyline Lease.** *Schedule 1.1(c)* shall contain a complete description of the Skyline Lease along with true copies of all other leases used in connection with the Station.

**4.5. Taxes.** Seller has filed all applicable federal, state, local and foreign Tax returns required to be filed, all in accordance with provisions of law pertaining thereto with respect to the KNRQ Assets, and: (a) has paid all Taxes, interest and penalties due to be paid on such returns with respect to Seller's interest in the KNRQ Assets or its operation of KNRQ, or (b) has sought and obtained extensions of time to file such and pay same within the time provided therefor, or (c) is challenging such Taxes in good faith in accordance with applicable procedures. Seller has not been advised that any of such returns have been or are being audited by the IRS or any other Governmental Authority.

**4.6. KNRQ Licenses.** Seller is the holder of the KNRQ FCC Licenses and KNRQ Governmental Licenses, true copies of which are included in *Schedule 1.1.(a)* to this Agreement. All of the KNRQ FCC Licenses and the KNRQ Governmental Licenses are in full force and effect. The KNRQ FCC Licenses constitute all of the licenses required under the Act and FCC Rules for the operation of KNRQ as currently conducted. The KNRQ FCC Licenses authorize the operation of KNRQ for a license term which expired on August 1, 2013. An application for renewal of the KNRQ FCC Licenses was filed with the FCC on April 1, 2013 and currently remains pending (File No. BRH-20130329AEB). The KNRQ FCC Licenses are not subject to any conditions except those set forth on the licenses themselves and those conditions set forth in the Act and FCC Rules applicable to radio stations in the same service and class. Seller has



timely filed with the FCC, the FAA and any other Governmental Authorities which have issued the KNRQ Governmental Licenses all material applications, reports and other documents required by applicable law and government regulation, including but not limited to the Act and FCC Rules. There is not pending or, to Seller's knowledge, threatened, any petition, complaint, objection (whether formal or informal), order to show cause, investigation, or other action by or before the FCC or any court of competent jurisdiction to revoke, cancel, rescind, modify, or refuse to renew any of the KNRQ FCC Licenses. Other than proceedings of general applicability to the radio industry, there is not now pending or, to Seller's knowledge, threatened, any other petition, complaint, objection (whether formal or informal), investigation, order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or other proceeding pending or, to Seller's knowledge, threatened by or before the FCC or any court of competent jurisdiction that involves KNRQ or the KNRQ Assets. KNRQ is operating in material compliance with the KNRQ FCC Licenses and the KNRQ Governmental Licenses as well as applicable law and government regulation governing such licenses, including the Act and FCC Rules. To the extent required by applicable law, the FCC has a current and accurate ASR on file for the tower utilized by KNRQ, and a copy of that ASR is included in Schedule 1.1(a).

**4.7. Environmental.** To Seller's knowledge, no hazardous or toxic waste, substance, material or pollutant (collectively, "Hazardous Waste"), as defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 *et seq.*, the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601 *et seq.*, the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. § 6901 *et seq.*, the Clean Water Act, as amended, 42 U.S.C. § 1251 *et seq.*, the Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq.* or any other applicable federal, state or local law, or any regulations or policies adopted pursuant to such laws (the foregoing laws, regulations and policies collectively referred to herein as the "Environmental Laws") has been released, emitted or discharged by Seller or, to Seller's knowledge, any other party, in or on any of the KNRQ Assets; nor, to Seller's knowledge, is any Hazardous Waste currently located in or on the KNRQ Assets in material violation of any Environmental Laws. Based on Seller's use thereof and, to Seller's knowledge, any prior owner's use thereof, the KNRQ Assets are not subject to and do not involve any material violation of any Environmental Laws, including but not limited to FCC Rules and guidelines concerning RF radiation. Seller has not received any notice, summons, citation, directive, letter or other communication, written or oral, from the United States, the State of Oregon, any other Governmental Authority, or any other party concerning any intentional or unintentional action or omission on the part of Seller or any other party which resulted in the releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping or disposing of Hazardous Waste on, above or under the KNRQ Assets.

**4.8. Consents.** Except for the approval of the FCC, the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby will not require any consent, permit, license or approval of, or filing with or notice to, any person or entity.

**4.9. KNRQ Tangible Personal Property.** Schedule 1.1(b) contains a description of the material items of the KNRQ Tangible Personal Property. At the Closing, Seller will have good, valid and marketable title to all of the KNRQ Tangible Personal Property, free and clear of all Liens (other than Permitted Encumbrances). All items of the KNRQ Tangible Personal Property necessary for the operation of KNRQ are in good operating condition and repair, ordinary wear

and tear excepted, are free from material defect and damage, and do not require any material repairs other than normal routine maintenance. Except as set forth in Schedule 1.1(b), the existing tower used in the operation of the Station is obstruction-marked and lighted to the extent required by, and in accordance with, FCC Rules and the rules and regulations of the FAA. Except as set forth in Schedule 1.1(b), Seller has complied in all material respects with all requirements of FCC Rules and the rules and regulations of the FAA with respect to the construction and/or alteration of the Seller's antenna structures, and "no hazard" determinations for each antenna structure have been obtained, where required by applicable law. The Station's tower has been properly registered with the FCC at the coordinates specified in the KNRQ FCC Licenses. To Seller's knowledge, the operations of the Station do not exceed permissible levels of exposure to RF radiation specified in FCC Rules or any other applicable Environmental Laws.

**4.10. Compliance with Law.** Subject to Section 4.6 hereof, (a) Seller, the KNRQ Assets and KNRQ are each in material compliance with all applicable law and government regulation, including the payment of all monies and the acquisition of all governmental licenses, permits, certificates and authorizations material to the operation of KNRQ and the use of the KNRQ Assets, (b) Seller has filed all material reports and other documents required to be filed with any Governmental Authority with respect to the KNRQ Assets, and (c) Seller has not received, or become aware of, any order, decision or notice, not heretofore complied with, from any Governmental Authority or any insurance company that any of the KNRQ Assets fails to comply with any applicable law or government regulation.

**4.11. Insurance.** Seller maintains insurance policies relating to the KNRQ Assets bearing the policy numbers with the companies set forth on Schedule 4.11 annexed hereto. All of such policies are in full force and effect.

**4.12. Litigation.** Except as set forth in Schedule 4.12 annexed hereto, Seller has not been operating under, is not subject to, nor in default with respect to, any order, judgment, writ, injunction, or decree of any court or Governmental Authority which has had or could reasonably be expected to have a material adverse effect on the KNRQ Assets or the manner in which Seller currently operates KNRQ. There is no Litigation pending by or against, or to Seller's knowledge, threatened against KNRQ, the KNRQ Assets or Seller which relates to or affects the KNRQ Assets or the business of KNRQ, or which materially interferes or could reasonably be expected to materially interfere with Seller's (a) right, title, or interest in and to the KNRQ Assets, (b) operation of KNRQ, or (c) ability to transfer the KNRQ Assets to Buyer free of such Litigation.

**4.13 Brokers.** There is no broker or finder or other party entitled to a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of, or action taken by, Seller.

**4.14. Insolvency.** No insolvency proceedings of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or any of the KNRQ Assets is pending or, to Seller's knowledge, threatened, and Seller has not made any assignment for the benefit of creditors, nor taken any actions with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings.

**4.15. No Undisclosed Liabilities.** There are no liabilities or obligations of Seller with respect to the KNRQ Assets that will be binding upon Buyer after Closing other than the liabilities of the KNRQ Assets identified in this Agreement (including the schedules annexed hereto).

**ARTICLE 5. Covenants of Buyer Pending and after the Closing.**

Buyer covenants and agrees that, from the date of this Agreement to and including the Closing Date, it will take, or refrain from taking, the following actions:

**5.1. Confidential Information.** Regardless of whether the transactions contemplated by this Agreement are consummated, Buyer shall not disclose to third parties, other than its employees and agents for purposes of consummating the transactions contemplated hereby (who shall also be made subject to the restrictions of this Section), any information, whether or not in writing, received from Seller or its agents in the course of evaluating, investigating, negotiating, and consummating the transactions contemplated by this Agreement; provided, that no information shall be deemed to be confidential that (a) becomes publicly known or available other than through disclosure by Buyer; (b) is rightfully received by Buyer from a third party; or (c) is independently developed by Buyer. Upon termination or consummation of this Agreement, all originals of all material provided to Buyer by Seller shall be returned to Seller and all copies thereof shall be destroyed.

**5.2. Consummation of Agreements.** Buyer shall fulfill and perform all conditions and obligations to be fulfilled and performed by Buyer under this Agreement and make every reasonable effort to cause the transactions contemplated by this Agreement to be fully carried out in accordance with the terms and conditions of this Agreement.

**5.3. Preservation of Qualifications.** Buyer will not take any action that would disqualify Buyer under the Act and the FCC Rules from acquiring the KNRQ FCC Licenses.

**5.4. Notice of Litigation.** Buyer will notify Seller promptly (and in any event within five (5) business days) upon becoming aware of any actual or threatened Litigation relating to or that could affect the transactions contemplated by this Agreement.

**5.5 Move to Stonehenge Tower Site.** Within 5 days after both: 1) a license to cover has been issued for the Station at the Skyline tower site; and, 2) the owner of the Stonehenge tower site has granted reasonable assurance; the then licensee of the Station shall file and diligently prosecute with the FCC an Application for a Construction Permit requesting a move of the Station from the Skyline tower site to the Stonehenge tower site (the "Stonehenge CP"). After issuance of the Stonehenge CP and upon approval by the owner of the Stonehenge tower site, CBL shall construct, without undue delay, the Station as described in the Stonehenge CP. Upon completion of the construction, the then licensee of the Station shall apply for and use its commercially reasonable efforts to obtain a license to cover at the Stonehenge tower site, and once KNRQ is operational at the Stonehenge tower site, the Skyline Lease shall be terminated. The cost of construction shall be apportioned between the parties as follows: Buyer shall be responsible and shall pay all costs of construction relating to the build out of the Stonehenge CP, including the costs of a 20kW transmitter (the "20kW Transmitter") to be used for the operation of KNRQ at the Stonehenge tower site (the cost of which shall be mutually agreed upon by the parties hereto), as well as any termination fee due and payable under the Skyline Lease, provided

that CBL, upon the grant by the FCC of the license to cover the Stonehenge CP at the Stonehenge tower site, (i) CBL shall reduce the principal amount of the \$400,000 Note by \$80,000, and (ii) Buyer shall re-convey ownership of the 5kW Transmitter described below to CBL.

#### **ARTICLE 6. Covenants of Seller Pending the Closing.**

Seller covenants and agrees that, from the date of this Agreement to and including the Closing Date, it will take, or refrain from taking, the following actions:

##### **6.1. Construction of KNRQ; Skyline Lease.**

(a) Within 10 days after the date of this Agreement Seller shall file an Application for Construction Permit for Commercial Broadcast Station requesting that the FCC issue a construction permit to move KNRQ from its current broadcast site to the Skyline Tower (the "*Skyline CP*"). Upon issuance of the Skyline CP, as soon as practicable, Seller shall enter into a tower lease for the Skyline tower (the "*Skyline Lease*") on terms and conditions at least as favorable to the lessee as the following: 5 year term with at least three 5 year options with a rental of \$5500 per month, increased annually by CPI, capped at 5%. The lease shall further provide for the right to terminate the lease in year two upon payment of \$54,000; in year 3 upon payment of \$36,000; in year four upon payment of \$18,000 and in year 5 upon payment of \$9,000. Thereafter, Seller shall construct, at Seller's sole cost and expense, the Station as described in the Skyline CP at the Skyline tower site using a 5kW transmitter of its choosing (the "5kW Transmitter"). Upon completion of the construction, Seller shall apply for and use its commercially reasonable efforts to obtain a license to cover at the Skyline tower site.

(b) Thereafter, Seller shall (i) operate the Station in all material respects in accordance with the terms of the FCC Licenses and in material compliance with the Act, FCC Rules, and all applicable laws and the regulations and policies of all Governmental Authorities, (ii) timely file with the FCC all material reports, applications, and other documents prior to Closing as may be required by the Act and FCC Rules to preserve the FCC Licenses without modification (and promptly provide Buyer with copies of all such FCC filings), (iii) timely pay all Taxes, FCC regulatory fees, and all other charges separately imposed by the FCC and other Governmental Authorities on or with respect to the Assets (and promptly provide Buyer with copies or notices of such payment), and (iv) maintain in full force and effect through and including the Closing Date the existing property damage, liability, and all other insurance with respect to the Assets to cover contingencies that can reasonably be anticipated. Prior to the Closing, Seller will not, without the prior written consent of Buyer:

(i) sell, assign, lease, transfer, or agree to sell, assign, lease, or transfer any KNRQ Assets without replacement thereof with an asset of equivalent kind, condition, and value;

(ii) enter into any contract, agreement or lease with respect to KNRQ or the KNRQ Assets except contracts, agreements, and leases entered into in the Ordinary Course of Business that can be terminated as of the Closing: provided, that Buyer's written consent to such contract, agreement or lease will constitute Buyer's willingness to assume such contract, agreement or lease at Closing (unless Buyer's written consent expressly disavows any willingness to assume such contract, agreement or lease);

(iii) make, allow, or consent to any material change in any buildings, improvements, or fixtures used exclusively in the current operation of KNRQ except in the Ordinary Course of Business;

(iv) make any material change in the insurance policies included in Schedule 4.11 to the extent they relate to the KNRQ Assets; or

(v) solicit or entertain, directly or indirectly, any proposal to sell all or any portion of the KNRQ Assets to any third party by assignment, transfer of Seller's ownership interest, merger, or otherwise.

**6.2. Good Will.** Seller shall use reasonable efforts to preserve the goodwill of KNRQ's suppliers, customers, and others having relations with KNRQ.

**6.3 Access to Facilities, Files, and Records.** At the reasonable request of Buyer and upon reasonable prior notice to Seller, Seller shall give Buyer and Buyer's representatives (a) reasonable access during normal business hours to all facilities, property, accounts, title papers, insurance policies, licenses, agreements, commitments, records, machinery, fixtures, furniture, and inventories related to KNRQ and the KNRQ Assets, and (b) all such other information concerning the affairs of KNRQ as Buyer may reasonably request. The rights of Buyer under this Section shall not be exercised in a manner as to unreasonably interfere with the operations of KNRQ.

**6.4 Notice of Proceedings.** Seller will notify Buyer promptly (and in any event within five (5) business days) upon becoming aware of any actual or threatened Litigation relating to the consummation of the transactions contemplated by this Agreement.

**6.5. Confidential Information.** Regardless of whether the transactions contemplated by this Agreement are consummated, Seller shall not disclose to third parties, other than its employees and agents for purposes of consummating the transactions contemplated hereby (who shall also be made subject to the restrictions of this Section), any information, whether or not in writing, received from Buyer or its agents in the course of evaluating, investigating, negotiating, and consummating the transactions contemplated by this Agreement; provided, that no information shall be deemed to be confidential that (a) becomes publicly known or available other than through disclosure by Seller; (b) is rightfully received by Seller from a third party; or (c) is independently developed by Seller. Upon termination or consummation of this Agreement, all originals of all material provided to Seller by Buyer shall be returned to Buyer and all copies thereof shall be destroyed.

**6.6. Consummation of Agreements.** Seller shall fulfill and perform all conditions and obligations to be fulfilled and performed by Seller under this Agreement and make every reasonable effort to cause the transactions contemplated by this Agreement to be fully carried out in accordance with the terms and conditions of this Agreement.

**6.7. Compliance with Law.** Seller will undertake reasonable efforts to comply in all material respects with all applicable federal, state and local laws, ordinances and regulations, including but not limited to the Act and FCC Rules, in the operation of KNRQ.

## **ARTICLE 7. Conditions to the Obligation of Buyer to Close.**

The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the fulfillment of the following conditions prior to or at the Closing:

### **7.1. Seller's Representations, Warranties and Covenants.**

(a) Each of the representations and warranties of Seller contained in this Agreement shall have been and remain accurate in all material respects as of the date of this Agreement and on the Closing Date, except for those representations and warranties already subject to a materiality qualification, and as to those, the representations and warranties shall have been and remain accurate in all respects; and

(b) Seller shall have performed and complied in all material respects with the covenants and obligations required by this Agreement to be performed or complied with by it prior to or on the Closing Date, except for those covenants and obligations already subject to a materiality qualification, and as to those, the covenants and obligations shall have been performed in all respects.

**7.2. Proceedings.** No Litigation shall have been instituted or threatened by or before any arbitrator or any court or other Governmental Authority of competent jurisdiction with respect to either party, and no order, decree or judgment shall have been rendered by any arbitrator or any court or other Governmental Authority of competent jurisdiction, which (a) negates the validity or legality of any transactions contemplated hereby, (b) enjoins any transaction contemplated hereby, (c) awards material damages on account of the consummation of any transaction contemplated hereby, or (d) involves a petition of bankruptcy, receivership, or other insolvency proceeding by or against Seller or is an assignment by Seller for the benefit of creditors.

**7.3. FCC Order.** The FCC Order contemplated by this Agreement shall have been granted without any conditions materially adverse to Buyer; provided, that, if a petition to deny or other objection is filed with respect to the Application, the FCC Order shall have become a Final Order.

**7.4. Skyline Tower.** Seller shall have complied with its obligations set forth in paragraph 6.1(a) and the Station shall be licensed and operating from the Skyline Tower.

**7.5. Deliveries.** Seller shall have complied with its obligations set forth in Article 9.

## **ARTICLE 8. Conditions to the Obligations of Seller to Close.**

The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the fulfillment of the following conditions prior to or at the Closing:

### **8.1. Buyer's Representations, Warranties and Covenants.**

(a) Each of the representations and warranties of Buyer contained in this Agreement shall have been and remain accurate in all material respects as of the date of this

Agreement and on the Closing Date, except for those representations and warranties already subject to a materiality qualification, and as to those, the representations and warranties shall have been and remain accurate in all respects; and

(b) Buyer shall have performed and complied in all material respects with the covenants and obligations required by this Agreement to be performed or complied with by it prior to or on the Closing Date, except for those covenants and obligations already subject to a materiality qualification, and as to those, the covenants and obligations shall have been performed in all respects.

**8.2. Proceedings.** No Litigation shall have been instituted or threatened by or before any arbitrator or any court or other Governmental Authority of competent jurisdiction with respect to either party, and no order, decree or judgment shall have been rendered by any arbitrator or any court or other Governmental Authority of competent jurisdiction, which (a) negates the validity or legality of any transactions contemplated hereby, (b) enjoins any transaction contemplated hereby, (c) awards material damages on account of the consummation of any transaction contemplated hereby, or (d) involves a petition of bankruptcy, receivership, or other insolvency proceeding by or against Buyer or is an assignment by Buyer for the benefit of creditors.

**8.3. FCC Order.** The FCC Order contemplated by this Agreement shall have been granted without any conditions materially adverse to Seller.

**8.4 Deliveries.** Buyer shall have complied with its obligations set forth in Article 9.

#### **ARTICLE 9. Items to be Delivered at Closing.**

**9.1. Deliveries by Seller.** At the Closing, Seller shall deliver to Buyer the following items:

(a) bills of sale, certificates of title, endorsements, assignments, and other good and sufficient instruments of conveyance, transfer and assignment, in form and substance reasonably satisfactory to Buyer, sufficient to convey, transfer and assign the KNRQ Assets to Buyer free and clear of any Liens (other than Permitted Encumbrances);

(b) certified copies of resolutions duly adopted by the respective Managers of CBL and CLL, which shall be in full force and effect at the time of the Closing, authorizing the execution, delivery, performance and consummation of this Agreement;

(c) a certificate, dated the Closing Date and duly executed by an authorized officer of Seller, stating that the conditions set forth in Sections 7.1(a) and 7.1(b) have been satisfied; and

(d) any other documents requested pursuant to Section 1.7(b) hereof.

#### **ARTICLE 10. Indemnification.**

**10.1. Survival.** The several representations, warranties, covenants, and agreements of Buyer and Seller contained in or made pursuant to this Agreement shall be deemed to have been made on and as of the Closing, shall survive the Closing, and shall remain operative and in full force and effect for a period of twelve (12) months after the Closing; provided, that all representations, warranties, covenants and obligations relating to Sections 3.2, 3.3, 4.2, 4.3, 4.5, 4.7 and 5.5 shall survive the Closing and remain operative until the expiration of any applicable statutes of limitation or, in the case of Environmental Laws, three (3) years after the Closing and, in the case of Section 5.5, 5 years after Closing; and provided further, that liabilities assumed or retained by Buyer or Seller, as the case may be, pursuant to this Agreement shall remain in effect until such liabilities have been paid or discharged in full.

**10.2. Indemnification of Seller.** Subject to Section 10.6 hereof, Buyer shall indemnify, defend, and hold Seller and its parent, affiliates, members, officers, manager, employees and agents (who, for purposes of this Article, are included in all references to Seller) harmless from and against any and all damages, claims, losses, expenses, costs, obligations, and liabilities including, without limiting the generality of the foregoing, liabilities for reasonable attorneys' fees (collectively, "*Loss and Expense*") suffered, directly or indirectly, by Seller after the Closing Date by reason of, or arising out of, (a) any breach of a representation or warranty made by Buyer pursuant to this Agreement, (b) any failure by Buyer to perform or fulfill any of its covenants or obligations set forth in this Agreement, (c) any failure by Buyer to pay or discharge any liabilities assumed by Buyer under this Agreement, or (d) any Litigation or claim by any third party relating to the business or operation of KNRQ subsequent to the Adjustment Date.

**10.3. Indemnification of Buyer.** Subject to Section 10.6 hereof, CBL shall indemnify, defend and hold Buyer and its affiliates, officers, directors, employees and agents (who, for purposes of this Article, are included in all references to Buyer) harmless from and against any and all Loss and Expense suffered, directly or indirectly, by Buyer after the Closing Date by reason of, or arising out of, (a) any breach of a representation or warranty made by Seller pursuant to this Agreement, (b) any failure by Seller to perform or fulfill any of its covenants or obligations set forth in this Agreement, (c) any failure by Seller to pay or discharge any liabilities retained by Seller under this Agreement, or (d) any Litigation or claim by any third party relating to the business or operation of KNRQ prior to Adjustment Date.

**10.4. Notice of Claim.** If either Buyer or Seller believes that any Loss and Expense has been suffered or incurred, such party shall notify the other promptly in writing 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 any action at law or suit in equity is instituted by a third party with respect to which either of the parties intends to claim any liability or expense as Loss and Expense under this Article, such party shall promptly notify the indemnifying party of such action or suit. In no event, however, may the indemnifying party avoid or limit its obligations under this Article by reason of any delay unless such delay has prejudiced the indemnifying party, and then the indemnifying party's obligations shall be reduced only to the extent of such prejudice.

**10.5. Defense of Third Party Claims.** The indemnifying party under this Article shall have the right to conduct and control, through counsel of that party's own choosing, any third party claim action, or suit at the indemnifying party's sole cost and expense, but the indemnified party may, at that latter party's election, participate in the defense of any such claim, action, or



suit at that party's sole cost and expense; provided, that, if the indemnifying party shall fail to defend any such claim action or suit, then the indemnified party may defend through counsel of that party's own choosing, such claim, action or suit and settle such claim, action, or suit, and recover from the indemnifying party the amount of such settlement or of any judgment and the costs and expenses of such defense; and provided further, that the indemnifying party shall be given at least (15) days prior notice of the terms of any proposed settlement thereof so that the indemnifying party may then undertake and/or resume the defense against the claim. The indemnifying party shall not compromise or settle any third party claim, action, or suit without the prior written consent of the indemnified party, which consent will not be unreasonably withheld, conditioned or delayed; provided, that the indemnified party shall be obligated to provide its consent if such compromise or settlement includes a release for the indemnified party of all liability with respect to the matter being compromised or settled, a reimbursement of the indemnified party for all Loss and Expense incurred in conjunction with the aforesaid claim, action, or suit, and a provision which denies any liability for the claim.

**10.6. Limitations.** Neither party shall be required to indemnify the other party under this Article unless written notice of a claim is received by the party within the pertinent survival period specified in Section 10.1. Notwithstanding anything to the contrary in this Agreement, no claim for indemnification can be made unless the aggregate Loss and Expense incurred or to be incurred by the party seeking indemnification exceeds Ten Thousand Dollars (\$10,000), and, if that threshold is satisfied, the indemnifying party is entitled to indemnification for the entire amount of such Loss and Expense. In no event shall any either party's indemnification obligations under this Article exceed Three Hundred Thousand Dollars (\$300,000).

## **ARTICLE 11. Termination.**

**11.1. Bases for Termination.** This Agreement may be terminated immediately on or prior to the Closing upon notice by one party to the other (or as otherwise specified in this Section) under one of the following circumstances:

- (a) by the mutual written consent of the parties;
- (b) by Buyer, if any of the conditions provided in Article 7 hereof have not been satisfied by the time required and have not been waived;
- (c) by Seller, if any of the conditions provided in Article 8 hereof have not been satisfied by the time required and have not been waived;
- (d) by Buyer, if Seller is in material breach of any representation, warranty, covenant or other obligation under this Agreement (and Buyer is not then in material breach of any representation, warranty, covenant or other obligation under this Agreement);
- (e) by Seller, if Buyer is in material breach of any representation, warranty, covenant or other obligation under this Agreement (and Seller is not then in material breach of any representation, warranty, covenant or other obligation under this Agreement);
- (f) by Buyer, pursuant to Section 7.6 hereof;

(g) by Buyer, pursuant to Section 12.5 or Section 12.6 hereof;

(h) by Buyer or Seller, if the FCC denies the Application or designates the Application for an oral evidentiary hearing in an order that has become a Final Order; or

(i) by Buyer or Seller, if the Closing has not occurred within the time specified in Section 1.8 of this Agreement (and the failure for the Closing to have occurred within such time is not based on a material breach by the terminating party of any representation, warranty, covenant or other obligation under this Agreement).

**11.2. Remedies Upon Termination.** If the parties fail to consummate this Agreement on the Closing Date due to Seller's material breach of any representation, warranty, covenant or obligation hereunder, and Buyer is not at that time in material breach of any representation, warranty, covenant or obligation hereunder, then Buyer shall be entitled to (a) obtain specific performance (without posting bond or other security) of the terms of this Agreement and Seller's obligation to consummate the transactions contemplated hereby (in light of the unique character of the KNRQ Assets and the difficulty, if not impossibility, of quantifying Seller's damages). Buyer shall not have a right to recover money damages. If any action is brought by Buyer to enforce this Agreement by specific performance, Seller shall waive the defense that Buyer has an adequate remedy at law.

(b) If the parties fail to consummate this Agreement due to Buyer's material breach of any representation, warranty, covenant or obligation hereunder, and Seller is not at that time in material breach of any representation, warranty, covenant or obligation hereunder, then Seller shall be entitled to the Earnest Money Deposit as liquidated damages and its exclusive remedy, the parties recognizing that it would be difficult, if not impossible, to quantify Seller's damages in that event and that the Earnest Money Deposit reflects a reasonable estimate of such damages. Interest on the Earnest Money Deposit shall be paid to Buyer unless there is a delay in the distribution of the Earnest Money Deposit and, in that latter event, Seller shall be entitled to all interest accrued on the Earnest Money Deposit from the date on which Seller should have received the Earnest Money Deposit.

**11.3. Notice of Breach.** In the event that either party to this Agreement believes that the other party is in material breach of its representations, warranties, covenants or obligations hereunder, such party shall give prompt written notice thereof, detailing the nature of the breach and the steps necessary to cure such breach. For purposes of this Agreement, no "breach" shall be deemed to have occurred hereunder unless the party alleged to be in breach has been afforded a cure period of thirty (30) days following receipt of such notice within which to cure such breach; provided, that if the cure of the breach cannot reasonably be effected during such 30-day period, the party in breach shall be afforded such additional time as is necessary to effect a cure as long as such party is diligently pursuing a cure (with the understanding that such additional time to effect a cure shall not extend the deadline for consummation imposed in Section 1.8 hereof).

## **ARTICLE 12. Miscellaneous.**

**12.1. Expenses.** Each party shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement, including without limitation, accounting and legal

fees incurred in connection herewith; provided, that: (a) Buyer and Seller shall each pay one-half of the FCC filing fees required to be paid in connection with the Application; (b) Buyer shall pay any sales or transfer Taxes (including without limitation any real estate transfer Taxes) arising from the assignment and transfer of the KNRQ Assets.

**12.2. Remedies Cumulative.** The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion by either party of any other rights or the seeking of any other remedies against the other party except where such other remedies are expressly disclaimed.

**12.3. Further Assurances.** From time to time prior to, on and after the Closing, each party will execute all such instruments and take all such actions as either party shall reasonably request, without payment of any consideration, in connection with effectuating the intent and purpose of this Agreement and all transactions contemplated by this Agreement, including without limitation, the execution and delivery of any and all confirmatory and other instruments in addition to those to be delivered at the Closing. The parties shall use reasonable efforts to cooperate with each other and with their respective counsel and accountants in connection with any steps required to be taken as part of their respective obligations hereunder.

**12.4. Public Announcements.** Except as required by applicable law or government regulation or with the other party's express written consent, which shall not be unreasonably withheld, no party shall issue any press release or make any public statement (oral or written) regarding the transactions contemplated by this Agreement.

**12.5. Broadcast Transmission Interruption of KNRQ.** Seller shall promptly notify Buyer upon learning that (i) the normal broadcast transmissions of KNRQ have been discontinued for more than eight (8) consecutive hours, or (ii) KNRQ has been operating at less than 90 percent of its licensed power for more than eight (8) consecutive hours. Seller shall provide Buyer with prompt written notice of the measures being taken to correct such problems. If KNRQ is not restored to full licensed power within seven (7) days of any such event, or if three (3) such events occur with respect to KNRQ within any thirty (30) day period, Buyer shall have the right to terminate this Agreement without any liability by providing notice to Seller within ten (10) days of the expiration of the aforementioned 7-day period or the third occurrence of any discontinuance or material impairment.

**12.6. Risk of Loss to KNRQ Assets.** The risk of any damage or loss of any material KNRQ Asset (each an "*Event of Loss*") shall be borne by Seller at all times prior to the Closing, and Seller shall use commercially reasonable efforts to repair or replace any lost, damaged or destroyed KNRQ Asset to its condition prior to any Event of Loss. In the case of an Event of Loss, the proceeds of any claim under any insurance policy with respect thereto shall be used to repair, replace or restore any KNRQ Asset to its former condition, subject to the conditions set forth in this section. In the case of an Event of Loss to any of the KNRQ Assets, Seller shall promptly notify Buyer thereof in writing. Such notice shall specify with particularity the Event of Loss, the cause thereof (if known or reasonably ascertainable), whether insurance coverage is applicable and, if so, to what extent. In the event that any KNRQ Asset is not completely repaired, replaced or restored on or before the Closing, Buyer may, at its option, (i) elect to postpone the Closing for a period of up to sixty (60) days while such KNRQ Asset is repaired, replaced or restored (and, if necessary, the parties shall request from the FCC any extensions of

time in which to consummate the transactions contemplated by this Agreement that may be required in order to complete such repairs); or (ii) elect to close and accept the KNRQ Assets in their current condition, in which case Seller shall assign to Buyer all insurance proceeds covering the lost or damaged KNRQ Asset, pay to Buyer an amount equal to any insurance deductible, and assign to Buyer the right to receive any unpaid insurance proceeds; or (iii) elect to terminate this Agreement. Buyer shall provide notice to Seller of its election within five (5) business days of the earlier of (x) five (5) business days after learning that the damaged or lost KNRQ Asset will not be repaired, replaced or restored by the Closing and (y) the date that would otherwise be the Closing Date. Buyer's failure to make an election shall result in the automatic election of clause (ii).

**12.7. Assignments.** Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed, or conditioned; provided, that Seller may assign its rights and obligations under this Agreement without the prior written consent of Buyer to any entity controlled by or under common control with Seller.

**12.8. Notices.** All notices and other communications authorized or required by this Agreement shall be in writing, shall be delivered by personal delivery or by overnight courier service (charges prepaid), and shall be delivered to each party at the following addresses (or at such other address as either party may designate in writing to the other party pursuant this section):

If to Buyer:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attn: Mike Novak, President/CEO

With a copy (but which shall not constitute notice) to:

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

If to Seller:

Cumulus Broadcasting LLC  
Cumulus Licensing LLC  
3280 Peachtree Road, NW  
Suite 2300  
Atlanta, GA 30305  
Attn: Richard S. Denning, General Counsel

With a copy (but which shall not constitute notice) to:

Lewis J. Paper, Esq.  
Pillsbury Winthrop Shaw Pittman LLP  
2300 N Street, NW  
Washington, D.C. 20037-1122

**12.9. Law Governing.** This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Oregon without regard to conflict of laws provisions.

**12.10. Waiver of Provisions.** The terms, covenants, representations, warranties, and conditions of this Agreement may be waived only by a written instrument executed by the party waiving compliance. The failure of either party at any time or times to require performance of any provision of this Agreement shall not affect the exercise of a party's rights at a later date. No waiver granted in any one circumstance shall be deemed a waiver in any other instance, no matter how similar. No practice of the parties shall, by itself, be deemed a waiver of any right hereunder.

**12.11. Counterpart Signatures.** This Agreement may be executed in counterparts, and both counterparts so executed shall collectively constitute one agreement, binding on both parties hereto, notwithstanding that both parties are not signatory to the original or the same counterpart. Facsimile and electronically-delivered signatures shall be sufficient to make this Agreement binding.

**12.12. Reimbursement of Legal Expenses.** If a complaint or other formal legal proceeding is instituted by a party before any court of competent jurisdiction to enforce that party's rights under this Agreement, the party prevailing in the proceeding shall be reimbursed by the other party for all reasonable costs incurred thereby, including but not limited to reasonable attorneys' fees.

**12.13. Access to Records.** Any records delivered by Seller relating to the KNRQ Assets shall be maintained by Buyer for three (3) years after the Closing Date. Upon reasonable prior notice, the Seller shall be entitled to inspect and copy any of such records for purposes of preparing and completing any Tax returns or other compilations of its operation of its former Station. In the event that Buyer wishes to dispose of such records, Buyer shall give Seller thirty (30) days' prior written notice and an opportunity to retrieve such records at the Seller's expense.

**12.14. Severability.** If any court or other Governmental Authority of competent jurisdiction issues an order or other decision holding any provision in this Agreement invalid, illegal or unenforceable under any applicable law and government regulation, or if the FCC informally advises the parties that any provision in this Agreement is invalid, illegal or unenforceable under the Act or FCC Rules (and will thus preclude the FCC's grant of the Application), then, so long as neither party is deprived of the benefits of this Agreement in any material respect, the parties shall promptly amend this Agreement to eliminate the invalid, illegal or unenforceable provision or, alternatively, this Agreement shall be construed with the invalid,

illegal or unenforceable provision deleted, and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

**12.15. Third Party Beneficiaries.** Nothing in this Agreement, expressed or implied, is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

**12.16. Neutral Construction.** This Agreement was negotiated at arms-length by the parties and their respective counsel, and the final terms hereof are the product of the parties' negotiations. This Agreement shall be deemed to have been jointly and equally drafted by Buyer and Seller, and the provisions hereof should not be construed against a party on the grounds that the party drafted or was more responsible for drafting a particular provision.

**12.17. Entire Agreement.** This Agreement and the documents referenced herein constitute the entire agreement among the parties with respect to the subject matter hereof, supersede and cancel any and all prior or contemporaneous agreements and understanding between them with respect to the subject matter hereof, and may not be amended except in a writing signed by the parties.

**12.18. Update of Schedules.** At or prior to Closing, Seller shall update the schedules relating to the KNRQ Assets to account for non-material changes in circumstances or events that arise after the date of this Agreement and before the Closing; provided, that in no event shall Buyer be obligated to assume any contract, real estate lease, or other liability except as may be required by this Agreement or in accordance with a document executed by Buyer.

#### **ARTICLE 13. Rules of Construction.**

**13.1. Defined Terms.** As used in this Agreement, the following terms shall have the following meanings:

- (a) "Acr" shall have the meaning set forth in Section 1.7 of this Agreement.
- (b) "Adjustment Date" shall have the meaning set forth in Section 1.9 of this Agreement.
- (c) "Application" shall have the meaning set forth in Section 2.1 of this Agreement.
- (d) "Closing" shall have the meaning set forth in Section 1.7 of this Agreement.
- (e) "Closing Date" shall have the meaning set forth in Section 1.7 of this Agreement.
- (f) "CPA" shall have the meaning set forth in Section 1.9 of this Agreement.
- (g) "Environmental Laws" shall have the meaning set forth in Section 4.7 of this Agreement.

(h) "Event of Loss" shall have the meaning set forth in Section 12.6 of this Agreement.

(i) "Final Order" shall have the meaning set forth in Section 1.7 of this Agreement.

(j) "FCC" has the meaning set forth in the preamble to this Agreement.

(k) "FCC Rules" means the published rules and policies of the FCC.

(l) "Governmental Authority" means any foreign, federal, state, or local governmental entity, or any department, agency, or instrumentality thereof, which exercises executive, legislative, administrative, or judicial functions.

(m) "IRS" means the Internal Revenue Service.

(n) "Liens" shall have the meaning set forth in Section 1.3 of this Agreement.

(o) "Litigation" shall have the meaning set forth in Section 4.12 of this Agreement.

(p) "Loss and Expense" shall have the meaning set forth in Section 10.2 of this Agreement.

(q) "NCE Application" shall have the meaning set forth in Section 2.2 of this Agreement.

(r) "Order" shall have the meaning set forth in Section 1.7 of this Agreement.

(s) "Ordinary Course of Business" means the ordinary course of business or operation of the Station consistent with past practices and customs.

(t) "Permitted Encumbrances" shall have the meaning set forth in Section 1.3 of this Agreement.

(u) "Taxes" means any and every tax or similar fee imposed by any Governmental Authority, including but not limited to the IRS.

(v) "KNRQ Assets" shall have the meaning set forth in the Preamble of this Agreement.

(w) "KNRQ Excluded Assets" shall have the meaning set forth in Section 1.2 of this Agreement.

(x) "KNRQ FCC Licenses" shall have the meaning set forth in the Section 4.6 of this Agreement.

(y) "KNRQ Governmental Licenses" shall have the meaning set forth in Section 1.1(a) of this Agreement.

**13.2. Other Definitions.** Other capitalized terms used in this Agreement shall have the meanings ascribed to them herein.

**13.3. Number and Gender.** Whenever the context so requires, words used in the singular shall be construed to mean or include the plural and vice versa, the conjunctive shall include the disjunctive and vice versa, and pronouns of any gender shall be construed to mean or include any other gender or genders.

**13.4. Headings and Cross-references.** Headings of the sections have been included for convenience of reference only and shall in no way limit or affect the meaning or interpretation of the specific provisions of this Agreement. All cross-references to sections herein shall mean the section of this Agreement unless otherwise stated or clearly required by the context. Words such as "herein" and "hereof" shall be deemed to refer to this Agreement as a whole and not to any particular provision of this Agreement unless otherwise expressly stated or clearly required by the context. The term "including" means "including without limitation."


**13.5. Computation of Time.** Whenever any time period provided for in this Agreement is measured in "business days," there shall be excluded from such time period each day that is a Saturday, Sunday, recognized federal legal holiday, or other day on which the FCC's offices are closed and are not reopened prior to 5:30 p.m. Washington, D.C. time. In all other cases all days shall be counted. If any time period expires on a day other than a "business day," the period shall automatically be extended to the first "business day" after the date on which the time period would otherwise expire.


*[Remainder of Page Intentionally Left Blank]*




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

EDUCATIONAL MEDIA FOUNDATION


By:   
Eric Moser,  
Chief Financial Officer

By:   
D. Kevin Blair,  
Secretary

CUMULUS BROADCASTING LLC

By:   
Richard S. Denning  
Vice President & General Counsel

CUMULUS LICENSING LLC

By:   
Richard S. Denning  
Vice President & General Counsel

**Schedule 1.1(a)**

**FCC Licenses**

<b>Call Sign</b>	<b>Community of License</b>	<b>Facility ID</b>	<b>Type of Authorization</b>	<b>Expiration Date</b>
KNRQ-FM	Aloha, OR	12501	Station License (File No. BLH-19910528KF)	02/01/2014
KNRQ-FM	Aloha, OR	12501	Renewal Authorization (File No. BRH-20051003CEY)	02/01/2014
KNRQ-FM	Aloha, OR	12501	Construction Permit (File No. BPH-20121218ACC)	02/01/2014

\* An application (File No. BMPH-20130715ADO) is pending before the FCC to modify the above construction permit.

**Broadcast Auxiliary License**

<b>Call Sign</b>	<b>Associated Facility ID</b>	<b>Type of Authorization</b>	<b>Expiration Date</b>
WLD789	12501	Aural Studio Transmitter Link	02/01/2014

Antenna Structure Registration No.: 1033770 (for Construction Permit tower site)  
Tower Owner: Stonehenge Towers, LLC

Antenna Structure Registration No.: 1204059 (for Modified Construction Permit tower site)  
Tower Owner: King Broadcasting Company

**Schedule 1.1(b)**

**Tangible Personal Property**

**At Skyline Tower Site:**

5kW Transmitter

Remote control system for transmitter

Combiner

Auto-processor for Station

Transmission line

**Schedule 1.1(c)**

Skyline Lease (see attached).

## **Schedule 4.11**

### **Insurance**

#### **Primary D&O**

National Union Fire Insurance Company of Pittsburgh (Chartis) – Policy No. 02 877 29-27;  
Policy Period: 7/31/13-7/31/13;

#### **Excess D&O Liability Insurance**

Axis Insurance Company – Policy No.: MAN761926/01/2011; Policy Period: 7/31/12-7/31/13;

Federal Insurance Company – Policy No.: 8224-1500; Policy Period: 7/31/12-7/31/13;

Allied World National Assurance Company – Policy No.: 0306-8577; Policy Period: 7/31/12-7/31/13;

Travelers Casualty and Surety Company of America St. Paul Fire and Marine Insurance Company – Policy No.: 105818328; Policy Period: 7/31/12-7/31/13;

#### **Fiduciary**

Illinois National Insurance Company (Chartis) – Policy No.: 02-877-30-48; Policy Period: 7/31/12-7/31/13;

Federal Insurance Company (Chubb) - Pension and Welfare Fund Fiduciary Dishonesty Policy - Policy No.: 8201-4253; Policy Period: 7/26/11—7/26/13;

#### **Employment Practices Liability**

Illinois National Insurance Company (Chartis) – Policy No.: 02-877-30-77; Policy Period: 7/31/12-7/31/13;

#### **Property**

Allianz Marine Insurance Company– Policy No.: MXI93029222; Policy Period: March 31, 2013-March 31, 2014;

#### **Media Liability**

Chartis Specialty Insurance Company – Policy No.: 01-357-45-16; Policy Period: 11/1/12-11/1/13;

**General Liability**

The Hartford – Excess Commercial General Liability/Self Insured Retention Program – Policy No.: 20 ECS S13903; Policy Period: 11/1/12-11/1/13;

The Hartford – Commercial Auto Coverage – Policy No.: 20 CSE S13902; Policy Period: 11/1/12-11/1/13;

**Excess General Liability**

Westchester Fire Insurance Company (ACE) – Excess – Policy No.: G21982787008; Policy Period: 11/1/12-11/1/13;

Westchester Fire Insurance Company (ACE) – Excess – Policy No.: G24332810001; Policy Period: 11/1/12-11/1/13;

Chubb Group of Insurance Companies – Excess; Policy No.: 9364-37-72; Policy Period: 11/1/12-11/1/13;

Fireman's Fund Insurance Company – Excess; Policy No.: SHX 00057793655; Policy Period: 11/1/12-11/1/13 ;

**Workers' Comp**

The Hartford – Policy No.:20 WN S13900; Policy Period: 11/1/12-11/1/13;

The Hartford - Policy No.:20 WBR S13901; Policy Period: 11/1/12-11/1/13 (Wisconsin);

**Health Insurance**

Cumulus Media Inc. Health Protection Plan (a Qualified High Deductible Health Plan); Merit Health; Group No. 13510 (Effective January 1, 2012)

Group Dental Insurance Coverage, Delta Dental Insurance Company (PPO Program) (Effective January 1, 2013)

Life and AD&D Insurance, The Lincoln National Life Insurance Company, Group Policy No. 000400001000-03718 (Effective January 1, 2012)

Weekly Disability Income Insurance, The Lincoln National Life Insurance Company, Group Policy No. 000400001000-01398 (Effective January 1, 2012)

Long-Term Disability Benefits, The Lincoln National Life Insurance Company, Group Policy No. 000400001000-01497 (Effective January 1, 2012)

EyeMed Vision Care, Luxottica Group, S.p.A. (Effective January 1, 2012)

Schedule 4.12

Litigation

None.

## **EXHIBIT A-1**

### **NON-INTEREST BEARING PROMISSORY NOTE**

\$600,000

\_\_\_\_\_, 2013

FOR VALUE RECEIVED, the undersigned, EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Maker"), with offices at 5700 West Oaks Boulevard, Rocklin, CA 95765, hereby promises to pay to the order of Cumulus Broadcasting LLC ("Holder") at 3280 Peachtree Road, NW, Suite 2300, Atlanta, GA 30305, or at such other address or in such other manner specified by Holder to Maker, in lawful money of the United States of America and in immediately available funds, the principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the "Principal"). This Promissory Note (the "Note") is issued pursuant to an Asset Purchase Agreement, dated as of \_\_\_\_\_, 2013, between Maker and Holder and its affiliate (the "Purchase Agreement") relating to Maker's purchase from Holder and its affiliate of substantially all of the assets of radio station KNRQ, Eugene, OR (the "Station"), is issued on the closing date of the transaction contemplated by the Purchase Agreement and is subject to the following terms and conditions:

(1) The Note shall mature on the earlier of (a) the date that is sixty (60) months after the date of this Note and (b) the date on which Maker consummates the sale of the licenses and other authorizations issued by the Federal Communications Commission for the Station (in either case, the "Maturity Date"). The Principal (\$600,000) of this Note shall be amortized over a term of sixty (60) months. Except as otherwise expressly set forth in this Note, the Note shall not bear interest. Maker shall make monthly payments (the "Monthly Payment") in arrears of Principal to Holder in the amount of \$10,000.00 each, commencing on the 30<sup>th</sup> day after the Closing Date and continuing on the same calendar day of each succeeding month until the Maturity Date. If any payment date shall be a day that is not a business day, then payment shall be due on the next business day thereafter. For purposes of this note, a "business day" is a day other than a Saturday or Sunday or day on which banks in Atlanta, Georgia are closed.

(2) Maker may prepay all or any portion of the Principal of the Note at any time without penalty.

(3) Notwithstanding any applicable grace period provided in this Note, if Holder has not received the full amount of any required payment by the end of ten calendar days after the date that a monthly payment is due, the Maker shall pay a late charge to the Holder. The amount of the late charge will be \$50, and shall be due and payable with the overdue monthly payment. Maker and the Holder agree that this late charge is a fair and reasonable charge for the late payment, and shall not be deemed to be a penalty.

(4) Upon an Event of Default (as defined herein), the Note shall bear interest at a default rate of interest equal to 6.00 % per annum compounded every twelve (12) months;



provided, that such default rate of interest shall be reduced to the extent necessary so that it does not exceed the maximum permitted by law.

(5) Each of the following events or conditions shall constitute an "Event of Default":

(a) Failure by Maker in the payment of any installment of Principal or interest on this Note when the same becomes due and payable, which failure continues uncured for a period of ten (10) days after written notice of such failure has been given by Holder to Maker;

(b) Maker shall make an assignment for the benefit of creditors, or shall file a voluntary petition in bankruptcy, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation;

(c) There shall be filed against Maker any petition or application for relief under any bankruptcy, receivership, or similar law which is not discharged or dismissed within sixty (60) days after the filing of such petition or application; or

(d) There shall be an Event of Default under that certain Security Agreement of even date herewith executed by Maker in favor of Holder, which default continues uncured after any applicable cure period set forth therein.

(6) Upon an Event of Default, Holder may at any time, by written notice to Maker, declare the entire amount of all Principal remaining unpaid on this Note due and payable, whereupon the same shall forthwith become due and payable.

(7) All notices and other communications made in conjunction with this Note shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after facsimile transmission (with written confirmation of receipt) or delivery to a courier service which guarantees overnight delivery, and, in the case of courier or personal delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Maker:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attn: Mike Novak, President/CEO  
Fax No.:

With a copy (but which shall not constitute notice) to:

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

Washington, D.C. 20037  
Fax No.:

If to Holder:

Cumulus Broadcasting LLC  
3280 Peachtree Road, NW  
Suite 2300  
Atlanta, GA 30305  
Attn: Richard S. Denning, General Counsel  
Fax No.: (404) 267-6877

With a copy (but which shall not constitute notice) to:

Lewis J. Paper, Esq.  
Pillsbury Winthrop Shaw Pittman LLP  
2300 N Street, NW  
Washington, D.C. 20037-1122  
Fax No.: (202) 663-8007

(8) This Note is secured by the terms of a certain Security Agreement of even date herewith and executed by Maker in favor of Holder, and upon the occurrence of an Event of Default, Holder may exercise all rights and remedies set forth in said Security Agreement.

(9) All payments to Holder hereunder shall be made without set-off, counterclaim, or other countervailing debt or claim. Payments received shall be applied first to costs of collections and enforcement, if any, then to interest, if any, and lastly to Principal.

(10) Maker waives the rights of presentment, dishonor, notice of dishonor, protest, or demand.

(11) No delay or omission of Holder in the exercise of any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or be construed to be a waiver of any such Event of Default, or acquiescence therein; and every right, power and remedy given by this Note to Holder may be exercised by Holder from time to time and as often as may be deemed expedient by the Holder.

(12) No waiver of any Event of Default shall extend to or shall affect any subsequent or any other Event of Default or shall impair any right, power or remedy consequent thereon. If Holder: (a) grants forbearance or an extension of time for the payment of any sums due under this Note; (b) takes other or additional security for the payment hereof; (c) waives or does not exercise any right, power or remedy granted in this Note; or, (d) releases any part of the property securing this Note, then, any such act or omission shall not release, discharge, modify, change or affect Maker's liability under this Note; nor shall any such act or omission preclude Holder from exercising any right, power or remedy herein granted or intended to be granted in the event of any other default then made or of any prior or subsequent default.

(13) No right, power or remedy conferred upon or reserved by Holder by this Note, or in the Security Agreement executed in connection herewith, is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and current and shall be in addition to any other right, power and remedy given hereunder, in the Security Agreement, or now or hereafter existing at law or in equity or by statute.

(14) If any one or more of the terms or provisions contained in this Note shall be held invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, the validity of the remaining terms and provisions contained herein shall be in no way affected, prejudiced or disturbed thereby.

(15) Time is of the essence in this Note. No waiver of any obligation hereunder shall at any time thereafter be held to be a waiver of the terms hereof.

(16)(a) Maker shall pay to Holder, on demand, all costs, charges, expenses, disbursements and reasonable attorney's fees:

- (i) in enforcing the terms of this Note, whether suit be brought or not;
- (ii) in collecting amounts owed under this Note, whether suit be brought or not;
- (iii) in any action or other proceeding before any court of competent jurisdiction concerning this Note; and
- (iv) for all documentary stamp taxes and intangible taxes, and any penalties or interest on the documentary stamp taxes and intangible taxes.

(b) All such costs, charges, expenses, disbursements and attorney's fees, shall (x) bear interest thereon at the default rate of interest specified in this Note, from the date incurred by the Holder until paid, (y) shall become immediately due and payable whether or not there be notice, demand, attempt to collect or suit pending; and (z) be secured by the Security Agreement securing this Note.

(c) Wherever provision is made for payment of attorney's fees and expenses incurred by Holder, said provision shall include, but not be limited to, attorney's fees and expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such proceedings arise before or after entry of a final judgment.

(17) This Note shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Oregon (excluding the principles thereof governing conflicts of law).

(18) All pronouns and variations thereof shall be deemed to refer to the masculine, feminine or neuter, and to the singular or plural, as the context may require.

(19) MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF MAKER. THIS PROVISION IS A MATERIAL INDUCEMENT TO HOLDER IN MAKING THE LOAN EVIDENCED BY THIS NOTE.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first above written.

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_  
Mike Novak, President

## **EXHIBIT A-2**

### **NON-INTEREST BEARING PROMISSORY NOTE**

\$400,000

\_\_\_\_\_, 2013

FOR VALUE RECEIVED, the undersigned, EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Maker"), with offices at 5700 West Oaks Boulevard, Rocklin, CA 95765, hereby promises to pay to the order of Cumulus Broadcasting LLC ("Holder") at 3280 Peachtree Road, NW, Suite 2300, Atlanta, GA 30305, or at such other address or in such other manner specified by Holder to Maker, in lawful money of the United States of America and in immediately available funds, the principal amount of FOUR HUNDRED THOUSAND DOLLARS (\$400,000) (the "Principal"). This Promissory Note (the "Note") is issued pursuant to an Asset Purchase Agreement, dated as of \_\_\_\_\_, 2013, between Maker and Holder and its affiliate (the "Purchase Agreement") relating to Maker's purchase from Holder and its affiliate of substantially all of the assets of radio station KNRQ, Eugene, OR (the "Station"), is issued on the closing date of the transaction contemplated by the Purchase Agreement and is subject to the following terms and conditions:

(1) The Note shall mature on the earlier of (a) the date that is sixty (60) months after the date of this Note and (b) the date on which Maker consummates the sale of the licenses and other authorizations issued by the Federal Communications Commission for the Station (in either case, the "Maturity Date"). The Principal (\$400,000) of this Note shall be amortized over a term of sixty (60) months. Except as otherwise expressly set forth in this Note, the Note shall not bear interest. Maker shall make monthly payments (the "Monthly Payment") in arrears of Principal to Holder in the amount of \$6,666.66 each, commencing on the 30<sup>th</sup> day after the Station is licensed to operate from the Stonehenge Tower Site and continuing on the same calendar day of each succeeding month until the Maturity Date; provided, however, if, through no fault of Maker, the Station (1) cannot be licensed to operate from the Stonehenge Tower, and (2) the Station has not moved to the Stonehenge Tower prior to fifth (5th) anniversary of the Closing Date, then this Note will be cancelled in full. If any payment date shall be a day that is not a business day, then payment shall be due on the next business day thereafter. For purposes of this note, a "business day" is a day other than a Saturday or Sunday or day on which banks in Atlanta, Georgia are closed.

(2) Maker may prepay all or any portion of the Principal of the Note at any time without penalty.

(3) Notwithstanding any applicable grace period provided in this Note, if Holder has not received the full amount of any required payment by the end of ten calendar days after the date that a monthly payment is due, the Maker shall pay a late charge to the Holder. The amount of the late charge will be \$50, and shall be due and payable with the overdue monthly payment.

Maker and the Holder agree that this late charge is a fair and reasonable charge for the late payment, and shall not be deemed to be a penalty.

(4) Upon an Event of Default (as defined herein), the Note shall bear interest at a default rate of interest equal to 6.00 % per annum compounded every twelve (12) months; provided, that such default rate of interest shall be reduced to the extent necessary so that it does not exceed the maximum permitted by law.

(5) Each of the following events or conditions shall constitute an "Event of Default":

(a) Failure by Maker in the payment of any installment of Principal or interest on this Note when the same becomes due and payable, which failure continues uncured for a period of ten (10) days after written notice of such failure has been given by Holder to Maker;

(b) Maker shall make an assignment for the benefit of creditors, or shall file a voluntary petition in bankruptcy, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation;

(c) There shall be filed against Maker any petition or application for relief under any bankruptcy, receivership, or similar law which is not discharged or dismissed within sixty (60) days after the filing of such petition or application; or

(d) There shall be an Event of Default under that certain Security Agreement of even date herewith executed by Maker in favor of Holder, which default continues uncured after any applicable cure period set forth therein.

(6) Upon an Event of Default, Holder may at any time, by written notice to Maker, declare the entire amount of all Principal remaining unpaid on this Note due and payable, whereupon the same shall forthwith become due and payable.

(7) All notices and other communications made in conjunction with this Note shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after facsimile transmission (with written confirmation of receipt) or delivery to a courier service which guarantees overnight delivery, and, in the case of courier or personal delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Maker:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attn: Mike Novak, President/CEO  
Fax No.:

With a copy (but which shall not constitute notice) to:

David D. Oxenford, Esq.  
Wilkinson Barker Knauer, LLP  
Suite 700  
2300 N Street, NW  
Washington, D.C. 20037  
Fax No.:

If to Holder:

Cumulus Broadcasting LLC  
3280 Peachtree Road, NW  
Suite 2300  
Atlanta, GA 30305  
Attn: Richard S. Denning, General Counsel  
Fax No.: (404) 267-6877

With a copy (but which shall not constitute notice) to:

Lewis J. Paper, Esq.  
Pillsbury Winthrop Shaw Pittman LLP  
2300 N Street, NW  
Washington, D.C. 20037-1122  
Fax No.: (202) 663-8007

(8) This Note is secured by the terms of a certain Security Agreement of even date herewith and executed by Maker in favor of Holder, and upon the occurrence of an Event of Default, Holder may exercise all rights and remedies set forth in said Security Agreement.

(9) All payments to Holder hereunder shall be made without set-off, counterclaim, or other countervailing debt or claim. Payments received shall be applied first to costs of collections and enforcement, if any, then to interest, if any, and lastly to Principal.

(10) Maker waives the rights of presentment, dishonor, notice of dishonor, protest, or demand.

(11) No delay or omission of Holder in the exercise of any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or be construed to be a waiver of any such Event of Default, or acquiescence therein; and every right, power and remedy given by this Note to Holder may be exercised by Holder from time to time and as often as may be deemed expedient by the Holder.

(12) No waiver of any Event of Default shall extend to or shall affect any subsequent or any other Event of Default or shall impair any right, power or remedy consequent thereon. If Holder: (a) grants forbearance or an extension of time for the payment of any sums due under this Note; (b) takes other or additional security for the payment hereof; (c) waives or does not exercise any right, power or remedy granted in this Note; or, (d) releases any part of the property securing this Note, then, any such act or omission shall not release, discharge, modify, change or

affect Maker's liability under this Note; nor shall any such act or omission preclude Holder from exercising any right, power or remedy herein granted or intended to be granted in the event of any other default then made or of any prior or subsequent default.

(13) No right, power or remedy conferred upon or reserved by Holder by this Note, or in the Security Agreement executed in connection herewith, is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and current and shall be in addition to any other right, power and remedy given hereunder, in the Security Agreement, or now or hereafter existing at law or in equity or by statute.

(14) If any one or more of the terms or provisions contained in this Note shall be held invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, the validity of the remaining terms and provisions contained herein shall be in no way affected, prejudiced or disturbed thereby.

(15) Time is of the essence in this Note. No waiver of any obligation hereunder shall at any time thereafter be held to be a waiver of the terms hereof.

(16)(a) Maker shall pay to Holder, on demand, all costs, charges, expenses, disbursements and reasonable attorney's fees:

- (i) in enforcing the terms of this Note, whether suit be brought or not;
- (ii) in collecting amounts owed under this Note, whether suit be brought or not;
- (iii) in any action or other proceeding before any court of competent jurisdiction concerning this Note; and
- (iv) for all documentary stamp taxes and intangible taxes, and any penalties or interest on the documentary stamp taxes and intangible taxes.

(b) All such costs, charges, expenses, disbursements and attorney's fees, shall (x) bear interest thereon at the default rate of interest specified in this Note, from the date incurred by the Holder until paid, (y) shall become immediately due and payable whether or not there be notice, demand, attempt to collect or suit pending; and (z) be secured by the Security Agreement securing this Note.

(c) Wherever provision is made for payment of attorney's fees and expenses incurred by Holder, said provision shall include, but not be limited to, attorney's fees and expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such proceedings arise before or after entry of a final judgment.

(17) This Note shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Oregon (excluding the principles thereof governing conflicts of law).



(18) All pronouns and variations thereof shall be deemed to refer to the masculine, feminine or neuter, and to the singular or plural, as the context may require.

**(19) MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF MAKER. THIS PROVISION IS A MATERIAL INDUCEMENT TO HOLDER IN MAKING THE LOAN EVIDENCED BY THIS NOTE.**

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first above written.

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_  
Mike Novak, President

## **EXHIBIT B**

### **SECURITY AGREEMENT**

THIS SECURITY AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, 2012, is by and between Cumulus Broadcasting LLC ( "Secured Party"), a Nevada limited liability company, and EDUCATIONAL MEDIA FOUNDATION ("Debtor"), a California non-profit corporation.

#### **Recitals**

1. Concurrently herewith, and in accordance with that certain Asset Purchase Agreement, dated as of \_\_\_\_\_, 2012 (the "Purchase Agreement"), entered into by and between Debtor and Secured Party (and an affiliate of Secured Party), pursuant to which Debtor agreed to purchase from Secured Party and its affiliate assets used in the operation of radio station KNRQ-FM (the "Station"), Secured Party is lending One Million Dollars (\$1,000,000.00) to Debtor, which is evidenced by two Non-Interest Bearing Promissory Notes of even date herewith in favor of Secured Party (the "Notes") in the amounts of \$600,000 and \$400,000.

2. All capitalized terms, unless otherwise defined herein, shall have the meanings set forth in the Notes or in the Purchase Agreement.

NOW, THEREFORE, in view of the foregoing and the mutual promises and covenants contained herein, along with other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

#### **SECTION 1. Security.**

(a) As security for the payment of the \$1,000,000 principal indebtedness under the Notes, as well as any interest that may accrue thereon and all of Secured Party's fees and costs of enforcement and collection thereunder and hereunder (collectively, the "Obligations"), Debtor hereby grants to Secured Party a continuing security interest in the Collateral as defined and as set forth in Schedule 1 hereto. The Obligations do not include, and this Security Agreement does not secure, any other liability, indebtedness or other obligation of Debtor to Secured Party, whether now existing or hereafter arising and howsoever evidenced.

(b) Debtor irrevocably appoints Secured Party as its lawful attorney-in-fact and agent to execute, on its behalf, financing statements and any assignment documents and to file on its behalf appropriate financing statements.

#### **SECTION 2. Representations, Warranties and Covenants of Debtor.**

Debtor hereby represents, warrants and covenants that:

(a) Debtor will retain possession of and defend the Collateral against any claims and demands of all third parties at any time asserting an interest therein which would conflict with any claim or interest of Secured Party. Debtor will maintain the Tangible Personal

Property included within the Collateral in good operating condition and repair, and use it only in connection with the operation of the Station unless disposed of in the ordinary course of business and replaced with tangible personal property of equivalent value and utility. Debtor will not encumber, sell, transfer, assign, abandon or otherwise dispose of the Collateral except for (i) dispositions of items of Tangible Personal Property no longer useful to Debtor in the Ordinary Course of Business, and (ii) trade-ins, replacements or exchanges of items of Tangible Personal Property for other items having an equal or greater value (in excess of any purchase money liens on such items).

(b) The Collateral is and will, until all Obligations are indefeasibly paid in full, remain free and clear of any and all liens, security interests, judgments, or other encumbrances of any kind or nature (collectively, "Liens") except for: (i) Liens arising from Taxes, assessments, charges, levies or claims that are not yet due or that remain payable without penalty or which are being contested in good faith by appropriate proceedings, and (ii) Liens created by this Security Agreement.

(c) Debtor will have and maintain insurance on the Collateral with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, including without limitation, property and casualty insurance and public liability insurance. Secured Party may pay for insurance on the Collateral if Debtor has failed to comply with such obligation, and in the absence of reimbursement upon demand, such amounts paid by Secured Party shall accrue interest at the default rate set forth in the Note. Debtor shall (i) provide the Secured Party with certificates of insurance or policies, payable to the respective parties as their interests may appear, (ii) give immediate written notice to Secured Party and to the insurers of any loss or damage to the Collateral or any part thereof and shall promptly file all necessary or appropriate proofs of loss with the insurers, and (iii) as additional security for the Obligations, assign and hereby does assign to Secured Party all sums which may become payable under such insurance, including any returned premiums and dividends.

(d) Upon reasonable advance notice to Debtor, Secured Party may examine and inspect the Collateral at any reasonable time and at any reasonable place, wherever located.

(e) Debtor will pay promptly when due all Taxes and assessments upon the Collateral unless such Taxes or assessments are being contested in good faith by Debtor.

(f) Except as otherwise expressly permitted by this Agreement, Debtor shall maintain and preserve the Collateral for use in conjunction with the operation of the Station and otherwise keep the Collateral, at Debtor's expense, in good repair and condition (except for normal wear and tear). Secured Party may pay for such maintenance and preservation of the Collateral if Debtor fails to do so. Debtor shall reimburse Secured Party on demand for any such expense incurred by Secured Party pursuant to the foregoing authorization, and in the absence of reimbursement, such amounts paid by Secured Party shall accrue interest at the default rate set forth in the Note.

(g) Debtor will from time to time upon demand furnish to Secured Party such further information and will execute and deliver to Secured Party such financing statements and assignments and other papers and will do all such acts as may be necessary or appropriate to establish, perfect and maintain a valid priority security interest in the Collateral as security for the Obligations (including but not limited to a UCC-1 Financing Statement), and Debtor hereby authorizes Secured Party to execute and file at any time and from time to time one or more financing statements or copies thereof or of this Security Agreement with respect to the Collateral signed only by Secured Party.

(h) Debtor shall not remove any of the Tangible Personal Property located at the Station's tower facility site without Secured Party's prior written consent, which shall not be unreasonably withheld, except for dispositions of items of Equipment no longer useful to Debtor in the Ordinary Course of Business that are replaced by items of equivalent or greater value to be retained at the Station's tower facility site. The relocation of any part of the Collateral shall not affect Secured Party's continuing security interest in the Collateral.

(i) Debtor shall pay and perform all of the Obligations according to their respective terms.

(j) Debtor shall maintain, at its expense, satisfactory, complete and current records of the Collateral, including, but not limited to, a record of all shipments received, deliveries made, contracts performed, payments received, credits granted thereon, and other dealings therewith. Upon request by Secured Party, Debtor shall provide Secured Party with written reports of the status of the Collateral, or any part thereof, as of the period specified in form and substance reasonably satisfactory to Secured Party. Debtor shall not change the location of its books and records without giving Lender at least thirty (30) days prior written notice.

(k) Debtor shall make the Collateral and the books and records pertaining thereto available for inspection by Secured Party at all reasonable times, and, for the further security of Secured Party, it is agreed that Secured Party shall have a special property interest in all books and records of Debtor.

(l) Debtor shall collect any and all proceeds from the sale, collection, or other disposition of any or all of the Collateral (collectively, the "Proceeds") and shall, upon prior notice to Secured Party with appropriate references to the particular bank or other depository, deposit the same in an account which will be subject to the Lien of Secured Party as set forth in this Agreement. Debtor will not commingle any such Proceeds with any funds or other property of Debtor but will hold them separate and apart therefrom.

(m) Debtor shall comply in all material respects with all applicable laws and government regulations, whether now in effect or hereinafter enacted, including the Act and FCC rules, and shall take any and all reasonable measures necessary or appropriate to preserve the FCC Licenses without any modification.

(n) Debtor shall promptly take all steps necessary to grant Secured Party control of all electronic chattel paper in accordance with the Uniform Commercial Code (the "UCC") and of all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

(o) Debtor shall promptly, and in any event within three (3) days after the same is acquired by Debtor, notify Secured Party of any tort claim acquired by Secured Party and, unless otherwise consented to by Secured Party, Debtor shall enter into a supplement to this Agreement, granting to Secured Party (or perfecting, as the case may be) a security interest in such tort claim.

### **SECTION 3. Events of Default.**

(a) Debtor shall be in default under this Agreement upon the occurrence of any of following events or conditions (each, an "Event of Default"):

(i) an "Event of Default" shall occur under either of the Notes; or

(ii) any representation or warranty made by Debtor in this Agreement shall become or prove to have been incorrect in any material respect, and such inaccuracy is not cured to the satisfaction of Secured Party within thirty (30) days after the date on which Secured Party gives Debtor written notice of such inaccuracy; or

(iii) Debtor shall fail to perform or observe any material term, covenant, or agreement contained in this Agreement, and such failure is not cured to the satisfaction of Secured Party within thirty (30) days after the date on which Secured Party gives Debtor written notice of such failure; or

(iv) Any part of the Collateral becomes subject to levy of execution or other judicial process.

(b) Upon the occurrence of an Event of Default, Secured Party shall have all of the rights, powers and remedies set forth in the Note and this Agreement, together with the rights and remedies of a secured party under the applicable UCC, including without limitation the right to sell, lease or otherwise dispose of any or all of the Collateral and to take possession of the Collateral (subject to any required approval of the FCC). Secured Party may require Debtor to assemble its Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. Debtor hereby agrees that its address and the place or places of location of the Collateral are places reasonably convenient to it to assemble the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send to Debtor reasonable advance notice of the time and place of any public sale or reasonable advance notice of the time after which any private sale or any other disposition thereof is to be made. The requirement of sending reasonable advance notice shall be met if such notice is mailed, postage prepaid, to Debtor at least ten (10) days before the time of the sale or disposition. After deducting all expenses incurred by Secured Party in protecting or enforcing its

rights in the Collateral, the residue of any Proceeds of collection or sale of the Collateral shall be applied to the payment of principal, first, and then interest, if any, under the Note's provision with respect to payment of interest upon default, and Debtor shall remain liable for any deficiency.

(c) If an Event of Default shall have occurred, Secured Party may, at its sole option (but subject to any required approval of the FCC), either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy under the UCC: (i) to enforce payment of the Notes or the performance of any term hereof or any other right; (ii) to foreclose on the Collateral pursuant to this Agreement and to sell, as an entirety or in separate lots, the Collateral, under the judgment or decree of a court or courts of competent jurisdiction; and, (iii) to pursue any other remedy lawfully available to it, all as Secured Party shall deem most effectual for such purposes. Secured Party shall take action either by proceedings or by the exercise of its powers with respect to entry or taking possession, as Secured Party may determine. Secured Party shall have the continuing option to enforce payment of all sums secured by this Agreement by action at law on the Notes or by suit in equity to foreclose this Agreement, either or both, concurrently or singularly, and one action or suit shall not abate or be a bar to or waiver of Secured Party's right to institute or maintain the other.

(d) Upon the occurrence and continuing existence of an Event of Default, Secured Party shall have the right to require that Debtor join with the successful bidder or other purchaser at a foreclosure sale regarding the Collateral in seeking from the FCC all applicable prior approvals of the assignment of the Station's FCC Licenses to such bidder or other purchaser. In that regard, Debtor shall execute and deliver all applications, certificates, instruments, assignments and other documents and papers that may be required to obtain any necessary FCC consent, approval or authorization. It is expressly understood that such sale shall be subject to all applicable consents and prior approvals of the FCC. If Debtor fails to execute and, if necessary, file any such application, certificate, instrument, assignment or other document necessary or appropriate for the sale, assignment or other conveyance of the Collateral, including the FCC Licenses, within five (5) business days after being requested to do so by Secured Party, Secured Party shall be entitled to secure an order from a court of competent jurisdiction authorizing the clerk of such court, or any other party designated by the court, to sign and authorize the filing of such application, certificate, instrument, assignment or other document on Debtor's behalf.

(e) Upon an Event of Default under a Note or this Agreement, neither Debtor nor anyone claiming through or under it shall or will seek any appraisal, valuation, stay, extension or the exercise of any other right in order to delay, prevent or hinder Secured Party's enforcement of its rights under, or the foreclosure on or sale of the Collateral pursuant to, this Agreement; and Debtor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully do so, the benefit of all rights Debtor may have under applicable law to have the Collateral or any portion thereof marshalled upon any foreclosure of the Lien granted hereunder and agrees that the Secured Party or any court of competent jurisdiction may sell the Collateral as an entirety or in separate lots; provided, that

this section shall not be construed to prevent Debtor, after indefeasibly paying the Obligations in full, from redeeming the Collateral from foreclosure.

(f) If an Event of Default shall occur, then upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of Secured Party, Secured Party to the extent permitted by law shall be entitled to seek the appointment of a receiver to enter upon and take possession of the Collateral, subject to the prior consent and approval of the FCC. The receiver shall collect all rents, revenues, issues, income, products and profits thereof, pending such FCC approval proceedings and apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the State of Oregon and such other powers as the court making such appointment shall confer, but further subject to FCC Rules. The expenses, including receiver's fees, counsel fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Agreement and deducted from any Proceeds from the sale of the Collateral that might otherwise be paid to Debtor after the indefeasible payment in full of the Obligations. The right to enter and take possession of, to manage and operate, the Collateral, to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrent therewith or independently thereof. Secured Party shall be liable to account only for such rents, issues and profits actually received by Secured Party.

(g) In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Debtor, its creditors, or the Collateral, Secured Party, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Secured Party allowed in such proceedings for the entire amount due and payable by the Debtor under the Notes and this Agreement at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Debtor hereunder after such date.

#### **SECTION 4. Collection.**

Upon the occurrence of an Event of Default:

(a) Debtor hereby irrevocably appoints Secured Party to be Debtor's true and lawful attorney-in-fact, with full power of substitution, in Secured Party's name or Debtor's name or otherwise for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise at any time after the occurrence and continuing existence of an Event of Default, the power to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof and to apply for and obtain any required consents of any Governmental Authority for any such sale or other disposition, as full and effectually as if Secured Party were the absolute owner thereof, including but not limited to the FCC.

(b) Secured Party shall have the right to notify the contract obligors obligated on any or all of Debtor's Insurance to make payment thereof directly to Secured Party, and

Secured Party may take control of all Proceeds of any of the Insurance or General Intangibles (as defined in Schedule 1 hereto).

**SECTION 5. Limitations.**

With respect both to Obligations and Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such time or times as Secured Party may deem advisable. Secured Party shall have no duty as to the collection or protection of Collateral, and Secured Party's duty with reference to Collateral shall not require Secured Party to engage in:

- (a) the collection of income thereon;
- (b) the collection of debt; or
- (c) the taking of steps necessary to preserve rights against other parties, although Secured Party is authorized to reasonably undertake any such action if deemed appropriate by Secured Party.

**SECTION 6. Successors and Assigns.**

The covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor, its legal representatives, successors and assigns, as joint and several obligations, and shall inure to the benefit of Secured Party, its successors and assigns.

**SECTION 7. Miscellaneous.**

(a) All rights and remedies of Secured Party hereunder shall be cumulative and may be exercised singularly or concurrently.

(b) This Agreement shall be governed by and construed under the laws of the State of Oregon, without regard to its principles of conflict of laws, except to the extent that the UCC of a jurisdiction shall govern assets located in that specific jurisdiction.

(c) This Agreement and the other agreements and documents referenced herein represent the entire agreement of the parties with respect to the subject matter hereof and supersede any and all prior and contemporaneous agreements and understandings with respect to the same subject matter. None of the terms or provisions of this Agreement may be waived, altered, modified, or amended except by an agreement in writing signed by Secured Party and Debtor.

(d) All notices, statements, requests and demands herein provided for shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after delivery to a courier service which guarantees overnight



delivery, and, in the case of courier or personal delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Debtor:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attn: Mike Novak, President/CEO

With a copy (but which shall not constitute notice) to:

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

If to Secured Party:

Cumulus Broadcasting LLC  
3280 Peachtree Road, NW  
Suite 2300  
Atlanta, GA 30305  
Attn: Richard S. Denning, General Counsel

With a copy (but which shall not constitute notice) to:

Lewis J. Paper, Esq.  
Pillsbury Winthrop Shaw Pittman LLP  
2300 N Street, NW  
Washington, D.C. 20037-1122

(e) No waiver of any default hereunder shall extend to or shall affect any subsequent or any other then existing default or shall impair any right, power or remedy consequent thereon. If Secured Party: (i) grants forbearance or an extension of time for the payment of any sums secured hereby; (ii) takes other or additional security for the payment of any Obligations secured hereby; (iii) waives or does not exercise any right granted herein or in the Notes; (iv) releases any part of the Collateral from the Note(s) or this Agreement; or (v) makes or consents to any agreement subordinating the Lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under the Note(s), this Agreement or otherwise of Debtor or any subsequent purchaser of the Collateral or any part thereof; nor shall any such act or omission preclude Secured Party from exercising any right, power or remedy herein granted or intended to be granted in the event of any other default then

made or of any subsequent default nor, except as otherwise expressly provided in an instrument or instruments executed by Secured Party, shall the Lien of this Agreement be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Collateral, Secured Party, without notice to any party, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Collateral or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the parties hereto and without in any way releasing or discharging any of Debtor's liabilities or undertakings hereunder.

(f) Secured Party shall not assume or be responsible for the performance of any of Debtor's obligations with respect to the Collateral under any circumstances. Debtor shall immediately provide Secured Party with written notice of and indemnify and hold Secured Party and its members, directors, officers, employees, affiliates, attorneys, and agents harmless from all claims, damages, liabilities (including attorneys' fees and legal expenses), causes of action, actions, suits and other legal proceedings (cumulatively "Claims") pertaining to Debtor's operation of the Station or the Collateral. Debtor, upon the request of Secured Party, shall hire legal counsel to defend Secured Party from such Claims, and pay the attorneys' fees, legal expenses and other costs incurred in connection therewith. In the alternative, Secured Party shall be entitled to employ its own legal counsel to defend such Claims at Debtor's cost.

(g)(i) Debtor shall pay to Secured Party, on demand, all costs, charges, expenses, disbursements and reasonable attorney's fees ("Attorneys' Fees and Expenses") incurred or paid by Secured Party:

(1) in enforcing the terms of the Note(s) and/or this Agreement, whether suit be brought or not;

(2) in collecting amounts owed under the Note(s) or this Agreement, whether suit be brought or not;

(3) in any action, proceeding or dispute concerning the Note(s) or this Agreement; and

(4) in any action, proceeding or dispute in which Secured Party is made a party or appears as a party plaintiff or party defendant because of the failure of Debtor to promptly and fully to perform and comply with all conditions and covenants of this Security Agreement or the Note(s).

(ii) All Attorney's Fees and Expenses shall bear interest thereon at the default rate of interest specified in the Note, from the date incurred by the Secured Party until paid.

(iii) All Attorney's Fees Expenses, and all of the accrued interest thereon: (1) shall become due and payable whether or not there be notice, demand, or attempt to collect or suit pending; and (2) shall be secured by the Lien of this Agreement.

(iv) Wherever provision is made for payment of Attorney's Fees and Expenses incurred by Secured Party, said provision shall include, but not be limited to, reasonable attorney's fees and expenses incurred in any and all proceedings before any court or other Governmental Authority, including appellate proceedings, whether such proceedings arise before or after entry of a final judgment.

(h) SECURED PARTY AND DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THE NOTES, THIS AGREEMENT, AND ANY OTHER AGREEMENT OR DOCUMENT EXECUTED IN CONJUNCTION HERewith OR THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SECURED PARTY MAKING THE LOAN EVIDENCED BY THE NOTES.

#### **SECTION 8. FCC Approval.**

Notwithstanding anything to the contrary contained herein, any foreclosure on, sale, transfer or other disposition of any Collateral or any other action taken or proposed to be taken hereunder that would affect the voting or other control of Debtor or the FCC Licenses shall be subject to Section 310(d) of the Act and the FCC Rules, and, if and to the extent required thereby, subject to the prior consent of the FCC. Notwithstanding anything to the contrary contained herein, Secured Party will not take any action pursuant hereto that would constitute or result in any assignment or transfer of control of the FCC Licenses if such assignment or transfer of control would require under then existing law (including the Act and FCC Rules), the prior approval of the FCC, without first obtaining such approval of the FCC and notifying the FCC of the consummation of such assignment or transfer of control (to the extent required to do so).

*[THE NEXT PAGE IS THE SIGNATURE PAGE]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date and year first above written.

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_  
Mike Novak, President and CEO

**CUMULUS BROADCASTING LLC**

By: \_\_\_\_\_  
Richard S. Denning  
Vice President & General Counsel

## SCHEDULE 1

The following assets used or useful in the operation of radio station -FM, Chickasaw, Alabama (FCC Facility ID 68843) (the "Station") are collectively referred to as the "Collateral":

(a) All tangible personal property of Debtor owned or hereafter acquired that is used or useful in the operation of the Station, wherever located but including such tangible personal property located at the Station's tower facility site and used in connection with the operation of the Station (the "Tangible Personal Property");

(b) All of the Debtor's inventory, merchandise and goods in all forms, used solely in connection with the operation of the Station, whether now existing or hereafter acquired, and the proceeds and products thereof (but excluding any inventory, merchandise and goods which are also used in connection with Debtor's ownership and operation of its other broadcast stations and facilities) (the "Inventory");

(c) All of Debtor's presently existing and hereafter acquired general intangibles and other intangible personal property used solely in the operation of the Station, including without limitation rights under all contract rights and all present and future authorizations, permits, licenses, franchises, and other rights issued by any Governmental Authority with respect to the Station, whether in existence now or hereafter acquired, but not including Debtor's rights under licenses and other authorizations issued by the FCC (each, an "FCC License") if and to the extent that the Act and FCC Rules prohibit a security interest in licenses and other authorizations issued by the FCC but including all proceeds derived from or in connection with the sale, assignment or transfer of any FCC License used or useful in ownership or operations of the Station (the "General Intangibles");

(d) All insurance policies held by Debtor or naming Debtor as loss payee (or naming Debtor as an additional insured as its interest may appear) relating to the operation of the Station, including without limitation, casualty insurance and property insurance, and the proceeds thereof (the "Insurance");

(e) All accessions, accessories, additions, amendments, attachments, modifications, replacements and substitutions to any of the above;

(f) All proceeds and products of any of the above; and

(g) All books and records pertaining to any of the above.

Notwithstanding anything contained herein to the contrary, as used herein the term "Collateral" does not include (a) any personal property of Debtor which is not located within the predicted 54 dBu coverage area of the Station, (b) any interest in Debtor's listener pledges and donations, (c) any intangible property of Debtor which is also used in connection with Debtor's ownership and operation of its other broadcast stations and facilities, or (d) any of Debtor's slogans, logos, jingles, programming, program formats, trademarks, trade names, service marks, copyrights, and applications for any of the foregoing, and other similar intangible rights and interests issued to or owned by Debtor in connection with the operation of the Station.